



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
October 13, 2014
5:00 P.M.

COUNCIL MEMBERS PRESENT:

D. Sterner, S. Marmarou, C. Daubert, M. Goodman-Hinnershitz, J. Waltman

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, D. Vind, P. Edelman, F. Denbowski, C. Younger, D. Cituk

The Committee of the Whole meeting was called to order at 5:02 pm by Mr. Waltman.

I. 2008 Bond Refinance

Mr. Vind noted his hope that savings would be even greater than expected as the interest rates are currently declining. He stated that the paperwork will be completed in late October or early November. He explained that the refinancing makes the bonds fixed rate and reduces the City's risk. It also reduced the City's cost by \$2 million over the life of the bond. He stated that PFM supports the refinancing.

Mr. Sterner questioned if this refinance would make all the City's financing fixed rate. Mr. Vind stated that refinancing these two would make all the City's financing fixed rate.

Ms. Reed and Ms. Snyder arrived at this time.

Mr. Edelman stated that the ordinance covers all the necessary transactions to complete the refinancing.

Mr. Vind and Mr. Edelman left the meeting at this time.

Mr. Pottiger, Mr. Zale and Ms. Talbot arrived at this time.

II. Admissions Tax

Ms. Snyder stated that this had been discussed as a viable option for an increase in 2015. She stated that Council was concerned that it would reduce attendance at events. She stated that

this tax can be adjusted any time during the year and she would like to continue investigating and discussing for passage in early 2015.

Mr. Marmarou questioned if the increase could be effective immediately. Ms. Snyder stated that it can. She stated that she was unsure of the need for a hearing on the increase. She explained that currently the tax affects events at the arena, the performing arts center and the baseball stadium. She stated that the proposed change would affect venues of 400 seats or larger and this would include some events at Albright and Alvernia.

Mr. Daubert questioned if it would include RHS football games. Ms. Kelleher stated that school events are an exception.

Ms. Reed questioned Berks Catholic. Ms. Kelleher stated that they would be an exception.

Mr. Marmarou stated that Albright should currently be turning over some gate sales and are not. Ms. Snyder agreed and stated that this issue is being reviewed and discussed. She stated that she continues to meet with Albright. She stated that this tax change would affect all their events.

Mr. Spencer arrived at this time.

Mr. Marmarou explained that the agreement with Albright regarding the transfer of the Armory stipulates that the property is to be used for parking or to expand the stadium area. He stated that this has not taken place. Ms. Snyder stated that the Armory agreement stipulates a percentage of gate sales. The amusement tax would be per ticket sold.

Ms. Snyder stated that City resources are used at venues that currently do not pay the admissions tax. She questioned if non-profits should be exempted. She stated that setting the size of the venue at 400 seats adds events at Albright, Alvernia, RACC Miller Center, Reverb and Jet Set.

Mr. Waltman questioned the amount of revenue that would be generated. He noted the need to weigh the revenue against the collection expense. Ms. Snyder agreed.

Ms. Reed questioned if it would affect movie theaters. Ms. Snyder explained that only Philadelphia can charge the admissions tax for cinemas.

Ms. Reed questioned if it would affect theater companies. Ms. Snyder stated that she does not believe it will.

Ms. Goodman-Hinnershitz warned that this may counter economic development in Reading. She stated that increasing the admissions tax may reduce attendance at events and restaurants.

She stated that much effort is put into raising revenues. She noted the need for the same effort on reducing expenses.

Mr. Waltman stated that Council will be reviewing expenses.

Ms. Reed noted that residents are outraged by having to pay more and more and getting less and less.

Mr. Spencer stated that the budget submitted to Council already cut over \$1 million.

Mr. Cituk questioned if the 2015 admissions tax line item included the increased collection. He stated that he expects 2014 admissions tax to be under budget. Ms. Snyder stated that the increase is not currently included in the 2015 budget line item.

Ms. Goodman-Hinnershitz questioned if the 2014 admissions tax line item was based on 2013 revenues. Mr. Cituk stated that it was but that there have been fewer events in 2014. He reminded all that Allentown has a brand new arena that may affect events held in Reading.

There was a discussion of the possible effects on Reading by the new arena in Allentown.

Mr. Waltman noted the need to focus on the entirety of Reading's downtown, not just the arena.

Ms. Goodman-Hinnershitz questioned if Mr. Spencer still attends Civic Center Authority meetings. Mr. Spencer stated that he does. He stated that the ticket industry has changed and that booking agents only use certain venues for their events.

Mr. Waltman suggested that the Administration continue their work on this issue and bring a recommendation to Council. He noted the need for the recommendation to be realistic.

III. 2015 Human Relations Commission Budget

Ms. Reed questioned the increase in the salary line item. Ms. Talbot stated that she is requesting an additional staff member. Ms. Snyder explained that Ms. Talbot has applied for a grant from HUD in relation to fair housing to cover the cost of this position.

Ms. Talbot stated that the grant will also cover fringe benefits.

Mr. Waltman asked Ms. Snyder to explain the revenue associated with this budget. Ms. Snyder explained that this is not general fund dollars. She stated that the Human Relations Commission uses space in City Hall, the City's law office, etc. She stated that grant funds are received from different agencies all on differing fiscal years. She stated that funds are received from EEO, HUD, CDBG, and ESG and that all costs of the office are covered. She stated that the additional staff member will only be hired if the grant is approved.

Mr. Waltman questioned if funding was complaint based. Ms. Talbot stated that it is based on the number of closed complaints.

Ms. Goodman-Hinnershitz stated that this type of funding has caps for support costs. Ms. Talbot stated that she is unsure how these IT support numbers were added to her budget as she has one City cell phone. She stated that the Commission purchased the rest of the IT equipment.

Ms. Talbot left the meeting at this time.

Mr. Bembenick and Mr. Johnson arrived at this time.

IV. 2015 Law Budget

Mr. Younger distributed a handout showing the Law office's expenses for outside legal counsel for 2012, 2013 and 2014 to date.

Mr. Acosta arrived at this time.

Mr. Younger reviewed the handout and explained the different line item spending. He stated that a \$300,000 transfer was made in 2013 but none yet in 2014 for legal expenses which were over budget. He stated that he had hoped for a surplus in the 2014 budget but he is now unsure with pending cases.

Mr. Cituk questioned the reduction in the salary line item in 2015. He stated that this is not the loss of a person but the funding of a dedicated person who will be paid from the Sewer Enterprise Fund. Mr. Younger agreed.

Ms. Goodman-Hinnershitz stated that there should be a policy for the use of outside legal counsel. She stated that some costs are unacceptable. She requested a pie chart showing which firms cost the City the most.

Ms. Snyder stated that Mr. Younger is working on the charts.

Ms. Goodman-Hinnershitz stated that the number of lawyers per case should also be examined. Ms. Reed agreed and stated that the billable hours also need to be examined. Mr. Younger stated that both of these areas are being addressed. He stated that Mr. Lachat has drafted guidelines for outside legal counsel and that most firms have stated that they will adhere to the guidelines.

Ms. Kelleher questioned if Council action is needed on the guidelines. Mr. Younger stated that it is not as it is an office policy.

Ms. Snyder stated that there will be a labor negotiation in 2015. She stated that Council must ensure that there is enough funding to cover this project.

V. Healthcare Costs/Cadillac Tax

Mr. Waltman stated that he has done some research on this issue. He stated that this topic must be reviewed in depth as it is very confusing. He questioned why the City is paying the Cadillac tax, how it can avoid paying the tax, etc.

Mr. Bembenick stated that he misspoke when this was discussed at a previous meeting. He stated that this tax will be phased in in 2018.

Ms. Goodman-Hinnershitz stated that the Affordable Care Act keeps shifting things around. She stated that this is very complex.

Mr. Waltman questioned increases in 2015 regarding healthcare without the Cadillac tax. Mr. Bembenick stated that some smaller taxes take effect in 2015 but that the increases are mostly due to usage increases.

Mr. Waltman suggested that the Human Resources manager attend a future meeting to discuss insurance costs.

Mr. Bembenick stated that the new insurance broker will be charging the same fees. He stated that the City's risk has increased due to increased insurance usage.

Ms. Snyder suggested that the broker also attend a future meeting.

Ms. Reed noted the need to understand the cost differences based on different types of employees.

Mr. Bembenick stated that he is meeting with the Parking Authority to investigate cost sharing for health insurance.

Mr. Waltman stated that the government is pushing employers to use the Affordable Care Act. He stated that other plans will become unaffordable.

Mr. Spencer reminded Council that health benefits are included in collective bargaining agreements. He stated that changes must be negotiated.

Mr. Waltman stated that it is problematic for the City during arbitration when awards are made that the City cannot afford. He noted the flaws in State laws.

Mr. Spencer stated that co-pays have been increased. He stated that poor record keeping in the past was problematic for the City with arbiters.

Mr. Waltman again noted the need for a deeper look at health insurance.

VI. Penn Square Properties

Ms. Snyder stated that she sent the draft documents to Council on Friday afternoon.

Ms. Kelleher distributed hard copies of the documents including the developer's agreement.

Ms. Snyder stated that Mr. Spencer and Mr. Agudo have been meeting with Mr. Boscov. She stated that this proposal was sent by Mr. Boscov and names Our City Reading as the developer. She stated that the City would retain ownership of the buildings. She stated that this is being termed an economic development initiative. She stated that the Administration requests that the documents be introduced this evening with a presentation on October 20 to discuss the specifics.

Mr. Acosta noted the need to have the details of the proposal in writing. He stated that Council has already expressed its wishes for this project and stated that they did not want the project to include housing. Housing is included in this agreement.

Ms. Reed stated that Council's wishes are not reflected in the documents.

Mr. Waltman stated that the City used the RFP process. He questioned why the City would use Our City Reading's document rather than re-issuing the RFP. He noted the need not to rehash the entire scenario again but that Council's concerns must be addressed. He stated that this, again, shows that the City is positionally weak and will take any project that comes along.

Ms. Goodman-Hinnershitz stated that the agreement shows that no one is listening to Council's wishes. She stated that Council stated their wishes very clearly and the agreement must reflect them.

Mr. Acosta stated that he has spoken to many people about this project and none of them believe the project should include low income housing. Ms. Snyder stated that low income housing is not included in the agreement. She stated that there is nothing wrong with low income housing but that it is not appropriate at this location.

Mr. Spencer noted the need for Council to understand the City's income levels. He stated that statistically the City has low income levels.

Mr. Acosta stated that his vision is of new people moving into Reading with higher income levels. He stated that live/work housing can be considered low income.

Mr. Waltman stated that he did not support this project in the past as there is no vision. He stated that Council passed the legislation and the process stopped as the developer pulled out.

He stated that they are back and now the City is using their agreement and Council's issues are not included. He suggested that the RFP process start over and be handled differently this time.

Ms. Goodman-Hinnershitz stated that discussion tends to go in circles. She noted the need to move forward. She stated that other municipality's downtowns are classy and spotless. She suggested downsizing the plans for the downtown. She noted the need for mediation and compromise.

Ms. Reed agreed. She stated that none of Council's concerns are addressed in the agreement.

Mr. Spencer noted the need for Council to understand both positions to find compromise.

Mr. Waltman stated that he feels that the City is rolling the dice on this project.

Mr. Spencer stated that economic improvement takes time.

Mr. Waltman agreed but noted the need for critical action items to be noted and accomplished to move forward. He noted the need to clean and polish what Reading already has.

Mr. Daubert stated that the last vote chose the developer. He questioned if this agreement approves the project. Ms. Snyder stated that it does. She stated that the project is described in the agreement in number two (2).

Ms. Reed expressed the belief that live/work housing is another way to say low income housing. Ms. Snyder stated that live/work housing assumes professionals living and working in the same building. She stated that she has no further details at this time.

Ms. Goodman-Hinnershitz suggested that others from Our City Reading also attend the October 20 meeting to discuss this project. She stated that Council must be clear with Our City Reading what it wants this project to be. She questioned what professions would live/work in this building.

Mr. Waltman suggested that this discussion be postponed until Council has completed its budget review meetings.

Mr. Marmarou questioned if there were time restrictions on the agreement. Ms. Snyder stated that federal funding must be spent within one calendar year.

Ms. Kelleher stated that the ordinance is written like a resolution and requires modification.

Mr. Waltman again stated that he is not prepared to address this agreement at this time.

Mr. Daubert noted the need for Council to have Our City Reading's project plan in writing to move the issue forward.

Mr. Acosta agreed with Mr. Waltman that this is an interruption in the budget process.

Mr. Waltman stated that the funding has always been the big cookie but that the plans are vague.

Mr. Spencer stated that if Reading does not use the funding, another municipality will.

Mr. Waltman stated that the funding is not worth spending if it is unknown what it will be spent on. He noted the need to restart the process.

Mr. Daubert expressed the belief that the results would be the same.

Ms. Reed stated that the specs could be changed (separate the building, building uses, etc.).

Mr. Waltman stated that this is speculation without detail.

Mr. Spencer reminded Council that the rehabbed properties in the 1000 block of Penn St are still vacant and were rehabbed for middle and upper income residents.

Mr. Waltman stated that this site cannot be looked at in a vacuum. He stated that this proposal is linked to funds but that there is no concrete plan.

Mr. Spencer stated that Mr. Boscov indicated that the presentation will include different proposals this time.

Ms. Goodman-Hinnershitz stated that the funding and the ownership of these buildings does relate to the 2015 budget.

Mr. Sterner stated that he is willing to meet with Our City Reading to hear a new proposal. He suggested that Our City Reading be allotted 15 minutes at the October 20 meeting and that Council will make its decision after hearing the presentation.

Ms. Reed stated that the City cannot have another building sit vacant for a long period of time.

Mr. Acosta stated that Council is being painted as obstructionist and that this project has become political. He stated that he is tired of all the politics in every issue.

Mr. Waltman suggested that Council stand firm on its requests for this project. He stated that Council's position has not changed.

Mr. Spencer stated that Our City Reading is currently building a downtown hotel. He stated that Mr. Boscov must have a vision for the downtown. Mr. Waltman and Ms. Reed noted the need for the City to have its own vision for the downtown. They noted the need to orchestrate development on its own. They questioned if Our City Reading has spoken with the Main Street Board about this project.

Ms. Goodman-Hinnershitz suggested that Mr. Gulati also attend the meeting on October 20. Mr. Spencer agreed.

There was a discussion of the vision for the downtown and downtown redevelopment.

Mr. Waltman stated that Council gave Our City Reading their conditions and Our City Reading walked away from the project.

Mr. Sterner noted the need for Our City Reading to listen to the input of others. He stated that Council's concerns should be addressed in the agreement.

Ms. Goodman-Hinnershitz stated that Council's concerns must be discussed at the October 20 meeting.

VII. Agenda Review

Council reviewed this evening's agenda including the following:

- Override of Veto of Bill 69-2014

Mr. Spencer questioned if Council received a copy of the Solicitor's opinion regarding the conflict of interest. Council indicated that it had seen the opinion.

Mr. Daubert stated that he voted in favor of the bill originally before seeing the Solicitor's opinion. He stated that he would have voted differently had he seen it before voting.

Ms. Goodman-Hinnershitz questioned when the opinion was written. Mr. Younger stated that it was written in April.

Ms. Reed stated that the opinion Council received from Stevens & Lee is in conflict with the opinion from the City Solicitor.

Mr. Waltman stated that this is regarding funding only.

Mr. Spencer stated that his veto message addresses the funding. He stated that if he had the option to veto a portion of the ordinance he would have vetoed the Council funding and approved the Charter Board funding. He again stated that there was no conflict between the

Administration and Council during the Water Authority issue. He stated that Council did not follow the RFP process.

Mr. Waltman expressed the belief that Council controls the allocation of funds.

Mr. Spencer stated that this puts the Administrative Services Director in a position where he must violate the RFP procedure.

Ms. Goodman-Hinnershitz stated that both Mr. Miravich and Mr. Younger stated that they could not assist Council because of a conflict. She expressed the belief that, had they not said that, Council would not have moved forward with Stevens & Lee.

Mr. Spencer stated that Mr. Miravich stated that he is employed by the City. He stated that he could not choose to represent one side of the City. Mr. Waltman stated that this confirms the conflict. He noted the need to move past this issue.

Mr. Spencer requested that Council consider others affected by this action. He stated that this could be another Charter violation. Mr. Waltman stated that Council would not file a Charter complaint and questioned who would.

Mr. Spencer stated that others affected by the issue may file.

Mr. Waltman noted the need to agree to disagree on this issue and move forward. He stated that too much energy has been used on this issue already.

- Introduction of Ordinances regulating parking at Jet Set and Mimmo's

Mr. Johnson stated that these businesses are expanding. He stated that they are following PennDOT procedure.

- Ordinance amending the Main Street Board

Ms. Kelleher stated that the liaison language is vague and Mr. Broad suggested removing it.

Ms. Reed suggested that it be amended to specify a Council liaison.

Mr. Acosta agreed and suggested that it is a great way for Council to have first-hand knowledge of downtown initiatives.

Ms. Reed stated that she is willing to serve.

Mr. Waltman stated that he is willing to attend when Ms. Reed is not available.

VIII. Executive Session

Mr. Younger stated that discussion will be regarding a personnel issue. Mr. Acosta announced that Council would be entering executive session.

Council entered executive session at 6:41 pm and exited at 7:00 pm.

The meeting adjourned at approximately 7:00 pm.

*Respectfully Submitted by
Linda A. Kelleher, CMC, City Clerk*