



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES November 2, 2015 Budget Review

COUNCIL MEMBERS PRESENT:

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

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, C. Zale, D. Pottiger, C. Peiffer, L. Agudo, R. Natale, S. Symons, C. Younger, D. Cituk

Note: The symbol “»” shows follow up/parking lot items.

The meeting was called to order at 5:03 pm by Mr. Waltman

I. Interview – Steve Symons – appointment – Water Authority

Mr. Marmarou questioned if Mr. Symons was aware of the purpose of the Water Authority. Mr. Symons stated that the main function of the Water Authority should be to provide quality water to residents.

Mr. Marmarou questioned why Mr. Symons was interested in serving on the Water Authority. Mr. Symons stated that he has served several terms on the City’s Plumbing Board. He stated that he was born and raised in Reading and chose to locate his business in Reading. He stated that he would like to continue giving back to the community and feels that he is qualified to serve in this position.

Mr. Marmarou noted when the Water Authority meetings are held. He questioned if Mr. Symons would be available to attend the meetings regularly. Mr. Symons stated that he would be available to attend regularly.

Ms. Goodman-Hinnershitz noted the importance of the water assets. She stated that many are questioning the costs of water service and asked what Mr. Symons would bring to the table relative to this issue. Mr. Symons stated that he does not yet have an understanding of the costs. However, he stated that he retired from UGI after 20 years and is a master plumber. He

stated that this gives him experience in the infrastructure needs. He noted his good balance of trade experience and business experience. He stated that he also has great people skills.

Ms. Goodman-Hinnershitz questioned how Mr. Symons would work to regain the public trust. Mr. Symons stated that he would need to examine the work and structure of the Water Authority after being appointed and that it would be unfair to answer this question at this time. He noted his utility experience and the need to learn about the operations first.

Mr. Symons left the meeting at this time.

Mr. Palecios, Ms. Alban, Ms. Hanna, Mr. Waszkiewicz, Ms. Campbell, Ms. Santamoor, Mr. Kasprowicz, Ms. Dietrich, Mr. Hoh, Mr. Johnson, Ms. Snyder, Ms. Towles, Mr. Mann, Mr. Campitello, and Chief Stoudt joined the meeting at this time.

II. Library Budget Review

Ms. Goodman-Hinnershitz reminded the library representatives that the presentation should be approximately ten minutes with time for question and answers.

Ms. Dietrich requested that Council continue at the current funding level. She stated that allocating \$353,000 for the library is small when compared to the \$91 million total. She stated that a decrease in funding would cripple operations and she explained that 3,000 youth were served in the summer reading program and 21,000 adults have library cards. She stated that this is $\frac{1}{4}$ of the City's total population. She stated that the library has created a new position for Latino outreach and that the library has \$150,000 in private fundraising.

Ms. Dietrich reviewed the information distributed at the meeting. She stated that the increase in the City personnel cost is due to the AFSCME required pay increase. She reminded all that State aid to libraries has also been declining. She stated that the Library's endowment fund will not be able to cover the funding gaps for much longer.

Ms. Dietrich stated that the City needs to examine what it gets for its money. She stated that decreased library funding impacts those residents in poverty and she urged Council to support library services. She stated that this is the best investment the City can make.

Mr. Kasprowicz reviewed the financial information distributed at the meeting.

Mr. Daubert questioned the fund balance of the endowment fund. Mr. Kasprowicz stated that these investments are restricted and can only be used for certain purposes. Ms. Dietrich stated that she will supply the specific amounts available. Mr. Hoh explained that spending the endowment beyond 5% annually is irresponsible. He stated that approximately \$350,000 has been used annually and that much of the funding is in trusts that are not available for general use. The City funding reduction will cause the need for the library to increase the use of endowment funds to \$500,000.

Ms. Dietrich stated that the Library Task Force Report includes information on use of the endowment funds. She stated that assuming use of 5% annually, the endowment would last for 10 years. She stated that four of those years have already been used.

Mr. Kasprowicz explained that for every \$1 the City spends on library services brings a return of \$5.

Ms. Reed stated that all support library services. She stated that the City is making a series of "Sophie's Choices" as increasing spending for the library means reducing it elsewhere. She stated that the City has pension and public safety obligations. She stated that Council has had preliminary discussions about a possible millage allocation for library services similar to the one for the Shade Tree Commission.

Mr. Hoh asked officials not to lose sight of the library. He stated that a \$250,000 reduction to the library would cost the library much more and would continue the downward spiral. He stated that eventually the library would close.

Ms. Goodman-Hinnershitz noted the importance for both sides to hear these realities.

Mr. Waltman stated that many people in need use library services. He stated that reducing funding to the library will increase spending in other areas when libraries are not available. He stated that the \$400,000 cut to library services in 2010 was irresponsible. He stated that the library is critical and expressed the belief that the intention was to continue the current funding level beyond 2015 and that he does not recommend reducing funding again. He explained that Council has already found \$3.5 million to reduce the increase in property taxes and to lessen the use of the fund balance and that this funding should be used to restore the library funding. He stated that the poor and transient population needs direction. He stated that mathematically the library funding is 1/3 of 1% of the budget. He noted the need for foresight to fund the library long term.

» *Long term funding source for library needed*

Mr. Cituk stated that he is not anti-library; however, he noted his understanding that the funding increase for 2015 was one-time only. He stated that the City must fund public safety issues first. He noted the need for the Library Board to also work to secure additional funding from the School District, the County and the State. He stated that all County libraries are suffering and that the City is the poorest of all the entities.

Mr. Hoh expressed support in the millage for library funding. He stated that the County has provided the most stable funding over the years but that they would love to renege on the agreement. He stated that they are looking to remove the RPL as the District library and reduce funding. He stated that if this occurs, other funding sources are also reduced.

Mr. Waltman recalled that while the increased funding was for one year, Council committed to finding a sustainable funding source for the library.

Ms. Dietrich stated that the Board is also lobbying these other entities.

Mr. Marmarou noted the need to work together.

Mr. Daubert suggested that City officials join the conversation and approach the other entities about library funding. He stated that financial decisions have effects on the library and are at the expense of other entities.

Ms. Snyder agreed with Mr. Cituk that the 2015 funding increase was one-time only. She questioned the driver of the increased personnel expenses. Mr. Kasprovicz stated that the AFSCME amount is given to the library for inclusion but that it out of the Board's control. Mr. Zale reviewed the City's allocation which differs from that included in the Board's draft budget. He stated that the amount provided by the City does NOT include retiree pension costs as these are absorbed by the City.

Mr. Hoh stated that the library has also filled the outreach position which has increased personnel costs.

Mr. Kasprovicz stated that City personnel increases are mandated by the AFSCME contract but that management has been under the same pay freeze as City management for the past six years.

Mr. Hoh explained that the library has made hiring decisions for part-time employees rather than full-time to reduce personnel expenses and that fewer positions are filled by City employees.

Ms. Goodman-Hinnershitz suggested that Mr. Kasprovicz meet with City personnel to address these discrepancies.

Mr. Mann questioned if library pension costs were reimbursed to the City. Mr. Zale stated that the pension expense for current employees is reimbursed but that costs for retirees is not.

Mr. Mann stated that there is a 19% increase in library retiree pension costs in 2016. He suggested that this increased cost to the City be considered an increase in library funding. The library representatives disagreed and stated that retiree pension costs have always been underwritten by the City.

Mr. Waltman expressed the belief that the agreement with the County for library funding was meant to have incremental increases over time. He stated that the intent of the agreement was to protect the library.

Ms. Goodman-Hinnershitz stated that great information was shared this evening.

Ms. Alban stated that the Board appreciates the City's efforts. She stated that if the libraries close it will lead to additional social issues and increased costs. She noted the need for commitment by all to keep the libraries open.

Ms. Goodman-Hinnershitz stated that this issue is debated every year. She noted the need for long-term strategic planning and for City officials to take the lead to work with the Library's other funding sources. She stated that City funding may not be sustainable. She expressed the belief that the City's future will include selling its assets. She stated that the Reading libraries serve more than City residents. She stated that the Council on Chemical Abuse serves as a branch library and that funding sources for libraries are difficult to find.

Ms. Reed stated that all residents are seeing reductions in City services.

Mr. Kasprowicz stated that library services enrich and save the lives of many. He stated that library services teach life skills and help with job searches. He reminded all of the return on investment with library funding.

Mr. Daubert questioned when Council would begin straw polling on specific budget initiatives. Ms. Goodman-Hinnershitz explained that this would begin after all budget reviews are complete.

The library representatives left the meeting at this time.

Mr. Zale reviewed the changes to the draft budget to date.

III. Fire Budget Review

Deputy Chiefs Hart and Conrad joined the meeting at this time.

Chief Stoudt explained that the changes to the Position Ordinance are due to tenure. He stated that some of those eliminated as part of the Transport Van transferred. He stated that overall there is a reduction of seven positions but that a new class will begin training in 2016.

Chief Stoudt stated that the personnel cost increases are due to the increase in pension and benefit costs. He stated that overall the Fire budget is \$1.3 million more than 2015 levels. Ms. Snyder explained that the IAFF contract expires in December 2015 so no pay increases are budgeted for 2016.

Mr. Cituk cautioned against this approach as negotiated pay increases could be retroactive. Ms. Snyder explained that any salary increases to IAFF must remain within the cap set by PFM. She stated that the City is assuming salaries to remain frozen for the first three years of the contract

and then a 1% increase in year four. Mr. Mann stated that the 2016 draft budget does include the step increases.

Chief Stoudt explained the following line items:

- The increase in "Power and Light" is due to the agreement with the Fire Fighters Museum agreement
- The increase in the "Contracted Services" is to fund a robo-call service for emergencies
- The increase in "Fees" is for increased costs of linens, cable, etc.
- The increase in "Supplies" is for increased costs of furniture and appliances at fire stations
- The increases in overtime are due to investigations and training needs
- The increase to the "Community Service" is the smoke detector program. He stated that this line item may be reduced depending on funding of other partners.
- The increase in the uniform allowance is due to the need to outfit the new class

In addition, Chief Stoudt stated that he was recently notified that the County dispatch fee will remain the same as the 2015 rate. He stated that these corrections can now be made to the draft budget to remove the increases in Suppression and EMS.

- The increase in "Physicals" is due to the need for physicals for the new class
- The increase in "Building Maintenance" is to address an ongoing interior leak repair
- The increase in "Minor Capital" is to obtain a 6th set of ALS gear for standby services

Mr. Waltman noted the increase of \$130,000 in overtime. He questioned how this was affected by training. Chief Stoudt stated that personnel must be brought in for training on their days off to keep others in service. He stated that there are annual certifications needed in addition to the new classes.

Ms. Snyder stated that class instructors are City staff. Ms. Goodman-Hinnershitz noted the need to weigh overtime against the costs of additional instructional staff.

Ms. Snyder questioned if the dispatch fee would also be reduced in the police budget. Mr. Mann stated that it would not as the City police does not use the County dispatch service. He stated that the reduction for fire dispatch is due to the increase in 911 funding rates set by the State.

Ms. Goodman-Hinnershitz questioned if an increase in calls for service will increase costs. Chief Stoudt stated that it would not. Deputy Chief Hart stated that incidental costs would increase but that it would not have a major impact.

Mr. Cituk questioned if the hospitals assist with ambulance costs. Chief Stoudt stated that this assistance was tied to the Transport Unit in the past.

Mr. Cituk questioned if the private sector is now providing this service. Deputy Chief Hart stated that it does.

Ms. Goodman-Hinnershitz questioned if there was any change in the type of service calls for ambulances since the elimination of the Transport Unit. Deputy Chief Conrad stated that it has not. However, he did state that many calls involve disrespectful and violent people. Deputy Chief Hart agreed and stated that there are many residents with mental health problems.

Chief Stoudt distributed a breakdown of overdose calls.

Ms. Goodman-Hinnershitz stated that drug related calls will involve violent people and that they will be difficult to assist.

Deputy Chief Hart stated that the new trend is for drug users to mix heroine with other drugs. He stated that in these cases when Narcan is administered the effect of the other drugs is felt more acutely. He stated that staff has begun decreasing the dose of Narcan to reduce these effects until the ambulance arrives at the hospital.

Ms. Goodman-Hinnershitz stated that these are very complex calls.

Mr. Daubert questioned if the people represented in the report have had their lives saved. Deputy Chief Hart stated that they did have their lives saved. He stated that many were in cardiac arrest on arrival and these are true interventions.

Mr. Daubert expressed the belief that EMS is not paid what they truly deserve for the treatment they endure. Chief Stoudt noted the excellent EMS staff.

Ms. Snyder stated that EMS staff was recently recognized. Deputy Chief Conrad stated that the American Heart Association recognized Reading's EMS staff for outstanding cardiac work. He stated that the recognition was received two years in a row. He stated that EMS staff makes a big difference in the lives of residents in need and that they love what they do.

Ms. Snyder questioned if there are frequent users of EMS and if they are getting follow up treatment as needed. Deputy Chief Hart stated that due to the changes in healthcare coverage there are sizable increases in collection for ambulance services. He stated that the hospitals are reviewing repeat users and admissions to work with patients to better manage their care. He stated that this is time intensive but that great progress has been made.

Ms. Goodman-Hinnershitz noted her appreciation for fire and EMS staff and the work they do.

Deputy Chiefs Hart and Conrad left the meeting at this time.

IV. Community Development Budget Review

Mr. Zale stated that the total number of positions remains the same in 2016.

Mr. Agudo stated that Mr. Palecios, Mr. Peiffer, and Mr. Natale are also in attendance to answer questions. He explained that the increases to salaries are due to AFSCME contract provisions.

- Property Maintenance

Mr. Agudo explained that the increase in the “Contracted Services” line is for technology changes to help increase collections. He explained that PFM recommended a Point of Sale system (credit card payments only) to increase collections for housing inspections.

- Zoning, Planning and HARB

Mr. Agudo explained that the only increases in this division is to the salaries line.

- Building/Trades

Mr. Agudo stated that the increase in overtime is due to vacancies.

Mr. Agudo explained that the increase in Contracted Services is to address demolition costs. He stated that priority demolitions or those needed due to fire events will be addressed with this line item. He stated that using HUD funding for emergency demolitions is difficult.

- CD Administration

Mr. Agudo explained that all but one full-time position are 50% funded by HUD.

Mr. Cituk questioned if demolition costs would be spent out of the general fund before HUD. Mr. Agudo explained that some demolitions cannot use HUD funding. He stated that currently the City has very limited funding for emergency demolitions. He stated that emergency demolitions through the general fund will be a better process as the demolitions through HUD are very complicated.

Mr. Cituk questioned if the reduction to Contracted Services is a result of reduction in costs to maintain the 5th & Penn properties. Mr. Agudo stated that this is the case as the developer is now covering these costs.

Mr. Waltman questioned the intention of the Point of Sale (POS) system. He questioned what is not being paid. Mr. Agudo explained that currently inspections are done, then later a bill is generated and mailed to the property owner. He stated that not all property owners are paying for the inspections.

Mr. Waltman noted the need to catch these outstanding fees when annual housing permits and business privilege licenses are issued. He noted the need to set up the work flow to collect outstanding fees before issuing other permits rather than spend funds on a POS system.

Ms. Goodman-Hinnershitz suggested that this issue be addressed separately after the budget process is complete. She noted the need for the City to be consistent as people learn how to get away with not paying what is owed.

Mr. Waltman requested this issue be placed in the parking lot for additional review. Ms. Snyder stated that she is currently reviewing this and that she was shocked to see the number of property owners not paying their annual fees and inspection costs. She stated that an ordinance will be introduced to Council shortly to increase the City's ability to collect outstanding fees.

Mr. Waltman suggested that remote collection may not fully address this issue. He noted the need to review the workflow. He stated that he is not convinced that this is the only way to address this issue.

Ms. Reed expressed the belief that the POS system would be the easiest way to pay by credit card at the time of service. She stated that this eliminates the need to bill and is an immediate way to collect the fee.

Mr. Waltman agreed but stated that the POS system cannot be used as a work-around to a breakdown in the overall collections process.

Mr. Daubert expressed the belief that the POS system would be appreciated.

Mr. Waltman cautioned that if the POS system assumes all other fees are paid that problems collecting permit fees may suffer. He noted the City's inconsistent data.

Ms. Goodman-Hinnershitz noted the need for the public to understand that they must pay for City services. She stated that there is currently a message being circulated that they do not need to pay.

Mr. Waltman stated that there is a \$135,000 reduction in inspection revenue in the 2016 draft budget. He stated that if this cannot be increased, other means of savings must be found. He noted the need to improve collections overall.

Mr. Natale explained that the POS system is a small portion of the entire collection process.

Mr. Waltman noted the need to connect the data and that an umbrella system must apply.

Mr. Agudo stated that Property Maintenance has been working diligently on collection issues. He stated that the POS system is an additional recommendation in the Amended Recovery Plan. He noted his hope that all efforts combined will increase collection. He stated that the City has begun putting non-payment of City fees on individual's credit reports and have begun shutting down property owners' properties. He stated that there are approximately 35 property owners who owe \$250,000 to the City. He stated that all their properties are being placarded to pay or their tenants will be evicted.

Mr. Waltman again stated that the POS system cannot be a work-around. He noted the need for property owners to pay for services BEFORE they receive permits or inspections rather than after and then be shut down. He noted the need for process changes before the POS system is purchased.

Ms. Goodman-Hinnershitz stated that this must also be supported by the new Administration.

Mr. Pottiger agreed that the City should not be collecting \$50 when \$1000 is owed. He noted the need to collect past due fees/taxes before scheduling inspections or issuing permits.

Ms. Santamoor explained that the PFM recommendation is in addition to the creation of a plan to combine all collection avenues.

Mr. Agudo described several situations where residents requested a payment plan for QoL tickets or to pay by credit card. He stated that, at the time, these residents who were willing to pay were turned away because these options were not available. He stated that they are now available and have also assisted to increase collections.

Ms. Goodman-Hinnershitz expressed concern that targeted property owners will walk away from their properties causing blight and vacant properties to negatively affect the rest of the neighborhood.

» *Property Maintenance Collection process and POS system review needed*

Ms. Kelleher questioned the amount of the line item in Property Maintenance and Building/Trades for parking garage fees. Mr. Natale stated that some Property Maintenance vehicles are parked in the parking garage as there are not enough spaces in the Cedar Street lot.

Mr. Waltman requested an expense summary by category for the next meeting. Mr. Zale stated that Ms. Kelleher can run these reports on Open Gov.

The meeting concluded at 7:10 pm.

The next meeting will be held on Wednesday, November 4, after the Conditional Use hearing, in the Penn Room.

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