

EAST FALLOWFIELD TOWNSHIP

BUDGET MEETING

October 27, 2015 Approved minutes
5:48 PM

Members Present

Joe Pomorski, Chairman
Steve Herzog, Vice Chairman
Charles Kilgore, Member
Mark Toth, Member
Ed Porter, Member

Township Staff Present

Pani Martin, Township Treasurer

Township Solicitor

Vince Pompo

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

Chairman Joe Pomorski called the meeting to order at 5:48 pm.

2. Discussion.

Pani Martin presented updates since the previous budget meeting. She said we are going to be receiving an unexpected \$48,000 increase from AmeriHealth Casualty, the workers compensation company. We had a 2014 audit for \$21,432 which is in addition to the \$64,000 that we already paid. Ms. Martin said the 2014 payroll was underestimated by over \$200,000. The numbers that AmeriHealth had for our projected payroll were not in line with our actual 2014 payroll. The estimated bill for 2015 was \$79,000. The payroll on this one was off by \$125,000. She said she is expecting our 2015 audit will probably leave us with a bill between \$10,000 and \$14,000. For 2016, our total workers compensation bill for all departments will be \$102,000. This means that there is an additional \$21,000 due this year that will probably wipe out the surplus unless earned income collected is higher than expected. We will receive an additional increase of \$27,000 next year. Benecon is increasing the cost of health insurance by \$50,000 for 2016. There is a \$100,000 in increases for workers compensation and medical. Ed Porter asked Pani Martin if they stated how payroll was misestimated. Ms. Martin explained that they get the payroll cost estimate from us. She said she tried to go through our records to determine if the audit was incorrect and, if anything, they missed money. She said what the prior treasurer had in her spreadsheet calculations and what AmeriHealth Casualty had were different by around \$250,000.

Pani Martin stated that earned income has flat-lined. She has estimated and budgeted \$1,450,000 for 2016. She said it looks like 2015 earned income will be right on at \$1,550,000. She said in the past years, the Board has applied patch work solutions. The 2016 projected deficit is \$393,000.

Pani Martin stated this year 58% of revenue goes to payroll. Payroll includes the following: wages, taxes, pension, unemployment compensation, workers compensation, medical insurance, dental, vision, life insurance, short-term disability, and long-term disability.

- In 2015, the percentage of revenue goes to each department's payroll costs as follows:
 - 4% - Administration Department
 - 17% - Road Crew
 - 37% - Police Department
- In 2016, 66% of revenue will go to payroll costs. The percentage of revenue broken down by each department's payroll costs is as follows:
 - 5% - Administration Department
 - 18% - Road Crew
 - 43% - Police Department

Pani Martin stated trash will be 21% of income.

This leaves 13% of our income to pay for all other costs which is a projected total cost of \$315,285 for 2016. She stated the Township has \$708,591 projected expenses outside of payroll and trash. \$393,000 of these costs are not covered by income. All other expenses include the following:

- All legal fees (includes Act 537, union negotiations, Township legal needs).
- Engineering services (Chris Della Penna and Herbert MacCombie).
- Code enforcement/building inspector.
- Liability insurance.
- Property insurance.
- New vehicles.
- New equipment.
- Vehicle repairs and maintenance.
- Vehicle fuel (Police Department, Fore Companies, and non-Liquid Fuels for Road Crew).
- MS4 – stormwater.
- Real estate taxes.
- Building utilities.
- Building repairs and maintenance.
- Computers - network and website.
- Office supplies.
- Operating supplies (Road Crew and Police Department).
- Telephone – mobile and landlines.
- Internet.
- Copier rent.
- Advertising.
- Payroll services.
- Postage.
- Government fee (Health Care Reform Fees).
- Park maintenance.
- Fire Department worker's compensation.
- Subsidy to fire companies.
- Subsidy to Fire Relieve Association.
- Clothing and uniforms (Police, Road Crew and Emergency Management Services).
- Animal control.
- Ammunition/lab services.

Pani Martin stated there are two courses of action. One option is to increase millage which would have the following benefits:

- Cover immediate budget needs.
- Start tackling growing list of Township department needs.
- Create a cushion in the General Fund (should have 4% of income in reserve).
- Refuel the Capital Projects Fund for emergencies in the future.

The second option is to figure out where to cut the additional \$393,000. We are committed to the payroll costs. It is her understanding that the payroll costs are fixed costs considering the unions. She stated payroll and trash costs have to be met.

Pani Martin stated that Mark Toth had requested a Fixed Asset Schedule and Vehicle List. She reported the last time the Fixed Asset Schedule was fully updated was in 2012. She will continue to look into this but will give Mr. Toth what she has. Ms. Martin also reported she is going through the Vehicle List and verifying all our vehicles are currently insured. She is also verifying that we are not paying insurance for any vehicles that we no longer own.

Pani Martin stated that Steve Herzog had asked if a fire tax could be billed and taken in by the County. She said the County said they can't do that. If a tax comes from a municipality, it requires its own separate bill. However, the County can break down millage.

Pani Martin reported that she requested the Audited Financial Statements from the Fire Companies. They are still waiting for the 2014 statements and will pass them on to us when received.

Pani Martin said she spoke to the Chester County Treasurer who would do the billing if East Fallowfield passes a millage increase. She said they would need to know about an increase in millage by January 4, 2016. Legally we need to adopt a balanced budget by December 31, 2015. It must be advertised 20 days before adoption. The last Board of Supervisors meeting is December 22, 2015. If we want to increase millage, then we need to make a decision by the November 24, 2015 Board of Supervisors meeting. This would allow the residents enough time to provide feedback. Vince Pompo confirmed this is correct.

Pani Martin said she contacted Keystone about the home business list and they will be getting back to her. She asked Mark Toth how she would confirm or add businesses to this list. Mark Toth said he did not recall but Keystone should be able to advise her. Pani Martin explained that if a business is operating in East Fallowfield Township, then it is required to pay earned income tax. She said it's up to the Township to report any new business. Mark Toth's question was whether the Township business list is up to date. There was a discussion about how to find and identify businesses operating in East Fallowfield Township.

Pani Martin discussed fire hydrants and having the homeowner's associations pay for the hydrants. She reported that Brook Crossing, Stone Creek, and Manchester Farms have provisions in their declarations requiring homeowner's association's to pay the Township for the hydrants in their respective developments. In 2009, a survey of hydrants was done and they found there were 29 out of 115 hydrants in those developments. That would basically be 25% of the Township's hydrant costs. It costs the Township \$22,000 annually for hydrants. Therefore we would be able to bill \$5,500 to those homeowner's associations. There was a discussion about how the Township could get reimbursed for the remainder of the hydrants in the Township.

Mark Toth asked Pani Martin if the earned income tax in the budget draft is as of September 30th. Pani Martin responded yes it is.

Mark Toth asked about the \$50,000 in police vehicle fuel costs. Chief Porter stated the Board approved \$17,000 for the ambulance and it's included in the fuel costs. Pani Martin stated they don't split out gas costs between the Township departments. There was a brief discussion about retracting the gasoline donation for the ambulance. Ed Porter asked what was the total amount donated to the fire companies last year. Pani Martin reported it was \$62,000 in 2014 and increased by \$9,000 to \$71,000 in 2015. The fuel donations were started in 2015 and total donations are capped at \$17,000. Mark Toth asked Pani Martin if she had gotten a cost figure for the fuel pump software. Pani Martin stated she had not looked into it yet. She said she was given a contact and needs to talk to him. She said for now we can get away with a new printer to get the fuel reports printed out.

Mark Toth asked about the \$3,000 in Fire EMT - Vehicle Repairs & Maintenance. Pani Martin said Tony Sirna requested the increase because he has been requesting a new vehicle and it doesn't look like he will get a new vehicle. There was a discussion about scrapping this vehicle. Mark Toth said the vehicle could be sold for \$1,000. He also stated the Township is not required to provide a vehicle.

Mark Toth asked about the SPCA contract. Pani Martin said she believes they will be submitting a new contract for consideration.

Joe Pomorski said we should all take a hard look at the options over the next few weeks. Pani Martin requested another budget meeting before the next Board of Supervisors Workshop meeting (on November 10, 2015). She said she has gone over line by line comparing last year to this year costs. She said we are getting hit with more big costs, especially in areas that can't be changed such as medical insurance, worker's compensation, and premiums.

There was a discussion about a police officer being out on long-term disability. Mark Toth asked Chief Porter if he is using part-timers to cover that officer's shift. Chief Porter said he is using part-time officers and full-time officers as needed to get proper coverage.

There was a discussion about the next budget meeting. Pani Martin asked the Board at the next budget meeting to where they want to see cuts or how to cover \$393,000 deficit or discuss implementing an increase in millage for the Township at the next budget meeting.

Mark Toth asked what happens if a consensus on the budget can't be reached and if it reverts back to 2015. Vince Pompo said it does not revert back. The Board has an obligation to pass a balanced budget by year end. Vince Pompo said you can use an Unappropriated Budget which means you haven't committed any fund balance to meet that requirement. Vince Pompo discussed the legal implications of not having a balanced budget. Vince Pompo stated the Board has the right to re-open the budget in January because it is an election year. Because it's an election year, you can change the budget in any way from the budget adopted at year end.

Chris Porter spoke about his E-Citation System request in the budget and said it could be cut from the 2016 budget if needed. He talked about how much time the E-Citation System saves.

There was a discussion about the Police Department building and moving them to the Township Building meeting room. Renovations would be needed. We are currently paying twice for some services by having two buildings. Chief Porter said they are out of room in their building. They discussed the possibility of having meetings at East Fallowfield Elementary School and South Brandywine Middle School. A lot of the time, the Township meeting room is empty. Pani Martin said the annual building cost of the Police Department building is \$15,400. She said it might save \$6,000 - \$7,000 a year by moving the Police Department out of their building and into the Township building. Mark Toth asked Pani Martin to look into using the schools for meetings.

Pani Martin asked the Board if they had any thoughts on the Needs Assessment that she prepared and looking to the future. There was a discussion about who uses the meeting room to hold meetings. The Planning Commission, Historical Commission, Park & Recreation and various HOA's all use the meeting room. There was a discussion about renting out the Police Department building. Vince Pompo will check the deed.

Chief Porter asked the Board if anyone had checked with East Fallowfield Elementary School about whether they are still planning to build a new building or move. He said it would make a great building for both the Township Office and Police Department. Steve Herzog said the goal was that the East Fallowfield Elementary School would move over to the South Brandywine Middle School when they rebuild that school. Right now they can't afford to do this.

Ed Porter brought up the two parcels that the Township owns on Newlinville Road. There was a discussion about whether or not they are restricted and if they could be sold. Vince Pompo briefly discussed the Township being able to sell these parcels. The Board requested that Pani Martin try to find an estimated value for the two parcels.

Steve Herzog asked if we had heard any more from T-Mobile being interested in the cell tower. Pani Martin said T-Mobile already uses the cell tower through SBA Communications so she isn't sure why they had contacted her. She said she did follow-up with them but never heard back. There was a discussion about who else is on the Township's cell tower.

NEXT BUDGET MEETING: The Board of Supervisors set the next budget meeting for November 10, 2015 at 5:30 pm.

3. Adjournment.

Joe Pomorski made a motion to adjourn the October 27, 2015 budget meeting at 6:31 pm. Steve Herzog seconded.

VOTE: 5-0

Respectfully Submitted,

Lisa Valaitis,
Township Secretary