

EAST FALLOWFIELD TOWNSHIP
BOARD OF SUPERVISORS MEETING
April 28, 2020 Approved minutes
6:32 p.m.

Members Present

Wilson Lambert, Chairman
Joe Heffern, Vice Chairman
Katja Dirado, Member
Carol Kulp, Member
John Nielsen, Member

Township Staff Present

Scott Swichar, Township Manager

Township Solicitor

Mike Crotty

1. CALL TO ORDER, SILENT MEDITATION, AND PLEDGE OF ALLEGIANCE

Chairman Lambert called the meeting to order at 6:32 PM.

2. DISCUSSION

A. OVERVIEW OF 2019 AUDIT BY CARL HOGAN of BBD, LLP

Mr. Hogan, of BBD, LLP, provided an overview of the 2019 audit process for East Fallowfield Township. He stated the Board of Supervisors received a DCED report that was submitted to the state, an annual condensed financial report that needs to be advertised in a local newspaper, and a professional standards letter that contains responsibilities of the Township and BBD as well as any significant audit findings. The Board also received a management report that identifies specific recommendations to strengthen internal financial controls. Mr. Hogan stated that the DCED report is the bare minimum audit report required by the state. East Fallowfield Township prepares its DCED report based on a cash basis of accounting. Mr. Hogan stated that the Township received a clean audit opinion meaning that the Board received financial numbers that were presented fairly throughout the year. DCED is considering upgrading the DCED report to reflect new governmental accounting standards. There are four main components of the DCED report: 1. the Balance Sheet which includes assets, liabilities, and the fund balance; The balance sheet includes the General Fund and Special Revenue Fund which consists of Liquid Fuels and Fire/EMS Protection Services. The General Fund is made up of General Fund and Park and Recreation Fund. The Special Revenue Fund consists of revenues that are appropriated for specific purposes, such as the Liquid Fuels Fund. The Township has a Capital Reserve Fund. Mr. Hogan stated that the Township moved the Trash Fund from the General Fund into its own separate Enterprise Fund. 2. The Income Statement is broken down into revenues and expenditures. There is a fund balance in the General Fund of \$1 million and a \$250,000 increase in the General Fund which reflected a net position of \$1.2 million at the end of the year. He stated that the Township's revenue position in 2019 was very favorable. The Park and Revenue Fund had an increase of \$30,000. Liquid Fuels Fund has a reserve balance of \$200,000, Fire/EMS protection has a balance of \$235,000, and Capital Reserve Fund had a balance of \$541,000 at the beginning of the year and \$700,000 balance at the end of the year. Refuse Fund is the new enterprise fund. There was an initial transfer of \$100,000 into the Refuse Fund and the fund had a positive cash balance of \$67,000. He stated that the Township has a multiyear plan for the Refuse Fund.

Mr. Swichar stated that the Township established a multiyear plan for the Refuse Fund in 2018. The plan was not to increase the \$275 trash fee for five years.

Mr. Hogan stated there is \$167,000 in the Refuse Fund. He stated the DCED report also contains 3. A Statement of Capital Expenditures which reflects expenditures related to street improvements and capital purchases. 4. Debt Statement reflecting that the Township does not have any general obligation notes or bonds, however the Township has capital leases for various public works and police vehicles. Mr. Hogan stated that East Fallowfield Township has good internal controls. In Kennett Township there was only one individual that had internal oversight of Township finances. Mr. Hogan referred to the Management Letter that stated East Township's internal controls include the management approval of invoices over \$250, the Board of Supervisors manually signing the checks, and only accepting cash payments of less than \$35. He stated that Management Letter reflects additional recommendations including township manager oversight and approval of bank statements prior to reconciliation. These oversight actions would mitigate possible online or ACH transfers.

Supervisor Nielsen questioned controls for credit card purchases and whether the Township Manager reviews credit card purchases.

Township Manager Swichar stated that he reviews all transactions on the credit card statements, including purchases under \$250.

Mr. Hogan stated that as part of the audit process, he examined credit card statements and payroll to ensure there is a review process.

Chairman Lambert questioned Solicitor Crotty whether the internal control recommendations on the Management Letter from BBD, LLP could be implemented immediately.

Solicitor Crotty stated yes.

MOTION: Chairman Lambert made a motion to implement the additional internal controls as set forth in the management letter of April 6, 2020. Supervisor Nielsen seconded.

VOTE: 5-0

Mr. Hogan stated the audit report was filed with the Department of Community and Economic Development (DCED) and assumed the report was approved. Mr. Swichar stated that BBD did an excellent job during the audit process.

B. APPROVAL OF MINUTES

MARCH 24, 2020 BOARD OF SUPERVISORS MEETING MINUTES

MOTION: Supervisor Dirado made a motion to approve the March 24, 2020 Board of Supervisors meeting minutes as presented. Supervisor Kulp seconded.

VOTE: 5-0

C. FIRE DEPARTMENTS & DEPARTMENT OF EMERGENCY SERVICES

- 1) January Westwood Fire Company Fire Chief's Report submitted for Board and resident review.
- 2) January Westwood Fire Company EMS Report submitted for Board and resident review.
- 3) 2019 Westwood Fire Company Year End Financial Report.
- 4) January Modena Fire Company Fire Chief's Report submitted for Board and resident review.

- 5) January Modena Fire Company Fire Chief's Report – East Fallowfield Calls Only submitted for Board and resident review.
- 6) Township Manager Swichar stated that an Emergency Management report was also submitted to the Board of Supervisors from Anthony Sirna.
- 7) A Resolution Establishing Public Safety Agencies and Areas

Battalion Chief John Sly, of Westwood Fire Company, stated that Westwood Fire Company has been working with Chester County and Emergency Operations teams to address COVID-19 response. He stated that Westwood's call volume is down since less people are traveling. He stated that Westwood Fire Company is unable to hold fundraising events such as bingo and he expects donations will decrease. He stated that Westwood Fire Company applied for a PPP Loan and received payroll funding as part of the federal stimulus package for career ambulance personnel.

Supervisor Dirado stated she appreciates the efforts of the Westwood Fire Company.

Battalion Chief Sly stated that Chester County requested that the Township pass a Resolution establishing public safety areas. Mr. Sly stated there are areas in the western portion of East Fallowfield Township that are close to Parkesburg that will be served by Medic 93. However, the Resolution had not been updated since 2013. The Township needs an updated Resolution

MOTION: Chairman Lambert moved that the Township approve Resolution No. 2020-09 establishing public safety areas and agencies. Supervisor Kulp seconded.

VOTE: 5-0

Mr. Sly stated that recruitment of volunteers is an ongoing issue which has been worsened by the COVID-19 crisis.

Vice Chairman Heffern questioned the minimum age needed to be a volunteer with the fire company. He stated that he is an assistant scout master and knows several individuals that might be interested. Mr. Sly stated that the minimum age to volunteer is 14. Junior firefighters can be 16 years old.

Township Manager Swichar questioned if the volunteer recruitment effort by Chester County Fire Chief's Association was successful.

Mr. Sly stated that as a result of the campaign, 27 people were recruited as volunteers. The volunteer recruitment effort was funded by a grant that expires in October 2020.

Supervisor Dirado questioned if fire training is available online.

Mr. Sly stated that training guidelines require hands-on activities.

Supervisor Kulp questioned if there is an online component.

Mr. Sly stated he would pass along the ideas to the County Training Center.

Chairman Lambert stated that an on-line training component might be needed at some point due to the pandemic.

D. TREASURER'S REPORT

- 1) March 31, 2020 Treasurer's Report.

MOTION: Supervisor Kulp made a motion to approve the March 31, 2020 Treasurer's Report as presented. Supervisor Nielsen seconded.

VOTE: 5-0

2) Payment Authorizations.

MOTION: Chairman Lambert made a motion to approve the Payment Authorizations for the period of March 25, 2020 through April 28, 2020 in the total amount of \$161,682.50 as presented. Supervisor Nielsen seconded.

VOTE: 5-0

Treasurer Pani Martin questioned if the Board approved transfers between General Fund and Trash Fund and Fire/EMS fund. Township Manager Swichar stated the transfers in the General Fund are from the Township's real estate tax and trash fee. \$619,850 will be distributed from the General Fund to the Trash Fund and \$375,000 from the General Fund to the Fire/EMS Fund. The total transfer amount from the General Fund into these two accounts is \$994,850.

Chairman Lambert questioned if the transfers will be included on the agenda.

Treasurer Martin stated yes.

Supervisor Dirado questioned where the transfer will be recorded.

Treasurer Martin stated the transfers will be recorded on the payment check authorizations rather than initiating the transfers electronically. The transfer will be reflected on the bank statement as well.

MOTION: Chairman Lambert made a motion to approve a transfer of \$994,850. Supervisor Kulp seconded.

Supervisor Nielsen questioned which fund the transfer is coming from.

Treasurer Martin stated the transfer is coming from the General Fund.

VOTE: 5-0

3) Fiscal Impact of COVID-19 Crisis on Township Financials (Presentation)

Township Manager Swichar presented an overview of the current pandemic on the Township's finances. He stated that the Township should not panic. There will be a negative impact on the Township's finances. However, the extent of the impact is unknown at this time. The largest impact will be on the Township's earned income tax (EIT). Mr. Swichar stated that the Township has substantial reserves. The Township had a good year last year. Mr. Swichar stated that the Township has approximately \$700,000 in the reserve fund. The Township had a good year in 2019, ending the year with approximately \$480,000 in surplus. The Township's reserves of \$700,000 are approximately 22% of the operating budget. At least 15% reserves are recommended. He stated the surplus will mitigate the financial crisis.

There is currently a \$717,000 balance in the capital fund. Unemployment spiked in April. Treasurer Martin stated that she was on a call recently with DCED. Pennsylvania unemployment could be 25%. She made EIT projections based on unemployment of 25%. The Township has received about 25% of earned income taxes to date. However, the Township could lose 25% of earned income taxes. The Township real estate tax revenues 85% has been received. The Township could potentially lose \$30,000 in trash revenue. Mr. Swichar stated that the Township is still receiving earned income tax revenues from the first quarter of 2020. The Township will not see the EIT decrease that began in April 2020 until at least August 2020. Mr. Swichar stated that they are unsure the extent of how

unemployment will affect earned income taxes, however they are certain that there will be a decrease in earned income taxes. There is no historical data. Mr. Swichar stated that other municipalities such as West Chester Borough that have parking meter revenues experienced an immediate loss of revenue and were forced to lay off employees. The Township is not in a dire financial position and should continue to monitor the situation. It will likely be a tough financial situation for the Township.

Supervisor Dirado stated that the Township should have a contingency plan and should make less purchases of equipment and other items.

Treasurer Martin stated that the Township needs its police force and public works force regardless of the pandemic. Most of the expenses are staff salaries.

Supervisor Dirado stated that purchases such as equipment could potentially be delayed for more than a year.

Township Manager Swichar stated that the budget has some cushion as the Township Secretary position and Public Works Laborer positions have not been filled.

Supervisor Nielsen questioned if the police have seen more calls and whether the police mutual aid agreement was signed.

Township Manager Swichar stated they have not seen an increase in crime as COVID-19 due to the Stay at Home order.

Solicitor Crotty stated the police mutual aid agreement was not yet signed by the county or other participating municipalities.

Treasurer Martin stated that a 25% potential decrease in earned income tax revenues would equal approximately \$300,000.

4) Credit Increase on Fulton Community Card

Township Manager Swichar stated that the Township has incurred more spending due to COVID-19 related safety purchases.

Treasurer Martin stated that trainings as well as Worker's Compensation payments have been placed on the credit card.

Supervisor Kulp questioned the amount of the credit limit and whether the spending typically reaches the credit limit.

Treasurer Martin stated that the credit limit is currently \$3,000 and the Township does not reach the credit limit every month. Police trainings can cost more than \$600 and a credit card is required for payment. Unemployment Compensation payments need to be paid online by credit card as well.

Supervisor Dirado questioned if Worker's Compensation payments are paid through the credit card.

Treasurer Martin said yes.

Supervisor Heffern questioned if the vendor charges a fee if the Township placing charges on their credit card.

Township Manager Swichar stated that they do not typically pay additional charges to use a credit card.

Supervisor Dirado questioned if the Township credit card is a rewards program.

Treasurer Martin said yes.

MOTION: Supervisor Nielsen made a motion to increase the spending limit on the Fulton Community Credit Card from \$3,500 to \$5,000. Vice Chairman Heffern seconded.

VOTE: 5-0

E. TOWNSHIP MANAGER'S REPORT

1. A Resolution extending the Declaration of Disaster Emergency issued on March 18, 2020

Township Manager Swichar stated that if the Resolution is not extended, it would officially terminate.

Supervisor Kulp questioned the purpose of the Resolution.

Township Manager Swichar stated the Resolution will be used to obtain reimbursement from PEMA and allows the Township to bypass the formal bidding process for emergency purchases.

MOTION: Supervisor Nielsen made a motion that the Township approve Resolution No. 2020-07 extending the Declaration of Disaster Emergency issued in East Fallowfield Township on March 18, 2020. Vice Chairman Heffern seconded.

VOTE: 5-0

2. Ridgecrest Escrow Release No. 2

MOTION: Vice Chairman Heffern made a motion that the Township approve Escrow Release No. 3 for phase 2 of the Ridgecrest Residential Subdivision, in the amount of \$47,505.86. Supervisor Kulp seconded.

VOTE: 5-0

3. Purchase of Grapple Loader Truck

Township Manager Swichar stated that original estimate for the grapple loader truck was \$145,875. However, the Township became aware of a leaf hopper feature that permits automated collection of leaves by mechanically lifting them into the body of the truck. The total cost of the truck with the leaf hopper is \$160,239.00 which includes delivery. The automated features will reduce the likelihood of injuries. The Township match will increase from \$15,523 to \$20,537. The Township will request reimbursement from DEP for \$139,702.

Supervisor Nielsen questioned whether the DEP grant is guaranteed.

Township Manager Swichar stated yes as the Township has a signed contract.

Supervisor Nielsen questioned whether the Township would keep the International Truck that is currently being used.

Township Manager Swichar stated that the truck is from 1998 and it is not worth very much. The Township is considering selling it or using it as a backup vehicle.

MOTION: Vice Chairman Heffern made a motion that the Township authorize the Township Manager to purchase a Ford F750 truck with a HDX-2030 Hardox body and Petersen TL3 Grapple Loader from the Capital Fund in the amount of \$160,239.00 from Eagle Truck Equipment, Inc. through the Pennsylvania Co-Stars Purchasing Program, which will include a 90% grant reimbursement from the Pennsylvania Department of Environmental Protection (DEP). Supervisor Kulp seconded.

VOTE: 5-0

4. Purchase of 62” Flail Mower

Township Manager Swichar stated that the flail mower attaches to the side of a tractor. The flail mower was originally budgeted in the 2019 Capital budget; however, the purchase was never made so it was moved over to the 2020 Capital Budget. The Township intends to trade in two old mowers. One of the mowers is inoperable and the other flail mower needs a lot of work. The mower would be purchased through Pennsylvania Co-stars. The total cost of the mower is \$20,185.60

Supervisor Nielsen questioned if the flail mower is new.

Township Manager Swichar stated yes. He stated the flail mower is used to cut grass on the side of the road.

MOTION: Vice Chairman Heffern made a motion that the Township authorize the Township Manager to purchase a 62” Flail Mower from the Capital Fund in the amount of \$20,185 through the Pennsylvania Co-Stars Purchasing Program. Supervisor Nielsen seconded.

Chairman Lambert questioned whether seasonal workers operate the flail mower.

Township Manager Swichar stated that the seasonal workers only operate the zero-turn mowers and weed whackers.

VOTE: 5-0

5. Donation to Coatesville Area Public Library

Township Manager Swichar stated that the Township budgeted an \$8,000 donation for the Coatesville Area Public Library in the 2020 budget. He stated that the library is not open to the public due to the pandemic. They expect to receive 10% less from State of Pennsylvania commonwealth funding. They expect to reopen in May. They have not laid off any staff. He stated the Board could consider continuing the donation, tabling the motion to later in the year, or reducing the size of the donation.

Supervisor Nielsen questioned if the Township could make a reduced contribution now and then reevaluate the situation later in the year.

Supervisor Dirado questioned if there is a deadline when they need the funding.

Township Manager Swichar stated that there is not a deadline.

Supervisor Nielsen stated that the Township should consider giving charitable donations to other organizations.

Chairman Lambert stated that there was a discussion earlier in the year about reducing the size of the donation to the Coatesville Area Public Library and giving some of the money to People’s Hall.

Supervisor Dirado stated that making installment payments is an option and that the Township should consider making a donation to Township organizations such as People’s Hall.

Chairman Lambert stated that the Township could also consider tabling the motion to make a donation.

Supervisor Nielsen questioned if the Township makes donations to other organizations.

Township Manager Swichar stated no. He stated that the Board had considered a donation to People's Hall, however the Township was waiting for an estimate to repair the building.

Supervisor Dirado questioned if the Township had made a donation to the Boy Scouts.

Township Manager Swichar stated that the project is an ADA-accessible boardwalk near the pond.

Vice-Chairman Heffern stated that the project directly benefits the Township park.

Supervisor Nielsen questioned if the additional funding for the ADA-accessible fishing pier will come from the Township's Park and Recreation Fund.

Township Manager Swichar stated yes.

Vice Chairman Heffern questioned if there is any urgency for the library to receive the donation.

Township Manager Swichar stated no. They want to receive the donation and when they reopen they expect to help residents with job searches.

Supervisor Kulp questioned if there will be construction at the library.

Supervisor Nielsen questioned if the library is installing an HVAC system.

Vice Chairman Heffern stated the Township should wait until later in the year to discuss the donation.

MOTION: Chairman Lambert made a motion to table the donation to the Coatesville Area Public Library. Vice Chairman Heffern seconded.

VOTE: 5-0

6. Summer Seasonal Employment: Recommendation to Hire Seasonal Public Works Employees

Township Manager Swichar stated that the seasonal public works laborers mow the grass.

MOTION: Supervisor Nielsen made a motion to hire Clayton Hubler and Robert Koch for part-time seasonal work in the Public Works Department at a rate of \$14.50/hour for the 2020 summer season. Vice Chairman Heffern seconded.

VOTE: 5-0

7. 2020 Preservation Partnership Program Grant Award Announcement (\$84,500 for Park Improvement Project)

Township Manager Swichar stated that the Township was notified of a \$84,500 grant award from the Chester County Preservation Partnership Program. He stated that the Township will receive \$79,500 for the prefabricated park restroom building and \$5,000 for trees at the park.

Supervisor Nielsen stated that he had contacted the Chester County Commissioners regarding the grant application.

Township Manager Swichar stated that the Township has received \$204,000 in grants to date for the project. Sewer Engineer Dave Porter is completing the bid specifications. The goal is to have the restrooms installed in the fall.

Supervisor Nielsen questioned if a location was determined for the restrooms.

Township Manager Swichar stated that the restroom will be located near the playground

Vice Chairman Heffern questioned if the park restroom will be on public sewer.

Township Manager Swichar stated yes.

Supervisor Kulp questioned if the grant money originates from taxpayers and then distributed as grants.

Solicitor Crotty stated that some grants come from fines. However, it depends on the grant.

Township Manager Swichar stated that some grants come from corporate fees. He stated that the if the Township does not apply for the grant funding, then another township would receive it.

8. New Business

Supervisor Dirado stated that the Township should not make any more purchases until August when the Township learns more about its financial condition. She stated she is not suggesting any reduction in personnel.

Supervisor Nielsen questioned if there are other capital expenditures that the Board should be aware of other than road paving.

Solicitor Crotty stated that the road paving would be covered by Liquid Fuels.

Township Manager Swichar stated that the South Caln Road and West Chester Road project bid opening is in May. The Township funding comes from the developer fund.

Supervisor Dirado stated she is referring to equipment and cars and that the Township should hold off on these purposes.

Chairman Lambert stated that there might be repairs needed. However, the Township might need to limit spending.

Vice-Chairman Heffern stated that Board already approves purchases. He stated that the Board should be made aware of expenses that are needed rather than removing it from consideration altogether. He stated that he does not believe that the Board should be making excessive discretionary spending.

Chairman Lambert stated that if a purchase if before them for consideration, they can always vote no.

F. LEGAL

1. Review of Senate Bill 841-Now Act 15 of 2020

Solicitor Crotty stated that Act 15 of 2020 was passed a week ago. The new law allows remote meetings, remote notarizations, provides a 30-day stay on statutory time-lines or zoning permits until May 20. After May 20, all parties must agree to an extension on a case-by-case basis.

2. A Resolution waiving the deadline of any penalty associated with the Township Real Estate Tax until December 31, 2020

Solicitor Crotty stated that Act 15 of 2020 allows the real estate tax discount period to be extended until August 31 and the penalty period to be waived until December 31. He stated that the Resolution allows for an extension of the penalty-free period up until December 31 to provide relief from financial hardship due to the current crisis. However, the proposed Resolution will not extend the discount period as the County indicated that the Township would need to notify taxpayers by mail and that the Taxpayers who already paid the face value would be entitled to a discount. This would create logistical issues.

MOTION: Supervisor Nielsen made a motion that the Township approve Resolution No. 2020-08 waiving the deadline of any penalty associated with the Township Real Estate Tax until December 31, 2020. Chairman Lambert seconded.

VOTE:5-0

3. Petition of Valley Township for a Declaratory Order Regarding the Provision of Wastewater Collection and Conveyance Service (Informational)

Solicitor Crotty stated that the Township received a copy of a petition from Valley Township. Valley Township provides sewer service to nine municipalities that fall in East Fallowfield Township and 30 homes total that fall outside of Valley Township. According to the Second -Class Township code and Public Utility code, they could be considered a public utility which requires numerous regulatory requirements. Valley Township requested a waiver to existing areas so that they are not considered a public utility. East Fallowfield Township does not have to take a position and no action is needed.

G. NEW BUSINESS

Chairman Lambert questioned Township Manager Swichar whether Modena Fire Company responded to a letter that the Township sent on April 16

Township Manager Swichar said yes.

C. PUBLIC PARTICIPATION

None

D. ADJOURNMENT

MOTION: Vice-Chairman Heffern made a motion to adjourn the April 28, 2020 Board of Supervisors Meeting at 8:34PM. Supervisor Nielsen seconded.

VOTE: 5-0

Respectfully Submitted,

Scott Swichar,
Township Manager/Secretary