

EAST FALLOWFIELD TOWNSHIP

BUDGET MEETING

October 13, 2015 Approved minutes
5:35 PM

Members Present

Steve Herzog, Vice Chairman
Mark Toth, Member
Ed Porter, Member

Township Staff Present

Lisa Valaitis, Township Secretary
Pani Martin, Township Treasurer

1. Call to order, moment of silence, and pledge of allegiance.

Vice Chairman Steve Herzog called the meeting to order at 5:43 pm.

2. Discussion

Pani Martin presented a brief overview of the Township. She said East Fallowfield Township has over 7,000 residents that we provide support services to. The East Fallowfield Road Crew services 49.29 miles of roads. The median income in the Township is around \$60,000. The average home value about 5-10 years ago was \$138,000. Pani Martin stated that Township income has flat-lined. The Earned Income Tax (EIT) estimate this year is about the same as last year. This revenue can fluctuate based on the economy.

Pani Martin reported that in 2016, the Township is looking at an overall increase in expenses of \$300,000 which is a 12% increase.

The Police Department is looking at a 16% increase of \$185,000. The biggest increase is the pension plan for which we get state aid to offset the increase. Unemployment compensation increased \$4,300. Medical insurance has gone up \$36,000. The 2015 budget for workers compensation was understated by \$7,000 with a resulting increase of \$10,000. There is also a \$15,000 increase for vehicle fuel for the fire companies. Vehicle maintenance hit \$10,000 this year, and based on the status of the vehicles, it is projected to be about the same in 2016. The Police department is looking to add an E-Citation system which costs \$9,000. A vehicle will also be moved out of the Capital Projects Fund and into the General Fund. Ed Porter asked what the E-Citation system is. Pani Martin said she believes this system digitizes police citations so they don't have to hand write them. She said Chief Porter could provide a better explanation regarding the E-Citation system. Ed Porter asked if Chief Porter requested this be put in the budget. Pani Martin said Chief asked her to add it to the budget. Ed Porter asked if he had said it was a mandatory change. Pani Martin was not sure if it was mandatory or not.

Pani Martin stated the Public Works Department's 2016 budget has a 14% increase in expenses of \$65,000. Part of this increase is retroactive raises. In 2015, there were no raises and the Township is in union contract negotiations. Pani Martin said she is hoping negotiations are concluded this year or early in 2016. More snow plowing help is needed which is an increase of \$8,000. Unemployment compensation went up \$1,400. Medical insurance has gone up \$21,000. Vehicle repair and maintenance has increased \$3,000. The new Alamo, which is a new equipment request put in to the 2016 budget, is an additional \$19,000. Pani Martin added a park maintenance line item in the General Fund under the Public Works Department. Tag Gathercole explained that the new Alamo is a side bank mower. There was a discussion about the condition and age of the current machinery.

Pani Martin said that there is a 16% increase in Administration expenses in the 2016 budget. The document scanning project is the biggest increase and is budgeted at \$30,000. Ms. Martin has added a line item to the 2016 budget for this project. Pani Martin said Siana Bellwoar legal fees are \$12,000 for this year and projected to be the same next year. She said she needs an estimate on when negotiations with the Teamsters will conclude to get a better projected cost for 2016. Ms. Martin said she added a township newsletter to the budget and unemployment compensation jumped up. Pani Martin said she also put in an increase in staff hours for 2016. She said the 1401.30 Part-Time Administrative Assistant position (account 1401.30) was budgeted at 20 hours per week at \$15.00 per

hour for 2015. She said Lisa Valaitis is part-time, however her position was previously full time so the office has lost 7 hours a week. Ms. Martin would like to increase Katherine Archibald's budgeted hours to offset this loss of office hours. Ms. Archibald has currently been working between 30-35 hours per week.

Pani Martin said after going through the bills and budget, she has found that the Township has done a lot of "band aid solutions" to keep costs down in the short-term and delay larger costs. We are repairing Township vehicles longer as opposed to purchasing new vehicles in order to delay larger costs. The cost for maintenance continues to rise and it is only temporarily buying time. The Police Department wants a new vehicle in 2016. There was a discussion about how often the Police Department purchases new vehicles. There was a discussion about the Public Works Department's new freightliner which will be arriving in a month. There was also a discussion about vehicle warranties. Pani Martin said on the Police Vehicle account (1412.05), we have already paid \$10,000 this year and only \$7,000 was budgeted. For the Public Works section, there was previously no line item for the Vehicle Repairs and Maintenance account (1432.10) and there was nothing budgeted for this in 2015. We have spent \$2,000. Not all of this expense can come out of Liquid Fuels because some of these vehicles are not used for Liquid Fuels. In Liquid Fuels, under the Vehicle Repair and Maintenance account (1430.50), we budgeted \$30,000 and this expense is up to \$36,000. We did not have an equipment repairs and maintenance budget, and our costs were \$13,000. It's not just vehicles that we are spending money on repairs for. We are also spending money on equipment repairs. There was a discussion about what is breaking on equipment and what needs to be sent out for repairs. Tag Gathercole said that he needs to have the Alamos repaired by professionals. Mark Toth asked Pani Martin if she had a spreadsheet with all the Township vehicles. Pani Martin said she has a Fixed Asset Schedule. Mark Toth requested this spreadsheet for the next meeting.

Pani Martin said as of right now, a \$4,000 surplus is projected for 2015. Mark Toth asked what expenses that were talked about are in the 2016 budget. Pani Martin said the document scanning, the new Alamo for Public Works, and the new vehicle for the Police Department are all included in the 2016 budget. There was also a large jump in medical insurance costs. Pani Martin said there will be no kickbacks and there will be increases for the next few years. She said they did not project properly and we have exceeded our plan. What they projected for this year is not close and we will receive annual increases to make up the cost to them.

Pani Martin stated there are areas in the budget that can be improved. She also explained that in budget projections, she tried to be very realistic and did not want to undercut anything. She said there is a shortfall of over \$370,000. Without an increase of millage, she doesn't know where the Township could come up with the money. The Capital Projects Fund does not have enough money in it to cover this shortfall and she would not recommend tapping into the Capital Project Fund. Mark Toth commented that the only roadwork planned in 2016 is Fairview Road. Pani Martin stated she had information regarding increase of millage to start covering the immediate budget, to tackle the growing list of departmental needs, to create a cushion again in the General Fund, and to re-fuel the Capital Projects Fund for emergencies and future needs.

Ms. Martin presented a Needs Assessment Report, which summarizes what each department will need in the next few years. The first items on the report are the road projects for 2016. She spoke about Mortonville Road and a possible grant in which participating would require the Township to fund \$400,000 out of pocket. On the Needs Assessment Report, Ms. Martin had \$460,000 for the low cost of repairing Mortonville Road and \$1,500,000 as the high. The high cost would be if the Township did not receive a grant to fix Mortonville Road. Other roads on the 2016 Needs Assessment are Fairview Road, Timacula Road, Beechwood Road, Woodridge Road, Mink Hollow Road, Roland Road, Molineux Lane and Ramsey Road. A lot of these roads are oil and chip or base work jobs. Fairview Road is listed as a road paving job in the Liquid Fuels budget.

Pani Martin said the 2015 real estate assessed value in East Fallowfield is \$408,123,711. She supplied a breakdown of revenue for millage rates between 0.50 and 3.00. She also supplied actual millage rates for surrounding municipalities. If South Coatesville, West Bradford and East Fallowfield are not included, the average millage is 3.00 for the surrounding municipalities. Ed Porter asked Pani Martin if she were to present to the Board a millage of 3.00, what the total revenue would be for East Fallowfield Township. Pani Martin stated the revenue would be \$1,158,376.95. This figure accounts for a percentage of residences paying early with a 2% discount, a percentage of residences paying the flat rate, and a percentage of residences paying at the 10% penalty. There was a discussion about the cost for mailing tax bills out and collecting taxes. Pani Martin estimated the total cost of collecting taxes would be approximately \$10,000. She said if the Township increased the millage to 3.00, in one year, it would cover all the projected needs (except updating the Township building) at the lowest cost projections. She said at some point in the future, the Township will need to update the police station and the Township building. Steve Herzog asked Pani Martin what her cost estimate for the new building was based on. Pani Martin stated she talked to Rob McLarnon, Building Code Official, and he gave her a base estimate of what it has cost other townships to construct a combined building. Mark Toth commented that the Township would need to procure land to

build on. Tag Gathercole asked why the Township can't sell some of the land it owns. They discussed land owned by the Township on Newlin Road and also on Goosetown Road. There was a lengthy discussion about moving the Police Department to the Township building and combining operations in one building. Having the police and office in separate buildings results in double expenses for things like generators. The police station could be rented out to generate revenue.

Steve Herzog spoke about other townships doing a specific tax such as a fire tax. He explained that a fire tax works by having taxes go specifically to the fire companies. Implementing a fire tax would allow removal of the \$71,000 from the budget for contributions to fire companies. Steve Herzog also said that a fire tax could possibly be collected along with the county tax. This would need to be researched. Pani Martin said she spoke to the County and you can break out tax revenue and designate set percentages to something specific such as a fire tax. Steve Herzog said the benefit of this type of tax is that residents know specifically what their tax money is being used for. Pani Martin will contact the County and determine if a fire tax could be collected with the county tax.

Ed Porter asked Pani Martin how much the Police Department budget jumped. Pani Martin stated \$185,000. Pani Martin said Administration is about 13% of total expenses, Police Department is 44%, Public Works is 18%, Fire and EMS is 6%, Code Enforcement is 1%, and Solid Waste collection is 19% of total Township expenses. Pani Martin said a significant amount of the Administration Expense is legal fees. Pani Martin said the Police Department is a 16% increase in expenses. There was a discussion about the amount contributed to the fire companies. The Board decided to keep the contribution to fire companies at \$71,000. This was increased in the 2015 budget. Mark Toth asked if either Westwood or Modena Fire Companies sends the Township certified financial systems. Mark Toth said the Township should get on a recurrent cycle to receive these statements. Pani Martin will contact Westwood and Modena Fire Companies to request audited financial statements.

Pani Martin asked the Board if the library contribution should be kept the same for the 2016 budget. The Board instructed Pani Martin to keep the library contribution the same.

Ed Porter commented on potentially cutting back on the part-time police costs. He said the Township used to operate with the State Police covering the Township from 2:00 am to 6:00 am. There was a discussion about the part-time police department and the full time police department impacts on the budget. Steve Herzog said the full time police department is 70% of the expenses. Mark Toth said the Police Contract expires next year. The big jump this year is the medical insurance expense. Pani Martin said when the Township employees a new person, it costs \$30,000 for family medical insurance. There was a discussion about the Luxury Tax. The contract states a 3.5% raise for police next year.

Ed Porter said that if there are three votes for a tax, then it would have to be done very soon to notify the taxing authority. If the Board is not going to institute a tax, then cuts have to be made to the budget or new money needs to be found. Pani Martin said she believes the deadline is December. Ms. Martin will find out the exact deadline.

Mark Toth asked if the budget reflects the reimbursement for the Comprehensive Plan. Steve Herzog stated the Township should receive that this year.

Mark Toth asked if the Township needs to solicit bids for auditors. Pani Martin replied not at this time.

Ed Porter asked Pani Martin how the Comprehensive Plan was accounted for. Pani Martin asked if the Comprehensive Plan was paid out of the General Fund or Capital Projects. Ed Porter said it will be the Board's decision where to deposit that money.

Pani Martin said she was able to remove almost \$80,000 in expenses between last month's and the today's budget meeting.

Pani Martin asked the Board how to proceed with the 2016 budget. She asked the Board if they want to proceed with a millage increase or set up a meeting to make cuts to the budget. Mark Toth said if a tax is implemented then a millage amount would have to be selected. What would be the rationale for choosing a millage amount? How quickly do we want to work on the needs of the Township such as repairing Mortonville Road? Mark Toth said he thinks most Township's don't pay \$400,000 outright for fixing a road. With a tax implemented, municipal bonds could be issued. Mark Toth asked what you do in the future, if the Township implements a 3% millage. Ed Porter stated you reduce it. He said the Township has done this in the past to get out of debt or harm's way. Pani Martin said she would not recommend keeping a millage of 3.00.

Pani Martin gave an example to the Board of how much a millage rate of 1.00 and 3.00 would cost the average residence. If the average home was worth \$200,000 in the Township, at 1.00 mil, the tax would be \$200 per residence per year. A millage of 3.00 would be \$600 per residence per year.

The Board instructed Pani Martin to find out the timeline for increasing millage from 0. The Board scheduled another budget meeting for October 27, 2015 at 5:30 pm which is prior to the regular Board of Supervisors meeting. There was a discussion about whether the Township would need to approve another ordinance to increase millage or if a resolution could be passed. Mark Toth said although there has been no tax, this is because the millage is set to 0 rather than no tax being in place. Mr. Toth said the Township should however take the approach that there is no tax, advertise to adopt and set the millage rate. The Board requested Police Chief Porter attend the next budget meeting.

NEXT BUDGET MEETING: The Board of Supervisors set the next Budget meeting for October 27, 2015 at 5:30 pm.

3. **Adjournment** Steve Herzog made a motion to adjourn the October 13, 2015 budget meeting at 6:31 pm. Ed Porter seconded.

VOTE: 3-0

Respectfully Submitted,

Lisa Valaitis,
Township Secretary