FINANCE AND ADMINISTRATION COMMITTEE

November 30, 2015

Present: R. Carlson, S. Galloway, C. Quinn, B. Clark and T. Sander

Review of 2016 Draft Budget

Mr. Clark continued his review of the draft budget from the previous meeting, beginning with a summary of the Parks & Recreation budget. He reported that there is $325,000 set aside in reserve in the park facilities fund, which does not count the $150,000 that would be used to purchase the Roosevelt School. He also reported that the contribution from the general fund is less than last year, with the amount to balance needed being $124,000. The expenditures shown for this budget include trips in the amount of $337,000. The fees to offset this are $390,000, so the trips generated a profit of about $60,000. This money would be used to support other operations in the department.

Mr. Clark noted that the 2015 golf outing produced a net profit of about $10,000 and commented that the event did well this year. This money would go into the park facilities fund. If nothing else happens, there should be about $336,000 in the account at the end of next year.

Mr. Clark discussed some line items for Parks & Recreation. He explained that the money for park maintenance was in the general fund. Last year, $17,650 was budgeted and about $21,000 would be budgeted for 2016. The increase in price is due to plans to replace lighting at Lenni Park and replace the mulch at the Sleighton Park playground. Mr. Clark commented that approximately $4,000 revenue has been going to the capital budget for future work at Sleighton Park. This is the field permit fee that Rose Tree Soccer Club (RTSC) pays the Township for use of the fields. At some point, this money can be put into this account for maintenance costs. He noted that the bulk of work is completed by the Township's Public Works Department.

Mr. Clark reported that the Enterprise Fund for Parks & Recreation includes the estimated employee health insurance costs for the department. He noted he had a meeting set up with the Township's broker to discuss health insurance renewal further. Other than that, Mr. Clark stated there were not a lot of other changes for 2016.

Mr. Carlson asked what Senior Summer Recreation Supplies was for. Mr. Clark explained that it is one of the camps the Township runs in the summer for ages 11 to 13. While there were not a lot of children in the camp this year, the amount can vary each year. He noted that the Junior Camp is usually very well attended.

Mr. Clark brought to the Committee's attention the participant recreation line items on page 97. He stated that they were over budget on the cost for group leaders, ticket fees, etc. There would

be an increase of $40,000 to this projected budgeted activity but this would be offset similarly by an increase on the revenue side. The increase is high due to the volume of trip activity. He explained that the trip revenue was budgeted to be $395,000 but it actually took in $456,000. There were no additional questions about the Parks & Recreation budget.

Mr. Clark moved on to discuss the budget for the Library and noted they did not ask to schedule a presentation. He reported that the net effect of their request was an increase of $16,000 for the Township's contribution, which would bring their total budgeted amount to $179,000. He noted an error on page 111 regarding contributions and stated the $179,677 should be the 2016 proposed budgeted amount. The spreadsheet calculated that figure as $0.00 so he would need to double check the figures because the $179,000 would not have been included in the final numbers provided at the last meeting. He labeled this as a work in progress and emphasized that if the Township was not purchasing the Roosevelt School, it would have seen an excess revenue of over $800,000 at year end.

Mr. Carlson asked how much was left to do at Sleighton Park and Mr. Clark responded that there is almost $190,000 available for future improvements. He explained that the one major project still to do was the addition of a gazebo/covered area and restrooms. He noted that there may be an opportunity to have the funding for this project assisted by RTSC. Mr. Quinn agreed that could be a possibility and Mr. Carlson asked if some of the money available for future improvements could be used elsewhere. Mr. Clark stated that was a possibility and that the money set aside for Sleighton was just in case it was needed there. Mr. Carlson suggested using $120,000 of this money towards the purchase of Roosevelt School since that is related to recreation. Mr. Quinn agreed. Mr. Carlson noted that would make the deficit less than $50,000. Mr. Clark commented that was something to consider.

Turning the conversation back to the Library's request for additional money, Mr. Clark stated that one item for the increase appeared to be additional funding for wifi and a software firewall. He did not want to speak for the library though, so offered no further comment on their requests.

Mr. Clark then moved on to debt service and explained these were expenses for fees associated with accepting credit card payments and paying agent fees for bond issues. He noted that Mr. Sanders outlined the bond service payments on pages 114 and 115 and that they were also covered in the capital budget projections. He then discussed general government expenses and noted an increase of $10,000. This was due to the contribution to the pension plan decreasing since it is better than fully funded.

Mr. Clark reported that the workers compensation budget estimate is the same; however there is a slight increase for liability insurance.

Mr. Clark moved on to reported that there were no significant changes to the volunteer fire package and noted that while the Lenni Fire Company building is not being used at present, it is

still part of the policy since it was unknown how this building would be used in the future. Mr. Quinn asked if the Township owned the building and Mr. Clark answered in the negative, stating the Township only covers the cost of insurance since it is still a liability even when vacant.

Mr. Clark reported that the money collected from the LST tax was $285,000 in 2015. It is projected to be less in 2016 due to the closure of the mall stores; however, the tax should pick up once the new stores open.

Mr. Clark reported the contingency line item had $25,000 in it and if it was not used, then it would go towards the open cash balance for 2016.

Mr. Clark stated that completed his summary of the general fund.

Mr. Carlson noted that Mr. Sander stated the Township's Health Insurance broker was going to shop around from disability and life insurance at a previous meeting. Mr. Sander confirmed this and noted the broker didn't like the increase that was provided for the renewal. Mr. Galloway asked how many employees were on the health plan. Mr. Clark stated either 18 or 19, and commented that this number decreased since MTSA and the Library are no longer on the Township's plan. Mr. Sander noted that while only 18-19 employees are on the plan, the Township has over 40 employees if part time workers were considered.

Mr. Galloway asked if the Township only insures the employee or if family coverage is available, and inquired if employees pay a portion of the plan. Mr. Clark reported family coverage is offered and that the Township pays 100%. Mr. Carlson suggested looking into having the employees pay a portion of the plan, especially those with dependent coverage. Mr. Galloway instructed Mr. Clark to provide the Committee with a list of who has what coverage. Mr. Clark commented that the increase in price for insurance is due to the Affordable Care Act changing the rating method. The renewal is not based on the Township being individually rated. Mr. Carlson noted he would look at the insurance renewal and consider some possibilities on how to lower the cost to the Township. He noted he would look at other municipalities his firm serves to see how their insurance plan compares to Middletown Township's. Mr. Clark stated he would ask other township managers as well.

Mr. Clark moved on to report on the capital budget. He began by explaining that page 3 was various projects that are projected through 2021. He stated the first 3 were debt service costs, which included Sleighton Park and the Smedley Tract. He noted that there was a decrease in the debt service for Smedley in 2015 and 2016 due to the savings from the refinancing.

Mr. Clark reported that the data processing replacement was necessary to keep IT devices current. In terms of building improvements, there were still some things to be done. For instance, resurfacing the parking lot at the Township building was necessary. Mr. Clark also

noted that GIS mapping is an ongoing issue. Mr. Rothe used to do this work, but in his absence, the Township will need to determine how to best update this system.

Mr. Clark moved on to report that the $13,550 balance in the Highway Improvement Fund is for the payment of the second phase design analysis for Rt. 1 & Rt. 452 intersection improvements. This would be paid from the LST. He also reported that a "placeholder" in the amount of $150,000 for improving the Darlington Road Bridge is accounted for. This is projected to take place in 2018 and 2019, and now that the County is finished with the Old Forge Road bridge, the Township can begin looking at the improvements to this bridge. He noted that the estimate of $150,000 was provided years ago and would need to be reviewed.

Mr. Clark reported that the cable tv/audio equipment is also a place holder and that this money could be used to update the audio system in the public meeting room.

Mr. Clark went on to report that the estimated $275,000 for the Smedley Tract is from the funds left from the County's Renaissance Grant. He stated this could be used for the first phase of improvements but that he was unsure of the costs for this phase. It is possible the first phase may need to be supplemented from other sources.

Mr. Clark moved on to report on the Fire Apparatus Fund, and stated that money from this account was used to pay off project debt services to replace several pieces of equipment at all three fire houses in the early 2000s. He stated that there was a balloon payment for this purchase set to take place in 2016, 2017 and 2018, but there was money set aside in a sinking fund for them. Mr. Clark reported that the truck purchased last year was with cash, which is why the funds are low in the account at present. He noted that he was unsure about Mr. Kirchgasser's discussions with the Township's fire departments over the next types of purchases needed. Mr. Clark stated that an increase of funds to this account was likely needed in order to build it back up for the next purchase. He projected the account to be about $500,000 by 2017. Mr. Clark commented that these types of vehicles are getting more expensive, so it was possible the $500,000 would only cover the cost of purchasing one fire truck.

Mr. Quinn asked if there was enough funding to cover the costs in the sinking fund for the balloon payment. Mr. Clark answered in the affirmative, commenting that there should be a balance of about $5,000 in the sinking fund account after all payments were made towards the balloon fund.

Mr. Clark went on to comment that page 14 of the pink pages reflect the same types of projects for everything but the fire apparatus funds. Mr. Quinn asked if it was accurate that the Township was only about $34,000 short. Mr. Clark stated that Mr. Sander has reviewed this and the numbers may actually be closer. He noted that there are still a few more years to look at this though.

Mr. Clark stated the rest of the projects shown on the summary of page funded out of the capital program are included on page 14 as withdrawal totals. He reported that with money going in from debt service, there would be a high ending balance so there would be some flexibility with projects, like Smedley or the Roosevelt School. He described the budget as in decent shape for the future.

Mr. Clark also noted that while there was a substantial amount of money shown as set aside for Sleighton Park and the Smedley Tract in 2016, this was really only to act as a placeholder since the projected expenses were conservatively estimated. Mr. Carlson noted the $120,000 for Sleighton Park could be used elsewhere and asked the overall cost of the Sleighton Park improvements. Mr. Clark estimated about $1,100,000 to date.

Mr. Galloway asked for next steps in regards to the budget for 2016. Mr. Clark stated he would have more accurate figures for health care costs next week and would be transferring the $150,000 to help cover the majority of the $179,000 library budget omission. He would also need to look at salaries for 2016 and noted the Cost of Living for the upcoming year was quite low, with only an increase of 1.1%. He planned to look at data from other municipalities to determine the cost increases for the Township and noted that he has already received some information that shows area municipalities are providing increases of between 2% and 3.125% for 2016.

Adjournment

This meeting was adjourned by Mr. Quinn at 6:21 PM.

Respectfully Submitted,

Amanda Allen, Recorder