



# *CITY COUNCIL*

## *Finance, Audit & Budget Committee*

### **Meeting Report Monday, April 16, 2012**

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

**Others Attending:** D. Cituk, C. Zale, L. Kelleher, H. Tangredi, C. Weidel, C. Younger, V. Spencer, E. Lloyd

Ms. Reed, Chair, called the Finance, Audit & Budget Committee Meeting to order at approximately 6:49pm.

#### **IT Report**

Mr. Tangredi highlighted the report distributed to Council with the agenda packet. He gave an overview of the IT project outline and the projects that are currently progressing.

#### **CSC Report**

Ms. Weidel distributed a report on the CSC activities showing the following:

	<b>March</b>
<b>SRs Issued:</b>	1,135
<b>SRs Resolved:</b>	740
<b>Open SRs:</b>	395

Mr. Sterner inquired about the transition of CSC employees to RAWA customer service and the nature of the RAWA complaints. Ms. Weidel stated that the RAWA complaints mostly relate to the billing matters. She stated that the City CSC employees will not be transferred over to the Water Authority. CSC employees like everyone else had the ability to respond to the advertisements and formally apply for the job.

Mr. Cituk inquired about water bill payments. Mr. Spencer stated that RAWA will be moving to their new location around May 2012. He stated that collections will be moved to Fulton

Bank who will take over the lock box service from Wells Fargo, formerly Wachovia. He noted that RAWA customers will also have the ability to pay at RAWA's new facility or online.

Mr. Cituk inquired about the transfer of the sewer portion of the City's water bill. Mr. Spencer stated that it is unknown how the cash from the Sewer's portion will be transferred to date. Mr. Lloyd stated that the process would be an inversion of the current system.

Mr. Cituk stated that as the majority of the call volume relates to RAWA bills there will be an expected reduction in the number of incoming calls. Mr. Spencer stated that a projected reduction is expected which will eliminate three (3) City CSC positions.

Ms. Reed inquired why CSC employees were not transferred over to RAWA. Mr. Spencer stated that RAWA chose not to transfer current City employees but to advertise and allow employees to apply; however current CSC employees did not apply. Mr. Sterner again questioned the number of RAWA bill related calls. Ms. Weidel stated that RAWA supplies water to 11 other municipalities so the CSC receives calls about water billing from other municipalities. Ms. Kelleher clarified that some other municipalities, such as Muhlenberg Township, buy their water in bulk. Citizens in Muhlenberg pay the Muhlenberg Authority, who pays the City; however Kenhorst citizens are billed directly by RAWA.

### **Finance Report & Budget Review**

Mr. Zale reviewed the financial revenues and expenditures. He stated that expenditures are coming in at 18% of that budgeted; however he asked the Committee to remember that the pension expense is not booked until November. He stated that last year the structural deficit came in at \$2.3M. He stated that the estimated structural deficit at the end of 2012 is \$7.3M. He explained that the City currently has \$15M in cash as of March 31<sup>st</sup>. He stated that Finance is projecting the year-end deficit at approximately \$7.2M.

Mr. Cituk explained that the projected \$7.2M deficit is due to the expenditure payment of the unbudgeted \$5M payment on the unfunded debt (made after the settlement of the Due Tos/Due Froms) and the receipt of the \$2.3M payment from Greater Berks which was received in 2011 but budgeted for 2012. Mr. Zale stated that Police overtime is at 27% and Fire overtime is at 33% at the end of the 1<sup>st</sup> quarter.

There was next a discussion on FOP and IAFF contracts and arbitration.

Mr. Cituk noted the need to separate the resident and commuter EIT prior to the Budget process so Council and the Administration can understand the value of the commuter portion of the tax.

Mr. Zale stated that no exceptional transfers occurred during the month of March. Mr. Zale distributed spreadsheets electronically showing the three (3) statements relating to the City's Pension account. He stated that next month he will provide a report on payroll related checking accounts.

### **Contracts Under \$25K**

Mr. Zale distributed this information electronically on Thursday, April 12<sup>th</sup>. He stated that there were four (4) contracts executed after March 1<sup>st</sup> as follows:

- Keystone Research Center: \$15K
- Fleck Consulting for Policy Consulting: \$24K
- Fleck Consulting for Media & Communications: \$24K
- Scott Hoh for ICC Coordination: \$24K

Mr. Cituk explained that the Keystone Research Center contract will be paid for by the Waste Water Treatment Plant (WWTP) as it relates to that project. He stated that the three (3) others are General Fund based. He reported the Fleck Communications and Media contract will be paid out of two (2) line items in the Public Works area and the Human Resources budget.

Ms. Reed questioned how the Administration and Mayor can justify paying for Communications and Media from the Public Works and Human Resources budget. Mr. Spencer stated that Mr. Dee will do some work for Public Works, Human Resources, and some other work for the Mayor's office. He expressed the belief that the line items covering the service are justifiable.

Mr. Corcoran agreed with Ms. Reed, noting that if Public Works and HR are paying for the service, the communications person should not be doing work in other areas, unless the time is billed appropriately.

Mr. Spencer stated that as Mayor he is the CEO of the City and he is involved in all areas of City government, which provides ample justification of the communication consultant scope of work.

Ms. Reed inquired about payment for the ICC services to Scott Hoh. Mr. Spencer stated that the expenses will be covered through the General Fund. Ms. Reed inquired if any of these services will be billed to the Mayor's office. Mr. Spencer stated that he does not have funding in his budget to cover any of these services.

Mr. Corcoran questioned if Mr. Spencer is not robbing Peter to pay Paul. Mr. Spencer replied he is just adjusting line items in the General Fund Budget to cover these necessary expenses.

Mr. Sterner inquired about the term with Mr. Hoh for ICC coordination. Mr. Spencer stated

that the contract is for \$24.5K and was executed on April 5<sup>th</sup>. Ms. Kelleher inquired how the City will handle the amounts Mr. Hoh billed between January 2<sup>nd</sup> and April 5<sup>th</sup>. Mr. Spencer stated that \$13K was billed by Mr. Hoh during that period and will be paid when a line item is identified. Mr. Cituk stated that no payments will be authorized until an identifiable funding source is located.

### **CD Reports**

Mr. Agudo introduced Crystal Edwards, CD Specialist. Ms. Edwards explained that Council will have an ESG (Emergency Shelter Grant) amendment on the April 23<sup>rd</sup> Consent Agenda. This amendment will provide a 2<sup>nd</sup> allocation of \$76K due to HUD's new regulations requiring cities to address Homeless Prevention activities. She stated that the thirty (30) day Public Comment period started March 19<sup>th</sup>. She explained that the ESG is an entitlement grant received by the City each year. She noted that the amendment needs to be to HUD by May 15<sup>th</sup>.

### **Unspent CD Funds**

Mr. Agudo requested that this item be deferred until May. He stated that he is currently looking at the finances for the entire CD Department and will provide a full report, including draw downs at the May Finance Committee meeting.

The Committee next reviewed the legislation listed on the agenda. Ms. Kelleher was asked to place the Ordinance reducing the amount that can be spent without Council approval on the April 23<sup>rd</sup> COW.

The Committee meeting adjourned at 6:57 pm.

*Respectfully submitted by Linda Kelleher, City Clerk*

### **FOLLOW UP ISSUES**

1. Estimate for new pavement on Court St train bridge
2. Recommendation for Collector for Delinquent BPL and other fee/tax collection
3. Waiting to receive Administration's recommendation re the QoL program
4. Report of CDBG funding and budget