

**BOROUGH OF WEST READING**  
**BOROUGH COUNCIL BUDGET WORKSHOP/COUNCIL MEETING**  
**AUGUST 27, 2019**

West Reading Borough Council held a Budget Workshop and Council Meeting at Borough Hall on Tuesday, August 27, 2019 with the following persons present: Council President Philip Wert; Council Members Patrick Kaag, Jennifer Bressler, Jack Gombach and Suzanne Thompson (joined the meeting at 7:20 p.m.); Borough Manager Cathy Hoffman; Treasurer Jeanette Rentschler; and Borough Secretary Cynthia Madeira.

<b>Visitors:</b>	Robert Lockyer	Resident
	James Rogers	Resident
	Oswald Herbert	Resident
	Douglas Zeeger, Jr.	Resident

**CALL TO ORDER:**

Council President Philip Wert called the meeting to order at 7:05 p.m., which was followed by the Pledge of Allegiance and Roll Call. Mr. Wert noted that the Fire Department budget had been planned for this evening, however representatives from the Fire Department were not available to attend this meeting.

**PUBLIC COMMENT:**

James Rogers provided a handout to Council members depicting a six-year average of collected Business Privilege Taxes and noted the history of this tax. Mr. Rogers expressed concern over the tremendous loss of revenue for the Borough of approximately \$100,000 annually now that the tax rate has been reduced from 1 ½ mils to ¾ mils.

Mr. Rogers recommended allocating additional funds to the Police Pension fund now that an additional retired officer is collecting a pension. Mr. Wert stated that additional funds were not allocated for 2019 due to an increased tax rate and that additional funding will be considered during the 2020 budget process.

Oswald Herbert urged Council to repeal, as soon as possible, Ordinance 1101 amending the Business Privilege Tax and cautioned the use of language within the repeal surrounding the tax rate. Mr. Herbert stated that Ordinance 1101 has the correct rate depicted, which is also supported by a letter written by the Borough Secretary to a state agency. Mr. Herbert indicated that Berks Earned Income Tax made an error with regards to the enabling ordinance. Repeal language for Ordinance 1101 should relate to the omission of two taxing categories: rental and services, to avoid violating this legacy tax.

**RENTAL OCCUPANCY FEE SCHEDULE:**

Mr. Wert noted a previous discussion within the Planning Commission regarding the expenses incurred to perform inspection and administration of the rental program in order to justify the fees charged within the current fee structure. Mrs. Madeira indicated that a few years ago a change was made to the interval of inspection, from every year to every other year, without revisions to the fee structure. Following review of local municipality's fee structures, it was suggested to charge a permit renewal fee on the year that a property is not scheduled to be inspected and then charge the renewal fee and inspection fee on the year of inspection.

Suzanne Thompson noted her familiarity with rental inspections of her home during the past 20 years and the average time to inspect the entire home of 30 minutes and did not agree with a graduated fee schedule for multiple unit properties since the time associated with these inspections would be similar.

Options such as removing the integrated reinspection from the fee structure and charging an additional inspection fee should a reinspection be required were discussed. However, this would create additional administrative duties and may illicit dissatisfaction from property owners with regards to inspection outcomes. Also, it was noted that code requirements are revised every three years, which could potentially create a new requirement that the property owner is unaware of. It was decided to review the expenses incurred to administer this program against the proposed fee schedule amendment to ensure the revisions, if challenged by a court of law, could be justified. This would also allow absent Council members to provide their feedback during the next budget meeting scheduled on September 24, 2019.

#### **BUSINESS PRIVILEGE TAX:**

Information was provided to Council members this evening with regards to Solicitor Joan London's review of the Business Privilege Tax Amendment as well as Barley Snyder's rebuttal to Ms. London's findings. Ms. London's opinion was that it is possible to repeal or re-enact the tax and Barley Snyder affirmed that the amendment was proper and referred to information provided to the Borough prior to adoption, which was a summary of changes to standardize the collection of tax. Item two of the summary stated: "To comply with LTEA amend §410-3 by deleting the first sentence which refers to a rate of 2 ¼ mils. The statute only provides for a tax of 1 ½ mils." Berks Earned Income Tax first alerted the Borough to the drop in tax rate and contacted Barley Snyder who indicated that this was the intent.

The following items were discussed with regards to repealing the ordinance amendment:

- The new collection method requires submission of tax returns to ensure adequate collection of taxes, which may increase revenue;
- Expenditure of lawyer fees to pursue a repeal;
- The Treasurer noted that without repealing the ordinance the suggested 2020 revenue should be budgeted at \$180,000, which is \$90,000 less than what was budgeted for 2019;
- It was also noted that revenues have decreased due to the non-profit hospital purchasing a number of private practices.

Council members discussed the following options to determine a course of action:

- Accept the amendment;
- Budget an amount of funds to expend in the pursuit of repealing the ordinance amendment;
- Rescind the amendment with optimism that no one challenges this action.

Council decided to request a step-by-step process and overall projected cost to restore the Business Privilege Tax rates from Ms. London to avoid potential litigation.

#### **EXECUTIVE SESSION:**

Council recessed to executive session at 9:06 p.m. to discuss a personnel item. Council reconvened at 9:15 p.m. and Mr. Wert noted an update was discussed regarding a personnel matter and no action is needed at this time.

#### **PUBLIC COMMENT:**

Mr. Rogers requested a copy of the draft rental fee schedule for transparency. Mr. Wert stated an open discussion during a public meeting provides transparency and that a draft document should not be released.

#### **ADJOURNMENT:**

Motion to adjourn the meeting at 9:22 p.m. **Moved** by Ms. Thompson and seconded by Mr. Gombach. **Motion carried 5-0.**

Respectfully submitted,

Cynthia Madeira  
Borough Secretary