

EAST FALLOWFIELD TOWNSHIP
BUDGET MEETING
October 10, 2017 Approved minutes
5:33 PM

Members Present

Steve Herzog, Chairman
Carol Kulp, Member
Randy Doan, 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.

Chairman Steve Herzog called the meeting to order at 5:33 pm.

2. Budget Discussion.

Pani Martin presented the 2018 preliminary budget to the Board of Supervisors for review and action.

Summary.

Pani Martin reported the 2018 General Fund budget will face sharp increases in the cost of health insurance (20%) as well as worker's compensation insurance (12%). Earned income tax (EIT) continues to be the Township's primary source of revenue for the General Fund, accounting for 44 % of revenue for this budget (in previous years, it has been as high as 50% of Township income). Trash services account for 18% of revenue. If kept at the same level as last year, real estate mileage will only account for 16% of the Township's revenue.

Breakdown of Township Expenses.

Pani Martin presented the percentage breakdown of expenses:

- 42% of the budget is for police protection.
- 18% of the budget is for trash/recycling.
- 16% of the budget goes to the Public Works Department.
- 16% of the budget is for administrative.
- 5% of the budget goes to Fire/EMS (1% of it is pass through money).
- 3% is all other expenses.

Summary of Budget.

Pani Martin presented a summary of the remainder of 2017 and the 2018 budget. To end this year, the Township will be roughly \$73,000 short. This shortfall will be cushioned by the balance in the General Fund. As this budget stands, without further direction/action from the Board, there will be a deficit in next year's budget of \$355,000. Essentially this would be an unpassable budget. The majority of the deficit is from the decrease in earned income tax revenue. Ms. Martin stated she believes that the earned income tax figure reflected in the budget at this time is still high, but it is more realistic than the budgeted earned income tax over the past few years. Ms. Martin stated that in spite of the business cost increases, over the years the Board has directed the Township employees to focus on shaving the Township's operating budget as much as possible. There has been little to no room in the budget for any capital investments, plans for cost overruns or even for unforeseen expenditures. The Township has worked on

skimping where possible. At this point, cutting expenses will come at a cost to the services that we provide to residents and the community.

Pani Martin stated to get this budget to pass, the Board will need to choose a course of action. The options are as follows:

- Reduce services and/or cut personnel.
- Increase millage:
 - To just cover the deficit - 2 ¼ mil.
 - To cover the deficit and give more funding to Fire/EMS – 2 ½ mil.
 - To start planning for the Township's future (capital improvements, Township building, and planning for the future) – 6 mil.
- Look into the possibility of increasing the earned income tax percentage.

Summary of Budget Changes:

Pani Martin summarized the changes between this budget and last month's budget. Those changes were as follows:

- The Unemployment Compensation Board reduced the rate and brought that expense down by several thousand dollars.
- Earned income tax is down so cost for tax collection is reduced.
- Server upgrades was increased by \$960.
- Codification was decreased by basing the total cost on the least costly estimate from General Code. Supplementation of the 2016 and the 2017 ordinances were also added.
- The MS4 expense was decreased from \$30,000 to \$18,500 as per David Biloon.
- The Act 537 expense was decreased by \$40,000 per David Porter's estimate. The new cost estimates for MS4 are \$10,000 for 2018 and \$7,000 for the remainder of this year.
- The \$60,000 that was in the General Fund for road work was removed. All road work for 2018 will come from the Liquid Fuels Fund.

Discussion and Questions - Expenses:

Police Vehicle – New Equipment – Account 1412.10 – Steve Herzog asked what the \$30,000 in this account is for. Pani Martin stated it is for a new eCitation system and the installation of video cameras in three police vehicles.

Police Vehicles – New – Account 1412.20 - Steve Herzog asked what vehicle Chief Porter is looking to replace. Pani Martin stated Chief Porter is looking to replace the 2012 Dodge Durango.

Police Repairs & Maintenance – Account 1413.25 – Steve Herzog asked why this account went from a budgeted amount of \$3,000 up to \$12,000. Ms. Martin stated the \$12,000 is for a new HVAC system for the police station.

Pani Martin stated she'd like to budget for new doors for the file room and the front door to the office.

Pani Martin gave an example of a real estate tax estimate. Under the current tax millage rate of 1.25, the tax cost would be \$250 with an assessed property value of \$200,000. Randy Doan spoke about real value versus assessed value of properties.

Discussion on Options for Balancing the Budget:

Fire Tax – There was a Board discussion about the fire tax option. Randy Doan stated insurance companies will figure out which municipalities don't have adequate fire department coverage and raise rates. Steve Herzog discussed the option of implementing a fire tax to reduce the budgeted deficit in the General Fund. There was a discussion regarding how a fire tax would be split between Westwood and Modena fire companies. The Board discussed how to get the ball rolling on establishing a fire tax.

Increase Revenue – Wilson Lambert suggested the Township could increase revenue through collection of rental fees, which would include rental inspection fees and annual fees for rental properties. Rental inspections would fall under codes and annual rental property fees would fall under administration. Steve Herzog stated this would be complicated to implement and have legal implications. Steve Herzog stated he would be in favor of gathering information on it. Mr. Lambert stated he feels that other avenues for increasing revenue should be looked at before

raising taxes. Everyone should be paying their fair share. Pani Martin stated for the last 20 years, the burden has been placed on the Township's working residents through earned income tax.

Earned Income Tax – Pani Martin stated the Township's earned income tax revenue is down to 75% of what it was a few years ago. Raising the earned income tax percentage was discussed. Ms. Martin stated the Township Solicitor had indicated this would need to be done through referendum. Earned income tax can't be raised by the Board of Supervisors. Pros and cons of increasing earned income tax percentage was discussed.

Sell Township Owned Land – Steve Herzog discussed the option of selling Township owned land. The various Township owned parcels were talked about. Mr. Herzog requested a list of Township owned properties, the zoning of each parcel, and the assessed value of each property. Deeds of restriction would need to be considered as well. Pani Martin will put together a list of Township owned properties.

Office-Industrial and Multi-Use Zoning District – Dennis Crook stated that during the comprehensive plan process, options for increasing revenue such as a business privilege tax in the Office-Industrial and Multi-Use zoning districts had been discussed.

Budget Cuts – Wilson Lambert asked where cuts could be made to the budget if the Board had to make a few cuts. Steve Herzog stated the Board can make cuts but it would be at the detriment of services. Mr. Lambert stated he will do some fact finding regarding potential rental revenue. Steve Herzog will talk to the Solicitor about the fire tax.

Budget Meeting Schedule – Pani Martin stated the original plan/goal was to have the Board of Supervisors make a motion to advertise a proposed budget for public review at the November 14, 2017 Board of Supervisors meeting. That budget would need to be approved before the end of 2017. There was a discussion about future budget meetings. The Board scheduled an additional budget meeting on October 24, 2017 at 5:30 pm. A public notice will be published to advertise the October 24th budget meeting. Steve Herzog requested that Pani Martin prepare a tax rate analysis with dollar amounts for different tax rates at quarter millage increments. The Board of Supervisors' goal is still to motion to advertise a proposed budget for public viewing at the November 14th Board of Supervisors meeting.

Next Budget Meeting – The next budget meeting will be on October 24, 2017 at 5:30 pm.

3. Adjournment.

MOTION: Steve Herzog made a motion to adjourn the budget meeting at 6:25 pm. Carol Kulp seconded.

VOTE: 4-0

Respectfully Submitted,

Lisa Valaitis,
Township Secretary