

MINUTES

NOVEMBER 4, 2020 -- SPECIAL BUDGET MEETING

LOWER SWATARA TOWNSHIP BOARD OF COMMISSIONERS

The November 4, 2020 Special Budget Meeting of the Lower Swatara Township Board of Commissioners was called to order at 6:33 P.M. by President Jon G. Wilt. President Wilt called for the pledge of allegiance followed by a moment of silence.

The following officials were in attendance:

- Jon G. Wilt, President
- Todd F. Truntz, Vice President
- Ronald J. Paul, Assistant Secretary
- Michael J. Davies, Commissioner
- Christopher DeHart, Commissioner (via Zoom)
- Betsy McBride, Township Manager
- Jean R. Arroyo, Township Secretary (via Zoom)
- Shawn Fabian, HRG (via Zoom)
- Lester Lanman, Public Works Director (via Zoom)
- Don Fure, Building and Code Director (via Zoom)
- Brian Davis, MS4 Coordinator (via Zoom)
- Dominic Visconti, Chief of Police
- Rebecca McClain, Accountant

Residents and visitors in attendance:

Dale Messick

Participating through Zoom:

John and Brenda Knoll, Nicholas Gilbert, Beatrice Feliciano-Gersic

President Wilt welcomed everyone to this evening's Special Budget Meeting, which is to publicly present the draft of the 2021 General Fund Budget document. He then turned over the floor to Commissioner Davies, Budget & Finance Chairman.

Commissioner Davies stated this is the first draft of the 2021 General Fund Budget. Total revenues and total expenditures are at \$7,143,143, which is actually less than last year. Commissioner Davies provided some historical perspective, starting off with 2018 total revenues and expenditures, which totaled \$6,424,308. Roughly speaking, there has been about a 10% increase in expenditures over the last four years, or about 2 ½% a year, although it does not track that way. This is not much more than the cost of living, which is 1.8% for the past year; inflation

was 1.3%. Even though over this four year period there has been a 10% increase in expenditures, once again there will be no tax increase for Lower Swatara Township property owners. The Township has been watching its expenditures over these years, and is in a position to absorb the negative impact of coronavirus and the resulting pandemic. Commissioner Davies then turned over the floor to Rebecca McClain, Township Accountant.

Ms. McClain first explained how the budget was developed. Departments meet with their Board committee in early July to discuss needs for 2021 and the next few years. Departments prepared baseline budgets and also developed budget requests for current services and for potential additional resources. Budget proposals were reviewed and analyzed with department staff, and then budget meetings were held with the Budget and Finance Chairman and Vice Chairman. After a draft was proposed, two separate review meetings were held with the rest of the commissioners.

The 2021 budget includes \$916,848 of unassigned fund balance from prior years. Unassigned funds balance is available for spending at the Township's discretion, and was generated from previous years' revenues exceeding expenditures. For example, in 2018 the fund balance of the Township's general fund increased by approximately \$1,200,000. Key factors relating to the 2018 increase in fund balance were a decrease in expenditures from the prior year.

Overall revenues are budgeted at approximately 16% less than 2020. Real estate taxes have increased slightly due to a few assessment changes. Act 511 taxes are projected to decrease in 2021. These include earned income tax and local service tax. As of September 30, 2020, these taxes have decreased by approximately 3%, and the downward trend is expected to continue due to the pandemic. While the Township will see a lot of construction in 2021 as UPS and DHK continue to build, the revenue for the permits has already been collected and reflected in 2020. Also included in Licenses & Permits is airport parking revenue and Penn State parking, and both of these parking revenues have seen a decrease in 2020 which will probably continue in 2021. Intergovernmental grants are also projected to decrease. While the Township will continue to seek grants, it is projected that available funds will decline. Charges for Services have stayed pretty steady except for 01-361-133 Reimbursement from Developers and 01-361-315 Storm Water Management. These are costs related to construction oversight and inspections. 01-362-414 Permits over \$25,000 will see a decrease in 2021. Permits for projects that can be seen starting around the Township have been collected this year. Only one permit over \$25,000 is projected for next year.

A pie chart was presented showing how revenues are broken down. The biggest pieces of the revenue pie are Real Estate Taxes and Local Enabling 511 Taxes. Interfund Transfers and Charges for Services are also a fairly large pieces of the pie. Interfund Operating Transfers include a transfer from Capital Improvement Fund for debt payments. The monies in the Capital Improvement Fund are collected through real estate taxes. In 2020, the Township had proceeds from the sale of Capital Assets of \$3,100. This revenue resulted from the sale of police department rifles. There is no asset sale included in the 2021 budget.

Ms. McClain then discussed expenditures. As Commissioner Davies stated, expenditures are actually less than the 2020 amount. The amount budgeted in 2020 was \$7,739,304. In 2021, the amount is \$7,143,143. As discussed earlier, there was a significant increase in Reimbursements from Developers and Stormwater Management. These revenues are actually a pass-through. The expense portion shows up in the Planning and Zoning Department. As stated earlier, these are the costs charged by the Township engineers for construction oversight and inspections.

Capital expenditures budgeted for 2021 include \$75,000 for HVAC upgrades for the municipal building, \$30,000 for continuation of purchasing radios for the Police Department to be compatible with the County, and \$59,000 for payment 4 of 5 for the street sweeper. Also budgeted is \$50,000 for a new Ventrac tractor; this purchase includes attachments that will help the Public Works Department to keep the ballfields groomed, along with grass mowing and vacuum collection. A plow replacement in the amount of \$12,000 is also budgeted in case there is a need. In addition, \$120,000 is budgeted for salt storage shed replacement/repairs.

Ms. McClain noted that MS4 (Stormwater) for 2021 will no longer be shown in the General Fund. With collections of the stormwater fee beginning, revenue and expenditures associated with stormwater will now be shown in Fund 09. Fund 09 and Fund 08 (Sewer Revenue Fund) are not presented today, as they are the responsibility of the Municipal Authority Board. However, the Interfund Operating Transfer of \$75,000 is a transfer to the Stormwater Fund to offset expenditures.

Other expenditures in the 2021 budget include a new position in the Public Works department for an assistant. This position was also budgeted in the 2020 budget, but was not filled. Funds are budgeted for a spring and fall newsletter, and the third installation of the website upgrade. There is approximately \$60,000 in the budget for various minor equipment purchases for the Police Department.

The expenditure pie shows that Public Safety and Public Works account for more than half the pie. Public Safety, which includes Police, Fire, Ambulance and Emergency Management, accounts for 45% of the total Township expenditures. Public Works accounts for 19% of the total expenditures. Of the remaining pieces, General Government accounts for 13% of the total expenditures. These expenditures include the Legislative Body, Administrative Staff, expenditures related to tax bills, IT Consultant, and repairs and maintenance on both floors of the administration building. Debt service is comprised of the telephone lease, DCIB 15, DCIB 17 and GO 16 Bond. These payments are offset by revenue transferred from the Capital Improvement Fund as discussed in the revenue review.

Ms. McClain stated that the budget presented here tonight is balanced -- \$7,143,143 in revenues and \$7,143,143 in expenditures -- with no tax increase required.

Commissioner Davies thanked Ms. McClain for the presentation and added the Township is planning to see a slight increase in revenue in terms of real estate taxes (\$2,731,894) for the coming year – about a 5.8% increase because of the valuation of property. However, it will see a 26% decrease in some tax revenues including the Act 511 tax income of \$1,524,300. General Government expenses in general are down in the coming budget for a \$954,611 decrease which is a 11.65% reduction from 2020. The Township is trying to play it safe and not increase expenditures too much because revenues will be continue to be adversely affected in the coming year. Public Safety expenses are at \$3,246,590 which is not quite half of the budget but significant. This category went up 6.44% from last year. There are a lot of unknowns here, including the ongoing arbitration of a labor contract. Commissioner Davies noted that the thought is that by being fiscally conservative, the Township will be able to deal with the impacts of the covid pandemic and the economy being adversely affected by the pandemic.

Commissioner Davies stated he would be happy to answer any questions. Commissioner DeHart observed that the Hydrant Fund is showing more expenditures being paid out than what is being received. He suggested this be kept an eye on. Ms. McBride added that the Hydrant Fund is based on proximity to a hydrant. She noted the possibility of expanding that proximity based on the equipment that the fire company has. Commissioner Davies stated this sounds like a question that will need to put before the fire company. Commissioner DeHart stated that was his only question, and thanked those involved in the preparation of this budget. He stated that he was glad to see things cut back since the future is unknown right now.

President Wilt asked if the public had any comment on the draft document. No comments were offered.

ADJOURN:

Hearing no other comments, a motion was made by Commissioner Davies, seconded by Commissioner Paul, to adjourn the Special Meeting. The motion was unanimously approved, and the meeting adjourned at 6:56 P.M.

ATTEST:

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

Jean R. Arroyo
Township Secretary