



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
October 14, 2015
Budget Review
5:00 P.M.

COUNCIL MEMBERS PRESENT:

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

OTHERS PRESENT:

L. Kelleher, C. Younger, D. Cituk, R. Johnson, C. Snyder, V. Spencer, D. Pottiger, L. Agudo, W. Stoudt, C. Zale, R. Natale

The meeting was called to order at 5:07 pm by Ms. Goodman-Hinnershitz.

I. Prior Meeting Follow Up

Mr. Zale stated that further review of the revenue allocated in the 2016 budget for **Business Privilege Tax** shows that the allocation can be increased by an additional \$100K. All present agreed with the addition.

Mr. Zale stated that further review of the **Real Estate Transfer Tax** revenue allocated shows that an additional \$100K can be added to the allocation.

Mr. Waltman expressed the belief that the addition of \$100K may be too conservative based on the performance of this revenue over the past 4-5 years. He suggested using a weighted average instead which amounts to an addition of \$200K to the allocation. After some discussion, all present agreed to add \$200K to this revenue line item.

Mr. Zale stated that the **LST** (Local Services Tax, replacing the Occupational Privilege Tax via State Statute) revenue over the last four (4) years falls between \$1.2 and \$1.3M. Under this tax \$52 per year is charged to all employed within Reading and withheld by the employer with each paycheck. Berks EIT collects this revenue and remits it to the City on a monthly basis. The group agreed to leave the projection stand as it is with no change.

Mr. Zale stated that after reviewing the **Admissions Tax** revenue projection history a \$50K increase can occur in the budget. All agreed.

Mr. Mann's memo shows that **Rental Permit** revenue is over performing and **Rental Inspection Revenue** is under performing and questions the disparity. Mr. Agudo and Mr. Natale stated that they have analyzed the situation and identified the two fold problem, which includes the lack of payment by some property owners and the transition of inspectors.

Mr. Agudo stated that the Property Maintenance Division has become a training ground for Inspectors, who come to Reading, get the required training, then quit to work for other municipalities that pay higher salaries. He stated that this transitional issue has occurred over the past 2-3 years.

Mr. Agudo stated that there are 14 inspectors budgeted and on average five (5) quit per year. He stated that there are currently two (2) vacancies and three (3) new inspectors are in the training process. He explained that the computer system makes up the inspection schedule in a way that maximizes the efficiency of the inspector. Inspectors perform approximately 350 inspections per year when all positions are fully staffed and trained.

Council asked Mr. Agudo to evaluate the unfilled positions in Property Maintenance and eliminate those that are not needed. No changes were made to the revenue from the Rental Permits or Inspections.

Mr. Zale reviewed the **Business Privilege Tax and License** revenue in 2015. The Tax revenue was \$275K in 2014 and at the end of September 2015 the revenue received was \$273K. The Business Privilege License revenue is projected \$25K less than last year and at midyear the revenue was \$40K than last year. The group discussed the performance of these line items.

Ms. Kelleher recalled that in 2015, the City had Berks EIT issue the Business License Permit and had the CSC collect the tax, which is probably the cause of the problem. Mr. Pottiger and Mr. Kersley were to set a meeting with the new Executive Director of Berks EIT to discuss switching these items to have the license issued by the City and the tax collected by Berks EIT.

Mrs. Snyder agreed and noted that they were also to discuss the collection of the Per Capita tax. Although the billing and collection responsibility were transferred to Berks EIT, the City did not provide any incentives to cover the cost of identifying those who should but do not pay this tax. Mr. Pottiger and Mr. Kersley were asked to arrange the meeting with Berks EIT quickly.

Mr. Daubert questioned the collection of the **Per Capita Tax** and expressed the belief that this is an unfair nuisance tax.

Ms. Snyder explained why the amount of the City's side of this tax was increased. She noted that the former charge was \$5 for the City and \$10 for the School District.

The group discussed repealing this tax. Mr. Cituk noted that the City can repeal its side of the tax but not the District's side. The repeal of the City's tax will require the District to take on its own billing and collection.

Ms. Snyder recalled that the City could also move the billing and collection to a vendor that also serves other municipalities such as Bethlehem.

The group discussed the difficulties identifying those who need to pay.

Ms. Kelleher stated that beginning in the late 1990's the collection rate went down and each year less people pay this tax.

The group decided to place this issue on the Parking Lot for further consideration after Mr. Pottiger meets with Berks EIT and Ms. Snyder has some time to explore other collection remedies.

Mr. Zale explained that the increase in the **Library revenue** occurred due to the repayment for employees health care and fringe benefit costs.

Mr. Zale suggested increasing the amount allocated to Traffic Fines. He noted that the Revenue Committee suggested increasing this allocation. Mr. Cituk stated that he is reviewing this line item and will make a recommendation.

Mr. Zale explained that Fire Prevention revenue has decreased and the amount allocated for 2016 is less than budgeted in 2015. Chief Stoudt explained that Fire Prevention revenue includes inspection fees. He stated that there are staffing shortages in this area which decreased the number of inspections. He stated that there are currently two (2) positions vacant and that there are also new employees in training.

Mr. Zale explained that the decrease in indirect costs for Recycling is caused by the reports prepared by Maximus.

II. 2016 CIP

Ms. Snyder stated that the CIP is a five (5) year plan funded by a percentage of the EIT revenue, as required by the Amended Recovery Plan. She stated that this approach will allow the City to wean off its dependence on the Commuter EIT for operational costs. She explained that \$1.7M is allocated for 2016 and the amount increases over a five (5) year period.

Mr. Zale stated that there is currently \$870K in a separate bank account for the two (2) projects previously listed in the CIP: the African American Museum and the River Road Extension.

Mr. Johnson stated that the River Road Extension project is underway and that the money should be expended in the later portion of 2016.

The 2016 Plan contains \$937K in Public Works projects – Skyline Drive repair (partial), new City Hall roof and HVAC system - and \$808K in Fire projects – breathing apparatus and the replacement of two (2) staff vehicles.

Chief Stoudt stated that the CIP plan also covers replacing an ambulance every eight (8) years due to wear and tear and high mileage. He stated that the long range plan also includes a new fire house in the 900 block of Penn Street. He stated that a new station in this area would consolidate the EMS building and the current fire stations located at 8th and Court Street, Franklin and Plum Street and North 3rd and Court Street.

Ms. Goodman-Hinnershitz stated that Council considered a **fire house on Penn Street** about 10 years ago and rejected the plan due to a variety of public health, safety and welfare issues. She suggested finding an alternate location.

Council discussed discontinuing funding for the **African American Museum**. Ms. Kelleher stated that Council authorized funding for this project in 2005-06.

Mr. Waltman recalled that the project also had funding from an RCAP grant.

Mr. Zale stated that if the project is eliminated the \$500K allocation could be moved to cover current projects which would allow \$500K to be moved from Capital to General Fund.

Council discussed eliminating the project or moving it into the long range area with a deadline. Council questioned if the Museum is a priority. They questioned funding this project when they cannot afford to purchase new fire equipment or pave streets.

Ms. Kelleher was asked to have CPAAM representatives to a budget meeting next week to get an update on their fundraising activities to meet the RCAP required matching funds.

Mr. Johnson described the needs assessment of public facilities. The assessment will be ready for use in the 2017 budget.

III. Position Ordinance

Ms. Snyder reviewed the changes to the 2016 Position ordinance. She stated that overall there were 13 fulltime positions eliminated and two (2) part time positions added. She stated that the fulltime positions were either vacant or will be vacant by the end of the year due to retirements. There will be no layoffs. The changes are as follows:

- 2 less fulltime positions in the mayor's office
- 1 less part time position in the Managing Director's office (PT Business Analyst)

- 1 less fulltime position in the Human Relations Office – replaced by a part time employee
- 1 less part time position in Parks
- 8 less firefighters and add 1 EMS employee – reduction includes elimination of the Wheelchair Transport and the retirement of 3 firefighters
- 2 less CD positions – currently unfunded in the CDBG Action Plan budget and unfilled
- 1 additional part time employee at the WWTP
- 2 additional part time Recycling employees and the reduction of 1 fulltime position – retaining the Division Manager position and the funding of the part time Recycling employees will provide coverage when the fulltime Recycling employees are injured.

Ms. Reed and Ms. Goodman-Hinnershitz objected to the elimination of the Park employee due to the current strain on Public Works employees to cover their work load. Ms. Kelleher inquired about the value of the part time position. Mr. Johnson stated that the position is valued at approximately \$18K. Council placed the elimination of this position on the Parking Lot.

Council closed the meeting for an executive session on litigation and personnel matters at 6:48 pm. The executive session concluded at approximately 7:20 pm and the meeting was adjourned.

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