



CITY COUNCIL

Finance, Audit & Budget Committee

Meeting Report Tuesday, February 21, 2012

Committee Members Attending: D. Reed, Chair, R. Corcoran, Vice Chair, D. Sterner

Others Attending: F. Acosta, D. Cituk, C. Younger, C. Geffken, C. Zale, L. Kelleher, D. Wright, D. Kersley

Ms. Reed called the meeting to order.

Mr. Geffken requested an Executive Session to discuss personnel matters and cited Sunshine Act Section 708 (a) (1) "To discuss any matter involving the employment, appointment, termination of employment, terms and conditions of employment, evaluation of performance, promotion or disciplining of any specific prospective public officer or employee or current public officer or employee employed or appointed by the agency or former public officer or employee, provided, however, that the individual employees or appointees whose rights could be adversely affected may request, in writing, that the matter or matters be discussed at an open meeting. The agency's decision to discuss such matters in executive session shall not serve to adversely affect the due process rights granted by law, including those granted by Title 2 of the Pennsylvania Consolidated Statutes (related to administrative law and procedure). The provisions of this paragraph shall not apply to any meeting involving the appointment or selection of any person to fill a vacancy in any elected office."

Council entered Executive Session with Mr. Spencer at approximately 5:10 pm and exited Executive Session at 6 pm.

Reimbursement Resolution

Mr. Vind from Financial S&Lutions distributed the pricing sheet for the Series A 2008 bond refunding, which shows that the City will realize a savings of \$300K during 2012. He stated that the final pricing will occur next Tuesday. Mr. Vind also asked Council to consider the refinancing of the 2005 bond in bank loan form which will generate approximately \$100K

savings for 2013. He stated that this refinancing will retain the same debt service period.

Mr. Sterner inquired about the debt service levels for the City overall. Mr. Vind stated that the City's currently maxed out however that will level off in the next three (3) to four (4) years. He noted that the City's debt level is moderately high when considering the debt ratio on a per capita basis. He reminded Council that several years ago legislation was passed to flatten the debt service payments and to eliminate the payment spikes. This move allowed for better financial planning on the repayment of the debt service.

Mr. Geffken noted the need to consider paying down some of the unfunded debt with the cash obtained from the settlement of the due to/due froms.

Update from City Auditor – Re: 2011 Capital Project Audits

Mr. Cituk distributed copies of the audit for the Pagoda renovations and the Pagoda repairs.

Mr. Cituk stated that the Pagoda renovations occurred between 2007 and 2010 and consisted of new roofing, lighting and general construction. He stated that the project was budgeted at \$1.4M and came in \$29K under budget. He stated that the Pagoda repairs to the retaining wall occurred in 2006. The project was budgeted at \$35K but came in at \$72K.

Mr. Cituk stated that he would distribute the audit on the City Park improvements at the next Finance, Audit and Budget Committee meeting.

Finance Reports

Mr. Zale reviewed the finance reports attached to the agenda showing that revenue collection at the end of January was at 4% and expenditures came in at 6%.

Mr. Acosta questioned how the Mayor's expenses are only at 7%, as several unbudgeted positions are receiving compensation. Mr. Cituk noted that three (3) of these positions are in as part-timers and he explained the delayed pay schedule for part-time employees.

Mr. Zale stated that transfers in come to \$266K resulting in 3% of budget. Mr. Geffken noted that the first quarter is cash lean period for the City annually. He noted that often cities use TRAN (Tax Revenue Anticipation Notes) to cover these lean months.

Mr. Geffken reviewed the remaining report with the Committee along with the schedule of transfers. He stated that projections at the end of January show that the City should end 2012 with a \$10M balance.

Mr. Acosta noted that Council will be voting on Monday night on the ordinance which will reduce the Administration's ability to make payments without Council approval from \$15K to

\$25K. There was next a discussion about this practice used in other cities. Mr. Sterner recalled that Allentown applied a \$10K limit.

Legislative Review

Ordinance - amending the 2012 general fund budget, reallocating certain salary and benefit expenses and amending the 2012 position ordinance to provide funding for positions in the Office of the Mayor (**Bus Analyst and Council**) *Introduced at the February 13 regular meeting*

Ordinance - amending the 2012 City of Reading listing of positions by eliminating and adding positions in the Mayor's Office (**Bus Analyst and Council**) *Introduced at the February 13 regular meeting*

Before leaving, Mr. Kersley distributed a worksheet showing that the positions requested by the Mayor can be funded by unfilled positions for the 1st quarter of 2012.

Mr. Sterner questioned the need for the Communications position as this position was recently eliminated from the Harrisburg budget.

Ms. Goodman-Hinnershitz noted the need for Council to evaluate the sustainability for funding these positions and also evaluate the job descriptions. Ms. Kelleher distributed one copy of the job descriptions and noted that they do not match the City's format.

The Committee decided to defer the remaining discussion until the Mayor and Managing Director are present.

Resolution - authorizing the Mayor to execute a FFY2008 (34th CD year - January 1, 2008 to December 31, 2008) CDBG-R Action Plan Amendment to cancel the 500 block of Franklin Street Improvements activity and to re-program \$200,000 in CDBG-R funds for the 500 to 700 blocks of Court Street Improvements activity (**Community Development**)

Mr. Wright explained that the CDBG-R funds are stimulus funds which need to be spent by October 2012. The Administration is recommending the repaving of the 500-700 blocks of Court Street at a cost of \$200K.

Mr. Sterner questioned if funding will be provided for the Lance Place Playground improvements. Mr. Wright stated that \$90K in grant funding will be provided for improvements at this playground. Council members present agreed with the need for this improvement project. Ms. Kelleher noted that this particular item is eligible for adoption at the last meeting in March 2012.

Ms. Goodman-Hinnershitz noted the poor condition of the sidewalks on the Court Street train bridge. She suggested that as the City will be improving the handicap access to the bridge sidewalks, that the City also consider replacing the sidewalks at this time. Mr. Wright was asked to get a cost for the replacement of the sidewalks at the Court Street train bridge.

Ordinance - amending the 2012 solid waste budget, reallocating certain advertising, contracted services and postage funds to the 2012 vehicles budget (**Bus Analyst**)

Discussion on this topic was deferred as the Managing Director was not present.

Resolution - The administration wishes to execute a 2012 CDBG Action Plan amendment by programming \$50,000 in CDBG funds for the Microenterprise Technical Assistance activity (see attachment) (**Community Development**)

Mr. Acosta suggested deferring on this Resolution until the new CD Director is on board and has reviewed it. He inquired if Mr. Wright drafted this piece of legislation. Mr. Wright stated that this legislation was prepared by the Business Analyst. He stated that it is thought that this activity would compliment the Micro-Loan program.

Mr. Acosta noted the need for a full explanation about this new program.

Update: Collection Report for Delinquent Taxes and Misc. Fines

Mr. Younger noted that bids are due at the beginning of March 2012.

Council Policy Handbook

Ms. Kelleher stated that an updated Council Policy handbook is attached to the agenda. She suggested that Council familiarize themselves with this handbook as it provides some instruction and policy around issues like scheduling district/town meetings, procedures for HARB appeal hearings, procedures for Conditional Use hearings, procedures for conducting appointments of Department Directors, etc.

Mr. Acosta suggested that Council set aside a Saturday morning to review this document in full.

Ms. Kelleher also noted the release of the Annual Staff Report and the issuance of the January Council Report. She noted that this report has been updated to merge the Council Activity Report with the Council Staff Report.

Ms. Goodman-Hinnershitz noted the need for the Committee of Whole discussion on some things that were on the Public Safety/Public Works agendas such as the Property Maintenance Code, the Quality of Life Ticketing ordinance, and the Merchant Parking Permit. Mr. Acosta

stated that Ms. Kelleher read the Property Maintenance Code amendment and expressed the belief that it was ready for enactment. He noted that the Quality of Life Ticketing Ordinance needs discussion with the Administration.

Mr. Sterner agreed with the need to review this ordinance. He also noted that the City did a warning program as part of its education for City residents. He also added that several flyers about the program were issued in water bills in the first half of the 2011.

Ms. Goodman-Hinnershitz expressed the belief that the individual Quality of Life issues need to be prioritized and evaluated to determine which are true Quality of Life issues and which should receive a warning rather than a ticket.

Mr. Marmarou expressed the belief that the Quality of Life ticketing program is a common sense program. He compared the Quality of Life ticketing to traffic citations. Mr. Acosta agreed but noted that different areas of the City have different situations.

Mr. Acosta and Mr. Sterner noted that Council and the Parking Authority are waiting for direction from the Administration on the continuation or elimination of the Merchant Parking Permit Program.

Ms. Goodman-Hinnershitz suggested inviting the Recreation Commission new executive director to the March Work Session.

The Committee's session was adjourned at approximately 7:30 pm.

Respectfully submitted by Linda Kelleher, City Clerk

FOLLOW UP ISSUES

1. Consider paying down Unfunded Loan debt with due to/due from settlement cash
2. Estimate for new pavement on Court St train bridge
3. Defer CDBG amendment on Microenterprise Technical Assistance activity until CD Director reviews the amendment and makes a recommendation
4. Review RFPs for Delinquent BPL and other fee/tax collection
5. Saturday session for review of Council Policy Book and QoL Program – scheduled for Sat, March 3rd.