

EAST FALLOWFIELD TOWNSHIP
BUDGET MEETING
September 12, 2017 Unapproved minutes
5:30 PM

Members Present

Ed Porter, Vice Chairman
Carol Kulp, Member
Wilson Lambert, 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 Ed Porter called the meeting to order at 5:30 pm.

2. Budget Discussion.**Earned Income Tax:**

Pani Martin discussed earned income tax revenue trends. Last year's earned income tax revenue came in almost \$300,000 under what was projected. She is estimating this year's earned income tax to be at \$1.2 million. Ed Porter asked about the accounting of the earned income tax payments received in January and February. Ed Porter asked if the shortage was from the cash vs. accrual basis for accounting. Pani Martin stated the earned income shortage is not due to switching accounting methods. Pani Martin stated that with switching to cash basis whatever was received this year has been included in this year's income. Pani Martin reported the accounting method was changed in 2016. Auditors adjusted the 2016 books to the cash basis of accounting for the entire year. Ms. Martin commented that it's difficult to determine why earned income is down. It could be because people with higher incomes moved out of Township or residents are losing jobs.

Pani Martin stated the Township has done the best it can to limit expenses and the Board has been mindful in limiting costs. Pani Martin said she feels comfortable setting earned income at \$1.3 million for 2018. Pani Martin reported she is not anticipating this year to finish with a positive balance. The General Fund balance will cushion the shortfall this year. However, this will not help with 2018's budget shortfall.

Pani Martin stated the big discussion for the Board this year is municipal millage. Pani Martin stated she is still recommending the Board hire a township manager and it has been included in the 2018 budget.

Expenses - Discussion:

Legal Services - Other – Account 1404.20 – Ms. Martin stated at a previous meeting that Steve Herzog had stated that Siana Bellwoar recommended the Township budget \$50,000 for 2018 union negotiations. Both the Police Department and Public Works Department are up for negotiations next year.

Codification – Account 1407.50 – Ms. Martin included \$18,000 in the budget for codification based on projections from codification companies.

Act 537 – Account 1408.13 – Pani Martin tentatively set this at \$50,000. She said Herbert MacCombie's office will be meeting to discuss Act 537 and MS4 budgeting needs for this year and next year. They will provide cost estimates to the Township for the 2018 budget.

MS4 Permit Compliance – Engineering – Account 1408.11 – Pani Martin estimated the MS4 Permit costs to be \$30,000 for the 2018 budget.

Administration Budget – Pani Martin reported the administration budget is \$100,000 higher in 2018. The increase is due to \$50,000 budgeted for Act 537 and \$50,000 for legal expenses for union negotiations.

Police Department Expenses – Ms. Martin stated the biggest issue for the 2018 police department expenses is a medical coverage cost increase of 20%.

Vehicle – New Equipment – Account 1412.10 – Chief Porter stated he is requesting MVR's (video cameras) for two police cars in the budget for next year. A server is also needed to download the video. Every car purchased in the future would have the cost included. The cost for two car cameras and equipment for the server will be \$19,000. There was a discussion about whether cameras can be moved from one car to another and if the cameras are mandatory. Chief Porter stated they aren't mandatory. However, the cameras are important for officer safety and legal protection.

Chief Porter is also requesting the eCitation system which costs \$800 per car. There was a discussion about how many police cars are needed with two officers on duty. Chief Porter said they have six cars and need all the cars. The police cars wrack up a lot of miles and often need to be serviced due to high usage. Chief Porter briefly discussed the police cars, age and maintenance needs.

Vehicles – New – Account 1412.20 – Pani Martin stated Chief Porter has requested a new police vehicle for \$26,846 be included in the budget.

Repairs & Maintenance – Account 1413.25 – Pani Martin reported that the police station needs a new HVAC system. Chief Porter stated the police station needs a new heating system and he discussed the condition of the current heater. This account is budgeted for \$12,000.

General Roads – Account 1434.00 – Pani Martin stated she put \$60,000 in the budget for roads. The Board can adjust as they want.

Park Maintenance – Account 1435.10 – Pani Martin said she bumped park maintenance up to \$10,000. The Township has to rent port-o-potties which costs roughly \$2,000 a year. Park maintenance needs were briefly discussed. Ed Porter asked why this account is so high compared to prior years. Pani Martin stated the expense is higher because she stopped running park maintenance expenses out of the Park & Recreation Fund per the prior Park & Recreation Committee. That Committee stated the money in the Park & Recreation Fund is strictly for money matched for grants and not for park maintenance costs.

Subsidy to Fire Companies – Account 1410.40 – Ms. Martin stated she left the amount at \$100,000. She mentioned Battalion Chief Sly had recently been at a meeting to discuss the increase in funds needed by the fire companies. The Board will need to decide how much to budget for the fire companies.

Liquid Fuels Budget – Pani Martin reported the State is increasing the Liquid Fuels subsidy by \$14,000 next year. The total subsidy amount will be \$292,691.82.

Liquid Fuels – Account 1430.84 – Pani Martin stated she did the Liquid Fuels budget and put the remaining balance in roads.

The Public Works Department – Pani Martin stated the Public Works Department would like to purchase a new backhoe. The backhoe purchase is not in the General Fund budget because there is a Liquid Fuels fund reserved for equipment of \$107,000. Ed Porter asked Tag Gathercole what is wrong with the back hoe. Tag Gathercole discussed mechanics of the backhoe and he said it just cost \$17,000 to have it serviced. There was a conversation between the Board members and Tag Gathercole regarding the condition of the back hoe. There was also a discussion on the advantages of a skid loader. Tag Gathercole also stated they lost a TL-90 in a recent fire and that will need to be replaced.

2018 Overall Budget Picture – Pani Martin stated that she is showing a deficit of roughly \$470,000 for the 2018 budget. The biggest issue causing this deficit is the drop in earned income. Earned income will need to be dropped by \$250,000 to \$300,000. Ms. Martin suggested a millage rate of 6 and then cut it back each year. The Township can't raise costs for their services. Pani Martin stated there is a 12% increase in workers compensation. Ed Porter asked what can be done to straighten out this year's budget. Pani Martin stated the Township carries a balance in the General Fund that can be used to cover the current year shortfall. Ed Porter asked what that amount is. Ms. Martin stated there is potentially \$800,000 in the General Fund, however, she will check with the auditors on what cash balance is available.

Addressing Budget Shortfall:

Pani Martin stated cuts in expenses could be made to the budget to reduce the shortfall. She stated the Board can determine what amount to set for earned income tax revenue however she did request they set it no lower than \$1,300,000. There was a discussion between Ed Porter and Pani Martin regarding what expenses could be potentially cut to help reduce the budget shortfall:

- Township Manager – \$100,000
- Codification – \$18,000
- Act 537 – \$50,000
- Legal Services – Other – \$50,000
- New Equipment for the Police Department – \$30,000
- Vehicles – New – \$26,846.63
- HVAC – \$10,000
- Park & Recreation – \$5,000

Medical Insurance – Pani Martin discussed the medical insurance costs. She stated this cost can't be adjusted. Pani Martin stated there is a request coming from Chief Porter at the next meeting for a full-time officer. Medical Insurance costs for this is in the current year budget for \$10,000 -15,000.

Pani Martin stated the budget gets more fine-tuned every month as expenses become more accurate.

Ed Porter stated there are areas in which costs may change depending on the direction of the Board such as Act 537 costs. The Act 537 engineering costs could be reduced by doing a septic management program rather than putting in public sewer. Wilson Lambert discussed cutting costs in the area of Act 537.

Ed Porter stated there is potentially a \$170,000-\$200,000 deficit to figure out after taking out the flexible expenses.

Request to Hire Police Officer - Chief Porter stated he will be asking the Board to hire a full-time officer at the September 26, 2017 Board of Supervisors meeting. Chief Porter discussed the need for another full-time officer. Ed Porter asked why the four part-time officers aren't working. Chief Porter stated part-timers can't work to cover all needed shifts. Pani Martin discussed the requirement for having at least six officers in the medical insurance plan or the police will be kicked out of the plan. There are currently six full-time officers and six part-time officers. Chief Porter stated it is difficult to have two officers on duty 24-hours a day with the current staffing. Chief Porter stated he is not asking for anything new in the budget. He is asking to fill the seventh full-time officer position that is in the current budget. There was a discussion about police staffing needs. Ed Porter asked Chief Porter if he could reduce his part-time officer budget from \$100,000 down to \$75,000. Chief Porter stated he would go back to \$75,000 if needed.

2. Adjournment.

MOTION: Ed Porter made a motion to adjourn the budget meeting at 6:31 pm. Carol Kulp seconded.

VOTE: 3-0

Respectfully Submitted,

Lisa Valaitis,
Township Secretary