

EAST FALLOWFIELD TOWNSHIP

BUDGET MEETING

November 10, 2015 Approved minutes
5:32 PM

Members Present

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

Township Staff Present

Lisa Valaitis, Township Secretary
Pani Martin, Township Treasurer

Township Solicitor

J.P. Sanchez

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

Chairman Joe Pomorski called the meeting to order at 5:32 pm.

2. Discussion.

Pani Martin gave some updates since the last budget meeting two weeks ago. She stated an additional staff member and family will be added to the employee health care plan which will cost roughly \$30,000 annually.

She also discussed the trash fee revenue. She said she reduced the 2016 projected trash fee by \$40,000 to \$541,700 to reflect the uncollectible amount of the trash fee. The full billed amount is \$581,700, which is based on the total number residences at \$210 per residence. We typically have \$30,000 to \$50,000 that goes uncollected. This revenue goes to Portnoff for collections. The last quarterly trash payment is due November 30, 2015. Pani Martin stated all unpaid trash bills will be turned over to collections in mid-December.

Pani Martin said the new projected budget deficit is \$453,000.

Ms. Martin reported that Keystone Municipal Services, which is the company that Rob McLarnon, our Building Code Official works for, are increasing their rate from 35% of permit costs to 50% of permit costs. This is Keystone Municipal Service's first rate increase since 2007. Joe Pomorski said it is a significant increase and suggested bidding it out. Ed Porter asked Lisa Valaitis to contact other local municipalities through CCSIGA and ask what they are paying for permitting. Mark Toth said to check with Valley Township. Tag Gathercole stated that Valley Township is using Caln Township.

Pani Martin reminded the Board that 69% of the income next year is going to payroll or payroll related costs such as social security, pension, unemployment compensation, workman's compensation, medical insurance, dental insurance, life insurance, and short-term and long-term disability.

She said 21% of our income next year will be going towards trash from the fees we receive from residents.

Ms. Martin stated this leaves 10% for everything else which includes: legal, engineering, code/zoning enforcement, liability insurance, property insurance, property tax, new vehicles, maintenance to all vehicles and equipment, fuel for vehicles, MS4, stormwater management, utilities, building maintenance, computer network support, website, phones, office supplies, operating supplies, ammunition, uniforms, internet, payroll, park, subsidy to fire companies, animal control, and so much more.

Pani Martin stated she prepared two different budget options. The first option, which she is suggesting, is to increase millage. She said that over the past five plus years, East Fallowfield Township has had many people employed or hired by the Township that have all had the same opinion – that we need a tax. Pani Martin stated, based on the current budget, that she feels the Township needs a tax. Ms. Martin listed some of the other people and documents that have recommended a tax over the years including: Rosemary Moore, past Township

Treasurer, Jill Bukata, past Township Treasurer, department heads within the Township, the Comprehensive Plan which cost the Township over \$70,000, and the Managerial and Administrative Staffing Needs Assessment that we spent over \$8,000 to have prepared. The Comprehensive Plan states that the Township would benefit highly from having a tax.

Pani Martin prepared a budget draft with a proposed 6 mills (Packet #7). This would equal \$2.3 million in tax revenue. This option would cover just about everything on the needs assessment minus buildings, 2017 & 2018 roads, and cars and officers outfitted with video cameras.

This budget option would cover costs for the following:

- Cover immediate budget deficit - \$450,000+.
- Fix Mortonville Road – \$460,000 (grant fund matching cost to Township).
- 3% income reserve – \$150,000 (We would have extra money to cover payroll when money got tight. The Township has no current lines of credit or loan capabilities.).
- Transfer money back to Capital Funds - \$100,000.
- Add Township Manager with benefits.
- Document scanning.
- Document room updates – including the door and fire proof cabinets.
- Full-time Secretary – increasing her hours from part-time to full-time.
- New server.
- Office and meeting room improvements.
- Add and additional full-time police officer with benefits.
- Two new police vehicles.
- E-Citation System.
- Building updates needed for the Police Station – HVAC, water heater, and updated furniture.
- New Vehicle for Emergency Management Services (EMS).
- Add an additional full-time Road Crew employee with benefits.
- Shop supplies.
- New Alamo.
- Small F-F550.
- New Back Hoe.
- Salt shed repair.
- Small black top machine.
- All roads on the 2016 project list: Pave Timacula Road & Mink Hollow Road. Oil and chip/base work for the following roads: Beechwood Drive, Woodridge Road, Roland Road, Molineux Lane, and Ramsey Road.
- Increase fire subsidy to 0.5 mills – \$190,000
- Increase budget for the Planning Commission.
- Increase budget for the SPCA.
- Increase budget for the Park & Recreation Committee.

Pani Martin said we could go with something less drastic such as a 3 mill tax. A millage of 3 would cover the deficit and allow for the following:

- Cover immediate budget deficit - \$450,000+.
- Provide the Township with matching grant funds for Mortonville Road repairs – \$460,000.
- 3% income reserve - \$150,000.
- Transfer money back to Capital Fund \$125,000 which was taken out of the Capital Fund in the past few years.
- Leaves \$400,000+ to tackle the Township Needs Assessment which has over \$2,000,000 worth of needs on it.

Pani Martin spoke about Option B, which is to start severely cutting expenses. She said she went through every line on the budget looking for cuts. Even after going through the budget and slashing expenses, she was only able to cut out the expenses listed below by department:

- Cut \$80,000 out of the Administration Department:
 - No document scanning project.
 - Severely limit legal costs.
 - Reducing office supplies.
 - No Township newsletter.
 - No library donation. No updates or changes to server. On a side note, Pani Martin stated the server is not working and there is no room on it. We have not been able to get email all day. Josh at Compnet is working on the problem.
 - Reducing engineering costs.
 - Hoping for mild weather for decreased utility costs.
- Cut \$71,000 out of the Police Department:
 - Limited Police over-time.
 - Limiting part-time officer hours.
 - Cutting back on clothing and uniforms.
 - Cutting back on ammunition.
 - Supplying no fuel for EMS vehicles.
 - Cut E-Citation System.
 - No new vehicle.
 - Hoping for mild weather for decreased utility costs.
- Cut \$24,000 out of the Public Works Department (Road Crew):
 - Cut the new Alamo.
 - Cut vehicle maintenance.
 - Cut clothing and uniforms.
 - Cut building repair and maintenance.

Pani Martin said she was able to cut a total of \$186,000 from the budget. This still leaves a deficit of \$265,800. Ms. Martin said at this point, the only place left to cut is payroll. The areas of largest impact are employees that are full-time with benefits. This would be between two to three full-time employees. Pani Martin asked the Board which direction they want to go in.

Joe Pomorski stated he would increase millage. Even after cutting all the above listed items, the budget is still \$265,000 in the hole. He said we have needed an increase for years.

Steve Herzog asked Pani Martin if she had been able to look at alternative companies for worker's compensation. Ms. Martin stated she had not had a chance to do this. Steve Herzog asked who we use. She stated the Township's worker's compensation is with Amerihealth which we get through HA Thompson and PIRMA.

Ed Porter asked Pani Martin if she had considered a payment for earned income that comes in during January. Joe Pomorski commented that the 2016 earned income budgeted is lower than the 2015 projected income and what was earned in 2012, 2013, and 2014. Ed Porter asked if the payments are received monthly or quarterly. Pani Martin said we get four to six payments per month for earned income tax. Local services tax is slower and payments are less because it's not as big of a tax.

Ed Porter asked Steve Herzog if he is for a tax. Steve Herzog said to keep the level of services we have, there isn't much of a choice. Steve Herzog said he doesn't know where else to come up with \$450,000.

Steve Herzog commented that for worker's compensation and liability there is the County Commissioners Association of the State and probably PSATS that have a larger buying group with more leverage. The County Commissioners set one up in the state that may be offered outside the county level. This would have different

liability insurance and worker's compensation options that will assess your needs closer than local companies will. Shopping around in these areas could help lower costs.

Mark Toth asked Pani Martin if she had contacted the school district. Pani Martin stated she had not had a chance yet.

Ed Porter commented on worker's compensation insurance and medical insurance in regard to a jump in claims.

Ed Porter asked Joe Pomorski which millage amount he would choose. Joe Pomorski said both make sense for different reasons. The six mills makes sense to build for the future. The three mills makes sense to cover what we need right now and provide additional reserves by transferring money back to capital reserves. He said he didn't see how they could cut enough to cover the deficit from the budget and doesn't think it's wise to cut that much from the budget. Ed Porter asked Steve Herzog if he was comfortable with both three and six mills. Steve Herzog said both are huge jumps from zero. Joe Pomorski asked Ed Porter if he is in favor of increasing millage. Ed Porter replied no and that he has been trying to cut any which way he can. There was a discussion about previous budget cuts made. Ed Porter stated the Police Department is the largest budget out of the whole. Joe Pomorski said it always is. Ed Porter commented on a comparison to the South Coatesville Police Department. There was a discussion about other local police departments.

Ed Porter asked Chief Porter if the Township went in the direction of cuts, are they his recommendations for cuts. Chief Porter said if we have to go that way and make cuts, then he will make cuts. Chief Porter commented that he does not want to make cuts. Pani Martin stated she did not consult the department heads on the specific cuts in the budget. She did consult with the department heads when preparing the Needs Assessment. Ed Porter asked if the budget with cuts was Pani Martin's recommendation and not Chief Porter's recommendations. Chief Porter stated there isn't much to cut other than employees. That is the biggest cost. Ed Porter asked Chief Porter if he possibly has too many full-timers. Chief Porter stated he is understaffed and needs one more full-time officer. Ed Porter asked Chief Porter what his concern is regarding the four hour window with the state troopers. Chief Porter said he is concerned for the residents. The response time is a concern. The State Police could be in Charlestown when they have one officer on. It would take the State Police 45 minutes to one hour to respond. Ed Porter commented on seeing state troopers in East Fallowfield and South Coatesville being the first or second responder at times. He said there is a presence of backup regional officers in the Township along with East Fallowfield Township Police. They discussed the COG. Chief Porter stated the local police departments all help each other. Ed Porter asked Chief Porter if there has ever been a time when one officer was present when there was no back up. Chief Porter said yes, this happens a lot.

Joe Pomorski asked Mark Toth and Charles Kilgore what their thoughts are. Charles Kilgore stated he does not want to put a millage in. Joe asked him how he proposes balancing the budget. Charles Kilgore replied by saying he'd like to go over the budget more and see what can be cut.

J.P. Sanchez talked about the Board's obligation to balance the budget. He stated the Board is in a tough position looking at a deficit and obligations like maintaining roads and public safety that they are entrusted with.

Joe Pomorski commented on increasing earned income to balance the budget as a band aid. Ed Porter commented that there are departments that are increasing in expenses by 10% each year. This is an inevitable problem for a future Board. Joe Pomorski said this is a case to increase millage.

Ed Porter asked Chief Porter if he was given the option to terminate two full-time officers, would he make a recommendation. Chief Porter said he doesn't want that option and would not make a recommendation. Ed Porter said it is within one of the cuts. Chief Porter stated there are eight full-time officers including himself. There was a brief discussion about Sadsbury Township's Police Department.

Chief Porter said that the Board had talked about fundraising in the past and asked what happened to that idea. There was a discussion about fundraising. Ed Porter commented that you can't count on fundraising revenue.

Joe Pomorski asked Pani Martin what the median property value is in East Fallowfield Township. Pani Martin estimated around \$140,000. He asked what tax cost that would project. Pani Martin said in Handout #5, there is a list of what it would cost homeowners based on the average assessed property value in several developments from a few years ago. This is listed for various increments. Joe Pomorski commented that the 3 mills is incorrect on the spreadsheet.

Mark Toth asked what millage surrounding municipalities have. Pani Martin summarized the millage for the surrounding municipalities to be as follows:

- Newlin – No Police Department - 0.75 mills
- West Marlborough – No Police Department - 1.7mills
- West Bradford – No Police Department – 0 mills
- Sadsbury – Has Police Department - 1.05 mills
- Valley – Has Police Department - 1.5 mills
- Caln – 2.808 mills
- Modena Boro – 6.4 mills
- S. Coatesville – 7.6 mills
- Highland – 2.3 mills

Mark Toth commented consideration needs to be made about what increasing millage would do to the housing market in East Fallowfield Township. He said it would be devastating to put a 6 mill tax in.

Mark Toth asked the Board if they'd like to go line by line through the budget. Ed Porter commented that the Board needs to either tax or cut. Mark Toth suggested a hybrid budget. Pani Martin stated a 1.25 mill will just barely cover the outstanding debt. Mark Toth said that's the problem because we wouldn't be creating a sustainable budget going forward. Millage would have to be increased every year.

Ed Porter asked what the deadline is for the budget. Pani Martin said there has to be a balanced budget by December 31, 2015 11:59 pm. J.P. Sanchez discussed the budget deadline. The budget needs to be advertised 20 days before approval and there needs to be a public meeting discussing the budget. You can vote on it in December.

Ed Porter asked Pani Martin to look into the earned income payment that will be received in January or February. He said there is a sizable payment that comes in during January or February that is accounted for in the prior year. Pani Martin stated that an earned income payment was received in February but is accounted for as a 2015 payment. Mark Toth commented that there is a retroactive adjustment to the prior year sometime in the current year. Pani Martin said she will look for that check. Mark Toth said earned income is off by \$100,000 for the 2016 budget. Pani Martin said the projected balance for this year is off and has a deficit. Mark Toth asked her what she attributes this to. She said worker's compensation and Mortonville Road which can't be taken out of Liquid Fuels. Mark Toth said that is a fluid number and will deviate by year end. He commented that the 2015 year end deficit is assuming her projected earned income of \$1.5 million. There was a discussion about the budgeted earned income. Mark Toth recommended increasing earned income by \$100,000. Joe Pomorski agreed earned income should be adjusted. Pani Martin asked if there are any other income accounts that should be adjusted. She asked if they want to proceed with slashing the budget. Ed Porter said you really need to dive in to payroll because there is a sizeable hole there. Joe Pomorski said if we did 2 mills, it would give us more than enough money. He also said earned income should be bumped up and that in his opinion earned income should be higher than \$1.55 million based on the numbers that came in 2013, 2014 and how the January payment is accounted for. He proposed changing the earned income to \$1.7 million and doing a 2 mill tax. There was a discussion about the amount to budget for earned income and the economy trends. Steve Herzog said he'd like to be more conservative so not to rely on earned income.

Tag Gathercole commented on lowering residents' trash costs from \$400 to \$200 a few years ago. There was a brief discussion about trash billing.

Steve Herzog said he was thinking a 2 mill tax might allow us to hire a township manager. He said 2 mills would be the highest he'd want to go. Ed Porter asked if there was third for 2 mills. Mark Toth said he didn't know if that was on the table for him yet. Steve Herzog commented that there aren't enough line items to cut to add up to \$450,000. Some of the items they can't negotiate on such as police salaries.

Pani Martin asked Mark Toth if he would like to go through the expense items on the budget. She said she did increase earned income tax to \$1,550,000 which would knock the deficit down to \$167,000. This would be with all of the big cuts. She commented on the document scanning project for the office. She said the Township would be liable if anything happened to those records. There was a lengthy discussion about document scanning and how to reduce the cost of the document scanning by getting rid of documents allowed to be destroyed. Ed Porter discussed data and record retention management. J.P. Sanchez commented that it's document specific and date specific. J.P. Sanchez said he would forward the Record Retention Manual to Ed Porter.

There was a discussion about the advertising requirements for the budget. Public advertising would need to be done by December 2, 2015.

Joe Pomorski asked for public comment at this time.

Buddy Rhoades, East Fallowfield Township resident said we have a great Police Department and Road Department, He commented on the State Police presence in East Fallowfield Township and said the police all cover each other. He commented there are areas that cuts can be done. He specifically commented on cutting legal fees. He discussed other municipalities not having solicitors at meetings to cut legal costs. He commenting on putting insurance out to bid. He commented on needing a township manager and that there are grants we are missing out on. Mr. Rhoades talked about residents on social security and that they get no income increases.

Bob King, East Fallowfield resident, asked why Comcast is always behind in their payments. He also asked the Board why they can't work an agreement out with the Road Department. Joe Pomorski stated they are unionized. Mr. King commented on the \$10,000 in legal fees incurred to negotiate with the Road Department CBA. Steve Herzog stated once they vote to unionize, we can't talk to them.

Dennis Crook, East Fallowfield resident, commented that the Planning Commission had suggested bringing in additional money by charging a flat rate, such as \$100, hooked in with the trash fee. This would have a tax deduction option.

NEXT BUDGET MEETING: The Board of Supervisors set the next Budget meeting for November 24, 2015 at 5:30 pm.

3. Adjournment.

Joe Pomorski made a motion to adjourn the November 10, 2015 budget meeting at 6:36 pm. Mark Toth seconded.
VOTE: 5-0

Respectfully Submitted,

Lisa Valaitis,
Township Secretary