



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
April 25, 2016
5:00 P.M.

COUNCIL MEMBERS PRESENT:

S. Marmarou, M. Goodman-Hinnershitz, C Daubert, B. Twyman, D. Reed, J. Slifko, J. Waltman

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, T. Colman, A. Palacios, N. Rivera, C. Younger, D. Cituk, P. Vazquez

The Committee of the Whole meeting was called to order at 5:01 pm by Mr. Waltman.

I. Community First Fund

Dan Betancourt, Jim Buerger, and Lucy Cortez were present representing Community First Fund.

Mr. Palacios stated that the EZ FRED microloan program contract with CIDC was terminated as of January 1, 2016. He stated that he contacted Community First Fund to manage the program.

Mr. Scott, Ms. Castner, and Mr. Murray arrived at this time.

Mr. Slifko questioned how much funding was available. Mr. Palacios stated that 21 loans totaling \$550,000 were issued.

Ms. Goodman-Hinnershitz stated that two loans are in default. Mr. Palacios agreed.

Mr. Waltman questioned if Community First Fund would manage the existing portfolio and issue additional loans. Mr. Palacios stated that they would.

Mr. Betancourt thanked the City for this opportunity. He stated that he was contacted by City Community Development staff to run this program. He stated that Community First Fund has a very successful 15 year history in Reading. He stated that many lending decisions had political tones in the past and that \$35,000 is the average loan amount. He stated that 80% of

the loans were issued to minorities. Mr. Betancourt stated that Community First Fund's target are those who cannot get assistance from traditional lending organizations. He stated that many who were bankable in the past no longer are after the economic downturn. He stated that the staff is bilingual and that they have received approval from DCED to manage this program.

Mr. Marmarou questioned how default loans would be pursued. Mr. Betancourt stated that he would need to review the specifics of the loan documents. He stated that he would pursue taking collateral but that if none were available that the loan would be written off.

Mr. Marmarou questioned how a bankruptcy would be handled. Mr. Betancourt stated that it would be handled through the court system.

Ms. Reed questioned the delinquency rate. Mr. Betancourt stated that it is 2%.

Mr. Johnson arrived at this time.

Mr. Twyman stated that those who default take money out of the program that cannot be reused. Mr. Betancourt agreed and stated that during bankruptcy proceedings, lenders cannot contact those in default.

Mr. Daubert questioned how decisions would be made on which projects to fund. Mr. Betancourt stated that Community First Fund has 200 private investors with flexible capital. He stated that there are several options but that applications are very user friendly. Mr. Buerger described the assistance received by Sofrito's as an example.

Mr. Coleman questioned what loan awards are based on besides character. Mr. Betancourt stated that lending has decreased since the economic downtown, especially to African Americans. He stated that lending has begun to rebound. He explained that generally speaking, white applicants lack business experience, Hispanic applicants lack collateral, and African American applicants lack a credit history.

Mr. Slifko questioned the capital sources available to Community First Fund. Mr. Betancourt stated that they have relationships with all the regional banks, can issue tax credits, and work with individuals and foundations.

Mr. Twyman stated that the Big Mill project received \$9 million in tax credits. Mr. Betancourt stated that Community First Fund is not involved in this project as it is too large. He stated that tax credits must be used to build affordable housing. He explained that there is a sister program to fund commercial projects in difficult neighborhoods.

Ms. Goodman-Hinnershitz questioned who was eligible to receive tax credits. Mr. Buerger explained that it must be within an eligible neighborhood and be a project worth \$5 million or more.

Ms. Reed questioned if the loans must correlate to job creation. Mr. Buerger stated that they do and that 778 jobs were created from 156 loans to date.

Ms. Reed questioned if Community First Fund also funded projects in smaller communities. Mr. Buerger stated that they do but that their main focus is inner-City projects.

Ms. Reed questioned how Reading compared to Lancaster. Mr. Betancourt stated that there are equal staffs at both locations. Mr. Buerger explained that Community First Fund has been working in Lancaster for 25 years and Reading for 15 years.

Mr. Waltman expressed the belief that this funding was vital to the Sofrito project. He stated that this has been a great success. He noted the need for outreach to neighborhoods to let residents know this program exists. Mr. Betancourt agreed and stated that this is a "best kept secret" but that the professionals know about the program and often refer customers. Ms. Cortez stated that a majority of her time is spent networking and making presentations. She stated that Councilors were given packets and that there is a supply in Community Development to distribute as needed. She noted her willingness to participate in the Mayor's open sessions.

Mr. Scott questioned the interest rate. Mr. Buerger stated that it is in the 7 – 8 % range to ensure that costs are covered. Mr. Betancourt explained that this may seem higher than traditional lenders but that the effective rate is similar.

Mr. Betancourt reviewed the resolution on this evening's agenda. He stated that the resolution grants the funds to Community First to raise additional private capital. He stated that this is great leverage for Community First Fund and that it allows for economy of scale. He stated that this will be a great partnership and that it will help the City increase its return on investment.

Mr. Scott voiced his support of Community First Fund. He questioned who set the 3% interest rate in the past. Mr. Betancourt expressed the belief that it may have been set by DCED. He stated that DCED will now allow Community First Fund to set the interest rate. He stated that the interest rates on existing loans will remain the same.

Mr. Betancourt, Mr. Buerger, and Ms. Cortez left the meeting at this time.

II. Citizens Initiative Committee

Mr. Twyman stated that a draft resolution was submitted for review. He stated that his goal is to involve and empower citizens. He stated that he would like it to be structured similarly to the Citizens Advisory Board.

Ms. Reed stated that the premise of the Citizens Advisory Board was good but that it was not functional. She noted the need to ensure that the Committee is citizen driven and addresses their issues and concerns. She suggested that the Board select its own chair and that Council attend as liaisons only. She stated that the collapse of the Citizens Advisory Board was embarrassing.

Mr. Twyman stated that he cannot predict the future but that he appreciates the comments.

Mr. Slifko noted the need for a process to report concerns and recommendations to Council and the Administration. He noted the need to be productive and channel the change. Mr. Twyman agreed.

Ms. Goodman-Hinnershitz suggested that a Council staff member attend meetings to document discussion and track issues. She stated that staff remains objective and will decrease the politics. She noted the need for those who serve on this Committee to understand the Charter and how to best address topics. She suggested that they receive Charter training.

Mr. Twyman stated that a large focus of this Committee will be education. He noted the need for residents to understand their government.

Mr. Marmarou suggested that the citizens who served on the Citizens Advisory Board in the past be considered for membership to this Committee. He stated that many valuable volunteers were lost in the chaos. Mr. Twyman noted the need to encourage all to participate.

Mr. Daubert expressed the belief that allowing the group to make its own decisions will reduce the potential politics. He commended Mr. Twyman for his work. He expressed the belief that in order for the Committee to be productive it must be organic and warned against setting too many rules. He stated that the Committee should not be set up to fail.

Ms. Goodman-Hinnershitz warned that Council and Administrative members should be careful with the perception of their authority. She noted the need for this Committee to be autonomous.

Mr. Waltman noted the need for additional information to be included in the resolution that goes beyond the formation and that defines the scope and duties. He volunteered to assist with editing the draft and submitting it for additional review at the next Committee of the Whole meeting.

III. Mineral Spring Hotel Update

Mr. Coleman stated that the 30 days' notice expires Thursday, April 28. He stated that if there is no official response, eviction proceedings will begin.

Mr. Scott stated that there will be public comment about this at this evening's Council meeting. He suggested that Council vote on a resolution.

Mr. Waltman questioned if Council would support such a resolution. Council voiced their support of a resolution. Mr. Scott thanked Council for their support.

Ms. Goodman-Hinnershitz stated that many perceive East Ends as a long-standing icon that helps the community and that the general public does not understand what has occurred.

Ms. Reed stated that a resolution would voice Council's support of the Administration's actions. Mr. Waltman suggested that it be on the next agenda if needed.

Mr. Coleman stated that generally leases are handled by ordinance. However, this is a breach of contract and the lease has been broken so Council action is not needed to begin eviction.

Mr. Marmarou noted the importance of continued work to review all leases.

Mr. Twyman expressed the belief that this is an important public issue. He noted the need to express that East Ends was not targeted and that the motive is not vindictive.

Ms. Goodman-Hinnershitz stated that Council discussed the breach of contract several times but that the City did not take action in the past. She commended the Mayor for moving forward.

Mr. Scott explained that he met with representatives of East Ends. He stated that he was told that East Ends replaced the furnace and repaired the roof. He stated that when he mentioned rent that they quickly stated that the kitchen is condemned and that the roof needed to be replaced and that they could not pay rent.

Ms. Goodman-Hinnershitz stated that past Administrations waived their rent payments. She stated that the updated lease required \$700 per month rent and that this did not sit well with East Ends officials because they were not charged rent in the past.

Mr. Waltman stated that City property is not the place for a private club.

Mr. Twyman stated that he participated in many baseball events that were sponsored by East Ends. He stated that this is a difficult decision.

Mr. Waltman noted the need to increase recreation and use this facility for other purposes.

Mr. Slifko questioned who would communicate this information to East Ends. Mr. Waltman stated that Councilors have the option of commenting during Council comment this evening.

Mr. Marmarou noted the need to review all leases for any similar situations. Mr. Coleman stated that this is a priority project.

Mr. Twyman stated that there has been a membership decline at East Ends.

Mr. Waltman suggested issuing a commendation to East Ends for their past contributions.

Ms. Goodman-Hinnershitz stated that although Council has been talking about this issue for a long time the decision seems sudden and shocking to the club. She noted their great history.

IV. Baer Park Update

Mr. Scott stated that the boxing club has found a new location. He stated that they will be relocating after their May 15 tournament concludes.

V. Angelica Park and DCNR Update

Mr. Coleman stated that the City continues to work with DCNR. He stated that the appraisal of Angelica is scheduled for mid-May and will cost approximately \$6,000. He stated that a second appraisal of land will be done to value other properties for the land swap.

VI. Agenda Review

Ms. Kelleher stated that the Solicitor requested an additional ordinance amending the Purchasing Policies to address change orders be added for introduction.

Council reviewed this evening's agenda including:

- Resolution authorizing an agreement for Community First Fund to manage the microloan program

Mr. Daubert questioned the current process. Mr. Palacios explained that the contract with CIDC was terminated. He stated that CD staff tried to manage the program but has been unsuccessful. He expressed the belief that the City should not be in the lending business.

Mr. Coleman requested clarification on the CIDC contract ending. Mr. Palacios stated that it was terminated.

Mr. Coleman opined that this should go through the RFP process as other organizations are eligible to administer this program.

Ms. Goodman-Hinnershitz suggested delaying the vote to determine if the RFP process is needed.

Mr. Palacios stated that no funds are being spent. Mr. Coleman agreed but stated that the value of the contract exceeds the limit and that the RFP process should be used.

Mr. Scott questioned why Community First Fund was chosen. Mr. Palacios expressed the belief that they are the only one with the capacity.

- Resolutions authorizing the Public Works Director to sign traffic signal applications for 4th & Washington Sts and the 5th St corridor project

Mr. Johnson suggested that the 4th & Washington resolution be tabled until he can gather additional information. He stated that the 5th St corridor project has been discussed several times in the past.

Mr. Slifko requested clarity on how this resolution would impact the request for a study at 5th & Douglass and 5th & Oley. Mr. Johnson stated that this resolution is the retiming of the lights portion of the project.

Mr. Slifko questioned when that traffic study would begin. Mr. Johnson stated that Public Works is still reviewing the proposals.

Mr. Twyman clarified that this resolution is for the big project. Mr. Johnson stated that it is.

Mr. Twyman questioned how the 4th & Washington resolution got on the agenda if Mr. Johnson was not familiar with it. Mr. Johnson stated that Mr. Krall sent the resolution as he thought everyone was educated about the issue.

- Administrative Report
 - Trash Task Force

Mr. Scott suggested that Mr. Slifko be involved to help draft the necessary legislation. He stated that all meetings are open to the public.

Mr. Slifko suggested that the task force not focus solely on trash collection but also consider litter issues. He stated that litter is distinctly different from trash and recommended they be discussed simultaneously but handled differently. Mr. Scott agreed.

Ms. Goodman-Hinnershitz stated that there is a large citizen responsibility with litter and noted the need for community involvement.

Mr. Marmarou stated that an event was held on Albright's Kelchner Field over the weekend and that there was much litter left behind on the field and in the neighborhood.

Mr. Waltman suggested that all read his “rant paper” on trash and litter issues. He suggested that Mr. Slifko and Mr. Twyman work on this task force. He stated that it is a multi-faceted issue.

Mr. Scott stated that he will be meeting with the private haulers on Tuesday, April 26 at 6 pm and invited Councilors to attend.

- o Metal Detectors

Mr. Scott stated that the metal detectors have been ordered. He noted his hope to have them installed within the next few weeks. He stated that 6 part time positions will need to be added to staff them. He stated that he was able to get the metal detectors at a great price.

Ms. Reed suggested that the installation be based on the process at the Courthouse where everyone must enter through one location. She suggested that this may reduce personnel costs and would accommodate the handicapped entrance.

Mr. Slifko noted his concern with the cost of manpower. He questioned the goal of the project, what hours it would be staffed and the configuration. Mr. Waltman agreed that Council needs this information. He requested a pro forma and the operation plan.

Ms. Reed noted her support for the installation. She expressed the belief that the City and its officials and employees have been very lucky for a very long time.

Mr. Daubert stated that money spent cannot determine the level of safety.

Mr. Cituk recommended that the police chief and fire chief be consulted. He stated that many doors already have fingerprint access. Mr. Scott agreed that he needed to speak with the fire marshal about ingress and egress.

Ms. Goodman-Hinnershitz expressed the belief that the events of September 11 changed everything. She noted the need for employees to also go through the metal detectors. She stated that she does not feel secure inside City Hall.

Mr. Marmarou stated that entrances can be controlled but that exits cannot be locked or blocked.

Mr. Waltman suggested that there be one entrance manned from 8 am – 5 pm. He noted Council’s support of the project but their need for additional information.

- o Towing

Mr. Scott stated that he has contacted Vince’s Towing to continue the current contract under a month-to-month basis. Mr. Younger stated that Vince will not consider month-to-month and has requested a one year extension.

Mr. Scott suggested that a one year extension be granted. He noted the need to do this until the issue has been fully reviewed and solutions found.

Mr. Coleman stated that he would need to research whether Council approval is needed for the contract extension.

- o City Park Comfort Station

Mr. Johnson stated that the concession stand area was broken into two times and was ransacked. He stated that some blacktop equipment was stolen and much was broken. He stated that the building has been secured and police reports filed.

VII. Executive Session

Mr. Waltman announced the need for an executive session for Council to discuss personnel.

Council entered executive session at 6:38 pm and exited at 6:50 pm.

VIII. Other Matters

- Upcoming Events

Mr. Waltman reviewed the upcoming event schedule to ensure that a member of Council would be in attendance at each event.

- Make the Road PA

Ms. Kelleher stated that this group is requesting meetings with Council. Ms. Reed and Mr. Slifko stated that they have met with the group. Mr. Slifko stated that the group supports a City ID card. He expressed the belief that it would mostly benefit the undocumented residents. He recommended that all of Council hear their presentation.

Mr. Daubert questioned the number of undocumented residents. Mr. Scott stated that it is 2,000 – 5,000 people.

Mr. Twyman expressed the belief that this would expose those people and may endanger them.

Ms. Goodman-Hinnershitz stated that there are many legal and logistical issues. She stated that a City issued ID card would not be helpful if the resident moves to a different municipality. She suggested that they get a PA issued non-driver ID.

Mr. Marmarou left the meeting at this time.

Mr. Waltman stated that a presentation will be scheduled.

The meeting adjourned at 6:56 pm.

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