



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
November 10, 2014
5:00 P.M.

COUNCIL MEMBERS PRESENT:

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

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, C. Snyder, M. Bembenick, C. Zale, C. Younger, P. Edelman, V. Spencer, F. Denbowski, D. Cituk, D. Pottiger

The Committee of the Whole meeting was called to order at 5:04 pm by Mr. Acosta.

I. United Way Presentation

Eileen Lundquist, Marcelino Colon, and Yazmine Colon made a presentation.

Ms. Lundquist stated that it is a pleasure working with the City. She stated that this year the United Way campaign is focusing on three agencies – Berks Encore, Boy and Girl Scouts, and Big Brother Big Sister. She stated that Berks Encore provides 700 meals per day through its Meals on Wheels program. She distributed Council's pledge packets.

Mr. Colon stated that the City United Way team has increased its level of giving by 86% over the last two years. He stated that they have won awards for the last three years.

Mr. Colon stated that one time donations are also accepted and stated that the City has set a goal of 100 donors in 2015. He noted that the Mayor is very supportive of the United Way.

Mr. Spencer stated that City employees do a great job and have increased donations even through pay freezes. He expressed hope that the City would win another award this year.

The United Way representatives left the meeting at this time.

II. MCDC Initiative regarding SEC Self Reporting

Mr. Edelman stated that there are disclosure rules when municipalities issue new bonds. He stated that this information must also be updated periodically. He noted the need for municipalities to understand that this is an SEC obligation.

Mr. Edelman stated that the SEC is starting a new program for municipalities for ongoing disclosure. He stated that the City does provide its documentation but that sometimes deadlines are missed. He stated that he is working with the Finance division to set policies to correct these issues and keep the information updated. He recommended that Council pass the resolution on the agenda this evening.

Mr. Johnson arrived at this time.

Mr. Waltman questioned if there would be penalties involved. Mr. Edelman stated that there would be no penalties but that a condition of the agreement is that the City will adopt policies addressing issues moving forward, file any missing documents, and agree to cooperate with the SEC if they have any questions. He stated that moving forward bond agreements must be disclosed and the City must file a compliance certificate with the SEC that their conditions have been met.

Mr. Waltman questioned how the issues will be corrected moving forward. Mr. Edelman stated that there are turnover issues in the Finance division which make consistency difficult. He stated that this program is designed to educate municipalities.

Mr. Waltman questioned if bond counsel would assist the City with the necessary filings. Mr. Edelman stated that he is working with the City to draft and review the policies. He suggested that this become part of the Finance Committee's general business.

Ms. Goodman-Hinnershitz thanked Mr. Edelman for his work. She agreed that this be reviewed by the Finance Committee and suggested that it be added as an agenda topic at the next meeting.

Mr. Edelman suggested that responsibility for each issue be assigned. He suggested an annual report be made to Council each November. He stated that there is no monetary penalty but that the SEC may pursue issues they find. He expressed the belief that there would be no issues with Reading.

Ms. Goodman-Hinnershitz noted the need to ensure that the City's computer system can correctly upload the information to the SEC.

Mr. Edelman left the meeting at this time.

III. Agenda Review

Council reviewed this evening's agenda including the following:

- Ordinance executing a settlement agreement with Stevens & Lee

Mr. Acosta stated that the Mayor has requested withdrawing this legislation.

Ms. Reed questioned why it would be withdrawn. Mr. Spencer stated that he is working with Mr. Vind to meet and discuss.

- Ordinance transferring funds in Public Works from contracted services to street lighting

Mr. Acosta questioned the specifics of this project. Mr. Johnson stated that it is to fund the Wyomissing Park street lighting project.

- Ordinance transferring funds in Fire for a clothing allowance

Ms. Snyder stated that the City felt that a second clothing allowance was not necessary due to the SAFER grant funding. She stated that the City disputed the clothing allowance and lost and must correct this budget error.

- Ordinance granting a right of way to UGI at 14th & Green Sts

Mr. Sterner stated that the agreement notes a \$10,000 donation from UGI. He questioned if the funds would be used at Hillside Playground. Mr. Johnson stated that the City can earmark the funds as it sees fit.

Mr. Sterner questioned if UGI would be making in-kind improvements at the playground. Mr. Johnson stated that Ms. Hoag has been negotiating with UGI. He stated that UGI will be installing fencing around the installation along with fencing ovetop to prevent climbing and lost sports equipment and that they will be adding strips to the fencing to mask its appearance. He stated that they will also landscape around the installation.

Mr. Sterner stated that none of these items are in the agreement as it stands. He requested that the ordinance be tabled this evening to add these items to the agreement. Mr. Johnson stated that he will add them to the agreement.

- Ordinance amending the Act 47 Recovery Plan

Ms. Goodman-Hinnershitz questioned what the deadline was for passage of the amendment. Ms. Kelleher stated that the deadline is November 24.

Ms. Snyder stated that in order to meet deadlines PFM must submit any changes before the end of the day on Thursday.

Mr. Waltman stated that there is much work to be done before the Thursday deadline. He stated that this is a difficult timeline.

Ms. Snyder suggested meeting on Wednesday evening to discuss the 2015 budget and the Act 47 amendment. Council agreed.

Mr. Waltman suggested that Council review the Act 47 amendment so that there can be understanding about changes needed in the 2015 budget. He stated that these impacts must be known. He reminded all that many changes were made to the initial recovery plan.

Mr. Acosta stated that he does not support the amended recovery plan as it currently stands. He stated that the plan includes major revenue issues and that it is unrealistic and will hurt the City in the long term.

Ms. Reed noted the need for hard choices.

Mr. Acosta noted the need to not cut too much and hurt residents. He stated that the amended plan will strangle the City. He stated that he has many questions about the plan.

Mr. Waltman noted the need for the amended recovery plan and the 2015 budget to be merged.

Mr. Cituk noted his understanding that the City must accept the amended recovery plan as is or make similar monetary changes. He stated that Council has already added many items to the 2015 budget from the parking lot.

Mr. Acosta interrupted Mr. Cituk and stated that Council has not yet approved anything from the parking lot. He stated that the budget has not been passed. He stated that Council always reviews the parking lot items during budget discussions.

Mr. Cituk stated that the budget must be cut to \$85 million to concur with the amended recovery plan.

Mr. Waltman questioned if the Administration was aware of the \$85 million amount. Mr. Bembernick and Mr. Spencer stated that they were not.

Mr. Waltman stated that this is a game changer and has come into the budget process at the last minute. He noted the need to conclude budget discussions and then have constructive discussion on the amended recovery plan. He noted that this is an unexpected mandate at the last minute.

Ms. Goodman-Hinnershitz stated that business as usual has not been working for the City. She stated that mathematically it will become impossible for the City to fund its services. She stated that the City can only spend what it has. She stated that there are some good suggestions in the amended recovery plan but that the City must commit to following it.

Ms. Snyder noted the need for PFM to adjust the amended recovery plan and submit the final draft to the City by the deadline.

Mr. Waltman suggested that discussions this evening focus on the 2015 budget and on the amended recovery plan on Wednesday with PFM.

Mr. Spencer noted the need for the City to understand the driver of the \$85 million. He stated that the City has completed many of the initial recovery plan objectives over the past five years and that there will be many more in the next five years. He stated that there can be more detailed discussion when PFM is present. He stated that the amended recovery plan has some difficult hurdles in years one and two.

Ms. Snyder reminded all that the difference between the two numbers is not fully \$4 million and stated that part of it is the reallocation of a portion of the commuter tax for capital needs.

Mr. Sterner questioned the amounts of the contributions of the Water Authority and Parking Authority.

Mr. Waltman stated that the budget must be based on amounts that the City is capable of achieving. He noted the need to understand how the 2015 budget affects the 2016 and 2017 budgets. He expressed the belief that some things stand out for him during his review. He noted that not all costs are recurring. He again suggested that discussion at this meeting focus on the 2015 budget.

- Project Labor Agreement and Open Contract Ordinances

Mr. Waltman questioned where they appear on the agenda. Mr. Acosta stated that he ordered their removal.

Mr. Waltman suggested that perhaps they should have moved into the pending area.

Mr. Spencer stated that he supports their removal. He stated that the interested parties will be meeting to resolve some of the issues.

- Resolution submitting the 2015 CDBG Action Plan

Mr. Agudo arrived at this time.

Mr. Acosta stated that he does not support the plan as presented.

Mr. Agudo distributed a spreadsheet showing the distribution of the 2014 HOME funds. He noted his hope that Council approves the Action Plan this evening to meet the HUD deadline. He stated that amendments can be made at a later date.

Mr. Acosta requested a written report showing the unprogrammed funds from past Action Plans. He noted the need to discontinue funding organizations that do not utilize their funds, especially when other organizations are in need of funds.

Mr. Spencer suggested amending the Action Plan after approval this evening to meet the deadline.

Mr. Agudo agreed. He stated that Council can reduce amounts but that organizations receiving funds must be named in the Action Plan even if only for \$1.

Ms. Goodman-Hinnershitz reminded all that this is a proposal and that no organization receives funding until it is released from HUD. She stated that modifications are typical.

Mr. Waltman questioned if Mr. Acosta was suggesting unfunding an organization. Mr. Acosta stated that he is.

Mr. Waltman questioned the fairness of this at the last minute.

Mr. Bembenick stated that Council must also be aware that there could be affects on the general fund. Mr. Acosta stated that the general fund will not be affected.

Mr. Agudo noted the need to approve the activity this evening and that the amounts can be adjusted at a later date.

Mr. Waltman suggested amending the Action Plan rather than revisiting this issue in the future.

Mr. Acosta suggested that the funding of Habitat for Humanity line item be reduced by \$50,000 and these funds allocated to the Skyview Apartments project. He stated that Skyview truly needs the funds and that this is fair to the applicants.

Mr. Waltman and Mr. Agudo agreed with this change. Mr. Agudo stated that the amounts can be further adjusted in the future if necessary.

Mr. Spencer stated that the CD Department is currently reviewing past Action Plans to sweep unused funds into an unprogrammed area that Council can determine how to spend.

Mr. Younger reminded all that this is a public document and currently on the table for Council action.

Mr. Acosta stated that he will move to amend the Action Plan at the table.

Ms. Goodman-Hinnershitz clarified that funding of Olivet remains at zero. Mr. Agudo stated that it is. He stated that they have still not used their 2014 allocation. He suggested that Council consider Olivet in the future if there are unprogrammed funds.

Ms. Snyder questioned how Our City Reading could have spent more than their allotment. Mr. Agudo stated that the over budget amount shows that other funding sources are used by OCR.

IV. Budget Review

Mr. Waltman stated that the Auditor's recommendations will be reviewed.

Mr. Cituk distributed and reviewed his recommendations for revenue and expense adjustments. He stated that this review is based on trends and suggested that departments which are asking for additional items should find the funds for these items in their own departmental funding before requesting additional expense items.

Ms. Snyder noted the need to review these lists to confirm there is no duplication of parking lot items.

Mr. Cituk expressed concern that PFM will have more control of the 2015 budget than the City prefers.

Mr. Bembenick called Council's attention to the "Damages Recovered" line item. He stated that he is uncomfortable with this recommendation as this amount is very unpredictable.

Mr. Waltman stated that overtime has already been discussed. He suggested that Mr. Bembenick and Mr. Cituk meet to find a net gain of \$100,000 in expenses and a net gain of \$400,000 in revenues. He stated that this may allow up to \$500,000 of items from the parking lot.

Mr. Cituk questioned if this should be complete by the meeting on Wednesday. Mr. Waltman stated that it should.

Ms. Goodman-Hinnershitz noted the need to be very careful with parking lot items. She stated that officials and employees should not assume that all parking lot items will be granted if additional funds are found.

Mr. Waltman noted the need to discuss the business privilege tax (BPT).

Mr. Bembenick distributed a handout showing that collection of BPT is not hitting budget in 2014. He stated that in 2011 \$1.3 million was collected. In 2012 \$1.6 million was collected (this is the year of the amnesty program) and in 2013 \$1.38 million was collected.

Mr. Waltman questioned outsourcing the collection of BPT. Mr. Bembenick stated that the amended recovery plan suggests this be complete by 2016. He explained that collection of BPT begins in February and that there is not enough time to RFP for 2015 collection. He stated that there will be staffing changes in the CSC in 2015 to address BPT.

Mr. Waltman questioned why an increase in BPT is included in the 2015 budget. Mr. Bembenick noted the City's hope that more businesses would continue to file after participating in the amnesty program but that this did not occur. He stated that there has also been no follow up on businesses who participated in the amnesty program to keep them current.

Mr. Waltman questioned how much was uncollected. Mr. Bembenick estimated that it is at least \$100,000 - \$200,000.

Ms. Reed suggested that the economic recovery should increase BPT collection. Mr. Bembenick agreed but noted the need for the City to know where businesses are located and confirm that they are paying BPT. He stated that outsourcing will assist.

Mr. Acosta questioned if this item can be addressed as noted in the amended recovery plan. Mr. Bembenick stated that it can.

Mr. Waltman noted the need to address the \$750,000 shortfall in Property Maintenance. He noted the need for the division to increase its revenue or decrease its expenses.

Mr. Sterner stated that there is no collection effort for fees and fines.

Ms. Kelleher suggested that permits be sent after they are paid for. Mr. Bembenick agreed and noted the need for a change in process.

Mr. Acosta questioned if Property Maintenance understands that people will be laid off if this is not addressed. Mr. Bembenick expressed the belief that they do.

Mr. Acosta suggested that employees in the CSC and in Property Maintenance be consulted about ways to improve revenues.

Mr. Waltman agreed. He noted the need to shoot for \$300,000 in 2015.

Ms. Goodman-Hinnershitz noted the need for Council to know what is working and what is not so that adjustments can be made to legislation as needed. She agreed that employees know what is best.

Mr. Marmarou agreed with Ms. Kelleher's statement and stated that this is not the first time this has been discussed.

Mr. Acosta recommended that if this is a simple change that it be done immediately. Ms. Snyder agreed.

Mr. Spencer noted his understanding that the permit issue is a computer glitch that began in 2014 and will be corrected.

Mr. Sterner stated that the Per Capita Tax also needs to be looked at. He stated that with the recent legislative change, property owners are no longer required to report the names of their tenants. He questioned how the City learns where people live without this requirement for rentals. He stated that many people are not paying this tax and it is unfair to those who do pay to cover expenses for those who do not pay.

Ms. Snyder explained that this requirement was removed as the City was not using this data. Mr. Sterner suggested this be re-examined and that requirement reinstated.

Mr. Waltman suggested that the Property Maintenance issues be discussed before the meeting on Wednesday. Mr. Acosta agreed and suggested that any changes made to process should come from the employees.

Mr. Waltman reviewed several line items. He suggested that the contribution of the Parking Authority be reduced to \$3 million, the use of the fund balance be reduced to \$2.5 million and the Water Authority allocation be increased based on the results of the system valuation.

Ms. Goodman-Hinnershitz stated that she will not commit to any changes until the budget has been merged with the amended recovery plan.

Mr. Waltman stated that these are hypothetical discussions. He noted the need to agree in concept.

Mr. Sterner questioned if the vehicles in the parking lot are replacements or additions. Ms. Snyder stated that they are replacements.

Mr. Sterner questioned if they were needed at this time. He stated that many people are repairing their vehicles and not replacing them.

Mr. Waltman stated that the City's vehicles are used more heavily than normal usage.

Ms. Reed suggested that repairs be made and the funds for purchasing of vehicles be reallocated elsewhere.

Mr. Daubert stated that he was struck by the statement by the Fire Chief that the vehicle replacements can wait. He suggested waiting to replace all vehicles.

Mr. Bembenick stated that the capital budget allocation can also be revisited and a portion used to offset the cost of replacing the ladder truck.

Mr. Acosta questioned Mr. Younger about the capital allocation for CPAAM. Mr. Younger stated that he cannot locate a written agreement.

Mr. Acosta stated that he and Mr. Spencer requested the release of the water system valuation early to begin discussions but they were refused.

Ms. Goodman-Hinnershitz expressed the belief that only sustainable and priority items should be budgeted.

Ms. Reed stated that the public is being misled by reports that Council is approving parking lot items. She stated that the public feels Council is overspending.

Mr. Daubert noted the need for Council to see any adjustments on paper.

Ms. Reed stated that the Court must see that the City is making improvement to ensure permission to continue to levy the commuter tax.

Mr. Waltman noted his understanding of these issues and stated that he is trying to guide the process.

Ms. Goodman-Hinnershitz stated that this is a different situation and should have a different process. She noted the need for the City to be able to show that it is in need of the commuter tax revenue. She stated that all the items presented in the parking lot are great for the community.

Mr. Waltman stated that these positions can be argued for many hours. He stated that funding the library now will save in funding court costs later. Ms. Goodman-Hinnershitz stated that this belief is not supported by data.

Ms. Reed stated that the City should not assume the judge's ruling will be in the City's favor. She stated that if the judge rules against the City it must be prepared for the large impact it will have on the budget.

Mr. Waltman agreed and stated that the City must also be prepared for changes recommended by PFM. He stated that many cities are facing the same issues as Reading and all are doing the best they can.

Mr. Sterner stated that many pages of the amended recovery plan deal with pension costs. He suggested that the library remain funded. He suggested that the capital funding allocated to the Central PA African American Museum be used for other needs as this project has been taking too long.

The meeting adjourned at approximately 6:47 pm.

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