

EAST FALLOWFIELD TOWNSHIP
BOARD OF SUPERVISORS MEETING
October 8, 2024 Approved Minutes

Members Present

John Nielsen, Vice Chairman
Katja DiRado, Member
Al Wright, Member
Mike Domboski, Member

Township Staff Present

Scott Swichar, Township Manager
Chad Osborn, Chief of Police
David Fiorenza, Treasurer

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

Vice Chairman Nielsen called the meeting to order at 6:34 PM.

2. TREASURER'S REPORT

1) Payment Authorizations.

MOTION: Vice Chairman Nielsen made a motion to approve the Payment Authorizations for the period of September 25, 2024 through October 8, 2024 in the total amount of \$409,243.31 as presented. Supervisor DiRado seconded.

VOTE: 4-0.

3. TOWNSHIP MANAGER'S REPORT

1) 2025 Budget Overview and Workshop.

Mr. Swichar stated that tonight is the budget work session where the first draft of the budget will be reviewed and discussed. October 22 is the first presentation of the budget. This is also an opportunity to make any changes to the budget November 12 is the second budget presentation. The board could authorize the advertisement of the budget. Per second class township code, the township is required to advertise the budget for at least 20 days before the final budget is adopted. Once the board authorizes the advertisement, the budget would then be available for public inspection. The budget would be placed on the township website and hard copies would also be available at the township building. Mr. Swichar stated that Budget adoption is currently scheduled for December 10. If the Budget is not approved for whatever reason,, there is another meeting scheduled for December 17. The budget must be adopted by December 31 per second class township code

Township Manager Swichar provided 2025 budget highlights. He stated there is no real estate tax increase proposed in the 2025 General Fund or Fire/EMS. This will be the seventh year that the township has not seen a tax increase in the General Fund.

There was a small increase in 2024 in the Fire/EMS budget which will be discussed during the presentation. The 2025 General Fund Revenues are \$3,209,768. This budgeted revenue is

\$195,212 greater than 2024 General Fund Revenue of \$3,014,556. This is largely attributed to increased Earned Income Taxes (EIT).

The 2025 General Fund EXPENDITURE Budget is \$4,079,420, which is \$1,064,864 greater than 2024 General Fund Expenditure budget of \$3,014,556. This sounds like a lot of money, however, the 2025 general fund expenditure budget includes a \$1 million interfund transfer from the general fund into the capital fund. This is reflected on line 492.18 in the general fund budget. When you remove the interfund transfer, the 2025 expenditure budget is only \$64,864 greater than the 2024 General Fund Expenditure Budget.

The Township has budgeted increases of 5% into insurance costs and operating expenses due to inflationary increases. Mr. Swichar stated that Township infrastructure is a high priority and the proposed capital fund budget reflects the need to make improvements. The Township budget includes \$425,000 for road paving, \$200,000 for Traffic Calming in Newlinville Village. The Township received two grants to fund the project, \$335,000 for repairs to the Saw Mill Road culvert pipe, and the township budgeted \$910,113 to replace the collapsed Mortonville Road Bridge and for safety improvements to the Frog Hollow Bridge.

The Township also kicked off a feasibility study for a new municipal complex this year. The Township budgeted \$12,050 for this expense in the capital fund

Mr. Swichar discussed comparisons between the 2024 adopted budget and the 2025 proposed budget. The proposed 2025 General Fund budget shows a small 2.13% increase of \$64,864 compared to the 2024 general budget. The increase does not reflect the \$1 million inter transfer from the General Fund to the capital fund to fund capital expenditures.

The Park and Rec Fund reflects the second to largest increase. The 2025 proposed budget is 26.75% larger than the 2024 adopted budget. The Township budgeted for a replacement of the swing set.

The 2025 Capital Fund reflects \$1,794,289 in spending versus \$996,244 in the 2024 capital budget. The increased spending reflects the major capital improvements planned for next year. The slide shows the ARPA fund in the 2024 adopted budget, but it is not shown in the 2025 budget as the township expects to draw down all the finding in 2024.

Mr. Swichar discussed revenue comparisons between the 2024 adopted budget and the 2025 Proposed Budget.

Mr. Swichar stated that Real Estate Property Taxes are the second largest revenue in the General Fund. The township budgeted \$818,211 in real estate tax revenue for 2024, and projects a very small increase of \$2,605 in the 2025 draft budget.

Mr. Swichar stated that the Township evaluates the real estate tax valuation of all properties in the township to help with projecting the budget for next year. The current valuation is \$427,508,574. The real estate tax valuation has increased by \$803,180 since last year which is a relatively small amount. You can see that the largest increases in valuation occurred in 2022 and 2023. These increases were likely due to the new construction developments that brought more real estate tax revenue to the township.

Mr. Swichar provided an overview of revenues and stated that the real estate transfer tax is the 1% paid to the township and 1% paid to the school district when a property is sold. The Township

budgeted \$140,000 in 2025 for the real estate transfer tax which reflects steady home sales in the township.

Mr. Swichar provided an overview of the Local services tax, known as LST. He stated that the LST is a \$52 a year fee for people that work in East Fallowfield Township. The township budgeted that the LST would be \$27,500 next year, which is a small \$2,500 increase over the 2024 budget.

Mr. Swichar discussed Building Permit revenue. He stated that this revenue has dropped off quite a bit in recent years as new construction development has pretty much stopped. In 2021, the township received \$344,000 and it was a record year. The Township budgeted \$120,000 in 2025. Township residents continue to renovate their homes and the Township expects some building permit fees from BAWA Fellowship as they break ground on new contraction.

Mr. Swichar stated that the Township's largest revenue is the earned income tax (known as 'EIT'), The Earned Income Tax is an income tax for Residents or non-residents working or living in the township. The township receives .5% and .5% goes to the school district. Mr. Swichar stated that the township budgeted \$1,550,00 in 2024. Based on the growth seen over several years and projections received from the township's collector, the township increased this expenditure to \$1,674,000.

Mr. Swichar reviewed the townships EIT revenues by quarter from 2019 to 2024. He stated that looking back to 2020, The Township expected that EIT was going to drop due to the effects of the pandemic, but the overall 2020 EIT revenue was actually higher than 2019. The only drop in EIT was during the second quarter of 2020 when the governor ordered a shutdown of businesses. The Township's EIT has increased every year since 2020, which reflects growth in wages. The growth in EIT between 2021 and 2022 was 8.7% which is fairly significant. However, the growth starts to slow down when you compare 2023 EIT to 2022 EIT. The increase in growth for these years was less at 2.9%. The Township has not completed 2024, but the Township expects that EIT revenues will be the same or slightly higher this year compared to last year.

Mr. Swichar discussed revenue from interest earnings. He stated that he has not discussed interest earnings in depth for a long time, mostly because interest rates have been low for the past several years and the township has made very little in earnings. Mr. Swichar stated the Township is now taking advantage of the higher interest rates. He stated that the township opened a Money Market account and started a Bank Sweep account at the beginning of this year. The township had budgeted \$7,500 in interest earnings for 2024, but actual interest earnings in 2024 are projected to be \$130,000 due to the township's sound financial decisions.

Mr. Swichar stated that the Township had budgeted \$80,000 in 2025 for interest earnings due to projected interest decreases.

Township Manager Swichar discussed General Fund administration expenses. The line item starts at 400 in the budget. This part of the budget includes salaries for administrative staff including the treasurer, health benefits, and items like postage and our copier that we need to run the township. Mr. Swichar stated that the 2025 overall administration budget is \$824,408 , which reflects a 15% increase over the 2024 administration budget of \$709,497. Mr. Swichar stated that there are a couple of reasons for this. The Township budgeted a sharp increase in codification of township ordinances, which is how we consolidate township ordinances. He stated that the 2025 budget also includes a large projected increase in legal fees due to the township holding the

fieldstone developer in default for not finishing the project. This legal expenditure is projected to increase from \$55,000 to \$120,000 in 2025. The 2025 budget also includes a medical opt out payment of \$9,450 for one administrative staff person. The township pays the employee the equivalent of 50% of the single rate. However, this is a cost savings to the township for not having to pay the full cost of health insurance. Mr. Swichar stated that the administration budget reflects a 3% increase for non-union administrative staff.

Mr. Swichar discussed the police budget starts at line 410. He stated that the 2025 police Budget is \$1,592,172 represents 50% of the General Fund budget. Mr. Swichar stated that the 2025 budget reflects 7 full-time officers (6 part-time officers, and one ft chief of police. He stated that staffing levels are budgeted to remain as they are now. Mr. Swichar stated that salaries are the largest expense in the police budget. The Townships is in the process of negotiating a new collective bargaining agreement which expires the end of this year. We've budgeted a 3% increase next year. Next is medical opt out, which is line 410.187. The township offers a medical opt payment for full time police officers who waive their medical coverage because they are on a spouse's plan. He stated that this a cost savings measure for the township. The township budgeted \$18,900 which represents the payment to two FT employees in the police department.

Mr. Swichar stated that the 2025 training budget (which is 410.460) was increased from \$15,000 in 2024 to \$17,000 in 2025. There is one officer who will be attending college this year. The CBA provides reimbursement for college education and this expense is reflected in the township budget.

Mr. Swichar provided an overview of the 2025 public works budget of \$506,058. Public Works is 16.0 % of General Fund budget. The 2025 Budget includes three FT laborers , One Road Foreman, and one part-time permanent laborer Salaries are budgeted to increase 4% in 2025 consistent with the collective bargaining agreement.

Mr. Swichar provided an overview of the Fire/EMS budget which starts at line 301 in the budget. There is no millage increase recommended in the Fire/EMS Fund. Mr. Swichar stated the township switched from the County to Berkheimer this year. The township has seen more efficient collections as a result of the switchover. The township has increased the fire/EMS budget from \$767,166 in 2024 to \$804,371 in 2025 which reflects the more efficient collections.

Mr. Swichar stated that the Township provides \$150,000 to each fire company (Modena Fire Company and Westwood Fire Company) providing fire protection to East Fallowfield Township for general fire operational purposes; \$66,400 subsidy to Modena Fire Company (EMS) and \$115,808 to Westwood Fire Company for EMS/Advanced Life Support (ALS); a Subsidy to Volunteer Association funded by the State as a pass through (Foreign Fire Insurance Tax). Mr. Swichar stated the Township will continue to set aside funds to each fire company) for capital purchases. \$73,200 (\$36,600 for each fire department)

Mr. Swichar discussed the Liquid Fuels Fund. The liquid fuels fund includes monies from the state used for maintenance, snow plowing, and reconstruction of township roads. The 2025 proposed liquid fuels budget is \$383,250 and expenditures are \$283,250. The township has budgeted the use of fund balance in the amount of \$16,671 to continue our goal of paving more roads. 2024 Liquid Fuels revenue is Budgeted at \$350,547 and expenditures are \$434,600. The proposed 2024 budget will use \$84,053 of reserves so that we can continue our aggressive road paving program. The 2025 winter services agreement which are monies from PennDOT to plow state highways has increased from \$35,462 in 2024 to \$43,459 in 2025.

Mr. Swichar stated that road paving is a high priority for the township: Prior to 2018, the township was barely spending \$100,000 a year, which meant the roads were long neglected and we are now playing catch up to get the roads in good condition. The township has been steadily increased the amount of paving road over the past few years. Mr. Swichar stated that in 2018, the Township was budgeting close to \$150,000 for road paving. In 2024, we spent \$364,049 to pave roads. The 2025 proposed budget includes \$350,000 for road paving, but also includes a line in the capital fund for \$75,000 additional in road paving. Mr. Swichar stated that the 2025 proposed budget recommends \$425,000 for road paving next year.

Mr. Swichar provided an overview of the Trash Fund. He stated that the administration is recommending no increase in the 2025 trash fee (which is currently \$450). Mr. Swichar stated that the Township went out to bid last summer, and awarded a 3 year Hauling Contract to the low bidder, AJ Blosenski. Mr. Swichar stated that 2025 will be the second year of a 3 year contract that includes 2 option years. The contracted hauling Expense will increase from \$727,176 (2024) to \$778,256 (2024) which is a 7% increase. Tipping Fees, which are disposal costs for solid waste paid to Chester County Solid Waste Authority, are projected to cost \$225,000 in 2025

Mr. Swichar stated that the Township projects that we will be able to keep the trash fee \$450 for 2025 and 2026. However, the township would need to re-evaluate the trash fee in 2027 as we are projecting that the township would begin to dip into reserves if the trash fee stayed at \$450 in 2027. Mr. Swichar discussed the three-year projection for the trash fee. He stated that the township projects no use of reserves until 2027 where we project using \$47,949 to balance the budget.

Mr. Swichar provided an overview of township's park and recreation fund. He stated that Township does not have a steady source of revenue in the park and recreation fund. There is no dedicated township recreation tax and the township has not been collecting fees for special events. Mr. Swichar stated that the only guaranteed revenue we receive for park and recreation are the \$1,500 fees paid from new construction. The last time we received a fee in lieu of was in 2022. The township has \$0 budgeted for the fee in lieu of as there are no major housing developments proposed. The Township has relied almost exclusively on revenues from sponsors and grant funding as a source of income. Mr. Swichar stated the Township will receive grant reimbursement from the county for the open space plan which was completed this past summer. He stated that he expects the reimbursement will come in during 2025.

Mr. Swichar stated there are several projects budgeted in the 2024 Park and recreation fund. The proposed budget includes \$26,267 for a replacement swing set. The township also budgeted \$12,000 for the successful summer concert series in the park and \$1,500 for landscaping and shade tree replacement.

The 2025 Total Proposed Budget for the Capital Fund is \$1,794,289. There is a lot of capital projects planned for next year, and the township budgeted a \$1 million transfer from the General fund in 2025 to the capital fund to pay for these projects. Mr. Swichar provided an overview of 2025 capital projects including a Newlinville Traffic Calming Project. The township received \$250,000 in grants to pay for the project, Peterbilt Dump Truck will replace a 2005 Freightliner that is starting to fail. A new truck will cost \$215,000 fully outfitted. The Township proposes to take advantage of extremely low interest rates from DCED or USDA to pay for the project over time. The township budgeted \$25,475 to replace an old generator at the township building which is needed by the public works department and administration.

Mr. Swichar stated that the township budgeted for a new F-250 pickup truck to replace a 2006 Ford F-250. A new outfitted vehicle will cost \$68,000, but the township is recommending a low interest loan from DCED or USDA to pay for the project. Mr. Swichar discussed the culvert pipe on Saw Mill Road which is failing and needs to be replaced. Mr. Swichar stated that the township budgeted an additional \$75,000 from the capital fund to pay for road paving (this is on top of the \$350,000 budgeted in Liquid Fuels). Total road paving in 2025 is budgeted at \$425,000.

Mr. Swichar discussed the New Township Building Feasibility Study that is currently underway. The township budgeted \$12,050. Mr. Swichar stated that the municipal complex will combine the police station and administration into one modern building. The township budgeted updating the township website (\$25,000); replacing the server in the administration building (\$12,000); Code enforcement software (\$30,000) to better track permits; Office Computers (\$5,200) to replace aging computers at the township building; \$68,000 for a new police vehicle. This vehicle will replace a 2017 Tahoe; \$890,000 to replace the Mortonville Road bridge that collapsed this year. And \$21,590 budgeted to provide guiderail safety enhancements to the Frog Hollow Road bridge.

Mr. Swichar discussed real estate tax millage history since 2016. He stated that 2016 was the first time the township had a township real estate property tax. At that time, Township set the General Purpose millage rate at 1.25 mills. In the 2018 budget, the Township increased the General Purpose township millage to 2.00 and also introduced a fire/EMS tax of 1 mill to fund fire and ambulance service. The township's millage was set at 3 mills in 2018. Mr. Swichar stated that that the township has not increased the general purpose millage for 7 years. The Fire/EMS millage was set at 1 mills in 2018 (.56 mills for fire/.44 mills for ambulance) however, in 2024, there was a small .75 mill increase in the Fire/EMS fund. The township raised the fire/ems millage from 1 mill to 1.75 mills.

Mr. Swichar states that Westwood Fire Company and Modena Fire Company were struggling to find volunteer fire fighters so the township added .69 mills to enable them to hire full-time staff firefighters. The .06 millage increase went to Westwood Ambulance to continue to provide Advanced Life Support (ALS) to the entire township. The .06 mills provided another \$49,308 to Westwood for the ALS service.

Mr. Swichar discussed what the average township resident pays for their township real estate tax as well as the trash fee. He stated that residents will complain that their tax bill is over \$10,000 a year. He stated that highest township tax paid to East Fallowfield Township is \$1,978 and that is for a property that is currently on the market for \$10 million and is assessed at \$1.46 million. Mr. Swichar stated that the average homeowner with a residential assessed value of 132,084 pays approximately \$495.32 for their township real estate taxes and \$450 for trash, which amounts to \$946.32. Mr. Swichar stated that \$132,084 is not the market price of your home, it is the average assessed value of you home. Some homeowners pay far less than \$964.32 and some pay more, it all depends on your real estate tax assessment. Mr. Swichar stated that Keep in mind that Township residents receive trash collection, 24x7 police protection, fire ambulance protection, road paving, access to a beautiful township park, recreation, free yard waste collection, and electronics collection as part of the services they receive.

Mr. Swichar discussed the distribution of real estate taxes. He stated that school district receives 84 %, Chester County receives 9%, and East Fallowfield Township (which is the smallest sliver in the pie chart) only receives 6 % of the total tax dollar.

Mr. Swichar stated that the Township expects to end 2024 with a Surplus in the General Fund. He stated that 2024 Revenue is projected to be \$3,314,767 compared to the 2024 Budgeted

Revenue of \$3,014,556. EIT, interest earnings, and building permits well exceeded budget estimates. The Township budgeted a transfer of \$400,000 from the general fund into the capital fund in 2024.

There was a board discussion about the proposed budget.

2) Revisions to Open Space, Recreation, and Environmental Resources Plan

Mr. Swichar stated that the township is at the end of the process for the open space plan. However, the board still has the option to make changes to the plan before advertising a public hearing to adopt it. There is a letter from the Planning Commission recommending the brownfield site remain in the plan.

There was a board discussion on the plan.

3) Advertise Public Hearing on November 26, 2024

MOTION: Supervisor DiRado made a motion to advertise a public hearing on November 26, 2024 to adopt the Open Space, Recreation, and Environmental Resources Plan as an amendment to the Township's Comprehensive Plan. Vice Chairman Nielsen seconded.

Supervisor Domboski stated the thinks we should adopt the plan as it has been presented.

Township resident, Jenn Wright questioned if any changes are being made.

Supervisor Domboski stated no changes are being made.

VOTE: 4-0.

4. PARK AND RECREATION

1) Resignation of Park and Recreation Member Christen Ali

MOTION: Supervisor Wright made a motion to accept the resignation of Park and Recreation Board Member Christen Ali with a term ending 2026. Supervisor Wright seconded.

Teri Dickinson	Chairperson	2021-2025
Clare Small-McEvoy	Secretary	2024-2028
Fred Weiss	Member	2022-2026
<i>Vacant</i>	<i>Member</i>	<i>2022-2026</i>
Robin Barnes Burdick	Member	2023-2027
Stephanie Scotton	Member	2023-2025
Jonathan Egger	Member	2023-2024

VOTE: 4-0.

- 2) Ms. Dickinson, chair of the park and rec board, discussed the 2024 Expense Report Submitted

There was a board discussion on park and recreation.

5. OLD BUSINESS

None.

6. NEW BUSINESS

- 1) There was a board discussion on Rate Hikes with Pennsylvania American Water and Public Utility Commission (PUC).

Mr. Swichar stated that he will contact Pennsylvania American Water, Public Utility Commission, and State Representative Sappey regarding a community meeting to discuss rate hikes.

Frank Cabray, resident of Brooks Crossing, discussed water rates.

7. PUBLIC PARTICIPATION:

John Riley, Township resident, questioned why the township does not rent out the meeting room.

There was a board discussion on renting the meeting room.

Mr. Swichar stated that he will discuss the possible rental of the meeting room with the township solicitor.

Shane Cloyd, township resident, discussed the topic of a meeting room at the proposed township building and camera footage in the meeting room.

Frank Cabray, Township resident asked a question about the server proposed in the 2025 budget.

There was a resident question about a bank balance in the park and recreation fund.

Shane Cloyd, asked questions about the township budget.

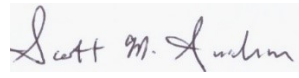
There was a board discussion at the budget.

8. ADJOURNMENT

MOTION: Supervisor DiRado made a motion to adjourn the October 8, 2024 of Supervisors Meeting at 8:50 PM. Supervisor Wright seconded.

VOTE: 4-0.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Scott M. Swichar", is displayed on a light gray rectangular background.

Scott Swichar,
Township Manager/Secretary