

**SPECIAL MEETING MINUTES (Budget)**

November 9, 2017

## 1. Call to order.

The November 9, 2017, Special Meeting of the Board of Commissioners was called to order at 5:00 PM by President of the Board, Kenneth E. Kroberger. The following individuals were in attendance.

Ken Kroberger, Clare Edelmayer, Jim Santi, Tom Duffy, Steve Sands, Len Perrone, Dave Brill, Mike Lapinski, Alex Kaker, Chris Sharkey, Russ Hoblitzell, Jeff Tomczak, Jeff Mullaly, Chief Duffy, Lee Honeywell, Rebecca Mason, Willard Troxel.

This meeting was publicly advertised in the NP Reporter, listed on the Township web site 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 individual draft departmental budgets have been reviewed by the Commissioner liaison, Department Head and the Finance Department. The meeting agenda was pursuant to the following schedule;

- 5:00 pm – 5:30 pm Township Wide Review
- 5:30 pm – 6:15 pm Parks and Recreation
- 6:15 pm – 7:00 pm Police
- 7:00 pm – 7:30 pm Fire Marshal & Emergency Management Coordinator
- 7:30 pm – 8:00 pm Fire Company
- 8:00 pm – 8:45 pm Sewer
- 8:45 pm – 9:30 pm Public Works
- 9:30 pm – 10:30 pm Administration

The following is a summary of discussions held at the Thursday, November 9, 2017 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 balance. Mr. Brill noted that the current 2018 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. Kroberger raised a question concerning the accuracy of the 2017 forecast for the Parks & Rec activities. After discussion by Mr. Brill and Mr. Kaker, it was determined that the forecast was out of sync by line item and would be corrected. Both felt comfortable that the numbers would not change. (Page 1 of tab 4 will be amended to correct the forecasting).
- Parks and Rec Admin Budget is within the planned project activity for 2018, the line item 720 (Garfield Park) path milling and repaving was updated to be path and parking lot. The budget amount of \$30,000 remains the same.

- A second item on line 720, the replacement of a pickup with utility body was discussed. The pickup being replaced is a 1988 vehicle and will be utilized by both the P&R department as well as Public Works. Mrs. Edelmayer requested the budget be revised to split the cost of \$43,000 between the two departments. Mr. Santi recommended that before purchasing replacement vehicles, that we explore the possibility of purchasing dealer certified used vehicles vs brand new.
- Mr. Kaker did a presentation of the overall success and growth of many of the program offerings of the Township.
- The mid 2017-year reassignment of 3 maintenance employees from PW to P&R has proven to be an operational success and is now reflected in the 2018 budget.
- Pickleball lighting project and grant is being carried over to 2018.

#### **Police – Chief Dave Duffy**

- Mr. Brill discussed standard budget categories for the Police Department. Mr. Brill described prior year's spending trends, 2017 forecasted performance to budget and 2018 requests from the Department Head and staff.
- The 2018 budget reflects a reduction in spending from the 2017 run-rate. Chief Duffy indicated that this is achievable assuming the department is at full staff.
- Chief Duffy discussed the 2018 capital plan to include the purchase of another license plate reader. He expressed to the Board that the officers have had favorable response with the readers and view them as a vital tool in performing their police functions. The replacement of a 2008 patrol vehicle was discussed. This replacement follows the accepted replacement cycle of the patrol fleet.

#### **Fire Marshal and Emergency Management Coordinator (EMC) - Jeff Tomczak, Fire Marshal/EMC, Jeff Mullaly, Deputy Fire Marshal**

- The Board took a moment to recognize and thank Mr. Tomczak for his service in the military and congratulate him on his safe return.
- Mr. Tomczak handed out revised detail list for Fire Marshal and EMT general expenses and discussed the line items. The revised detail list resulted in an increase in line 460 from \$2000 to \$4500 and in line 760, a decrease from 15,500 to 14,200. The Board again thanked Mr. Tomczak for his service.
- Also discussed by Mr. Tomczak for the Board to consider the increase stipend paid to the FM from 15,600 to 16,800 and the stipend paid to the DFM from 3,900 to 4,500.

#### **Fire Company – Chris Sharkey, Fire Chief, Russ Hoblitzell, Treasurer**

- Mr. Brill discussed the 2017 forecast vs budget for each line item within the fire tax fund as well as any 2018 requests. In addition, Mr. Brill discussed an illustration of the fund balance split between the operating and the capital reserve of the fire tax fund. Due to the increase in the fire tax portion of the real estate tax in 2017, growth in the fire company's reserve fund increased by \$47,686 and is expected to double to \$95,372 in 2018, showing that the increase imposed in 2017 is fulfilling its intended purpose.
- Mr. Sharkey discussed the line item detail of the fire company requests. He requested that the Board include an increase in their funding to enable the FC to continue the stipend reimbursement program that they have had great success with. Previously this program was funded by Commonwealth of PA

grants. At least temporarily, these grants are not funded by the Commonwealth, but is hoped that this funding will be restored in 2019 by the Commonwealth of PA.

- Commissioner Sands suggested that the Township show support via our website and Facebook for the upcoming fire company fund drive, mentioning that it is believed that across the Commonwealth of PA that volunteer fire companies save taxpayers \$8.3 Billion.
- Mr. Sharkey then discussed the capital improvement requests to replace the boiler for \$10,000 in 2018.
- Commissioner Sands suggested that the Township consider an Ordinance to provide real estate tax and earned income tax relief for volunteers of the fire company. The Ordinance is enabled by new state legislation allowing municipalities to provide such relief. Mr. Sands asked Mr. Sharkey to provide census information on the volunteer staffing in order to estimate the impact of such an Ordinance.

### **Sanitary Sewer System – Lee Honeywell, WWTP Superintendent and Rebecca Mason, Deputy Director of Wastewater Operations**

- Mr. Brill discussed standard budget categories for the WWTP and Collection System. Mr. Brill described prior year's spending trends, 2017-forecasted performance to budget and 2018 requests from the Superintendent.
- Mr. Brill discussed the collection rate for the sewer utility fee being 89% collected by the face period ending and an additional 5% collected in the penalty phase. Of the past due utility fees, only \$3,550 is associated with accounts where the water was shut off and \$18,053 with accounts associated with well water.
- Mr. Honeywell and Ms. Mason discussed filling an open position in 2018. They suggested that the position be dedicated to the Collection System due to increased pump station and collection system maintenance demands. The dedicated collection system laborer would reduce the need to utilize plant operators to supplement the collection system staff.
- Mr. Honeywell discussed the 2018 WWTP capital project list which includes the continued upgrade of the PLC controls, replacement of a 2005 Ford Ranger with a covered maintenance vehicle, and various other projects. Mr. Honeywell explained that the dry weather decreased electricity usage at the plant in 2017. The 2018 electricity usage requests a normal usage.
- Mr. Brill discussed the summary page of the sanitary sewer system where it reflects the fund surplus deficit, both using full accrual method of accounting which includes depreciation and cash basis accounting which excludes depreciation. In addition, Mr. Brill discussed the level of depreciation suggested to be funded via current utility rates, being the amount related to the consumable equipment controls and vehicles at the plant. This number was determined with discussions with our Engineer, Township Manager and Assistant Township Manager.
- It was further discussed, a possible sewer utility increase in 2018 to fund the cash flow needs of the sanitary sewer system or a higher amount to fund the depreciation of the consumable equipment controls. No decision was reached.
- It was decided to remove \$45,000 from the WWTP capital purchases for the Haines Run Streambank Restoration Project and add \$50,000 to the same account for plant perimeter security upgrades.
- Mr. Brill then discussed the sewer capital fund by providing a summary of the funding and spending related to the sewer diversion project since 2015 through the 2018 request. Mr. Brill indicated that a bank loan will be needed in the second quarter of 2019 for approximately \$14 million to fund the balance of the diversion project. Mr. Brill then stated, the debt service of this loan will be funded by the sewer rental currently paid to Towamencin Township, less the EDU's left behind due to economics, less the anticipated plant and pumping station cost increases.
- Mr. Brill also discussed within the sewer capital fund, the major maintenance reserve activity in 2017 and 2018, whereby is expected that balance to be \$591,000.

**Department of Public Works (DPW) – Willard Troxel, Superintendent**

- Mr. Brill discussed 2017 forecast vs budget as well as 2018 requests for the main spending items. Of note, within the labor categories, the staffing reorganization with P&R was illustrated.
- Mr. Perrone questioned Mr. Brill if Lower Gwynedd's sharing of the Swedesford Rd. Bridge remediation design was included in the general fund revenue assumptions. Mr. Brill said no, and he will revise the revenue assumptions to include \$25,000.
- Mr. Troxel discussed the road maintenance program for 2018 (\$918,620 for milling, overlay, micro surfacing). The roads to be milled and overlaid are mostly within the Sugar Valley sub-division. Mr. Perrone commented that including all the roads in Sugar Valley for resurfacing in the same year had been the practice in previous years.
- Mr. Brill discussed the status of the 2017 infrastructure projects. The Conrad Avenue Basin Stormwater Drainage project has been completed. The NFWF Stormwater Projects will carry over into 2018. The Pennbrook Water Quality Basins Project has been completed. Mr. Lapinski commented on the status of the Providence Reserve punch list items. All have been completed as well as the Crest Road Streambank has also been completed. Mr. Troxel discussed his funding requests for 2018 for \$50,000 for traffic signal detection as well as battery back-up for traffic lights as well as ongoing LED light change out.
- Mr. Troxel discussed the 2017 purchase of the budgeted paint machine being received, as well as his 2018 request for his skid-steer manhole cutter, message board, replacement of a 20-year-old tar pot, replacement of a pressure washer and the purchase of an emission machine that will save the Township \$7000 over 5 years.
- Mr. Troxel also discussed the need for the replacement of a 1999 pick up with plow for \$55,000 in 2018 following his capital plan.

**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 \$168,244 from NFWF, \$27,000 from Montco for Pickleball Court Lights, and potentially \$4000 from the US Tennis Association for wind screens. The Township anticipates utilizing \$720,000 liquid fuels revenue for the 2018 Township road maintenance program, and \$228,000 of the \$290,000.00 capital reserve fund to fund the 2018 PW, P&R Vehicle Replacements, PD vehicle replacements and the roof replacement within the facilities.
- Mr. Brill discussed the revenue line item, cell tower rental, where the 2018 budget assumes a \$125,000 one-time payment from American Tower, the lease holder, in exchange for the Township extending the current lease which expires in February 2024, for an additional 30 years. Details of the proposal will be discussed at the December Public Meeting.
- Mr. Brill commented that the decrease of line item 354003 is the result of the Township no longer plowing state roads.
- 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 traditional charitable contributions to local non-profits was discussed.
- Mr. Perrone directed Mr. Brill to remove the central Westmoreland COG in the amount of \$350 for 2018.

- Mr. Santi asked staff to look into installing an awning to provide coverage from the stairs, porch area and entrance to conference room A.
- Mr. Brill discussed the 2017 forecasted budget within the IT department, noting that the plan work within the GIS data system capturing was completed. The lease of a large format printer was accomplished. Various PC's as needed were replaced and the upgrades to the presentation capabilities to the public meeting room is scheduled to be completed in December 2017. Mr. Brill went on to discuss the 2018 requests, in particular, talking about the new projects, putting in place a document management system with a screened vendor, Square 9, as well as the replacement and upgrade of the accounting suite. Mr. Santi asked how far along we were in determining what accounting software vendor we will go with. Mr. Brill replied that 3 vendors were selected, and they will be making presentations in January.
- Mr. Brill discussed the Township facilities for 2018. He made note the impact of the new agreement with Postler and Jaeckel, which are now maintaining our HVAC controls. In addition, Mr. Brill noted there is \$1500 in the 2018 budget for the storage requirements relating to the Hometown Heroes Banner Project being considered by the Board.
- Within the capital purchases-buildings line item 730, Mr. Brill noted there is \$99,600 to fund the replacement of the tank monitoring system, which is required to maintain our DEP underground tank permit, replace the garage lights, replace the PW lunchroom chairs and replace the Administration Building Roof.
- Mr. Brill discussed the Code/Zoning 2017 performance to budget, noting that all line items are within budget except for the legal fees which is projected to be over budget by \$150,000 due to the ZHB litigation. Mr. Brill then discussed the 2018 requests noting there is \$37,500 to complete the comprehensive plan update and legal costs budgeted at 2017 forecast levels.
- Mr. Brill discussed the 2018 debt service being the same as in 2017. The principal balance of the outstanding debt will be \$3.4 M which is well below our non-electoral debt limit of \$25 M as of December 2018.
- Mr. Brill stated that the Township healthcare benefits via DVHIT is limited to 1.95% increase due to our participation in the trust. In addition, the increase is offset by the \$160,373 rate stabilization credit.
- Mr. Brill also discussed a carryover from the 2017 budget, to increase the life insurance benefit provided to employees from \$75,000 to \$125,000. The cost of increasing this benefit is expected to be \$9,000.
- Mr. Brill discussed the request to increase the non-uniform pension Township contribution from 5% to 7.5% which is equal to the amount provided by the Commonwealth to the Township to fund this plan. Mr. Brill then discussed the change in the MMO presented at the September meeting for the police pension plan for the update of the mortality rate table assumption. This change of the mortality rate table, increases the Township funding requirement in 2018 by \$43,391. The updated mortality table is to recognize that retirees are living longer and was recommended by our actuary.

**The above concluded the Township Department budget overviews.**

Respectfully Submitted,

Leonard T. Perrone Township  
Manager/Secretary