

MINUTES

NOVEMBER 7, 2018 -- SPECIAL BUDGET MEETING

LOWER SWATARA TOWNSHIP BOARD OF COMMISSIONERS

The November 7, 2018 Special Budget Meeting of the Lower Swatara Township Board of Commissioners was called to order at 6:15 P.M. by President Jon G. Wilt. President Wilt called for the pledge of allegiance followed by a moment of silence.

Roll call was taken with the following officials in attendance:

- Jon G. Wilt, President
- Todd F. Truntz, Vice President
- Michael J. Davies, Commissioner
- Ronald J. Paul, Assistant Secretary
- Christopher DeHart, Commissioner
- Elizabeth McBride, Manager
- Jean R. Arroyo, Secretary
- Peter R. Henninger, Solicitor
- Andrew Kenworthy, HRG
- Rebecca McClain, Accountant

Residents and visitors in attendance:

PLEASE SEE ATTACHED SIGN-IN SHEET

President Wilt welcomed everyone to this evening's Special Meeting, which is to publicly review the preliminary draft of the 2019 General Fund Budget document. He turned the floor over to Commissioner Davies, Budget & Finance Chairman.

Commissioner Davies stated that he will be presenting a PowerPoint of the 2019 preliminary budget (SEE ATTACHED). He commended Ms. McClain and Ms. McBride for helping put this together. First discussed was an overview of how this budget was developed. Departments prepared their baseline budgets for current services and for potential additional resources. These budget proposals were reviewed and analyzed with department staff and management. Budget meetings were then held with the Budget and Finance Chairman (Commissioner Davies) and Vice Chairman (Commissioner Paul). The budget that will be presented tonight is a balanced one, with no additional tax increases.

Budgeted revenues were reviewed. The largest category is Real Estate Taxes, followed by Local Enabling Act 511 Taxes, and then Licenses & Permits. Intergovernmental Grants are up this year, as the Township continues to take advantage of grant opportunities that are available. Total projected revenues amount to \$7,202,428, which is up 6% from 2018 total projected revenues of \$6,798,309. Commissioner Davies referenced a pie chart depicting budget revenues and again stated the largest wedge is Real Estate Taxes. He added that the Interfund Operating Transfers includes money that comes in from the Capital Improvement Fund, the Recreation Fund for the bleacher replacement project at Little Hollywood, and the OPEB Fund to deal with retired employee benefits. It also includes possible money for stormwater revenues, if and when a fee is put in place on property owners for impervious surfaces. Commissioner Davies reported that tax revenues are slightly down, and noted that Real Estate Taxes are a bit down, and that has to do with property owners appealing the assessments of large properties in the Township. This is a legal process that is done on a routine basis by larger property owners. The Real Estate Transfer Tax is up a bit. This is a 2% tax; the state receives 1% and the other 1% is split evenly between the Township and School District. Whenever a large piece of property is sold, there will be an increase in this category.

Budgeted expenditures were reviewed. General Government increased 22.60% in 2019, largely due to an integrated software system and updating an outdated server and workstations. This software will allow the departments to use the same vendor, and each part will be able to communicate to the other. This budget also includes a new website design for the Township which will be interactive and smart-phone friendly, giving the users easier access to information. There is also projected to be an increase in the MMO (Municipal Minimum Obligation) for the pension plans, as per calculations of the actuary. The budget provides for some additional employees: one general government employee and two from the police category.

The significant decrease in the Culture and Recreation is due to the fact that the Old Reliance and Shope Gardens playground will be completed by the end of 2018. Included in this category are the expenditures for the MARA Director and the Township's contribution to this group which will replace the Olmsted Regional Recreation Board. Commissioner Davies called attention to the pie chart illustrating budgeted expenditures. The largest pieces of the pie are Public Safety and Public Works, followed closely by General Government. An additional police officer is budgeted for 2019. One is also anticipated to be brought on by the end of 2018. The Police

Department did recently acquire a new vehicle to give a bit more breathing room in the 2019 budget. The 2019 budget includes the purchase of new radios for the Police Department vehicles to continue the department's progress towards the new requirements. The Public Works Department also has a new position budgeted – an MS4 Coordinator/Public Works Assistant Director. The proposed budget provides for the replacement of the Township's deteriorated salt shed as well as installation of bleachers at Little Hollywood Park.

Commissioner Davies summarized that the budget presented is balanced, and no tax increase will be required. Revenues and expenditures are both projected at \$7,202,428. He referenced one point of interest is the MS4 expenditures, which are up from last year. This is the category which would utilize funds from an impervious surface fee. Right now, the Township would really only need to come up with \$288,500. He referenced the Interfund Operating Transfer line, which is an \$80,000 transfer to reserve. Rather than make that transfer to reserve, this money could help cover the MS4 costs if the Township decides not to implement an impervious surface fee this year. Commissioner Davies stated the Township does have a little bit of breathing room with the MS4 expenditures. He stated that his personal observation is that the Township is not under the gun at this point in time.

President Wilt referenced the additional personnel included in this draft budget. He noted that he was not involved in discussions about this, and stressed that inclusion in the budget does not make the hiring automatic. Any hiring will need to go through the normal channels, and be approved at the appropriate time. Commissioner Davies stated he realizes the Personnel Committee would need to be involved in this process. These were included as a best case scenario, and were added after discussion with the department heads and management.

Commissioner DeHart stated that he has questions about several line items. He questioned line 01-401-450 (Executive) Contracted Services and asked if this is for the new software vendor and if this includes grant money. Ms. McClain confirmed that there is planned grant money in the revenue category, and if the grant money is not approved, this purchase should still be doable. This expenditure also includes employee training on the new system. Commissioner DeHart stated that this expense should increase long-term efficiency. He then addressed line item 01-409-250 (General Government Buildings & Plants) Maintenance Contract. He asked if that amount, which is the same as last year, includes a monthly service fee if the Township obtains a new security system. Ms. McBride agreed to look into this. In reference to line 01-409-740 (General

Government Buildings & Plants) Major Equipment and Machinery, Commissioner DeHart referenced notes about upgrades to the HVAC system. He noted that \$100,000 had been budgeted this year, but not much was done. \$60,000 is now budgeted for next year. He asked how much was actually upgraded, and asked if a piece-meal approach is being taken. Ms. McClain explained that the \$100,000 shown in the 2018 budget covered both the security system and the portion of the HVAC to be done in 2018. The \$60,000 shown in this budget is the continuation of the HVAC upgrades in 2019. Commissioner DeHart asked the purpose of line 01-411-140 (Fire) Salaries, Vehicle Maintenance and asked what this \$450 would be used for. Ms. McClain explained this is in the event that the Township mechanic would need to perform emergency repair work on a vehicle. She confirmed that this has never been needed. Commissioner DeHart also noted that in the past, the Township used to do a procedure audit of the Fire Department. He stated it has been a few years now, and perhaps it should be done again. Ms. McClain stated that she believes there was actually a full-blown audit done in 2016. Commissioner DeHart addressed line 01-415-265 (Emergency Management) Major Equipment which shows an increase of \$500. The EMA will have the same issues as the police pertinent to radio upgrades. He asked if any radio replacements were included to start the replacement process for the EMA. Commissioner Davies stated that while it is purely speculative at this time, there is talk about a donation being made for this replacement. Commissioner DeHart suggested replacing at least one, and possibly two, of these EMA radios yearly. The same goes with the Public Works radios, although these will cost substantially less due to the design needed. Vice President Truntz added that it is his understanding that part of the reason for holding off is that the County hasn't made a final decision on the frequency. Once that decision is made, there is the possibility that the County may provide the radios. Commissioner DeHart stated that after reviewing the budget, he could not find anything regarding the paving of any Township roads. Ms. McClain explained the paving will actually be included in the liquid fuels budget rather than this budget. She noted that there is \$600,000 budgeted. Commissioner Davies shared the concerns about paving, and stated he would like to see some done early in the year if possible. Ms. McBride explained that there was discussion about simply seal coating and crack sealing for next year. However, after further discussion, it was felt paving should be done. The problem is with MS4 and improvements under the roadway; it wouldn't be wise to put in new asphalt only to have it ripped up the next year. She noted there is intention to pave next year, but a definite list of streets cannot be named at this point, not until stormwater plans are determined.

Commissioner DeHart referenced comments made from HRG regarding costs to just maintain the streets, and stated that many have not been paved for years, which is not good. He suggested the Township look at roads which may not be involved in an MS4 project, and expressed particular concern about Longview Drive. Commissioner Davies agreed that Longview is also one of his concerns, and stated he doesn't think this road will be involved in a MS4 project.

Commissioner DeHart thanked Commissioner Davies and staff for the time and effort put into this document.

Dr. George Sloan suggested the Township work with him to get a team together and set up a meeting with Dr. Ben Carson in Washington to discuss financial opportunities available for needs such as stormwater issues, fire, police, etc.

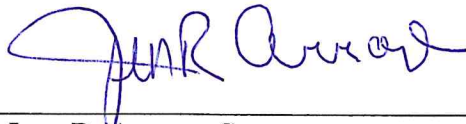
Chet Hartz, North Union Street, stated that he was in attendance of the special joint meeting regarding MS4. At that time, a budget of 1.5 million dollars was discussed. He asked if this budget reflects anything towards the MS4 budget that is being recommendation by HRG and the assessment of between \$8.00 and \$9.00 per household. Commissioner Davies responded that he believes there are some costs reflected in the \$288,500 line item. The Township is not yet in a circumstance where it would have an asset transfer, so this budget does not reflect the full implementation for 2019. Solicitor Henninger agreed that this will end up being under the Municipal Authority end, but the budget has not yet been set for this. There is another meeting of the MS4 advisory tomorrow evening at 6:15 P.M. This meeting is open to the public.

Commissioner DeHart referenced the increase in budget line item 01-400-470 (Legislative Body) General Expense. Ms. McBride confirmed that this is for plans to do two newsletters as well as an upgrade to the Township website. She added that the newsletter will be in addition to any MS4 mailings. Commissioner DeHart stated he feels that it is very important to do at least two newsletters yearly.

ADJOURN:

Hearing no further comments, a motion was made by Commissioner DeHart, seconded by Vice President Truntz, to adjourn the meeting. The motion was unanimously approved, and the meeting adjourned at 6:58 P.M.

ATTEST:

A handwritten signature in blue ink, appearing to read "Jean R. Arroyo", written over a horizontal line.

Jean R. Arroyo, Secretary

PLEASE PRINT NAME CLEARLY

NOVEMBER 7, 2018 SPECIAL BUDGET MEETING – 6:15 P.M.

NOVEMBER 7, 2018 WORKSHOP MEETING – 7:00 P.M.

Name/Organization	Address/Contact Information
marjie Hartz	2142 N. Union St
Dr George Sloan/Cheryl	126 Sparrow Rd
Tracey Bechtel	2 Berkley Dr
Doc George Sloan	
Jeffrey Ash	5 Ray Rd
Nancy Airolese	N. Union St
Laura Hays	Presst Journal
Dale Messick	101 Greenfield Dr
Debbie Hirsch	702 Melanre Lane
Kare Higgins	2096 Powderhorn
DM Wagner	915 Chalkin Rd
John Weikle	LSFD
Mark Stanley	MWN / UPS
Evin Rancine	NAI CPI
Thms Hays	" "
Kan LeBlanc	UPS
Ovidio Lizama	UPS
Don Secary	SSA
JOHN MASON	Pennstott Hamburg
GRETA HELZMAN	SSA

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FY 2019 TOWNSHIP BUDGET

GENERAL FUND BUDGET PRESENTATION

LOWER SWATARA TOWNSHIP
BOARD OF COMMISSIONERS
NOVEMBER 7, 2018

BUDGET DEVELOPMENT

- ▶ Departments prepared baseline budgets.
- ▶ Departments developed budget requests for current services and for potential additional resources.
- ▶ Budget proposals were reviewed and analyzed with department staff.
- ▶ Budget meetings were held with the Budget and Finance Chairman and Vice Chairman.

BUDGETED REVENUES

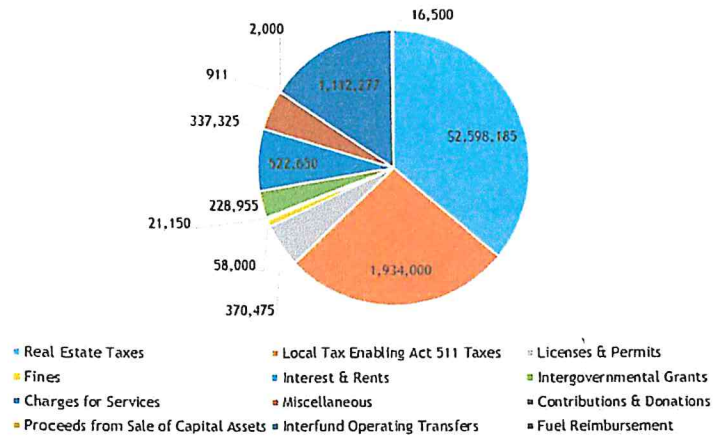
	FY 2019	FY 2018	% Change
Real Estate Taxes	\$ 2,598,185	\$ 2,500,742	3.90%
Local Tax Enabling Act 511 Taxes	1,934,000	1,956,000	-1.12%
Licenses & Permits	370,475	357,310	3.68%
Fines	58,000	60,000	-3.33%
Interest & Rents	21,150	9,750	116.92%
Intergovernmental Grants	228,955	188,818	21.26%
Charges for Services	522,650	233,460	123.87%
Miscellaneous	337,325	247,510	36.29%
Contributions & Donations	911	1,000	-8.90%
Proceeds from Sale of Capital Assets	2,000	10,000	-80.00%
Interfund Operating Transfers	1,112,277	1,217,222	-8.62%
Fuel Reimbursement	16,500	16,497	0.02%
	<u>\$ 7,202,428</u>	<u>\$ 6,798,309</u>	<u>5.94%</u>

Interest and Rents increase 116.92% in 2019. This is due to higher interest rate being offered to the Township by the bank and also allowing outside association to rent Township fields for weekend tournaments.

In 2019 the Township expects to receive grant monies to offset a portion of an integrated software system and the MARA Director.

Charges for Services increased 123.87% in 2019. The increase can be attributed to some larger projects submitting for permits. The projects include an expansion at Hershey Creamery and UPS.

BUDGET REVENUES (CONTINUED)



As seen in the previous slide the biggest pieces of the revenue pie are Real Estate Taxes, Local Tax Enabling Act 511 Taxes and Charges for Services.

BUDGET REVENUES (CONTINUED)

- Real Estate Taxes and Act 511 Taxes account for approximately 63% of General Fund 2019 Budgeted Revenues.

G.L. #	Account Title	2017 Budget	2017 Actual	2018 Budget	2018 Actual 9/30/2018	2019 Budget
REVENUES						
01-301-100	Real Estate Taxes - Current	\$ 2,114,699	\$ 2,150,595	\$ 2,113,626	\$ 2,291,722	\$ 2,199,814
01-301-400	Real Estate Taxes - Delinquent	72,000	66,560	60,524	35,874	60,151
01-301-500	Real Estate Taxes - Fire	318,832	324,338	318,669	317,799	331,664
01-301-550	Real Estate Taxes - Fire Delinquent	7,500	8,973	7,923	4,746	6,556
	Real Property Taxes	\$ 2,513,031	\$ 2,550,465	\$ 2,500,742	\$ 2,650,141	\$ 2,598,185
01-310-010	Per Capita Tax - Current	\$ 27,000	\$ 26,108	\$ 27,000	\$ 21,835	\$ 25,000
01-310-030	Per Capital Tax - Delinquent	4,500	5,019	4,000	4,280	4,000
01-310-100	Real Estate Transfer Tax	210,000	685,128	250,000	146,862	175,000
01-310-200	Earned Income Tax - Current	680,000	1,097,009	973,376	623,105	1,008,600
01-310-300	Earned Income Tax - Prior	375,600	115,679	191,624	85,471	191,400
01-310-410	Occupation Tax - Current	57,500	52,708	50,000	39,309	50,000
01-310-430	Occupation Tax - Prior	10,000	11,553	10,000	9,188	10,000
01-310-600	Local Services Tax - Current	425,000	458,637	388,104	276,677	444,338
01-310-650	Local Services Tax - Prior	195,000	38,651	61,896	11,026	25,662
	Act 511 Enabling Taxes	\$ 1,984,600	\$ 2,490,492	\$ 1,956,000	\$ 1,217,793	\$ 1,934,000

This chart shows that the 2 biggest pieces of the revenue pie make up 63% of the General Fund 2019 budgeted revenues. Real estate transfer tax is the hardest of these revenues to predict year to year. This tax is levied at the rate of 2%. The state receives 1% and the other 1% is split evenly between the Township and the school district. This amount is based upon the transfer price of real property sold within the Township as authorized by Ordinance #351.

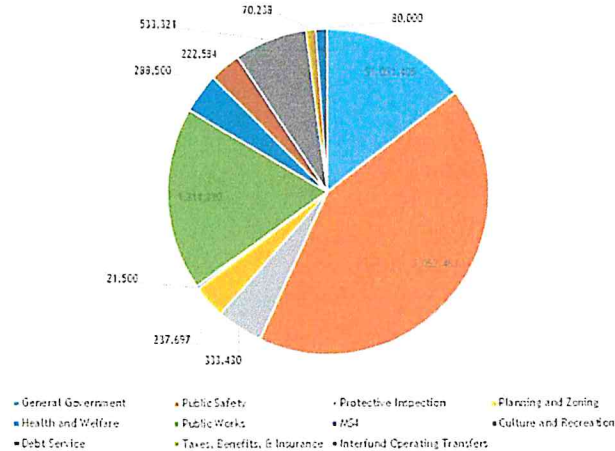
BUDGETED EXPENDITURES

	FY 2019	FY 2018	% Change
General Government	\$ 1,051,405	\$ 857,557	22.60%
Public Safety	3,052,463	2,674,625	14.13%
Protective Inspection	333,430	314,216	6.11%
Planning and Zoning	237,697	209,991	13.19%
Health and Welfare	21,500	28,443	-24.41%
Public Works	1,311,290	1,169,259	12.15%
MS4	288,500	212,000	36.08%
Culture and Recreation	222,584	818,640	-72.81%
Debt Service	533,321	465,978	14.45%
Taxes, Benefits, & Insurance	70,238	47,600	47.56%
Interfund Operating Transfers	80,000	-	
	<u>\$ 7,202,428</u>	<u>\$ 6,798,309</u>	<u>5.94%</u>

General Government increased 22.60% in 2019. This is due largely to an integrated software system and updating an outdated server and workstations. The integrated software system will allow the finance department, codes/planning department and municipal authority to all use the same vendor and each part will speak to the other. Currently each department uses their own software vendor and there is no communication between software. Also included in 2019 is a new web design for the Township. The new website will be more interactive and smart phone friendly making information easier and more readily available to the residents.

The 72.81% decrease in Culture and Recreation is due to the fact that the Old Reliance and Shope Gardens playgrounds will be completed by the end of 2018. However, included in this category are the expenditures for the MARA Director and the Township's contribution to MARA. As discussed in the revenue portion the MARA director expenditures will be offset with grant monies.

BUDGETED EXPENDITURES (CONTINUED)



The expenditure pie shows that Public Safety and Public Works are the 2 biggest areas followed closely by General Government. In 2019 a new police officer is budgeted. With a new hire in 2019 and one hire in process for 2018 the police personnel will total 17. The police department did acquire a new vehicle just recently and in 2019 a purchase of 5 new radios will be made to continue the Department's progress towards the new requirements.

The Public Works department also has a new position budgeted in 2019. The position is for a MS4 coordinator/public works assistant director. The current salt shed is facing deterioration and in 2019 it will be replaced. Also, in 2019 new bleachers will be installed at Little Hollywood.

BUDGET REVENUES VS. EXPENDITURES

REVENUES

\$7,202,428

EXPENDITURES

\$7,202,428

Balanced Budget for FY 2019



The budget presented here tonight is balanced and no tax increase will be required.