



# *CITY COUNCIL*

## *Strategic Planning*

### *Committee*

**Monday, September 8, 2015**  
**Penn Room**  
**6:00 pm**

Strategic planning determines where an organization is going, how it's going to get there and measures success over time. It ensures the most effective use of the organization's limited resources by focusing resources on key priorities. The Council Strategic Planning committee will prioritize, in collaboration with the City's administration, the City's goals, objectives and strategies and determine which initiatives take precedence for implementation, under three main objectives: Finance, Standards of Living and Economic Development

**Committee Members:** J. Waltman, C. Daubert (Co Chairs), F. Acosta, M. Goodman-Hinnershitz, D. Sterner, S. Marmarou, D. Reed

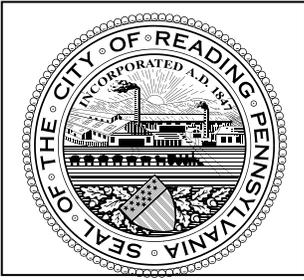
*Although Council committee meetings are open to the public, public comment is not permitted at Council Committee meetings. However, citizens are encouraged to attend and observe the meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the Committee Chair. All electronic recording devices must be at the entry door in all meeting rooms and offices, as per Bill No. 27-2012*

#### **Meeting Facilitated by the Managing Director's Office**

##### **I. RAWA re Amendment of Lease Agreement**

#### **Follow-up**

- **March - Update - Alvernia University re Angelica Park**



# CITY COUNCIL

## Strategic Planning Committee

**Monday, August 3, 2015**  
**Meeting Report**

**Attending:** J. Waltman, C. Daubert (Co Chairs), D. Reed, D. Sterner, S. Marmarou, M. Goodman-Hinnershitz, F. Acosta

**Others Attending:** L. Kelleher, C. Younger, C. Snyder, G. Mann, T. Coleman, R. Johnson

The meeting was called to order by Mr. Waltman at approximately 5:27 pm.

### **1. Heritage Park Damage**

Mr. Johnson explained that the last several severe rain storms caused damage to the area surrounding Heritage Park. He stated that an eight foot storm sewer pipe burst which caused damage to the bank. He noted that the pieces of the pipe and the pipe lid were found both in the river and on the opposite river bank.

Mr. Johnson stated that the DEP came to review the damage and to help develop the permitting for the stabilization and repair of the area.

Mr. Johnson stated that he is unsure when the piping was originally installed but modifications to the piping were recorded in the 1980s.

### **2. UGI Meters**

Mr. Coleman explained that the Street Cut ordinance approved last week goes into effect on August 7<sup>th</sup>. He stated that to date, UGI has responded favorably to the new requirements. He stated that internally the City is improving the various processes that are used for meter relocations and new installations. For example UGI used to submit applications for a large number of relocations that could take months to complete. The City began rejecting those mass applications and allowing UGI to only submit the number of relocation applications that they can begin within a 15 day period. The

projects approved must be fully completed (with final restoration of the pavement) within four (4) months. (One extension is allowed).

Mr. Coleman stated that UGI will now be prohibited from beginning new projects between November and January because the material for the final restoration of the pavement is only available on the marketplace between March and October. He also stated that the new process prevents the use of No Parking signs for more than two (2) days prior to the start of the project. The new process also adds restrictions on the use of steel plates and fees when steel plates are used.

Mr. Coleman noted that revisions to the application forms are also being made. He explained that the monthly Five City meeting on August 26<sup>th</sup> will include a discussion on the UGI meter relocations for the Managers and the Historic Specialists. He stated that this discussion will inform Reading about the approaches used to control the location of the meters within historic districts in our sister cities.

Mr. Coleman stressed the need to report complaints to Chris Brown, UGI Operations Manager.

In response to a question from Ms. Goodman-Hinnershitz, Ms. Kelleher stated that complaints regarding No Parking signs should be reported to the Police Chief.

In response to a question from Mr. Daubert, Mr. Coleman stated that UGI is required to provide notice to the public at least 30 days before a meter relocation occurs; however, UGI told the City that it sends the required notification out to residents a year in advance and the City asked UGI to shorten that timeframe.

Mr. Waltman described the miscommunication between UGI and the customer. He stated that the Citizens group will be meeting tomorrow evening, in advance of the meeting with the City scheduled for Wednesday morning.

### **3. Street Assessment**

Ms. Snyder explained that last year the City rejected PFM's recommendation for the implementation of a streetlight assessment for a variety of reasons. The new Recovery Plan contains a recommendation for a Street Assessment that would charge a similar fee charged to all property owners for the repair and maintenance of the City's streets. She stated that the Recovery Plan estimates that the assessment would generate \$1.5M in 2016. A charge of \$0.75 per front footage would generate \$1.4M from all properties, including exempt properties (excluding City owned properties). She explained that this application would generate only \$200K from exempt properties. She explained the

typed of modeling performed. She noted that the City would need to charge the exempt properties \$4 per foot frontage to offset any impact on taxable properties.

Ms. Snyder explained her belief that the use of the street assessment would be burdensome for the City and for the public. She noted her agreement with Mr. Waltman's point that switching out the property tax for the street assessment would eliminate an income tax reduction for those who pay property taxes. Ms. Snyder stated that the administration does not recommend using the street assessment.

The group discussed applying the assessment to those nonprofits that choose not to participate in the PILOT program, although that may not be legal. Mr. Mann thanked Ms. Snyder for studying the issue in such great detail and he agreed with not moving forward with the assessment.

Mr. Mann stated that the recommendation was made to offset property tax increases.

A discussion began on the need to improve the City. Ms. Goodman-Hinnershitz suggested meeting with various organizations that serve those who live in poverty to develop a joint plan to address the root causes of poverty.

Ms. Reed expressed the belief that economic development and the creation of jobs would be a viable solution.

Mr. Waltman expressed the belief that the City cannot continue to carry the burden of those who live in poverty. He noted the need for the mayor to drive a solution for this issue.

Mr. Acosta stated that some campaigning for mayor promise reduced taxes and free water; however, those statements are both misleading and impossible. He suggested that candidates who make those promises are misleading the public.

Ms. Snyder described the educational conference organized by the mayor for the mayoral candidates.

#### **4. Policy re Fund Balance and Sale of Assets and Land**

Ms. Snyder explained that the need for these policies began in 2011 when they were requested by PFM in the original Recovery Plan. She explained the basics of governmental accounting. She stated that the GFOA recommends keeping a fund balance reserve to cover two (2) months of expenses. She noted that Mr. Zale prefers keeping three (3) months. She stated that the value of two (2) months is approximately \$15M and the value of three (3) months is approximately \$21M.

Ms. Snyder asked Council to make a recommendation on the amount of the reserve and the policy. She noted that over the coming five (5) years the City will need some financial assistance from the fund balance. However, she noted the need to find some balance between growing the fund balance and beginning to make capital repairs.

Ms. Kelleher was asked to research how other cities approach fund balance and prepare a recommendation.

#### **5. Curbside Waste**

Ms. Snyder stated that a meeting was held with RAWA and Dallas Data. She reported that RAWA would like to discontinue the practice of terminating water service for delinquent trash and recycling accounts. Although she noted that less than 4% of those with terminated water service were caused by trash and recycling delinquencies. She stated that RAWA also no longer wishes to purchase the trash and recycling receivable. RAWA will continue to bill and collect for these services.

Mr. Acosta questioned why the City would stop a practice that has improved the collection rate to 95%. He expressed the belief that if using the threat of terminated water service is an incentive to paying on time then that approach should continue.

#### **6. Administrative Manual Review**

Ms. Snyder stated that Mr. Lloyd is unavailable this evening. Ms. Kelleher distributed copied of the manual sent electronically by Mr. Lloyd. Ms. Snyder noted that Ms. Katzenmoyer submitted a list of necessary corrections and that the Administrative Manual group will reconvene shortly to begin working on the next draft that will be completed before the end of 2015.

**As no other issues were brought forward, the Strategic Planning Committee meeting concluded at 7 pm.**

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

I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Ordinance passed by the Council of the City of Reading, on the 11th day of Aug A. D. 2014. Witness my hand and seal of the said City this 11th day of August, A. D. 2014

BILL NO. 62-2014  
AN ORDINANCE

DIRECTING THE MAYOR TO EXECUTE THE 4<sup>th</sup> ADDENDUM TO THE LEASE AGREEMENT WITH THE READING AREA WATER AUTHORITY (RAWA) AS ATTACHED IN EXHIBIT A.

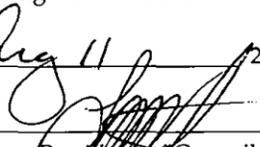
Whereas the Council of the City of Reading hereby ordains as follows:

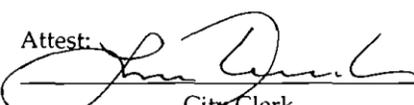
**Section 1.** Directing the mayor to execute the 4<sup>th</sup> Addendum to the Lease Agreement with the Reading Area Water Authority (RAWA) as attached in Exhibit A.

**Section 2.** All ordinances or resolutions, or parts of ordinances or resolutions, insofar as they are inconsistent with this Ordinance are hereby repealed.

**Section 3.** The provisions of this Ordinance shall be severable and if any of its provisions shall be held to be unconstitutional or illegal, the validity of any other remaining provisions of the Ordinance shall not be affected thereby. It is hereby expressly declared as the intent of the City Council of the City of Reading that this Ordinance would have been adopted had such unconstitutional or illegal provision or provisions had not been included herein.

**Section 4.** This ordinance shall become effective ten (10) days after its adoption, in accordance with Sections 219 & 221 of the City of Reading Home Rule Charter.

Enacted: Aug 11 2014  
  
\_\_\_\_\_  
President of Council  
August 25, 2014

Attest:   
\_\_\_\_\_  
City Clerk

(Council Staff)  
Submitted to Mayor:   
Date: 8/12/14  
Received by the Mayor's Office:   
Date: 8/12/14  
Approved by Mayor:   
Date: \_\_\_\_\_  
Vetoed by Mayor: \_\_\_\_\_  
Date: 8/27/14

The override of the veto was approved by the following vote:  
YEAS: Daubert, Goodman-Hinnershitz, Marmarou, Reed, Sterner, Waltman, Acosta, President - 7  
NAYS: None

The Mayor refused to sign the attached a agreement after the override of the veto.

**FOURTH ADDENDUM TO THE LEASE AND OPERATING AGREEMENT  
BETWEEN THE CITY OF READING, PENNSYLVANIA AND  
THE READING AREA WATER AUTHORITY**

**THIS FOURTH ADDENDUM**, (the "Fourth Addendum") by and between the City of Reading, Berks County, Pennsylvania ("City") and the Reading Area Water Authority ("Authority"), is hereby entered into this \_\_\_\_ day of \_\_\_\_\_, 2014 ("Addendum Date"), and hereby amends the Lease and Operating Agreement between the City and the Authority dated May 20, 1994, effective June 1, 1994, as supplemented in January, 1995, and amended in October, 1997, December, 2010, and 2012.

**RECITALS**

A. WHEREAS, the Authority has been incorporated pursuant to an Ordinance of the Council of the City and is existing under the provisions of the Act of Assembly approved May 22, 1945, P.L. 382, as amended and supplemented, known as the "Municipality Authorities Act of 1945" (the "Act");

B. WHEREAS, the City leases its Water System to the Authority pursuant to the terms of the Original Amended Lease (hereinafter defined);

C. WHEREAS, the Council of the City ("Council") enacted Ordinance 46-2014 on or about May 27, 2014, 2014, purporting to terminate the Original Amended Lease, take back the water system pursuant to Section 5622 of the Act, 53 Pa. C.S.A. § 5622, and dissolve the Authority;

D. WHEREAS, the parties mutually desire to enter into this Fourth Addendum in order to, among other things, strengthen the City's oversight of the Authority and the Water System and in order to protect the City's investment in the Water System currently operated by the Authority; and

NOW THEREFORE, the Authority and the City, in consideration of the agreements, conditions and covenants herein contained, each intending to be legally bound, hereby covenant and agree as follows:

(1) Definitions. Unless otherwise defined herein, all capitalized terms used in this Fourth Addendum shall have the meanings ascribed to them in the Original Amended Lease (as hereinafter defined).

(a) All references in this Fourth Addendum or the Original Amended Lease to the "Lease" or "herein" or "hereunder" or other similar terms shall mean the Original Amended Lease, as amended by this Fourth Addendum.

(b) "Original Amended Lease" shall mean the collective agreement by and between the City and the Authority as evidenced by the Lease and Operating Agreement between the City and Authority, dated May 20, 1994, effective June 1, 1994, as supplemented in January, 1995, and amended in October, 1997, December, 2010, June 2012, and \_\_\_\_, 2014, and as the same may hereinafter be amended, supplemented or modified from time to time.

(2) Authority Budget. Not later than November 1 of each year, beginning November 1, 2014, the Authority shall transmit its proposed Budget for the next Fiscal Year to City Council by delivery to the City Clerk. Council shall have thirty (30) days to review, and provide comments to the Authority on, such proposed budget. The Authority shall give due consideration to the comments of the Council and the Mayor's Office of the City prior to the adoption of the budget by the Authority.

(3) Authority Contracts.

(a) Prior to approval by the Authority, of any (a) proposed Authority contracts for professional services, (b) proposed Authority contracts related to the expansion of the Water System, and (c) proposed Authority contract under which the Authority is, or may be, obligated to pay more than of Two Million (\$2,000,000.00) Dollars in any rolling twelve (12) month period or having a cumulative term of more than one year, including any renewal periods, shall be submitted to the City Clerk for review by City Council and shall require approval by City Council, subject to the condition that if (i) the contract shall be subject to bid and for routine purchases of utilities, chemicals and supplies; (ii) the contract shall be necessary to respond to an emergency; or (iii) the contract shall be necessary to comply with the mandate of a regulatory body or court having jurisdiction and authority over the Authority, then in such event, the

Authority shall be free to approve or award such contract without Council's approval but with notice to Council.

(b) The Authority shall not enter into any Authority contract required to be submitted to City Council as provided above unless approved by City Council. The foregoing notwithstanding, the Authority may enter into Contracts submitted to City Council without City Council approval if Council shall fail to act on a proposed contract within thirty (30) days of the City Clerk's receipt of same.

(4) Authority Debt. All new debt incurred by the Authority after the date of this Addendum shall require approval by resolution of City Council. All such requests by the Authority for approval of new debt shall be accompanied by a written explanation as to the following:

(a) A description of the project or purpose for which the new debt will be incurred;

(b) A comprehensive description of the terms and conditions of the proposed financing;

(c) A five (5) year projection of the impact of the debt on Authority finances; and

(d) The impact of the new debt on the Authority's debt service coverage ratio, including details of the calculation of the debt service coverage ratio

(5) Authority Solicitor. The Authority shall appoint an Authority Solicitor annually. No individual attorney or law firm or affiliated organization shall serve as Authority Solicitor for more than six (6) out of any ten (10) consecutive years. Neither the current solicitor of the Authority nor any firm with whom he is then affiliated may serve as Authority Solicitor beyond the first Authority meeting in January 2019. In the final year of the current Authority Solicitor's term as solicitor, the Authority shall retain the services of a new solicitor for at least six (6) months prior to the conclusion of the current solicitor's term.

(6) Authority Board. The Authority agrees within twenty (20) days from the date of this Addendum to propose an amendment to its Articles of Incorporation in accordance with Section 5605 of the Act to increase the number of members of its Board from five (5) to seven (7) members and shall submit said proposed amendment to Council of the City for approval by resolution or ordinance.

(7) Authority Audit. The Authority shall provide the City Clerk and City Auditor with a correct and complete final draft copy of the Authority's audited financial statements no later than May 30 of each year and a copy of the Authority's final audited financial statement by June 15 of each year.

(8) Annual Water System Plan Review. No later than June 30 of each year, the Authority shall present an annual plan including a statement and current status of goals and objectives and a detailed management discussion and analysis of operations and finances, to the City Clerk for agreement or disagreement by City Council by September 1 of each year.

(9) Authority Financial Reports and Debt Closing Binders. The Authority shall provide the City Clerk and City Auditor with correct and complete copies of current quarterly financial reports of the Authority no later than 45 days after the end of each fiscal quarter of the Authority. The Authority shall provide the City Clerk and City Auditor with any other financial or operational information in its possession or readily obtainable that is requested by Council within ten (10) days of such request. The Authority shall provide the City Clerk and City Auditor correct and complete executed copies of all existing Authority debt closing transcripts, bibles and documents within forty-five (45) days from the date of this Addendum. Going forward, the Authority shall provide the City Clerk and City Auditor correct and complete executed copies of all Authority debt closing transcripts, bibles and documents within ten (10) days from the date of the closing of any debt incurred by the Authority.

(10) Lease Payments. The Authority and the City agree that the combined Financing Fee and Meter Surcharge components of the Lease payment for each calendar year, beginning January 1, 2015 shall be Eight Million (\$8,000,000.00) Dollars, which amount reflects the fair rental value of the Water System. Beginning January 1, 2020, the amount of the combined Financing Fee and Meter Surcharge components of the Lease payment for each

calendar year shall be increased on January 1 of each year by an amount equal to the positive change in the Consumer Price Index for the most recently completed twelve (12) month period for which such index is reported (expressed as a percentage) multiplied by the amount of the Lease Payment for the immediately preceding January 1 or 2.5% per annum, whichever amount is greater. The base amount of the Lease payment was arrived at by taking into consideration the valuation performed by an independent consultant selected by the Center for Local Government Excellence at Albright College and the valuation obtained by the City from Municipal & Financial Services, dated March 27, 2014. The cost of the valuation from the Center for Local Government Excellence shall be paid for the Authority. The parties agree that the aforesaid valuations shall be used solely for the purposes of determining "fair rental value" of the Water System.

(11) Termination. Section 7.05 of the Original Amended Lease shall be amended in its entirety to read as follows:

Either the City or the Authority may terminate the Original Amended Lease by serving written notice on the other of its intent and desire to terminate the Original Amended Lease on the date specified in such notice, which shall be a date not earlier than one hundred eighty (180) days from and including the date of such notice, in which event the Original Amended Lease shall terminate as of the date specified in such notice.

IN WITNESS WHEREOF, the City of Reading, Berks County, Pennsylvania, has caused this Fourth Addendum to be executed in its name and on its behalf by its Mayor and its official seal to be affixed hereunder and attested by its City Clerk, and the Reading Area Water Authority has caused this Agreement to be executed in its name and on its behalf by its Chairperson or Vice Chairperson and its corporate seal to be affixed hereto and attested by its Secretary or Assistant Secretary, all as of the day and year first above written.

City of Reading

Reading Area Water Authority

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Chairperson

Attest: \_\_\_\_\_  
City Clerk

Attest: \_\_\_\_\_  
Asst. Secretary