

FINANCE AND ADMINISTRATION COMMITTEE

November 23, 2015

Special Meeting

Present: R. Carlson, C. Quinn, M. Kirchgasser, B. Clark and T. Sander

Review of 2016 Draft Budget

Mr. Clark began with page 1 and reported that the operating budget projected revenue is \$4,275,608 and that this was less than what was projected last year with expenditures short by \$132,000. The 2015 budget expenses projected includes the balance due for the Roosevelt School and the Phase 1 & 2 Environmental Assessment studies. These were not originally projected for 2015. He noted that the sheet Mr. Sanders provided last meeting for how to pay for Roosevelt included about \$150,000 from the Park Facilities Fund but at this point, that money is not included for the purchase.

Mr. Carlson asked if there is anything left to do for the parks. Mr. Clark reported that there is money set aside for Sleighton and Smedley in the capital budget, with \$150,000-\$170,000 still available for other projects. Using those funds would cover the budget.

Mr. Clark went on to explain that he wished to talk with Council about the elimination of the staff engineer positions. There is now extra work internally so there may need to be some salary adjustments for current workers since the outside consultants don't do everything previously done by the staff engineer. Mr. Carlson asked if Brian Lank was still planning on retiring. Mr. Clark stated that he would be at some point in mid-2016.

Mr. Clark moved to page 5 and noted this gave the bottom line of various funds. He then noted that line 8 was the unobligated reserve funds. Mr. Clark reported that the Highway Improvement Fund is estimated to be \$573,000 at year end, minus the charges associated for the analytic work completed by McCormick Taylor. Mr. Carlson asked if it was the State's responsibility to complete the tasks necessary for improving the intersection of Rt. 1 and Rt. 452 since that intersection has been identified as one the State plans to improve. Mr. Clark said he was technically correct; however, if the Township has plans ready, then the State is more likely to move faster on the project. Mr. Quinn asked if PADOT made this suggestion. Mr. Clark stated that the State will continue to move at its own pace, but if there is less work for them to do, the project should move along faster. For instance, if design work can be completed that satisfies their requirements for right of way, frontage, etc., and there is a developer donation available too, then the project should be expedited. Mr. Clark stated that while the Township does not need to do this preliminary work, it would be beneficial to complete since it will help move the project along faster. Mr. Clark then reported that while Council earmarked the revenue from the LST tax for this specific project, they have no legal obligation to keep restrict the funds for this project.

Mr. Quinn asked if we projected this account to have \$600,000 at year end. Mr. Clark stated it was a little less due to the decline of employees at the mall; however, over time this fund will improve as business picks up.

Mr. Clark went on to report that the Recreation Enterprise Fund has \$336,000 and is mostly made up of proceeds from the golf outing and recreation fees for approved developments. He stated that if \$150,000 is taken out of Park Facilities for the funding of Roosevelt School, then this amount will decrease. Mr. Carlson asked if there is a gym at Roosevelt school. Mr. Clark answered in the affirmative, but noted it was small and would only be good for children's activities, like basketball or volleyball. Mr. Carlson stated that it would still warrant the use of this fund for the purchase. Mr. Clark agreed.

Mr. Clark reported that the revenue pages were reviewed in October and the only changes to this portion of the budget were to page 2, regarding the added cash fund balance projected at year end. He stated it was \$1,098,000 versus the \$770,000 originally budgeted. Mr. Clark noted more was collected than originally thought.

Mr. Clark reported that the beginning projected budget for 2016 is \$421,000 less due to the funding of the Roosevelt School. He felt this was a good start regardless and commented that if all budget assumptions work out perfectly, there should be a \$0 budget balance at the end of each fiscal year. Because the Township always budgets conservatively though, the Township always does better. Mr. Carlson agreed. He then asked if it would be necessary to do a bond issue for the repairs to the Roosevelt School. Mr. Clark responded that this would depend on how the school was used and what organizations were relocated there. For instance, if the Township Library goes into the school, then they may pay some of the costs associated.

Mr. Clark moved on to report on the expenses. He explained that there were previous concerns raised about the cost of employee health care and noted that the expense increase is mostly due to how many employees the Township had that are in the highest cost bracket. Mr. Clark expressed that this number should gradually come down as current employees leave employment with the Township. He asked Mr. Carlson if he had any other thoughts on how to control costs, noting a budget decision needed to be made by December although the policy renewal would go into effect February 1, 2016. Mr. Sander noted that the broker said the plan was essentially the same with no major changes. Mr. Clark agreed and added that the Township has already reached the maximum copay for in-patient hospital stays of \$500/day. Mr. Sander thought this went up and Mr. Carlson noted he thought it was possible it was increased to \$600. Mr. Clark stated that regardless, the Township has saved money in the long run by using a reimbursement plan for the hospital co-pay costs. Mr. Carlson explained that there were other programs available that could reduce costs; however, that would require switching providers. He asked if the broker showed the Township anything additional. Mr. Clark answered that he only showed other possible changes for life or disability; nothing additional for medical. Mr. Carlson felt that the Township

would not save a lot by making changes to life or disability as the majority of insurance expenses is with medical. While the Township could consider other providers for medical, that would require an underwriting process. Mr. Carlson felt there were not many more options available to consider.

Mr. Clark moved on to finance and tax collection. Mr. Sander noted that he wanted to talk to Mr. Galloway and Mr. Kirchgasser about reducing his schedule to 4 days a week. Mr. Clark stated that would decrease his salary appropriation by 20%.

Mr. Clark reported that there were no real changes to the solicitor's budget (page 30). While Ms. Merino is keeping track of expenses associated with this account, it is difficult to determine how much to budget each year, as the workload can vary greatly. The solicitor is paid by both the Township and also via escrow funds set up by developers for various projects. He stated that the Township account was over budget in 2015 so Ms. Merino assumed the same for 2016 and projected a budget of \$76,400.

Mr. Clark then went on to report that the engineering budget was similar to the solicitor's budget in terms of the unknowns. While the bulk of this budget will go to Kelly & Close for their consulting services, he noted that some funds would go to Cirilli Associates for structural studies. Mr. Clark also noted that Mr. Rothe is still being used occasionally as he closes out projects that were not finished at the time of his retirement. Mr. Clark felt it made sense to keep Mr. Rothe on for these projects instead of having to get Kelly & Close to start in mid-project. He reported that Mr. Rothe is almost finished with the projects that were still active at the time of his retirement. Mr. Clark reported that the budgeted amount of \$93,300 was accurate for 2015, which is why they used the same figure for 2016.

Mr. Clark moved on to report there were no significant changes to the buildings and grounds budget. While the cleaning service provider for the Township was replaced, there was not as dramatic of savings as originally thought.

Mr. Clark reported that the fire marshal budget was mostly made up of the hydrant expenses, but there is money set aside for an employee and emergency management planner. He noted that these positions were held off on previously due to the merging of Lenni and Lima Fire Departments. Mr. Carlson agreed that these positions should be budgeted for and if the Township does not move forward in 2016 with hiring, it could still do so in 2017.

Mr. Clark then reported that the Code Enforcement budget is now a fully contracted service. Since Mr. Ellis left mid-year, the figures reflected for 2015 are for only 4 months of the contracted services being billed to date. He noted that the staffing in the Township for this department is only Michelle Clancy. Mr. Clark estimated the inspection expenses to be \$7,200/month but noted it could vary. He was projecting \$73,000 for the year.

Mr. Clark reported there were no significant changes in the rest of the budget being presented at the meeting, but reviewed a few smaller accounts. He noted that the Township has not been happy with the response from its current animal control provider, but there was not really any competition in this area. He was aware that Chester County SPCA may offer these services and was having Ms. Merino look into it further. He felt it was likely she would recommend trying them for a year to see if they are more responsive than the current contractor.

Mr. Clark also noted that they are finishing up interviews for the Health Officer. He stated that the Township has used Springfield Township's Health Officer as needed in the past. He noted the Township spent \$9,000 for complaint responses in 2015.

Mr. Clark reported that there were no significant changes to the recycling budget and the needed \$216,000 was covered by collected fees.

Mr. Clark then reported that the Public Works budget was high due to winter overtime. Recently, the Township has been spending between \$28,000 to \$29,000 in overtime expenses, so he has increased the overtime budget from \$20,000 to \$29,000 for 2016. He also noted that they increased the amount budgeted for salt. \$67,000 was spent for salt in 2015. The Township planned to budget \$47,000 for salt in 2016, which was more than what was budgeted in 2015. He reported that resurfacing was kept at \$300,000. He noted that the road resurfacing line item expenditures on page 81 are large compared to the budget and stated this was due to the prior contract not being completed in 2014 due to weather. Therefore, 2015 reflects 2 years of work. 2016 should only be for 1 year of work. Mr. Clark also noted that the contracted services were increased from \$185,000 to \$240,000 due to the guardrail replacement project. While \$150,000 was budgeted for 2015, the project was not completed and would be carried over into 2016. Lastly, he noted that stormwater maintenance work also needed to be done in 2016. He stated this needed to take place at E. St. Andrews Drive, Country Village Way and Spring Valley Road.

Adjournment

This meeting was adjourned by Mr. Carlson at 6:35 PM.

Respectfully Submitted,



Amanda Allen, Recorder