



CITY COUNCIL

Finance Committee

Meeting Report Monday, August 17, 2015

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

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

Ms. Goodman-Hinnershitz called the meeting to order at approximately 5:30pm.

I. Policy Review

- *Fund Balance Policy*

Mr. Pottiger stated that he and Ms. Snyder reviewed the policy with the changes shown in the highlighted areas of the handout. He stated that the changes allow non-recurring revenues and budget surpluses to replenish reserve levels to the minimum level of two months of general fund operating revenues, to pay down the existing debt, and to fund the capital improvements plan. He stated that originally, the term for maintaining unrestricted fund balances in the general fund was to be no less than three months of operating revenues, and that has been scaled back to two months instead.

Ms. Goodman-Hinnershitz asked if anyone has any questions. There were no questions. She stated that the next step is to have this introduced as an ordinance at an upcoming meeting. Ms. Kelleher concurred stating that it can be introduced as early as the next Council meeting.

- *Sale of Land and Assets Policy*

Mr. Pottiger stated that the draft will be ready to be presented to Council as soon as he and Ms. Snyder make some minor adjustments. Sections on real property and personal property will be addressed separately. There will be thresholds on the dollar amounts implemented. This should be completed within the next week.

Ms. Goodman-Hinnershitz questioned if the water system would be included in this. Mr.

Pottiger stated that Ms. Kelleher found the City of Harrisburg language regarding assets transferred to outside authorities which has been helpful. He stated that this document will include all authorities.

Ms. Goodman-Hinnershitz stated that this will be reviewed at the next meeting and then introduced.

II. Legislative Review

Ms. Kelleher stated that there was nothing upcoming on the regular meeting agenda that required legislative review at this time.

III. Review Draft CDBG Action Plan

Ms. Goodman-Hinnershitz stated a Community Development Block Grant means a grant of funds from the federal government, not funds that are to be used for improvements. She stated that there seems to be some confusion about the meaning of this program.

Mr. Pottiger stated that there is a meeting scheduled for August 18 to make adjustments to the CDBG budget and the Capital Improvement budget. There are a few requests which need further review to determine the best manner to fund them.

Ms. Goodman-Hinnershitz questioned the timeline regarding the approval of the CDBG Action Plan. Ms. Kelleher stated that the Plan must be approved by November 15 annually.

Mr. Pottiger stated that he can have a draft prepared after the August 18 meeting for Council to review electronically.

Ms. Kelleher stated that the draft plan can be discussed at the next Finance Committee meeting.

IV. Review Finance Reports

Mr. Zale stated seven months into the cycle on a cash basis, there is a surplus of \$16,277,448 which does not include the pension MMO payment.

Mr. Zale stated that revenues increased \$3,068,558 from the Parking Authority however has not yet been realized in full. He stated that Police and Fire spending consumes 71 percent of the General Fund and those two departments are closely monitored.

Mr. Zale stated that the cash flow is \$37,225,293 compared to last year's total of \$31,688,337. There have been no loans provided to other funds out of the General Fund this year. He stated

that there are two interest bearing accounts that were established in February 2015; one for the general fund and the other for the sewer fund. The sewer account will increase from \$15M to \$30M due to the additional earnings which will help reduce future financing of the WWTP.

Mr. Zale stated that there has been no change in the Contingency Usage and the 2006 RDA note used to finance the City's 2006 pension cost was refinanced in July which satisfies the Amended Act 47 Recovery Plan.

Mr. Zale stated that the 5-Year Projection is available to the public on OPENGOV.com.

Mr. Waltman commended the clear and concise reporting.

V. Update from City Auditor

Mr. Cituk distributed a WWTP Capital Expense Report and explained that it is separated by year with a total of \$48,787,368.33 from 2008 through June 2015.

Ms. Goodman-Hinnershitz questioned one of the higher line items regarding major construction that is occurring with the tunnel. Mr. Cituk stated that he believes it is PACT Construction who is working on the 42 inch piping along the river going to the plant.

Mr. Cituk stated that the 2014 External Audit draft should be completed by early September. Council will review the audit at the September 14 Committee of the Whole (COW) meeting.

Ms. Goodman-Hinnershitz stated that some members of the public seem to have issues with audits. She suggested that the public follow this process and provide public comment on the process if they so desire at regular Council meetings.

Mr. Cituk stated that once the audit is finalized, it will be posted on the website. He stated that the next Audit Committee meeting would ideally be held before the COW on September 14.

Ms. Goodman-Hinnershitz questioned if Mr. Gass was being replaced on the Audit Committee. She questioned what requirements are needed to serve on the Audit Committee. Ms. Kelleher stated that a financial background is required.

Mr. Waltman stated that he would like to obtain an update on the WWTP project and the costs associated with the project, specifically associated with Black & Veatch Corporation. He stated that it may be in the City's best interest to benchmark these costs moving forward.

Ms. Reed questioned if the PLA issue is still pending. Ms. Kelleher answered affirmatively.

Mr. Waltman stated that he has had some discussion on this topic with Ms. Snyder. He questioned if there was going to be second RFP for the Liquids/Solids project. Ms. Kelleher stated that according to the Mayor's report, another RFP was to be issued on August 20 for the Liquids/Solids bid because the first RFP came in \$15M over budget.

VI. Other Matters

Mr. Pottiger questioned the status of the severance ordinance.

Ms. Reed stated that she doesn't believe it will continue forward.

Ms. Kelleher asked that Council consider eliminating department director severances. She stated that she and Ms. Snyder had a conversation and Ms. Snyder requested time to model a reduction in the payment schedule.

Mr. Waltman suggested that Ms. Reed and Ms. Goodman-Hinnershitz look over this ordinance and determine if there are certain points that can be agreed upon and presented.

Ms. Reed stated that she agrees that some form of protection or moral obligation to staff should be provided.

Ms. Kelleher stated that she questioned Ms. Snyder on the number of payouts for department directors since its inception and she responded that there have been none. This proves that requiring just cause for department directors works.

Mr. Waltman stated that if this were not an election year, he would be more open to moving forward on this but since it is an election year, he fears this may aggravate situations. He suggested trusting the process. He stated that he is not of the belief that cutting out key employees is in any of the candidates' best interest.

Ms. Goodman-Hinnershitz stated that she understands both sides of the argument but unfortunately, without having an ordinance that the majority of Council agrees on, this should not move forward.

Mr. Waltman stated that the goal is for everyone to be able to work together for the best interest of the City. He reiterated that this ordinance must be evaluated to determine if there are components that Council can support.

The meeting was adjourned at approximately 6:35pm

Respectfully submitted by

*Bea Rivera, Legislative Aide and
Linda A. Kelleher CMC, City Clerk*