



CITY COUNCIL

Finance Committee

Meeting Report Monday, May 18, 2015

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

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

Ms. Goodman-Hinnershitz called the Finance Committee meeting to order at approximately 5:20 pm.

I. Reports

1. 2014 Per Capita Tax Collection

Mr. Zale stated that the increase in the Per Capita Tax was up from \$5.00 to \$20.00. In 2013 the City received nearly \$55,000 and in 2014 the City collected \$203,000. He stated that this is assuming that the number of people was the same but more was collected due to the increase.

Ms. Goodman-Hinnershitz stated that there has always been a concern about making sure this tax is collected from everyone that should be paying it. She asked how to best make certain this is occurring.

Ms. Kelleher stated that the number of people that pay is 10,150. Mr. Zale stated that from year to year it is very close in numbers. She noted that the language in the current contract with Berks EIT interferes with collection efforts.

Note: 2011 collected \$66,115 from 13,223 people, 2012 collected \$56,460 from 11,292 people, 2013 collected \$54,383 from 10,876 people and 2014 (tax increase to \$20) \$203,000 collected from 10,150 people.

2. 2014 Delinquent Fines/ Fees Collection

Mr. Zale stated that in 2014 the City utilized collection agency NRA to collect the non-

property tax related fees.

Ms. Goodman-Hinnershitz noted her concern with residents that are below poverty level who must decide what they consider a priority to pay first. She gave an example of someone who may be delinquent on their water bill which actually happens to be linked with their recycling. They fear that their water service will be shut off.

Ms. Reed inquired if this conversation was regarding the separation of bills. She stated that she strongly believes in separation of billing and she understands that the coupling of bills is a cost-saving measure. She expressed the belief it is not working properly.

Mr. Cituk questioned why Ms. Reed feels this way as separating the bills will result in greater costs. Ms. Reed stated that separate billing makes it less complicated for our citizens, and she suggests returning to prior practices.

Ms. Goodman-Hinnershitz agreed stating that she believes there are unforeseen consequences when the bills were combined; namely those citizens that are below poverty level.

Mr. Cituk stated that he would rather find a way is not to bill that is cheaper and better for the citizens; however, combination of the bills is more cost effective at this moment. He stated that the postage alone in separating bills would be more costly. He suggested finding a measure that will not increase our costs.

Ms. Reed agreed that all possible avenues need to be looked at prior to making a change of this magnitude.

Ms. Goodman-Hinnershitz stated that new state legislation considers the loss of water service to households with children as child neglect. Children and Youth Services will get involved and investigate which will further affect the City.

Mr. Cituk agreed stating that the RAWA Hardship Fund is being closely monitored to ensure that it is being administered properly.

Ms. Goodman-Hinnershitz stated that the co-mingling of bills has created a problem and she suggested that Council discuss this as a whole and make changes if necessary.

Mr. Spatz stated that RAWA has expressed the belief that the billing system that is being utilized cannot be modified to separate billing/delinquent statements. Ms. Reed reiterated that this is why the City should again be handling this billing.

Ms. Snyder stated that another scenario that was not anticipated was when a landlord is

responsible for the water bill and the tenant is the one suffering the service shut off due to the landlord's delinquency. She sees this happening more and more through the Human Relations Commission office. Some of these tenants have families with small children.

3. Forestry Management

Ms. Snyder stated that there is still no update on this topic, which concerns the harvesting of lumber. She was asked about land that the City owns in Cumru Township along Route 625 and she stated that she understands this topic will be controversial as there are many advocates for keeping trees. She stated that there are wonderful programs that promote healthy forestry.

Ms. Reed inquired about the already dead trees on the ground. Ms. Snyder stated that there is a cost to the City associated with removal of those trees. She stated that Mr. Kersley has been talking with the Nature Conservancy in Philadelphia as they advise on programs available that promote healthy forestry.

Ms. Goodman-Hinnershitz stated that she prefers this topic not be on the Finance agenda because it gives the perception that the City is looking to generate money when it is actually more about having healthy forests.

Ms. Snyder agreed suggesting this topic be on the agenda for the next Committee of the Whole.

Ms. Reed questioned what the cost would be for the City to maintain Penn Street medians and flower beds twice a year (in the Spring and Fall) in order to keep them looking clean and esthetically pleasing. She suggested having a landscaping contractor maintain these areas.

Ms. Goodman-Hinnershitz agreed stating that the Main Street Board has been looking at this as well.

Ms. Snyder stated that what seems to work best in this scenario is when a business adopts a median/flower bed area in their vicinity and they maintain it.

Ms. Reed stated that this is not really a "hands on" type of task that Main Street covers and that it is more of a Downtown Improvement District topic as they physically do the labor involved in maintaining these areas. This can continue to be a volunteer-based project but if the City can contract a landscaping company to maintain twice a year, that would be very helpful.

II. Legislative Review

1. Code of Ethics Award of Contracts

Ms. Snyder stated that this is a topic that she placed on the agenda and directed all to the attachment in the agenda. She stated that there is a specific paragraph pertaining to entering into no-bid contracts and how she, as the Managing Director, must provide the Board of Ethics with a certain amount of information for no bid contracts over \$500. She requested a clarification on no-bid contracts.

Ms. Goodman-Hinnershitz suggested that perhaps the \$500 figure be increased. She stated that she can obtain state level procurement rules and email them to Ms. Snyder to compare how this is handled on that level.

Ms. Kelleher suggested that perhaps rather than having the City provide this information to the Ethics Board, require that the contractor provide the information needed as part of their responsibility.

Mr. Younger stated that this has been discussed and the Law Department doesn't believe Ms. Snyder is in violation.

Ms. Goodman-Hinnershitz requested that this be researched by the legal team to determine how it is to be specifically interpreted.

2. Ordinance amending Chapter 212 – Fee Schedule

Ms. Snyder stated that this ordinance is regarding police reports and changes to the amounts of the fees involved. Currently if someone wants a police report at night when treasury is closed, there wasn't a way to provide credit card payments.

3. Ordinance authorizing the transfer of \$4,585,914.00 among debt service accounts based on refinancing bonds 2008 C & D with bond 2014; refinancing a portion of bonds 2008 and RRA 2003 lease revenue with bond 2015A; and refinancing pension obligation bond 2006 with bond 2015B

Mr. Zale stated that the City refinanced debt and the same amount of money is going from one account to another for debt services.

4. Ordinance amending the Code, Chapter 5 – Administrative Code, Section 5-806 Fiscal Provisions for consistency with the Purchasing Policies to and incorporate revisions recommended by the City's Act 47 Coordinator as attached (Zombie Financial Policies).

Ms. Snyder stated that there are policies that everyone thought were in place that apparently have not been completed. She asked how this was learned.

Ms. Kelleher stated that Mr. Zale requested a copy of an ordinance and Ms Katzenmoyer found two. One of the two ordinances was enacted. Ms. Kelleher stated that Ms. Katzenmoyer spoke with Mr. Mann who stated that he thought that the correct ordinance was enacted. As it was *not* enacted, Mr. Mann dubbed this the Zombie Financial Policies.

Mr. Cituk directed all to the specific paragraph which reads that in the absence of the Auditor or his Auditor Coordinator, the Solicitor is to sign off on checks with a threshold of \$25,000 or more. He requested a clarification on why this is proposed.

Ms. Snyder stated that this was actually discussed at one of the Administrative Manual meetings were prior to Mr. Cituk filling the position of Auditor Coordinator. Ms. Snyder questioned if this applies only for an "extended absence".

Mr. Cituk responded that according to the policy, an extended absence is three or more consecutive days.

Ms. Snyder asked if there were more changes and Ms. Kelleher responded affirmatively stating that there are also changes that separate the Charter language from the Administrative Code language.

Ms. Reed stated that questions on these policies should be discussed when the whole body of Council is present. Ms. Goodman-Hinnershitz agreed stating clarification would be required.

Ms. Kelleher stated that Ms. Katzenmoyer and Mr. Coleman were the parties working on this particular project. If there are questions, Ms. Katzenmoyer is present to answer them.

Ms. Snyder asked Ms. Katzenmoyer if the changes that are being made go beyond the Zombie Policies and Ms. Katzenmoyer replied affirmatively stating that this project is something she and Mr. Coleman have been working on since last summer. The Purchasing Policies were updated and so changes needed to be made in order to make the Fiscal Provisions comply with the Purchasing Policies. The need to include the Zombie Policies and other issues were discovered.

Ms. Katzenmoyer stated that when this was first looked at, the Auditor Coordinator position was still vacant and Mr. Bembenick had handed in his resignation so there were many issues that attributed to making the change regarding check signatures.

Mr. Cituk thanked Ms. Katzenmoyer for the clarification on this and asked if the threshold amount had been changed and if so, what that figure will be. Ms. Katzenmoyer stated that this continues to be a work in progress so she does not have a definitive answer. Mr. Cituk stated that he would stay in contact with all the key players in order to have the most current information on this.

III. Review Finance Reports

Mr. Zale stated that the City closed the month of April with a surplus of \$3.2M which does not include the MMO. If that was equated, there would be a deficit of \$46,000. In terms of

revenues, as reported last month, the Parking Authority began increasing their contribution to the City and that will be reflected in the following months and will provide an even greater surplus.

Mr. Zale stated that an ordinance requesting \$75,000 be moved from the Contingency Fund for the Laurel Street Demolition costs will be enacted on May 26. Ms. Snyder stated that this amount does not consider coverage from the Fire Escrow monies and or property insurance.

Mr. Zale stated that the City's cash flow is at \$24M; \$13M in cash and \$11M in investments in the General Fund.

Mr. Zale stated that the only Contingency Fund activity as of May, is the \$75,000 that was discussed earlier for the Laurel Street demolition costs.

Mr. Zale stated that due to the debt refinancing of various bonds there will be savings which will satisfy the Amended Recovery Plan Initiatives. He also spoke of an additional refinancing of Reading Redevelopment Authority 2006 Bond.

Mr. Zale stated that the City implemented Open Gov to enhance transparency which shows the history of funds for the past five years. All employees will have access to this information and can view all the financial activities by month. He stated that by June 1, this information will be available to all of the public and will also aid in improving the City's bond rating.

Mr. Zale stated that the City must report its debt status to the SEC using a program called EMMA which indicated that the City was not in compliance approximately two years ago when it refinanced 2012 Bonds. He stated that Mr. Vind is assisting in getting the City back in compliance with these regulations.

IV. Update from City Auditor

Mr. Cituk distributed the Annual Report on the Waste Water Treatment Capital Expenses. These expenses include a major upgrade to the sewage plant spending \$6.9M. There is detail for all vendors in the report for years 2008 to 2014 totaling \$46,720,997.34.

Mr. Cituk stated that Penn Vest has agreed to lend the City \$84M for the Liquids portion of the WWTP project with a very low interest rate (1%).

Ms. Snyder asked if the City will be utilizing PennVest for the Solids portion of the project. Mr. Pottiger stated that in conversation with PennVest regarding the language in the loan agreement as part of the application process, Mr. Johnson noted his concern with continuously inconveniencing PennVest. PennVest stated that they should be the City's first option for funding this project. Mr. Pottiger stated that the City has received the largest loan

PennVest has ever issued.

Ms. Snyder stated that since this project crosses multiple municipalities largely contributed to PennVest's generosity.

Mr. Cituk distributed the Appropriations Transfers report. He stated that there were 75 transfers last year of which 13 were above the \$25,000 threshold. Twelve of those transfers required approval by ordinance. There was an error where funds were posted to maintenance and repair of roads instead of fringe benefits but that has been rectified.

Mr. Cituk stated that there were five (5) transfers using Contingency which were all above the \$25,000 threshold.

Ms. Snyder stated that she would like to meet with Mr. Cituk to review some information at a later date and he agreed.

Ms. Reed adjourned the meeting at approximately 6:45pm.

*Respectfully submitted by
Linda A. Kelleher CMC, City Clerk
Bea Rivera, Legislative Aide*