

BOROUGH OF WEST READING
BOROUGH COUNCIL BUDGET WORKSHOP/COUNCIL MEETING
NOVEMBER 9, 2019

West Reading Borough Council held a Budget Workshop and Council Meeting at Borough Hall on Saturday, November 9, 2019 with the following persons present: Council President Philip Wert; Council Vice President Christopher Lincoln; Council Members Jennifer Bressler, Patrick Kaag, and Jack Gombach; Mayor Andrew Kearney; Police Chief Stephen Powell; Fire Chief Mark Burkholder (arrived at 9:40 a.m.); Recreation Director Helen Moyer; Public Works Director Dean Murray; Code Department Manager Cathy Hoffman; Borough Manager Nicholas Imbesi; Treasurer Jeanette Rentschler; Financial Consultant Donal Renninger; and Borough Secretary Cynthia Madeira.

VISITOR:	Maurice Brown	Resident
	Valentine Rodriguez, Jr.	Resident
	Chad Moyer	Resident (arrived at 9:40 a.m.)
	Oswald Herbert	Resident (arrived at 9:52 a.m.)

CALL TO ORDER:

Council President Philip Wert called the meeting to order at 9:03 a.m., which was followed by the Pledge of Allegiance and Roll Call.

PUBLIC COMMENT:

There was no public comment.

BUSINESS PRIVILEGE TAX AMENDMENT:

Nicholas Imbesi recapped a meeting with Joan London to discuss the draft Business Privilege Tax ordinance amendment, a copy of which was provided to Council today, to restore the tax rates on rentals and service transactions from .75 mills to 1.5 mills. The method of collection adopted by Ordinance No. 1101 would be retained. A hearing to allow public discussion and Council's ability to adopt an ordinance amendment would take place on Tuesday, December 17, 2019. Mr. Imbesi alerted the Wyomissing Area School District to the proposed ordinance amendment, whose main concern would be the method of collection. The annual filings of returns, with both an estimated tax payment for the current year and a reconciliation payment for the prior year would be retained. Jeanette Rentschler noted that a Savings and Severability section is included within the amendment to retain the right to impose a 1.5 mills tax rate.

Motion to advertise the Business Privilege Tax ordinance amendment as presented. **Moved** by Patrick Kaag and seconded by Christopher Lincoln. **Motion carried 5-0.**

CODE DEPARTMENT BUDGET:

Cathy Hoffman provided an overview of the proposed budget noting the following items:

- 01-321-620 Plumbing Licenses – A recommendation was made to discontinue requiring plumbers to obtain an annual license due to the difficulty in verifying licensing and the avoidance of residents to obtain permits for these types of improvements. Mr. Lincoln stated that the revenue generated was negligible and was in favor of removing this requirement.
- 01-321-850 Public Right-of-Way License was budgeted at \$540 for the two proposed AT&T cell sites. It was noted that Verizon is pursuing 41 locations throughout the Borough to improve data capacity.
- 01-361-310 Residential Plan Review - The 2019-budgeted revenue of \$21,000 was incorrectly allocated. The engineer states that six or more residential units are considered to be a commercial review.

- 01-362-412 Building Permits were increased to \$50,000 due to information received from the hospital regarding planned 2020 building projects.
- 01-362-433 Sewer Tap-In Fee was budgeted at \$10,218 in anticipation of the six new townhome connections.
- 01-362-470 Rental Occupancy Fee – The 2020 proposed budget of \$45,000 is considerably lower than in the past due to proposed revisions to the fee schedule. A review of the actual cost to perform these services by the Planning Commission resulted in a recommendation to provide a three-tier fee schedule. However, an adjustment to the no-show and illegal rental fines may generate additional revenue.
- 01-362-476 Reinspection & No-Show Fees are budgeted at \$1,500, which would vary dependent on a revision to the Rental Occupancy fee schedule.

It was noted that the Code Department revenues are proposed to be approximately \$72,000 less than the prior year.

- 01-413-140 Wages – Clerical – Mrs. Hoffman recommended that a \$1 per hour increase be provided to this individual due to the thoroughness and pleasant interaction with residents/contractors during difficult circumstances. It was decided to provide this increase without the traditional 3% raise, bringing the total wage with anticipated overtime to \$39,000.
- 01-413-210 Supplies/Equipment was increased to \$2,000 to purchase items such as a laser color printer.
- 01-413-313 Engineering Services – An increased rate has not yet been provided, however the engineer noted that the increase would not exceed 3%. The 2020 proposed budget was \$80,000.
- 01-413-316 Fire Code Inspection – In anticipation of a fully implemented commercial fire safety inspection program, the 2020-budgeted amount was \$40,000.
- 01-413-320 Communication Expense was lowered to \$1,200 to match the 2019 budget.
- 01-413-373 Property Maintenance – \$1,000 was budgeted for this pass-through expense to hire a landscaper to trim grass and/or shrubbery for properties that are not maintained by the owner/occupant.

Dean Murray offered services of the part-time Public Works summer staffing to perform this maintenance, charging the owner/occupant the Public Works hourly rate for services. Also, Mr. Murray recommended reaching out to the state to request additional liquid fuels funding to maintain the grass within the cloverleaf areas. It was indicated that the state would not increase this funding.

Mrs. Rentschler indicated that liquid fuels funds are applied to electric costs for street lighting, which is not depleted annually, and the current availability of funds totals \$70,000. Mr. Murray requested use of these funds for paving projects.

- 01-413-375 Computer Maintenance – Dallas Data has increased their fee by 3%, bringing the proposed 2020 budget to \$5,900.
- 01-413-401 Codes Department Administration – Mrs. Hoffman stated that a savings of \$30,000 for the weekly in-house zoning officer and the estimated 3% increase brings the 2020 budgeted amount to \$145,000.
- 01-413-460 Education/Training – Mrs. Hoffman recommended providing opportunities for training within this department and it was suggested to allocate \$500.
- 01-413-740 Major Equipment Purchases – Following a review of three entities to pursue digitalizing documents it was decided the best option would be through Edwards Business Systems, which

would allow the documents to be stored in a native format that would be accessible through a cloud-based network. Scanning of plans would need to be out-sourced and it was suggested to seek an intern or an individual needing to fulfill community service hours to scan documents.

Mayor Andrew Kearney departed the meeting at 10:00 a.m.

Information was recently obtained regarding a Geographic Information System (GIS) to provide mapping of items throughout the Borough such as trees, water/sewer lines, sign inventory, etc. An additional component that is now available through an Esri GIS mapping software is a complaint reporting system that would allow residents to relay issues to the Borough such as potholes or tree maintenance.

It was decided to allocate \$5,000 for document management and GIS systems.

- 01-413-750 Minor Equipment Purchases was recommended to allocate \$250 to purchase items such as floor mats/chairs.

It was noted that expenses for this department have increased by approximately \$38,000 primarily due to labor costs.

It was also noted that the Planning and Zoning Expenses for items such as General Code, Zoning and Conditional Use hearings and legal services are in-line with historical data.

Mrs. Hoffman departed the meeting at 10:29 a.m.

WATER/SEWER/REFUSE BUDGET:

Mrs. Rentschler provided an overview of the proposed budget noting the following items:

- 06-378-012 Water Revenue proposed budget is \$1,865,190, which is based on a 5% increase to both residential and commercial water consumption. Mrs. Rentschler stated that Western Berks Water Authority would be raising their rates 3%.
- 06-378-020 Ready to Serve Charges – A flat fee for fire service capability, which has not been raised in a number of years is budgeted at \$96,897.
- 06-378-090 Service Connection/Shutoffs budget of \$2,015 was based on an average of the past two years. Mr. Imbesi noted increased efforts by staff to urge residents to adhere to a payment plan in instances of high usage or outstanding balances.
- 06-392-031 Transfer from Special Reserve – Funds were depleted to balance the budget last year, therefore there are no funds allocated for the year 2020.
- 06-400-300 General Expense - Dallas Data is increasing support of the Caselle system by 3%, this is the first increase since 2013. The amount budgeted for 2020 is \$3,500.
- 06-400-366 Water Purchase – The 2019 budget has been exceeded due to a number of fire service issues and the DEP required weekly hydrant flushing. Mr. Murray stated the flushing is based on temperature; therefore, water usage should lessen during the winter months. The 2020 budget has been increased to accommodate the weekly flushing requirement to \$809,340.
- 06-492-010 Transfer to General Fund – Due to transferring \$775,100 to balance the 2019 budget, the maximum amount to transfer in 2020 would be \$459,000 to allow a retainage of 4% of revenues.

Mrs. Rentschler noted that the sewer fund balance 2020 proposed budget of \$123,180 would retain 4% of revenues.

- 08-364-012 Sewer Use Fees – The 2020 budget has been raised to \$972,630 to accommodate the Joint Municipal Authority's 2% increase. Increasing the 2020 residential services by 5% and commercial services by 10% would generate additional revenue of \$60,000.
- 08-481-800 Capital Sewer Project - Mr. Imbesi noted that a grant has been applied for to assist in the cost to replace the sewer line along Linden Lane. Following a discussion with Mr. Murray and the uncertainty of potential grant funds it was decided to budget the 30% grant match amount of \$127,500 with the potential to delay the project until the spring of 2021.
- 08-492-001 Transfer to General Fund – Due to the proposed delay in the Linden Lane sewer project, the 2020 budget has been increased to \$400,000 to retain 4% of revenues.

It was noted that with these revisions there is a deficit of \$35,000.

- 09-279-099 Sanitation Fund – Mrs. Rentschler stated that with raising rates, the 2020-projected fund balance would be at a deficit of \$12,475.
- 09-363-300 Resident Disposal Fees – An increase of 11% to the quarterly residential disposal rate was recommended to budget \$426,000 for the year 2020. Mr. Imbesi shared an overview of information received yesterday during the refuse/recycling/yard waste bid opening. The increased cost to recycle was discussed at length as to the responsibility to provide recycling services. It was decided to wait for further information as to the lowest qualified bidder to finalize this portion of the budget.
- 09-400-210 Supplies – This line item has been increased to \$1,200 to cover the cost of paper and postage for billing.
- 09-427-452 Contracted Trash Fees – It was decided to use the worst-case scenario of \$202,000 as the proposed 2020 budget until bid information has been deciphered.
- 09-427-454 Landfill Disposal Fees have increased 3%, raising the 2020 proposed budget to \$130,000.
- 09-427-455 Recycling Fees – It was decided to use the worst-case scenario of \$102,600 as the proposed budget until bid information has been deciphered.

Donal Renninger noted that with the above noted revisions there would not be any funds available to transfer to the General Fund and recommended raising the resident disposal rate by an additional \$25,000.

- 30-279-099 Capital Reserve Fund – Mrs. Rentschler noted that the Capital Reserve Fund Balance proposed 2020 budget is currently at a deficit of \$672,000 and recommended cutting projects from the Capital Reserve Fund.
- 30-438-000 Parkview Road Bridge – Due to the uncertainty of UGI's contribution towards construction of a Parkview Road pedestrian bridge it was decided to budget half of the cost, lowering this amount to \$51,000.

The current deficit in the General Fund is \$1.4 million. Mr. Imbesi noted that tax revenues have decreased; Mrs. Rentschler confirmed that the tax base is currently \$179 million with exempt properties totaling \$256 million.

- 30-430-000 Highway Capital Expense - Paving projects were discussed; it was decided to remove the Grape Street project in hopes of finding a savings from the Sycamore Road project and removing the Seventh Avenue project, while retaining \$30,000 for Fifth Avenue from Oak Terrace to Spruce Street.

- 01-310-800 Business Privilege Tax revenue was discussed and decided to budget \$176,000 in 2020, which would be the current .75 mil rate should the proposed ordinance amendment be challenged. This brought the General Fund Balance deficit to \$1.2 million with a fund balance of \$442,000.
- 01-430-336 Vehicle Replacements – Mr. Murray offered to purchase a used bucket truck, cutting this expense in half to \$65,000.
- 01-331-110 Vehicle Code Violations DJ – Chief Powell offered to increase this revenue to \$77,000 based on the current year income.
- 01-331-120 Violations of Ordinances and Statutes – Chief Powell offered to increase this revenue to \$13,000 based on the current year income.
- 01-331-125 Violations of Ordinances and Statutes DJ – Chief Powell offered to increase this revenue to \$10,000 based on the current year income.
- 01-410-131 Salary of Patrolman – Chief Powell clarified that there is one open position to be filled and one new-hire that has been requested.
- 01-410-182 Uniform Cleaning was reduced to \$1,500.
- 01-410-190 Civil Service Testing/Fees - Chief Powell indicated that he does not foresee a need for this line item next year, therefore, \$3,000 was removed.
- 01-410-315 Arbitration Fees – Chief Powell stated that contract negotiations would take place during 2020; however, the contract would not go into effect until January 1 of 2021 and did not foresee a need to allocate funds. It was suggested to retain \$3,000 for grievances.
- 01-410-336 Vehicle Replacements – Chief Powell stated that rather than cut manpower, he could remove this \$25,000 expense. Also, due to the mechanics care of the existing fleet, there is an anticipated longer life expectancy of the vehicles. Council recommended removing this expense, however retaining the new hire(s) at this time.
- 01-410-460 Education/Training – Chief Powell stated that staff is finding training venues at no cost and it was decided to lower this amount to \$12,000.
- 30-410-000 Police Capital Expense – Chief Powell offered to remove the purchase of a plate reader for the paid parking lot. Council agreed to delay this purchase at this time, bringing this line item down to \$15,000.
- 01-400-313 Engineering Services – Mr. Imbesi offered to reduce this to \$35,000 due to the reduced expenses this year.
- 01-400-750 Minor Equipment Purchases – Mr. Imbesi offered to reduce this line item to \$500.
- 01-400-611 Miscellaneous Costs – The amount of \$5,000 was retained should funds be needed to perform an overall parking study.
- 01-310-200 Earned Income Tax was increased to \$642,600 since the 2019-year end estimate is \$665,000.

Mr. Imbesi noted that the fire tax does not currently meet the needs of funding the Fire Department and Mrs. Rentschler provided a spreadsheet to potentially increase this tax rate.

- 01-310-500 Local Services Tax was increased to \$419,000 due to an update to the current amount collected this year, meeting the conservative 97% ratio.
- 90-452-023 Equipment – Helen Moyer offered to remove the expenses for the aqua chair and message center, totaling \$1,600 in hopes of finding donations for these items.
- 90-452-370 Repair & Maintenance of Buildings & Supplies – Mrs. Moyer offered to remove the purchase of pool mats, bringing this line item to \$42,000. Mr. Lincoln inquired as to why this line item was over budget this year by approximately \$8000; Mrs. Moyer stated this was due to the flood.

- 30-450-000 Recreation Capital Expense – Mrs. Moyer offered to remove pool repainting and surface repairs, totaling \$60,000 but urged making this a priority in 2021.
- 90-451-113 4th of July Celebration – Since the holiday falls on a Saturday and the event has been cancelled, the \$2,500 expenses were removed.
- 01-430-740 Major Equipment Purchases – Mr. Murray offered to remove the purchase of a drag box, totaling \$4,200 in hopes of purchasing a vehicle for the mechanic's use.
- 30-409-000 Buildings Capital Expenditure – Mr. Murray offered to lower the block purchase to \$2,500; delay the Borough Hall alarm upgrade of \$6,000; and remove the \$5,000 allocation of air conditioning repairs for 2020.
- 30-411-000 Fire Capital Expense – Chief Burkholder offered to purchase a used crew cab pickup truck saving \$25,000.

Ms. Renninger noted that these revisions bring the Capital Reserve Fund deficit to \$303,680 and the General Fund deficit to \$1.1 million. The current end of year 2020 fund balance is \$612,760, equaling 13.97% of the desired 10% revenue test. An additional \$400,000 is needed in the General Fund. The 2019 estimated surplus is projected at \$552,000, carrying over \$1.7 million in the fund balance.

The next budget meeting is scheduled on Tuesday, November 26, 2019 at 7:00 p.m. with an anticipated budget adoption date of December 19, 2019.

PUBLIC COMMENT:

Valentin Rodriguez, Jr. requested clarification of the registration fee for the rentals and the work tied to the annual fee. It was recommended to inquire with the Code Department.

ADJOURNMENT:

Motion to adjourn the meeting at 1:32 p.m. **Moved** by Mr. Kaag and seconded by Mrs. Bressler. **Motion carried 5-0.**

Respectfully submitted,

Cynthia Madeira
Borough Secretary