



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES

November 16, 2015

Budget Review

COUNCIL MEMBERS PRESENT:

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

OTHERS PRESENT:

L. Kelleher, C. Snyder, C. Zale, D. Pottiger, R. Natale, H. Tangredi, C. Younger, D. Cituk, R. Johnson, W. Stoudt

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

The meeting was called to order at 5:05 pm by Ms. Goodman-Hinnershitz.

I. Library Funding

Mr. Waltman suggested deferring this issue (providing Library funding at 0.2 mils + \$100K from the GF or 0.3 mils alone) until the meeting scheduled for Wednesday, November 18th. All present agreed.

II. Per Capita

Ms. Goodman-Hinnershitz inquired if the Solicitor could provide a response to the following questions about the Per Capita Tax.

- Can the City’s Per Capita tax be reduced to \$0?

Mr. Younger stated that he and Ms. Butler researched this Act 511 tax. They agree that the City can reduce the amount of the tax; however, reducing the tax to \$0 would in effect eliminate the tax.

- If the City repeals the City’s portion of this tax, does the District’s tax remain in place?

Mr. Younger stated that the District’s tax would remain in place if the City repeals its portion of the tax.

- If the District tax remains, must the City provide the billing and collection services?

Mr. Younger explained that there is a written agreement with the District whereby the City agrees to provide billing and collection services for the Per Capita tax, so that agreement will remain in place unless it is renegotiated. He noted that he has been unable to locate a copy of the agreement and that he will check with the District to see if they can provide a copy.

Ms. Snyder stated that the District makes a payment to cover the cost of billing and collection services.

Mr. Daubert inquired if the District can increase its portion of the Per Capita tax. Mr. Younger stated that the City could increase its portion of the tax under Home Rule. He stated that he is unsure if the District can increase its portion, as they are not Home Rule.

Ms. Goodman-Hinnershitz asked Council members if they would like to repeal the tax or continue the tax for one more year to provide the administration with an opportunity to improve the collection of the Per Capita tax.

Mr. Marmarou expressed the belief that the City should not walk away from this revenue source. He inquired about the number of people who pay the tax annually. Ms. Kelleher stated that the initial Recovery Plan stated that there are over 58,000 people over 18 who are required to pay the Per Capita tax and that in 2014 a bit over 10,000 people paid. Ms. Snyder confirmed.

Ms. Kelleher noted that the amount of people who pay this tax decreases each year.

Mr. Cituk expressed the belief that the administration should have another opportunity to properly collect this tax. He stated that with the increase in the City's portion, there is approximately \$1M uncollected.

Ms. Reed agreed that the City cannot shut the door on a million dollars in revenue.

Mr. Sterner expressed the belief that one additional year will not make a difference and that the same 10,000 will continue to pay, which is unfair.

Mr. Daubert questioned what the City will do to increase its performance.

Ms. Snyder stated that the City can move collections to a vendor who handles Per Capita collection for other municipalities. She noted that using voter registration information alone, the City could attempt to collect this tax from approximately 42,000 people over the age of 18.

Ms. Goodman-Hinnershitz expressed the belief that the administration should be provided with one more year.

Mr. Slifko expressed the belief that this is a regressive tax. He stated that this nuisance tax is unfair. He expressed the belief that the tax should be repealed and replaced with an increase in the property taxes which can be more easily collected.

Mr. Waltman agreed that the tax is inequitable and difficult to collect. He also agreed that it would be fairer to increase the property tax as that is easier to collect.

Ms. Reed expressed the belief that the Per Capita tax is equitable as it is meant to help offset the cost of public services.

Ms. Snyder expressed the belief that the purpose of the tax is equitable; however, the current collection application is very inequitable.

Mr. Waltman suggested that the charge for water consumption is the most equitable fee as it is charged based on the amount of water used. He stated that the Per Capita tax is only equitable if all pay the tax.

Council members were asked if the tax should be retained for one additional year or repealed. They expressed the following beliefs:

Mr. Slifko – No

Mr. Marmarou - Yes

Ms. Reed – Yes

Ms. Goodman-Hinnershitz – Yes

Mr. Sterner – No

Mr. Daubert – Yes

Mr. Waltman – Deferred

III. Business Privilege Tax

Mr. Pottiger stated that he obtained a listing of the businesses that do not pay Business Privilege taxes (BPT) or have a business license. He stated that he was surprised at both the length of the lists and the names that are on the list.

Mr. Pottiger described his plan to improve collection of the BPT and to begin performing audits. He expressed the belief that as Berks EIT issues the licenses, they should also collect the tax. He noted the importance of having one organization see both transactions. He stated that an employee in the CSC will be assigned to audit businesses.

The 2016 allocation for BPT Prior Year collection is \$75K. The group discussed increasing the allocation.

Ms. Snyder expressed the belief that the City Auditor could assist by auditing revenue areas such as the BPT and alerting the administration to revenues that are falling short and advising on ways to improve collection and function.

Mr. Pottiger suggested increasing the 2016 BPT Prior Year to \$225K. He expressed the belief that this is a safe increase, noting that collection from just a few delinquent businesses will match the allocation.

IV. Property Maintenance

Ms. Snyder explained that the expenditure of \$84K is unrelated to the POS. This expenditure is related technical improvements that will increase the efficiency of the inspectors. The improved technology will also improve the functionality of Building/Trades and Zoning.

Mr. Waltman inquired if the workflow issues will be addressed before the technology is purchased. Ms. Snyder stated that the workflow issues will be corrected as the new technology is implemented.

Mr. Daubert, Ms. Reed and Ms. Goodman-Hinnershitz agreed that improvements in technology increases both the efficiency of staff and customer improvement benefits.

When asked to address the unfilled inspector positions, Mr. Natale stated that currently only two (2) inspector positions are vacant. He stated that he would like to fill those positions soon so the employees can begin their three (3) month training period.

Ms. Snyder inquired if the two (2) positions were unfilled for a one (1) year period. Mr. Natale stated that over the past year the division lost four (4) inspectors to other municipalities. He noted that when Property Maintenance staffing was increased under the current inspection program geared to move from one (1) inspection every five (5) years to one (1) inspection every two (2) years, it was believed that staff could be reduced when the number of properties needing return inspection visits were also reduced. He stated that PFM is assisting with the collection and analysis of that data.

The group agreed that if Property Maintenance inspectors are fully staffed then revenue in that area should also improve. The 2016 Budget estimate is \$2.81M and the Amended Recovery plan projects \$1.7M. The group agreed to increase this line item by \$135K (split between prior and current).

IV. Auditor's expenditure Reductions

The recommendation sheet was distributed by Mr. Zale. Ms. Snyder stated that the after the administration review's the Auditor's suggestions, the administration will make a recommendation to Council at the meeting scheduled for this Wednesday.

The next meeting will be held on Wednesday, November 18th. The meeting adjourned at approximately 6:45 pm.

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