

**BOROUGH OF WEST READING
BOROUGH COUNCIL BUDGET WORKSHOP/COUNCIL MEETING**

August 24, 2021 – 7:00 p.m.

West Reading Borough Council held a Budget Workshop and Council Meeting at Borough Hall on Tuesday, August 24, 2021 with the following persons present: Council President Jack Gombach; Council Vice President Philip Wert; Council Pro-Tem Christopher Lincoln; Council Members Jennifer Bressler, Patrick Kaag, Samantha Kaag, and Ryan Lineaweaver; Mayor Andrew Kearney; Chief of Police Glenn Granitz, Jr.; Recreation Director Christine Boud; Fire Chief Chad Moyer; Public Works Team Leader Kerry Grassley; Interim Borough Manager & Public Works Director Dean Murray; Treasurer Jeanette Rentschler; Police Sergeant Ryan Phillips; and Borough Secretary Cynthia Madeira.

VISITORS:

Karen Livingood, Resident	Denise Drobnick, Resident
Zachary Shaver, Resident	Carl Garman, Resident
Nathalie Kulesa, Resident	Paul Janssen, Center for Excellence in Local Government

1. **CALL TO ORDER:** Council President Jack Gombach called the meeting to order at 7:00 p.m., which was followed by the Pledge of Allegiance and Roll Call.

2. **PUBLIC COMMENT:**

Mrs. Kulesa noted her request last week to obtain a copy of the West Reading Pickleball Association (WRPA) Agreement with the Borough and wondered why some people seem to have special privileges. The WRPA has made another request for an event at the courts in an untimely manner without going through the proper channels. Mrs. Kulesa felt that the Recreation Commission has not been included or involved in decisions pertaining to the pickleball courts. Mr. Gombach stated that the fully executed copy of the agreement was received today and that the recent request for use of the courts is scheduled for discussion tonight.

3. **PICKLEBALL LEAGUE:**

Mr. Gombach noted that due to time constraints he received an email yesterday from Mr. Shields requesting permission to host a West Reading Pickleball League beginning on September 7th. The league would use four courts for three hours on Tuesday, Wednesday, and Thursday evenings from 6:00 p.m. to 9:00 p.m. Mr. Shields requested leniency recognizing that the request is short notice per the agreement. Mr. Gombach noted that board members have just been finalized, and that we want to create a successful partnership with the WRPA while allowing our residents to enjoy the courts.

The expectation for requests such as these, in an effort to coordinate events, would be for a representative of WRPA to attend a Recreation Commission meeting for discussion and to allow the Commission to make a recommendation to Council. It was noted that this is the second short notice request and that Council does not wish to entertain such requests in the future.

Contractually, use of the courts for special events are to be submitted at a minimum of thirty-days prior to the event, and annual scheduling requests are to be submitted by February 15th. It was recommended that the WRPA become accustomed to attending the January Recreation Commission meeting for a recommendation to Council during the February Council meeting.

It was unclear as to the anticipated end date for the fall league request. Ms. Boud was asked to share a summary of this discussion with the WRPA.

Motion to approve the West Reading Pickleball Association League request beginning on September 7, 2021 and ending on December 31, 2021 on Tuesday, Wednesday, and Thursday evenings from 6:00 p.m. to 9:00 p.m. **Moved** by Mr. Kaag and seconded by Mr. Wert. **Motion carried 7-0.**

4. **EXECUTIVE SESSION:** Mr. Gombach noted an executive session that was held at 6:30 p.m. this evening to discuss the investigation report.

Motion to accept the Report of Investigation Outcome for an incident near South Second Avenue and Franklin Street. **Moved** by Mr. Lincoln and seconded by Mr. Wert. **Motion carried 7-0.**

Mr. Gombach shared the following highlights from the report for the record:

- In April 2021 Borough Council launched an internal investigation to determine if the treatment of the owners of and the business of Mecca by the government of West Reading Borough and its departments or employees were a result of racial bias or animus.
- The second item the investigation focused on was the reaction by the government of West Reading Borough and its departments or employees to the complaints made regarding parking surrounding the restaurant a result of racial bias or animus.
- The conclusions that came from the report indicated that the issue stems from personal issues of private residents in the vicinity of the Mecca restaurant.
- Conduct was deemed appropriate by the Mayor and the Police Department and there is no indication that the government of West Reading Borough, its public officials and its departments or employees were involved in any racial profiling or harassment involving the neighborhood surrounding the corner of Second Avenue and Franklin Street.
- As it relates to the circumstances giving rise to the events of Sunday, April 18, 2021, the interviews, the statements made, the parking situation and the records reviewed did not reflect a racial animus or discrimination by the government of West Reading Borough, its public officials and its departments or employees as it relates to parking or any other issues.

Mr. Gombach also noted that the investigators made sure to highlight and exemplify the work that is being done by the Police Department. The records were kept with incredible compliance and everyone was very easy to work with, especially Sergeant Phillips. Now that this investigation is behind us, Mr. Gombach looks forward to continuing the work of the Borough.

5. **PLANNING COMMISSION RESIGNATION:**

Joseph Scoboria has submitted a formal letter of resignation from his appointment to the Planning Commission due to time constraints.

Motion to accept Joseph Scoboria's resignation from the Planning Commission. **Moved** by Mr. Wert and seconded by Ms. Kaag. **Motion carried 7-0.**

6. BUDGET PRESENTATION:

Mr. Janssen provided an overview of the fundamentals of the West Reading 2020 pre-pandemic budget that included a budget of almost \$11,000,000. There were six operational funds with special funds created to hold money for future projects. The Borough adopted a budget that included a \$1,000,000 deficit. In February 2020 the Borough contacted the Center for Excellence in Local Government (CELG) to determine if it was possible to develop a strategic plan. In April 2020 CELG contacted County Commissioner Kevin Barnhardt regarding this issue. He and his fellow County Commissioners created a Municipal Financial Stabilization Program to assist West Reading and other municipalities struggling from the impact of COVID-19 as well as other difficult budget and financial challenges. The Berks County program has funded the entire budget process that will be discussed tonight. Mr. Janssen highlighted the following:

- The General Fund funds all basic municipal services through the collection of multiple taxes and fees. The taxes charged in this fund are tax deductible.
- The Water, Sewer, and Trash Funds are called Proprietary Funds, which means they are services which could be provided by the private sector.
- The General, Water, and Sewer Funds all have long-term capital demands, which if not met cause a deterioration of the Borough's infrastructure.
- In particular, roads, water and sewer systems demand capital annual investment. Vehicles, such as police, fire, and public works, also require annual review and planning for replacement.

Proper planning and programming minimizes the ebb and flow of tax burdens. The adopted budgets from 2017 through 2019 were reviewed to understand the shifts in revenues and expenses. The following issues were noted:

- On the revenue side there has been an erosion in property tax assessment for the Borough, which is not uncommon throughout Berks County. A mil of property tax has not escalated due to the lack of property tax reassessments.
- The Business Privilege Tax that is assessed to all for profit businesses eroded by over 25% due to the number of medical practices that have been absorbed into the Reading Hospital/Tower Health system that is a non-profit organization and not subject to Business Privilege Tax.
- The only tax available to local municipalities which typically grows is the Earned Income Tax that grows as salaries grow. When property tax assessments and Business Privilege Taxes are less there is minimal growth from tax revenues.
- On the expense side employee costs for benefits have escalated far beyond the cost-of-living adjustment.
- The Borough has assumed a financial burden in providing standby fire department staffing to respond to day time fire calls.
- The Borough maintains staffing of an urban municipality to provide a full list of services such as Administration, Police, Fire, Public Works, Codes, Park and Recreation, and water, sewer and trash.

Mr. Janssen stated that following the analysis of the previous three years a plan was developed to limit the impact of the adopted budget deficit by securing valid revenues and reducing

expenses. The 2020 budget ended with a surplus and the Borough recently received an A+ bond rating.

In addition, the Borough now has a five-year budget that forecasts revenues and expenses allowing Council to review financial and operational decisions with a long-term view of the financial impacts. A Cost Allocation plan has also been created to assign personnel costs to the services that use personnel. Fire, Police, Parks and Recreation, and Codes personnel are all General Fund expenses, while Administration and Public Works personnel are spread over the proprietary funds.

Mr. Janssen noted that the 2021 budget is projected to end with a \$59,558 deficit, thanks in part to the American Rescue Plan Act funds that have been received. Final rules for the use of these funds have not yet been determined. It was recommended to refrain from doing anything with these funds until the rules have been finalized. Mr. Janssen indicated the use of these funds for water, sewer or stormwater improvement projects would require a separate audit, where depositing funds into the General Fund would not require a separate audit.

The challenges faced in 2019 were an increase in fire department expenses due to standby day time staffing, and the police department controlling roughly half of the overall budget, which is primarily personnel and benefit costs. Therefore, it is critical to keep Local Services Taxes stable. Property transfer taxes are doing very well and are projected to continue in that manner.

Annual investments into infrastructure are crucial. Capital Water/Sewer Projects are projected out five-years to avoid the need to set funds aside in a separate account.

Proprietary Funds should maintain a 20% reserve balance to allow payment of bills year-round. Last year the Water Fund loaned the Sanitation Fund \$60,000 with a repayment plan over four years.

Mr. Janssen indicated that the 2020 budgeted \$1,000,000 deficit would have caused the Borough to run out of money in March of 2022 unless taxes were raised significantly or personnel were cut. Mr. Imbesi had proposed a ½ mil increase this year with ¼ mil increases over the next three years to close that budget deficit. The Borough's budget is currently in a management stage.

Chief Moyer requested to join the Treasurer and Mr. Janssen in discussions to better plan for future fire truck purchases. Mr. Janssen encouraged all department heads to join their meetings for better budget forecasting.

7. **PUBLIC COMMENT:**

There were no public comments.

8. **ADJOURNMENT:** Motion to adjourn the meeting at 8:25 p.m. **Moved** by Mr. Kaag and seconded by Mr. Lincoln. **Motion carried 7-0.**

Respectfully submitted,

Cynthia Madeira
Borough Secretary