



CITY COUNCIL

Finance Committee

Meeting Report

Monday, July 20, 2015

Committee Members Attending: M. Goodman-Hinnershitz, D. Reed

Others Attending: D. Cituk, C. Younger, C. Zale, L. Kelleher, C. Snyder, D. Pottiger

Ms. Goodman-Hinnershitz called the Finance Committee meeting to order at approximately 5:00 pm. She stated that before the actual committee sessions begin Council will meet in a Committee of the Whole session to learn about the DID renewal process.

Committee of the Whole re DID Renewal

Attending: M. Goodman-Hinnershitz, D. Reed, D. Sterner, C. Daubert, J. London, C. Broad, M. Zielinski, C. Younger, C. Snyder, C. Zale, D. Pottiger

Ms. London explained that DID's 10 year term expires at the end of 2015. She noted that the continuation of DID and DID as the City's Main Street Manager is critical to the improvement of the downtown area. She distributed the draft ordinance and agreement between the City and DID along with the proposed plan and a letter drafted to the Council President.

Mr. Broad explained that DID will conduct outreach to the properties within the DID area and hold a public hearing after the ordinance is enacted by Council. He stated that there are 414 properties eligible for the assessment in the DID area and that the owners of these buildings are eligible to place a NO vote if they do not want the DID to continue. Ms. London recalled the low attendance at the 2005 public hearing.

Mr. Broad stated that DID sought, and the administration agreed, to an increase in City funding for DID. He explained that they are seeking a small increase in the assessment to property owners. He stated that the assessment has not changed in 15 years. The last increase to the original assessment was approved in 2000 (4.75%).

Mr. Broad explained the need for DID to send a copy of the proposed plan to the 414 affected property owners prior to a required public hearing. He also explained that DID is only seeking reauthorization for a five (5) year period because it is too difficult to manage the organization using the same assessment rate for a 10 year period. He described how the decline in the real estate market, assessment appeals and other changes have affected DID's financial condition over the past 10 years.

Mr. Zielinski stated that DID lost \$56K in assessments over the past year, due to the City's acquisition of the Penn Square properties and the I Lead Charter School's refusal to pay their assessment. However, there are questions concerning the exact portion of the property actually being used for "charitable" purposes that would disqualify the school from the paying the assessment.

Ms. Reed questioned the need for an increase in the assessment as many small businesses struggle to retain their small margin of profit.

Ms. Goodman-Hinnershitz questioned how DID will communicate with those who work within the eligible buildings. Mr. Broad stated that outreach goes to tenants and property owners only. He explained that those who work in the buildings would need to communicate directly with the person who leases the office or the property owner. He noted that only the actual property owner has a vote.

Ms. Reed inquired about the number of assessment appeals since the last county-wide reassessment in 1994. Mr. Broad stated that DID has experienced an annual decline in assessments caused in part by successful assessment appeals.

Mr. Broad stated that DID representatives met with the administration and they approved the requested increase in funding and the assessment increase. Ms. Snyder stated that she was not included in those discussions.

Ms. Goodman-Hinnershitz stated that those working in the downtown need to consider what the downtown would be like if DID stopped existing.

Council was asked to forward any questions to the City Clerk. A second presentation will occur at the Committee of the Whole meeting on July 27th, when all Councilors will be present.

The Committee of the Whole ended and the Finance Committee began.

I. Land Sale and Use of the Reserve Policies

Mr. Pottiger stated that he plans to meet and discuss this issue with Mr. Zale in the upcoming week.

II. Review Financial Statements

Mr. Zale stated that the EIT revenue is coming in 3% higher than last year. He stated that the City plans to refinance the 2006 RDA note (the pension bond).

Mr. Zale noted the preparation of the City's capital plan. He explained that a portion of the Commuter EIT is now allocated to capital expenditures. He reminded Ms. Kelleher of the need to have the Council President appoint a member of Council to the review committee. He stated that the committee will hold their first meeting tomorrow.

Mr. Zale stated that the Open Gov software is now available to the public; however, he stated that he is unaware of the number of people who have actually used the software.

Mr. Zale stated that the City will move the annual allocation of the MMO pension payment to July. In the past the MMO payment was delayed until November or December annually. He noted that the pension fund will be aided by the earlier payment.

III. Update from the City Auditor

Mr. Cituk provided an update on the 2014 external audit. He predicted a \$2M surplus. He described how errors in pension payments are identified through various tests. He noted that the School District is billed quarterly for their portion of the crossing guard payment.

Ms. Goodman-Hinnershitz again requested an itemization of the Duane Morris bills submitted for legal services for the mayor's charter and ethics complaints and the recycling litigation. She noted that prior requests were denied or ignored. She stated that ignoring the request for documentation is improper as those bills were paid with taxpayer dollars. Mr. Cituk stated that he could assist with providing that documentation. Mr. Younger requested that Ms. Goodman-Hinnershitz provide the request in writing.

There was a discussion about the retention of Duane Morris for the mayor's charter and ethics complaints without the bidding process and for the recycling litigation through the bidding process.

Ms. Goodman-Hinnershitz adjourned the meeting at approximately 5:35 pm.

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