



# CITY COUNCIL

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## Strategic Planning Committee

**Monday, June 6, 2016**  
**Meeting Report**

**Attending:** J. Waltman, D. Reed, M. Goodman-Hinnershitz, B. Twyman, J. Slifko, S. Marmarou

**Others Attending:** L. Kelleher, C. Younger, H. Tangredi, A. Palacios, T. Daley, G. Steckman, W. Scott, P. Vasquez

The meeting was called to order by Ms. Goodman-Hinnershitz at approximately 5:04 pm. Mr. Waltman welcomed Mr. Steckman and briefed him on the purpose of the Strategic Planning Committee meetings.

Ms. Kelleher explained that Mr. Daubert will not be at this and the meeting next Monday due to summer employment obligations.

### **1. Berks EIT re EIT, BPT and Per Capita Collection**

Mr. Tangredi stated that Berks EIT sent notice that they are terminating the contract for Business Privilege License (BPL) and Per Capita tax collection in December. They are dissatisfied with the amount of compensation they were receiving to perform this function. Their attorney and executive director disagree that the City needs to bid this collection service out, as they believe this qualifies as an exempted service.

Mr. Marmarou once again noted that the City receives no per capita tax from college students. Ms. Reed noted that college students are not permanent residents; therefore the need to pay Per Capita tax is not triggered.

Mr. Steckman expressed the belief that Berks EIT should be able to identify all parties who are required to pay all taxes due to cross referencing and checking.

Mr. Waltman pointed out that the three (3) critical path areas Council is interested in pursuing are Healthcare costs (employees and retirees who have become reemployed and could register for the new employers healthcare coverage), Pension Reform, and BPT and Per Capita Collection. The following Finance Committee members volunteered to take on these subjects:

- BPT collection – Mr. Twyman
- Medical costs (city-wide & retiree) – Ms. Goodman-Hinnershitz
- Pension – Mr. Slifko

Mr. Steckman was asked to pull the proper Councilor into discussions and meetings about these issues.

Ms. Kelleher clarified that Berks EIT is under contract with the Berks TCC (Tax Collection Committee), as required by State Act 32 to be the County's EIT collector and the City contracts separately with Berks EIT to collect the Per Capita tax and Business Privilege License.

Mr. Tangredi explained that the Berks EIT Executive Board made changes to their bylaws and they are under the belief that the bylaws apply to the TCC. However, the TCC is a separate entity that is self-governed under Act 32.

Mr. Waltman suggested revisiting this issue at the Finance Committee so Mr. Steckman has time to delve into the matter. He explained that BPT and Per Capita are the City's last two underperforming taxes.

Ms. Steckman noted that there are other firms besides Berks EIT that provide these collection services to municipalities.

## **2. 3<sup>rd</sup> & Elm Properties**

Mr. Waltman stated that he is taking a hard position against allowing the current property owners from benefitting from the sale of these properties to Habitat for Humanity due to the unpaid \$30K demo lien.

Mr. Daley, Executive Director of Habitat for Humanity, explained the mission and goals of the agency and Habitat's focus to change neighborhoods through rehabilitation projects. He noted the impact in the 4<sup>th</sup> and Elm area and he stated that a project to build new homes on this site is an expansion of the initial area. He noted that the agency is also interested in a few other properties in this vicinity. He stated that he negotiated a sales price with the current owners.

Mr. Daley explained that agencies have periods of time when the window for projects such as these are open as there are periods of time when funding and volunteers are available. He stressed that the window is not always open when it suits the needs or schedules of others. Mr. Daley stated that the properties will sell for between \$70-80K.

Mr. Waltman restated his position but noted that other Councilors may, of course, take a different position. He questioned if in the past the City ever took immediate title after a City funded demolition. Ms. Kelleher replied that if that occurred it was an isolated incident.

Mr. Slifko expressed the belief that after the new homes are built the properties will generate substantially more taxes which will offset the loss of the \$30K demo lien over time.

Mr. Daley reminded the group that the current owners have agreed to split the \$12K negotiated sales price with the City. He reminded the group that the property is involved in an estate. Mr. Younger was asked to research the estate with the Register of Wills.

Mr. Steckman was asked to work with Mr. Daley and the property owner to find a reasonable compromise. Ms. Kelleher reminded the group that this property was blighted and was problematic well before the need for an estate began.

Mr. Twyman expressed the belief that the decision to allow Habitat to take these properties should rest with the District Councilor. He questioned if these properties are in the Ricktown area. The Ricktown Area runs between Washington and Buttonwood Streets from North 2<sup>nd</sup> Street to Madison Avenue.

Ms. Reed stated that good urban planning concentrates resources in one specific area. She expressed the opinion that it makes sense to expand from 4<sup>th</sup> and Elm to 3<sup>rd</sup> and Elm. She noted that the properties Habitat rehabilitated at 4<sup>th</sup> and Elm were also blighted properties.

Mr. Waltman stressed the need for the City to develop a comprehensive housing strategy that may include a \$5M bond to finance rehabilitation projects. He also noted the need for the strategy to address everything from violations to acquisition. He expressed the belief that the City's current processes are ineffective.

Mr. Twyman stated that the Blighted Property Review Committee is meeting in June to discuss next steps for blighted properties.

Mr. Steckman offered to make a report back to Council in two (2) weeks. Mr. Younger will review the estate documents filed with the Register of Wills.

### **3. Penn Square Property Update**

Mr. Palacios distributed a handout containing an update. He noted that OCR through Penn Square MT received a \$750K BEDI grant, a \$300K CDBG 108 Loan and a \$24K advance from the City. In exchange OCR agreed to rehab the properties, create jobs and comply with HUD regulations.

OCR in a February 9<sup>th</sup> letter expressed its intent to withdraw from the project. To date OCR has incurred \$401,771 in Section 108 closing costs and building maintenance. OCR is requesting that the City forgive the \$24K advance, the \$300K CDBG loan, the \$77,771 spent from the BEDI grant to date and a release from all commitments.

Mr. Palacios recommends obtaining written approval from HUD prior to releasing OCR from its obligations. He also noted that the City cannot release OCR from any potential liability in the event a HUD audit finds violations during the time OCR was involved in the project.

On May 5<sup>th</sup> the City asked OCR to temporarily repay the \$401,771 spent until the properties are sold. OCR declined. On May 25<sup>th</sup> the Law Department contacted the Philadelphia HUD Office and learned that decisions on these issues must come from the HUD Washington DC offices.

Mr. Waltman suggested repaying the HUD money through a General Fund loan and repaying the loan when the properties sell. He questioned the projected sales prices. Mr. Palacios estimated that the properties would sell for approximately \$800K, leaving enough to repay the loan.

Mr. Steckman warned that the City already has \$2.6M invested in these buildings plus the \$400K in costs and he questioned the low projection on the price the properties would fetch.

Mr. Twyman questioned how this money could be randomly spent when HUD requires project specific funding.

Mr. Scott questioned the timing of the expenses and the use of the 108 Loan. He expressed the belief that OCR has created a difficult situation for the City to manage. He questioned why so many OCR properties are going on the market.

Ms. Goodman-Hinnershitz noted that the buildings on the south side of 5<sup>th</sup> and Penn (Waco, Whitner, Mumma and Farris) were not maintained and eventually needed to be demolished. She expressed fear that the same situation could occur to these buildings. She noted the need to maintain the properties.

Ms. Reed noted that the buildings that existed where the current Santander Plaza stands were intentionally mismanaged and damaged.

Mr. Steckman stated that to date only two (2) developers have expressed interest in the Penn Square properties. He noted the need to broaden this pool.

#### **4. Pension Reform**

Mr. Slifko provided highlights from Senate Bill 414 which allows municipalities to provide defined contribution plans to uniformed personnel, rather than the existing defined benefit plans. He stated that while Senator Schwank is still on the fence, Representative Rozzi is on board. He stated that a vote is expected before the summer break that occurs in mid-June.

Mr. Waltman noted that while some believe this defined contribution plan will only benefit municipalities in the future, municipalities can get some immediate benefit as the bill allows municipalities to freeze their pension obligation.

Mr. Steckman stated that municipalities already have the ability to move new non-uniformed employees into a defined contribution plan. He explained that Easton made this change back in the 1980s and Easton now has a pension that is 99% funded.

Mr. Slifko and Mr. Waltman described the flaws in the defined benefit plans.

## **5. Codes Enforcement**

Ms. Goodman-Hinnershitz provided background and questioned how the many code regulations are being enforced. She stated that some in the community have identified gaps in enforcement efforts. She noted that the lack of proper enforcement and follow through create properties that damage entire neighborhoods. She stated that a prime example is located just down the street from her own home. This property has a hole in the roof and adjoining properties are experiencing water damage and mold. She stated that without any resolve these problems will simply spread to more properties.

Mr. Steckman stated that interviews for a new Codes Manager are underway. He stated that the search is being expanded.

Mr. Scott noted his goal to make Codes friendlier to the property owners. He expressed the belief that the area was poorly managed leaving it divided. He noted the need for the area to be unified. He expressed the belief that there are problems with various Codes related ordinances.

Mr. Scott expressed the belief that the QoL program is nothing but a money-maker and that is it ineffective in resolving problems at properties. He stated that the City needs to help people and educate people. He expressed the belief that the program is meant to smack landlords.

Ms. Goodman-Hinnershitz expressed the belief that the QoL program works in some instances but not all. She again expressed the belief that ignoring maintenance issues at abandoned properties causes the problem to spread and negatively affect other properties in the neighborhood. She stated that the problem property in her neighborhood has been ignored for over two (2) years. She noted that placarding a property as unsafe then taking no further action is not a solution.

Mr. Waltman expressed the belief that the QoL program does not work and that Codes employees should be community relations specialists working with property owners to address all property problems. He suggested starting with community relations and using the enforcement stick later in the process. He noted the need for a housing strategy and better modeling.

Mr. Steckman stated that Easton used bond funding to acquire, rehabilitate and resell properties. He agreed that the City can better educate residents by adding messages to the water bills.

Mr. Scott noted that people in need will take whatever action is needed to get around their root problems. He stated that a property in the 900 block of Washington had their water shut off; however, the residents would turn the connection on in the evening to bathe and take care of other personal needs.

Mr. Slifko suggested working with the new Codes Manager to develop a housing and interplaying codes strategy.

Ms. Reed agreed with the need for improved education on the City's laws; however she noted that some residents and visitors are just irresponsible. She described the deplorable condition of Penn Street over weekends when DID ambassadors are off duty. She stated that during her work with the Penn Street Posse over the weekends she sees people dropping litter into the streets and sidewalks. While she agreed that some in Reading are economically challenged, there is no excuse for dirty. She stated that people must do their fair share to keep streets litter free.

Mr. Waltman expressed the belief that the City should stop cleaning for people and force people to become responsible.

Mr. Steckman suggested educating residents about what happens to litter that travels through the storm sewer system.

Ms. Goodman-Hinnershitz described her approach to get those who use Neversink Playground to clean it up on a regular basis.

## **6. Other**

Ms. Goodman-Hinnershitz stated that visitors from Reutlingen will be visiting Reading at the beginning of July.

The Strategic Planning Committee meeting concluded at approximately 6:40 pm.

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

### Follow-up Items

#### June Finance Meeting

- 3<sup>rd</sup> and Elm Properties re Habitat
- Berks EIT re EIT, BPT, BPL and Per Capita collection

#### July Strategic Planning – update Penn Square Properties

#### August Strategic Planning

- Housing and Codes Strategy