

BUDGET MEETING MINUTES

November 2, 2016

Call to order.

The November 2, 2016, Special Meeting of the Board of Commissioners was called to order by President of the Board, Kenneth E. Kroberger. The following individuals were in attendance.

Kenneth E. Kroberger	President
M. Clare Edelmayer	Vice President
James A. Santi	Commissioner
Thomas A. Duffy	Commissioner
Steven C. Sands	Commissioner
Leonard T. Perrone	Township Manager
Michael J. Lapinski	Assistant Township Manager
David Brill	Finance Director
David Duffy	Police Chief

Also present were Chris Sharkey, Eric Gieger, Jeff Tomczack, Deputy Chief Poirier, Sergeant Ted Caiola, Officer Fred Lynch, Lee Honeywell, Willard Troxel.

This meeting was publicly advertised in the North Penn Reporter, listed on the Township website and posted in the Township building lobby.

The format for the public budget meeting included the Township's Finance Director and respective department head's budget presentation for each Township Department. The meeting agenda was pursuant to the following schedule:

- o 5:30pm to 6:00pm Township Overview
- o 6:00pm to 6:45pm Parks & Recreation
- o 6:45pm to 7:30pm Police
- o 7:30pm to 8:00pm Fire Marshall & Emergency Management Coordinator
- o 8:00pm to 8:30pm Fire Company
- o 8:30pm to 9:15pm Sewer
- o 9:15pm to 10:15pm Administration
- o 9:30pm to 11:00pm Public Works

The following is a summary of discussions held at the Wednesday, November 2, 2016 Public Budget Meeting. It is the intent of these meeting minutes to be a fair and accurate representation in summary format.

Township Wide Overview – Dave Brill, Finance Director, Treasurer

- Mr. Brill provided an overview of Township-wide finances including the preliminary revenue and expense budget by fund, split between operating and special purpose funds and related existing and projected fund balances. Mr. Brill noted that the current 2017 proposed Township budget includes a deficit in all major operating funds, however the fund balances in all major operating funds remain at substantial financially sound levels.

Parks and Recreation – Alex Kaker, Parks and Recreation Director

- Mr. Brill discussed standard budget categories for the Parks and Recreation Department. Mr. Brill described prior year's spending trends, 2016 forecasted performance to budget and 2017 requests from the Department Head and staff.
- Mr. Kaker began with a presentation of the 2016 Park and Recreation program accomplishments and challenges, and the 2016 department objectives and goals. The goals included improving program participant satisfaction and community facilities.
- Mr. Kaker's presentation outlined improvements in program enrollment in most activities offered and generally outlined proposed program improvements for 2017. The direct program activity revenue projected for 2016 is expected to exceed the associated program costs by approximately \$85,000.00.
- Mr. Kaker presented highlights of the Parks and Recreation 2017 proposed budget which included the installation of four (4) new pickleball courts (carryover from 2016), and the architectural schematic study for the proposed Township Community Center.

Police – Chief Dave Duffy, Deputy Chief Dave Poirier, Sergeant Ted Caiola, Officer Fred Lynch

- Mr. Brill discussed standard budget categories for the Police Department. Mr. Brill described prior year's spending trends, 2016 forecasted performance to budget and 2017 requests from the Chief.
- Chief Duffy began his presentation with an overview of the Police Department's 2017 goals and objectives which included purchasing new equipment and hiring more staff. Ms. Edelmayer commented that the Chief's stated goals were missing objectives for police department performance. Ms. Edelmayer suggested adding objectives to improve service and/or satisfaction levels.
- Officer Lynch was present to comment on how adding a new officer to the force would help him better perform his DARE program and community outreach responsibilities. To accommodate this Officer Lynch was requesting permanent day shift assignment. Sergeant Caiola was also present and voiced his support for the DARE program.
- Deputy Chief Poirier (DC) commented on the funding request for the firearm simulator purchase to help better train the force in-house. Ms. Edelmayer asked the DC if the simulator could be purchased in partnership with other municipalities or the county. DC indicated that the county already has a simulator and the equipment is not easily mobile to share with other municipalities. Mr. Brill suggested that the simulator might be purchased with funds available in the Police Donation Fund. Chief Duffy stated this was possible.
- Chief Duffy acknowledged Officer Brent Whistler's activities in meeting with representatives of the Township's Business Community
- Chief Duffy provided an overview of the staffing analysis that justified the hiring of a new officer. Chief also discussed the patrol vehicle fleet and recommended purchasing two (2) new vehicles, and taking three (3) out of service. He commented that one of the vehicles (Tahoe) taken out of service was donated to the Fire Company.

Fire Marshall and Emergency Management Coordinator (EMC) - Jeff Tomczak, Fire Marshall/EMC

- Mr. Brill discussed standard budget categories for the FM/EMC. Mr. Brill described prior year's spending trends, 2016 forecasted performance to budget and 2017 requests from the FM/EMC.
- Mr. Tomczak reviewed the FM/EMC goals and objectives for 2017 which included hiring a Deputy Fire Marshall to provide better coverage in times of FM absence.
- A general discussion took place between Mr. Tomczak and the Board regarding the various budget line items. Two proposed capital equipment purchases included a MSA 5-gas meter with PID and aerial drone. Mr. Tomczak fielded various questions regarding these two proposed purchases from the Board. Mr. Tomczak indicated that the predominant reason for these purchases would be to help the department be better prepared in times of emergency.

Fire Company – Chris Sharkey, Fire Chief

- Mr. Brill and Mr. Sharkey discussed the Fire Company goals and objectives for 2017. Mr. Sharkey commented that the fire Company recruitment activity remains a high priority. Mr. Santi suggested that the Fire Company utilize Township social media sites to advertise recruitment needs.
- Mr. Sharkey described the 2017 funding request to cover fire company apparatus and vehicle maintenance.
- Mr. Santi questioned the Fire Company hall fuel oil budget. Mr. Sharkey indicated that weather conditions and oil prices will cause fluctuations in the heating oil budget.
- Mr. Sharkey also discussed the 2017 fire hall capital improvement budget request which included the day room HVAC replacement and the banquet hall bar refurbishments. Both requests were supported by the Board of Commissioners.
- Mr. Sharkey provided an overview of the Fire Company's 15-year capital plan. The plan reflects major capital needs funded by the Fire Company, the Fireman's Relief Association, and the Township. Mr. Brill provided an analysis of the current funds available and the future funds required to support the Fire Company's 15-year capital plan. He went to explain that the capital plan includes the replacement of the Tower in 2020, Squad in 2023, Utility in 2027, and Engine in 2028 – for a total of \$2.8M. Mr. Brill further discussed that for the Township to have adequate funds to cover the capital plan the Board should consider raising the fire tax millage from the current 0.110 to either 0.139 or 0.179 mils. The millage increase option is based on Tower rehabilitation versus replacement. The impact on the tax payer would be an increase of \$4.79 versus \$11.39 per year for the average residential property assessment.

Waste Water Treatment Plant (WWTP) – Lee Honeywell, WWTP Superintendent

- Mr. Brill discussed standard budget categories for the WWTP. Mr. Brill described prior year's spending trends, 2016-forecasted performance to budget and 2017 requests from the Superintendent.
- Mr. Honeywell discussed the 2017 WWTP capital project list which includes the PLC replacement project, a new utility truck with plumber's build, and various other projects. Upon further discussion of the PLC projects it was determined that 2 of the 3 PLC projects would be deferred – this resulted in a \$238,000 capital budget request reduction. PLC B conversion will be completed in 2017.
- Mr. Honeywell explained that dry weather impacted electricity usage at the plant in 2016.
- Mr. Perrone presented to the Board the proposed WWTP staffing reorganization. The reorganization includes a new Executive Director at the WWTP to manage day to day administrative functions. In addition, the new organization job descriptions redefine the Superintendent, Collection System Team, and Lab Technician responsibilities and reporting.
- Mr. Brill discussed the 15-year WWTP and Collection System capital plan and suggested that the funding required to meet these future needs would be an additional \$170,000.00 at the plant and \$360,000.00 in

the collection system. By funding the 15-year capital plan and the mandated PADEP TMDL compliance efforts, Mr. Brill suggested that a 10% sewer rate increase may be warranted and should be considered by the Board.

- The Board agreed that they needed to consider the merits of the proposed sewer rate increase. Mr. Duffy suggested that Mr. Brill forecast the 15-year revenue needs at the WWTP based on planned capital projects, collection system improvements, required maintenance, and debt retirement.

General Fund Revenue, Administrative Expenses, and Insurance – Dave Brill

- Mr. Brill discussed the General Funds revenue sources. He indicated the Homestead Exemption is proposed to remain at \$30,000.00 per qualified owner occupied residential property. Mr. Brill provided an update on State and County Grant revenue which includes \$579,000.00 Pennbrook Water Quality Basins funding. The Township anticipates utilizing \$520,000.00 liquid fuels revenue for the 2017 Township road maintenance program, and \$191,000 of the \$290,000.00 capital reserve fund to purchase the 2017 DPW and PD vehicle replacements.
- Mr. Brill reviewed the line item expenses contained in this Administrative section of the budget. The major expenses in this section involve payroll, healthcare insurance, employee benefits, and liability insurance. A list of charitable traditional contributions to local non-profits was discussed
- Mr. Brill stated that the Township healthcare benefits via DVHIT is limited to 2.94% due to our participation in the trust. In addition, the increase is offset by the \$99,000.00 rate stabilization credit.
- Staff discussed the continuing advancement of the Township IT infrastructure that included the GIS, document management, and accounting/payroll/HR system software upgrades. The Board also discussed improvements to the main meeting room audio visual equipment. The Board supported the requested upgrades but urged staff to find ways to save costs in these areas.
- The Board and Staff discussed the Facilities maintenance budget which included Administration/Police building roof repairs and foundation landscaping replacements.
- Staff discussed the need for the Comprehensive Plan update for 2017
- Mr. Brill discussed Township debt service payment in 2017 indicating there will be an increase in 2017 due to the \$290,000.00 savings loss that resulted from the 2016 general fund debt refinancing. It was noted the Township is under the non-electoral debt limit by \$21M, reflecting financial soundness.

Department of Public Work (DPW) – Willard Troxel, Superintendent

- Mr. Brill discussed standard budget categories for DPW. Mr. Brill described prior year's spending trends, 2016-forecasted performance to budget, and 2017 requests from the Superintendent.
- Mr. Troxel reviewed the scorecard outlining DPW goals and objectives for 2017. These included installing video detection on the remaining Township owned traffic signals operating with loop detectors, continuing MS-4 compliance, and storm sewer system maintenance.
- Mr. Troxel discussed the road maintenance program for 2017 (\$868,000.00, milling, overlay, micro surfacing). A discussion ensued between staff and the Board as to the factors driving the increased 2017 program costs. Mr. Troxel indicated several factors were influencing costs including possible escalating asphalt prices, and the deferment of Broad Street from 2016 to 2017. The Board asked Mr. Troxel to look at reducing the scope of the road program for 2017 to control costs, if possible.
- Mr. Troxel, staff, and the Board discussed the MS-4 compliance projects for 2017. These projects include the Pennbrook Basins completion, NFWF Projects (Grannery, Sumneytown, and Ivy), and Skippack

Watershed TMDL Reduction. Mr. Lapinski stated that construction costs for the Skippack Watershed projects will possibly be deferred to 2018

The above concluded the Township Department budget overviews.

Township Wide Fund Summary – Dave Brill

- This summary portrays a consolidated picture of all the above revenue and expenses as well as the Township’s cash and fund balances. This summary indicates a \$20,472,514.00 Township operating budget with a \$9,285,000 ending estimated cash balance, and a \$9,991,000.00 fund balance. The BOC agreed to individually consider all the above requests and report back at a subsequent public meeting their revenue and expense adjustments to achieve a balanced budget.

The following is a list of the agreed cuts that the Board of Commissioners authorized at the meeting

- WWTP PLC replacement project reduction of \$238,000.00
- Fire Marshall - Unmanned aerial drone cut \$10,450.00
- Administration – Reduce accounting software replacement by \$25,000.00
- Administration – Reduce communication initiative budget by \$22,500.00
- Public Works – Remove message board request - \$24,000.00
- Public Works – Reduce roadway budget by \$348,000.00
- Public Works – Reduce Skippack MS-4 compliance project budget by \$200,000.00
- Codes/Zoning – Reduce comprehensive plan update budget by \$27,500.00
- **The Board directed the Finance Director to look at areas in the proposed budget that are inconsistent with prior years - \$139,981.00**

Note: General Fund Reduction Total \$797,431.00. (\$483,881.00)

Respectfully Submitted,

Leonard T. Perrone
Township Manager/Secretary

Approved December 19, 2016