



# *CITY COUNCIL*

## *Finance, Audit & Budget Committee*

### **Meeting Report Monday, June 18, 2012**

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

**Others Attending:** L. Kelleher, H. Tangredi, M. Vind, D. Cituk, C. Zane, F. Acosta, T. Butler

Mr. Corcoran, Vice Chair, called the meeting to order at approximately 5:11 pm and announced that Ms. Reed asked him to start the meeting as she needed to attend a viewing.

#### **CSC and IT Report**

Mr. Tangredi highlighted the IT Report. He stated that the City is converting its payroll system to ADP and the division is working to upgrade computers. He stated that the computers in the Council Office are in the next two rounds.

Mr. Tangredi stated that the new website will go live around Labor Day. He stated that the content will remain the same; however, the menu will be changed to make it easier to use. He also stated that this new site will be built around the content. He explained that the current version made the content fit into a specific design.

Mr. Tangredi stated that the ad to fill the programming position through Human Resources did not generate any qualified candidates. He explained that seven years of programming experience is required. He noted that this is not an entry level position. As no qualified candidate emerged from the first ad, a second ad will go out through Career Link.

Mr. Zale reported that Ms. Weidel is no longer employed by the City. He noted that this is not a good time to lose the division manager due to the upstart of the Amnesty Program, the need to mail the Per Capita, and the Trash and Recycling bills. He also noted that the next most senior management person is scheduled for a three week vacation in the middle of the Amnesty Program period.

Mr. Tangredi left the meeting.

**Contracts Awarded without Procurement Process**

Mr. Cituk provided handouts showing the amounts paid to the following:

	<b>Contract Value</b>	<b>Amount Paid</b>	<b>Unencumbered Balance</b>
Scott Hoh	\$24,500	\$19,999	\$4,500
Fleck Consulting	\$24,000	\$20,000	\$4,000
Fleck Consulting Media	\$24,000	\$20,000	\$4,000
Carole Snyder	\$48,000	\$ 6,350	\$41,650
Institute Local Self Reliance	\$35,650	\$ 8,500	\$27,150

Mr. Acosta stated that at a recent ICC meeting Mr. Hoh stated that his contract would be revised as the ICC will be holding only two meetings per month, which is a reduction from every Monday in the month. He inquired if the contract can be revised. He also inquired about the length of each contract. Mr. Cituk stated that he will provide copies of the contracts. Ms. Butler stated that she will need to research the issue regarding the revision of the contract.

Ms. Reed arrived at this time.

Mr. Lloyd arrived at this time.

Ms. Reed inquired if additional contracts could be issued. She noted that the Charter and Administrative Code place some limits on contracts. Ms. Kelleher read from Charter Section 915 which states:

(b) Whenever the estimated costs of any purchase of supplies, materials or equipment or the rental of any equipment, whether or not the same is to be used in connection with the construction, erection, installation, completion, alteration, repair of, or addition to, any project subject to the control of the City, shall exceed Ten Thousand Dollars (\$10,000.00), it shall be the duty of the City to have such purchase or rental made pursuant to a contract awarded to the lowest responsible bidder (subject to subsection (2)(d)), after advertisement for bids, such advertisement to be inserted in a newspaper of general circulation in Berks County.

(1) The City shall not evade the provisions of subsection (a) or (b) as to advertising for bids by purchasing materials or contracting for services piecemeal for the purpose of obtaining prices under Ten Thousand Dollars (\$10,000.00) upon transactions which should, in the exercise of reasonable discretion and prudence, be conducted as one transaction amounting to more than Ten Thousand Dollars (\$10,000.00). This provision is

intended to make unlawful the practice of evading advertising requirements by making a series of purchases or contracts, each for less than the advertising requirement price, or by making several simultaneous purchases or contracts, each below said price, when, in either case, the transactions involved should have been made as one transaction for one price.

The Public Works/Public Safety Committee arrived at the meeting.

Ms. Butler noted that the Managing Director can waive the need to advertise through the RFP or bid process. Ms. Kelleher stated that the intent was to allow the Managing Director to waive the RFP process if specialized services that could only be provided by specific organizations or people that individually could fill that need. She noted that media/communications and HR services clearly do not fit this model as there are many advertising companies and HR companies located in Reading and Berks County alone.

There was discussion on the intent of Charter Section 915. Ms. Butler stated that she would research the issue and provide an opinion.

### **Ordinance Review**

- **Ordinance** - requesting authorization to transfer funds from the general fund to the trash/recycle fund

Mr. Zale explained that this transfer is required due to a cash flow issue, which is caused by the annual recycling and trash bills going out in June, rather than at the beginning of the year.

Mr. Cituk agreed and he stated that in prior years this shortfall was covered by the Due To/Due Froms. He stated that these bills should go out at the beginning of each year if they are billed internally or externally.

The group discussed the City's billing processes and the problems associated with combined billing and water billing/collections.

Mr. Acosta described the problems Fulton Bank is experiencing. He stated that some customers making payments are discourteous and sometimes insist on adjustments to their bills. He also noted that RAWA provides very poor customer service.

Mr. Cituk noted the problem with the decentralization of the City's collection services.

The group noted the need for the City to retain read only access to RAWA accounts. Mr. Lloyd stated that he will work to restore the connection.

The group also discussed the need for improved security at City Hall and in meeting rooms.

## **Budget Review**

Mr. Zale stated that to date 77% of the Property Tax revenues have been received and 39% of the EIT revenue has been received. He stated that year to date the City has collected \$30M in revenue and spent \$28M in expenditures.

Mr. Zale stated that while the City will end 2012 in a positive cash position, actual to budget will show a \$7M deficit caused by the booking of the \$2.3M from Greater Berks in 2011, rather than in 2012 and the \$5M unfunded debt payment that was not included in the 2012 budget as an expenditure.

Mr. Zale stated that he has asked the Fire and Police Chiefs to forecast their salary and overtime needs through the end of 2012.

Mr. Sterner inquired if hiring more police officers will decrease overtime costs. Ms. Kelleher stated that while the Police Department budget allows for 168 police officers, there are currently 150 officers working, which creates the need to fill 18 positions on an ongoing basis. She stated that the Chief hired 18 officers from the class that graduated June 1<sup>st</sup>. All but four of those officers are in field training. She explained that in field training the new officers' ride with training officers for a maximum of four months. Officers are released from field training when their training officer has determined that they are prepared to be on their own. She explained that having two officers in a car eliminated the need for a second car to provide back up for traffic stops, domestic violence calls, break ins, etc. She noted that the Chief wants to hire 6-10 additional officers from the class that is starting at the end of July, to provide coverage for additional retirements.

Mr. Zale stated that he transferred revenue from the Water account to for the sewer portion of the bill. He inquired if that transfer must be approved by Council. Ms. Butler stated that she will need to research that issue and provide a response.

## **Auditor's Report on Internal Audits**

Mr. Cituk distributed a handout showing the expenditure for the Wastewater Treatment Plant (WWTP) project from 2008-2011. He stated that the following amounts were expended:

<b>2008</b>	<b>\$3.3M</b>
<b>2009</b>	<b>\$11.7M</b>
<b>2010</b>	<b>\$3.1M</b>
<b>2011</b>	<b>2.4M</b>
<b>Total</b>	<b>\$20.5M</b>

Mr. Cituk stated that the largest expenditures were as follows:

- Black and Veatch \$14.5M
- Hill International \$2.2M
- Fox Rothchild \$2.4M

Mr. Zale noted that the City will be out of project cash in July 2013; however, the PennVest Loan funding will be in place before July 2013.

Mr. Waltman noted that the Inter-municipal Agreements (IMAs) should have been negotiated with the users outside the City by now.

Mr. Cituk and Ms. Reed will work together on the audit of the Fine Arts Fund.

**Update - Collection Report for Delinquent Taxes and Misc Fines & Fees (RE01) – RFP to identify new collections firm opened 3-13-12**

Mr. Zale stated that the RFPs are being reviewed.

**CD Report**

The Finance Committee inquired why Mr. Agudo was not at the meeting to make his report. Ms. Kelleher stated that it seems that the Mayor's Office did not contact department directors and division managers about the need to attend this Council Session. She stated that draft agendas were forwarded at the beginning of the week but on Wednesday afternoon Mr. Agudo inquired about when the QoL issue could go on a Council Agenda. She stated that she informed him that the issue was on the Work Session Agenda for June 18<sup>th</sup>. She stated that through that conversation she learned that the Mayor's Office did not contact administrative employees about attending the session.

Mr. Lloyd stated that during this transitional period the Mayor's staff is experiencing difficulties meeting various needs. Ms. Reed stated that when the Managing Director is on board, she can take on the function of reviewing the agenda and inviting appropriate staff.

**Other Business**

- **Rec Commission & Revenue Needs**

Ms. Goodman-Hinnershitz stated that the rental revenue from the bandshell and the showmobile are not included as Recreation revenue as there are Public Works costs to manage these facilities. She stated that Ms. Butler will be following up on amending the agreement to provide clarity about the collection of the rental fees.

Mr. Waltman requested documentation regarding the intent for the Rec Commission to retain rental revenue. Ms. Goodman-Hinnershitz stated that Ms. Kelleher and Ms. Katzenmoyer researched this issue and provided copies when the Rec Commission came to the Work

Session in April to address this issue.

Mr. Waltman stated that the Mayor, when he was Council President, participated on the work group to draft the agreement. He questioned why he would take a position counter to what the group's intentions were when the document was drafted.

- **Amendment to the Act 47 Plan**

Mr. Waltman noted the need for an amendment to the Act 47 Recovery Plan. Ms. Kelleher stated that when this issue was brought up at the June 14<sup>th</sup> Act 47 Implementation Meeting, Mr. Kaplan stated that the Plan cannot be amended until the arbiters decision on the FOP contract is received.

As no other business was brought to the table the meeting adjourned at approximately 6:55 pm.

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