

LOWER PAXTON TOWNSHIP  
BOARD OF SUPERVISORS

Minutes of Workshop Meeting held November 23, 2010

A budget workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 7:41 p.m. by Chairman William B. Hawk, on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Supervisors present in addition to Mr. Hawk were: William C. Seeds, Sr., William L. Hornung, Gary A. Crissman, and David B. Blain.

Also in attendance were George Wolfe, Township Manager; and Watson Fisher and Ted Robertson, SWAN.

**Pledge of Allegiance**

Mr. Hawk suspended the recitation of the Pledge of Allegiance.

**Public Comment**

No comments were presented

**OLD BUSINESS**

Continued discussion regarding 2011 fiscal year budgets

Mr. Wolfe noted that he scheduled a summary presentation, a real estate presentation, and time for Board discussion.

Mr. Wolfe noted that during the October 26, 2010 Budget Workshop meeting, it was determined that there was a General Fund deficit for operations of \$280,000 and staff was directed to balance, for operations, the General Fund Budget. He noted that the Board helped in this regard by refinancing bonds in 2010 in the amount of \$180,000 that will be realized in the 2011 budget by lowering the debt service. He noted that this item reduced the deficit to \$100,000 for operations. He explained that he was able to bring a balanced budget to the November budget meeting, showing a surplus of \$65,545 for operations only. He noted, during that meeting, the Board determined that it could delay the purchase of the Wolfersberger Tract for another year and that would provide an additional savings of \$31,200 for the 2011 Budget. He noted that the

Board determined that it did not want to close the Compost Facility on Tuesdays, but was undecided as to if it wanted to continue the \$4,000 contribution to the Linglestown Fire Company for fireworks. He noted that the 2011 Budget for operations is balanced with a surplus of \$100,000, and the Board has authorized this surplus to be allocated as a miscellaneous expenditure given the fact that the 2011 proposed budget is extremely tight. He noted that this reserve account could be used in the event of an unforeseen expenditure with Board authorization.

Mr. Wolfe noted that the 2011 Budget has been advertised for public view as required by law, however, the Board still needs to determine its real estate tax position for the 2011 fiscal year. He noted that the budget was advertised without a tax increase but that is not to say that the Board could not increase taxes based upon the needs for capital improvements.

Mr. Wolfe noted the balance budget for operations provides for no new money for capital projects and dips into the capital reserves below the mandated threshold of 25%. He noted that it would be important to discuss the municipal real estate tax and its role for municipal finances because the real estate tax is the only tax that can be adjusted by the Board members.

Mr. Wolfe explained that the Pennsylvania Second Class Tax Code authorizes the Board to levy a real estate tax up to 14 mills for general purpose and another 25+ mills for identified items, such as fire protection, road improvements, land acquisition, etc.

Mr. Wolfe explained that the current millage rate is .875, noting that the Board could increase the rate more than 40 times the current level before it would need court approval. Mr. Hawk noted if you review the tax rates in townships that are comparable in size to Lower Paxton; their rates are significantly higher than the Township's. Mr. Wolfe noted that the Board does not have the ability to increase the rate of taxation for the Earned Income Tax (EIT), Local Services Tax (LST), or Real Estate Transfer Tax. He noted in 2010, the real estate tax is expected to generate \$2,559,550 based upon an assessed valuation of \$2,995,229,700 with a millage rate of .875. He noted that the Township's General Fund Budget for operations is \$17,269,814. He noted for 2010, \$992,000 was transferred from the General Fund to the General Improvement Fund, from the fund balance and not operations. Mr. Hornung noted that means that the Township will be dipping into its savings account by roughly \$1 million. He questioned how much is projected for 2011. Mr. Wolfe answered that it would also be \$1 million.

Mr. Wolfe noted in 2010, the largest source of revenue was the EIT, and it is expected to be \$6,400,000, with the LST generating \$1,030,000. He noted that the average citizen does not pay a real estate transfer tax, noting that on a yearly basis, the average citizen who is employed in the Township only pays EIT, LST, and real estate tax. He noted those who are not employed, such as retired persons, only pay the real estate tax.

Mr. Wolfe noted for 2011, the real estate tax is expected to generate \$2,610,741 using the current millage rate. He noted that the Township has the highest assessed property value in Dauphin County, to include the City of Harrisburg. He noted that the Township's General Fund Budget for operations is \$17,432,026, which is .94% increase over 2010. He noted for capital projects, there is a projection to transfer \$1,334,800 from the General Fund balance to the General Improvement Fund. He noted that the EIT is projected to provide revenues of \$6,500,000, and the LST is expected to generate \$1,100,000.

Mr. Wolf noted that the annual expenditures for operations from 2007 through the proposed 2011 Budget have increase by a total of 5.2% or only 1% per year. He noted that the Consumer Price Index (CPI) has increased 1.9% during the same time period. He noted that the Township is continually running at a rate less than inflation. He explained that revenues and expenditures pretty much track evenly except in the run up to 2009, when the economic crisis hit. He noted for that 18-month period of time the Township was able to control expenses, bringing the balance of revenues to expenditures back in line by the end of the 2010 Budget.

Mr. Wolfe noted if you include the capital projects in the numbers, there is a big gap in that from 2007 until this year. He noted that the Township will be spending more money than what it takes in, and it will need to dip into the reserves for capital long-term projects the Township has committed to address for the needs of the growing community. Mr. Hornung noted that the line chart is not correct for 2010. Mr. Wolfe noted that he did not account for the transfer for 2010 and also for 2011. Mr. Hornung noted that he does not want the public to think that the budget is balanced; noting that the Board is transferring funds from the savings account in the amount of roughly \$1 million to pay the bills. Mr. Wolfe noted that those bills are for improvements to the community for the citizens. He noted the large dollar project was for the Thomas B. George Jr. Park, and in 2005 it would have been the end of the capital project to purchase this municipal building. He noted that a portion of the Village of Linglestown Project is

also included as well as improvements to the Compost Facility. He noted over a six-year period, \$10 million has been spent on capital projects.

Mr. Hawk noted that it bothers him that people don't realize that the Board saved \$180,000 by refunding the bonds, or the sacrifices that the Board has asked of staff to trim the expenses. He noted that this information is not getting out into the public sector. He noted when the Board makes the necessary cuts and readjustments to save money, no one is lining up to thank the Board for its due diligence. He noted if the Board increased taxes a penny, then there would be all kinds of crying. Mr. Hornung noted that he has had several customers come into his business and tell him that the Board is running the Township in a very efficient manner.

Mr. Wolfe suggested that there is a lot of good news in how the Township is run and part of it is the fund balance where the Board accumulated significant money over a period of time, in anticipation of capital projects, and then the Board undertook the capital projects when the market was best to do it. He noted that the fund balance could dip below the 25% threshold of budgeted expenditures for any fiscal year. He noted in 2010 the fund balance will be \$4.8 million; however for 2011 the threshold will be \$4.3 million, and if the budgeted capital projects are completed, the threshold will fall to \$3.8 million which is roughly \$500,000 less than the threshold. He noted this is the reason for discussion of an increase in the real estate tax, and not for municipal operations, but for capital projects to provide for the citizens. Mr. Seeds noted that he is concerned that some items were cut from the budget, namely the pavement management program, and the addition to the Public Work's facility. He noted that the Township should be doing these things.

Mr. Wolfe noted that there are 40 municipalities within Dauphin County and the Township's tax rate is .875 mills. He noted the average rate for real estate tax in Dauphin County is 1.98 mills. He noted the millage rate for other developed communities that provide police, volunteer fire, public works, codes enforcement, and parks and recreation are as follows: Derry Township is 1.09660; Susquehanna Township, 2.59800; Swatara Township, 2.19000; and Lower Paxton's is .087500.

Mr. Wolfe noted that the Township's millage rate increased in 1989 from 1.4925 mills to 1.9825 in 1990. He noted it was the last tax increase authorized until 2007, only because the State changed the Emergency Municipal Services Tax to the LST tax and the Township lost \$500,000 in revenues. He noted over the last 20 years, the Township's real estate tax has

increased two times and decreased three times. He noted that the Township has not increased any taxes for over the past 20 years for local needs. He noted in 1996, the real estate tax generated \$1,824,990 which is roughly \$43.71 per person based upon a population of 41,748. He noted in 2010, the real estate tax to expected to generate \$54.46 per person using an estimated population of 47,000. He noted over the past fifteen years, there has been a 25% increase in tax revenues of 1.63% per year and the Consumer Price Index (CPI) in the same time period increased 41.48% or 2.77% per year. He explained that he used 1996 as the basis since the real estate tax was 1.6049 mills, and it was reduced in 2002 based upon a County-wide reassessment, but at that time there was no change in the rate, only an adjustment due to the assessment. Mr. Hawk noted that townships were permitted to take a windfall tax and the Board chose not to do that. He noted that it was never reported. Mr. Wolfe noted since 1996, the real estate tax had decreased but not increased.

Mr. Wolfe noted for a home assessed at \$200,000, noting that most local municipalities used homes valued at much less, the real estate tax at .875 mills amounts to \$175.00. He noted that the breakdown for the .875 mills is .594 for general purposes, .240 for fire protection, and .041 for library service. He noted if the Board chose to increase taxes 10%, it would add another \$17.50 per year to the real estate tax bill, and that would only generate \$250,000. Mr. Crissman questioned what the millage rate would be then. Mr. Blain answered that it would be .960. Mr. Crissman noted that people want to know what their increase would be if taxes are raised, and how it would affect them directly.

Mr. Wolfe noted that the Board has completed its strategic plan and has indicated that it wants to create a second strategic plan covering the time frame of 2012 to 2016. He explained that staff has brainstormed capital projects, the Board will do the same, and then both lists will be combined and prioritized. He noted that the low end projects would be eliminated, costs would be determined for the high end projects, and then an implementation schedule would be developed. He noted if the Board is discussing a tax increase it is not for day-to-day operations, rather it would be the need for bricks and mortar projects that staff and the Board deem necessary. He noted that the police need a new impound garage and in-car video equipment. He explained that Mr. Seeds has noted that a expansion is needed for the Public Works Facility. He noted that Mr. Robbins demonstrated that traffic signal heads need to be replaced, noting that there needs to be a replacement program for the aging traffic equipment. He noted the pre-

emption capability needs to be expanded for fire, police and ambulance to travel in an emergency situation along Route 22, Mountain Road and Union Deposit Road. He noted that the traffic signal coordination is very old technology and needs to be replaced.

Mr. Wolfe noted there is the pavement management program, noting that every year the Board knows there are needs to dedicate more funds for roadway paving. He noted that there is a need for stormsewer replacement work, as many stormsewers are over 30 years old, made out of corrugated pipe, and the bottoms have rusted out.

Mr. Wolfe noted that Conway Road and Union Deposit Road realignment is needed, as well as the Devonshire Heights and Nyes Roads intersection improvement, Jonestown Road Bridge project; Red Top Road Bridge replacement; and signalization and lane improvements at Crums Mill Road, Colonial Road and Devonshire Road. He noted that Mr. Robbins added a northside salt storage facility to allow trucks to refill their equipment on the north side and not having to drive to Locust Lane to refill their equipment. He noted that the access driveway needs to be paved at the Compost Facility at the staging area, and the facility needs water and electric.

Mr. Wolfe noted that there have been discussions on the long-term needs for South Central Emergency Medical Services. He noted that a fire services study has been discussed and the Board has committed itself to the fourth phase of the fire equipment capital fund. He noted that the Township has bought nine pieces of apparatus at the cost of \$1.5 million.

Mr. Wolfe noted the only employment position that has been discussed is a Township Engineer as opposed to consulting services that the Township relies very heavily upon at this time. He noted that a new financial management system is needed as it is over 15 years old, and there is a GASB-45 liability that is \$3 million under funded. He noted that nothing has been planned for the reuse of the Walnut Street garage; a new roof is needed for the Municipal Center; and most of the computers will need to be replaced over the next year or so.

Mr. Wolfe noted that the Skate Park has not been completed in the George Park, CASA needs a concession stand, and there are no ball courts in the park. He noted that there is a Greenway Plan that has not been implemented, noting that the first recommendation is the Nyes Road Greenway. He noted there is a potential to develop the Wolfersberger Tract, having received a grant from DCNR to plan the development of that park. He noted that there has been discussion of connecting to the Boyd's Big Tree Conservation area from the Blue Mountain Parkway, the Heroes Grove Plan, and the installation of public water at Koons Park at a cost of

\$35,000. He noted that United Water has extended the waterline and a connection could be made to Koons Park. He noted that four backstops need to be replaced totaling \$80,000 to \$100,000; all the parking lot lights in the parks need to be retrofitted to provide more energy efficiency; there is a need to develop a solution for Hodges Heights Park; tennis courts need to be rebuilt and curb and sidewalks are needed at some parks. He noted these items were the result of brainstorming by staff, and not all are priority items but he will work with staff to further develop the list. He questioned how to Township plans to fund these items.

Mr. Wolfe noted that the general fund budget is balanced and has been advertised. He noted that there will be some tweaking prior to the time of adoption during the December 21<sup>st</sup> meeting, and he would provide an update of the minor changes prior to that meeting. He noted the Board needs to determine if it will increase the real estate taxes in anticipation of undertaking capital projects into the future.

Mr. Seeds noted that the Township is falling behind on its roads and needs a pavement management program. He noted that there is no doubt that it is needed, but he is reluctant to raise taxes due to the economy and the impact it would have on the seniors who are not getting a raise in their social security benefits. He noted it is unknown when the economy will turn around and he questioned if the Township could afford to wait another year. He noted that the Township is falling behind on what it needs to do by making cuts every year. He noted that he had two people stop at his home asking him not to raise taxes since they are on fixed incomes. He noted raising taxes is the only avenue the Board has to increase the income as the building permits are not coming in like they used to.

Mr. Wolfe noted if the average property owner is paying \$175 a year in municipal real estate tax, it is a third of what he is paying a year for sanitary sewer services. He noted the people get a significant amount of services for the \$175. He noted it includes a considerable park program, fire and police services, emergency medical services, codes enforcement, and public works. Mr. Seeds noted that the Township is mandated to do many of these things.

Mr. Hawk noted that PSATS completed a study and found that there were 8,000 mandates at the State level and they deleted roughly 3,000 mandates that were above and beyond what was necessary, leaving 5,000 unfunded mandates. He noted the price of medicine, food, gas, etc. is going up and people pay it. He noted that the Board raises taxes a couple pennies and people have a conniption.

Mr. Crissman noted that the policy is to maintain 25% of the \$17,432,000 and the estimate for the fund balance is \$3.8 million producing a deficit of \$530,000; however, if the Board increased the millage rate to 1 mill, it would change the payment from \$175 to \$200, and he questioned how much revenue would it produce. Mr. Blain noted that a 15% increase would only bring in an additional \$375,000, noting that it would be \$200,000 short of the deficit. Mr. Seeds noted that this still does not cover the items that were cut from the budget that may be essential. Mr. Wolfe suggested that the approach should be multiple years in scope, noting that the Board cannot make it all up in one year. He noted if the Board raise taxes this year 15% and adjusts to 1 mill, it will take several years to replenish the capital reserve for the capital projects and it will require that operations be kept at status quo. Mr. Blain noted that a 15% increase would put the millage rate at 1.00067.

Mr. Blain noted the Mr. Wolfe had a very good slide noting that the revenues have not increased with the rate of inflation at all. He noted that the rate has been 2.77% and the revenues have increased only 1.63%. He noted the Township should have been increasing the property taxes at the rate of inflation, and if this would have been done, the millage rate would be 1.25 mills and still way below everyone else. He noted there are capital projects that the Board wants to do and for safety purposes the Board decided to retain 90-day cash flow in the event of a major emergency. Mr. Seeds noted at one time the threshold rate was 50% instead of 25%. Mr. Seeds noted he would want to raise taxes to restore some projects that were cut and not to build up the reserve account.

Mr. Wolfe noted that several projects could be postponed until next year; however, some are underway and need to be completed. He noted that the Board can't have this discussion until the tax increase issue is decided. He noted that is what will drive the capital projects, and the completion of certain project.

Mr. Blain noted that he looked at the brainstorming list as to whether the items are an expense or an investment. He noted that the majority of the items in the Parks and Recreation Department are an expense at this time, but other items are more along the line of investments, such as pavement management program. He noted that program can determine the life of the road, when roads need maintenance and if the life of a road can be extended by two years, the program will pay for itself just on one road. He noted that it will allow staff to inventory each road, determine the age of the road, what the core base is for the road, how much stone base is

under it, when it needs to be resealed, and when certain maintenance could be done to it to extend its life. He noted that this project has a return on its investment that is significant. He noted that the cost of asphalt will only go up over time as the cost of oil goes up. He noted that an interconnected financial management system is very important. He noted that the Sewer Authority, Township, and FC are all using disconnected general ledger systems and as a result there is a duplication of effort across the board when it comes to entering receipts and making payments. He noted if this can be combined into one system, the system could write checks, and provide for financial reporting from one system. He noted that the FC may not need to have a person data entering cash receipts and disbursements, and it may save a person in the Sewer Authority from doing this work, and reduce some payroll costs. He noted that it would also provide more financial information to make better decisions. He noted that the Township has a very generic system for a municipality with a \$17 million budget.

Mr. Blain noted that it would make sense to retrofit all the park lighting noting that it would create a huge savings on the electric bills, and the bulbs will last longer. He noted if you look at the costs to do these three things, the savings would greatly pay back the costs to do the projects. Mr. Hornung questioned Mr. Blain what he was proposing. Mr. Blain noted that he is proposing, at minimum, that the Board find a way to fund the pavement management and general ledger packages. He noted they are two things that the Township can get a return on in its investments. Mr. Seeds suggested that the Township may be able to receive a grant in the future for the park retrofits. Mr. Wolfe noted that the Township received \$182,000 for energy improvements to the FC and Public Works facility and for 2010 another \$100,000 for improvements to the FC in 2011. Mr. Seeds noted that he likes the parks but their items are things that can wait until the Township can afford them. He noted if someone wants a concession stand there is no reason why they can't build one.

Mr. Wolfe noted that he does not need a decision tonight but will need one in the near future as the Board works through the General Improvement Fund. He noted that he plans to have a detailed discussion concerning the General Improvement Fund during the December 7<sup>th</sup> workshop session held prior to the business meeting. He noted that the issue must be addressed prior to adopting the budget on December 21, 2010.

Mr. Seeds noted that he definitely wants to put the pavement management system back into the budget. Mr. Blain noted when you have 400 lane miles in the Township it would be hard

to know where every pot hole is located, and the age of every road surface. He noted that it would allow Mr. Robbins to better manage a maintenance program for the roads. Mr. Hawk questioned what the cost was for the pavement management system. Mr. Wolfe answered that it was \$75,000 to \$80,000 for the full program, but Mr. Robbins suggested that it could be phased in, noting that the newly paved mini-basins would not need to be included in the beginning, and he suggested that the costs for the first year may only be \$50,000. Mr. Seeds noted that Mr. Robbins had \$75,000 in the budget for this line item. Mr. Wolfe noted that Mr. Robbins is refining his thinking on this matter.

Mr. Hornung noted if you keep spending the savings account then you will run out and then you will have to look at a substantial increase. He noted the question is how long the Board wants to whittle away at its savings account and at what rate. He questioned Mr. Wolfe how long it would take until there are no funds in the savings account. Mr. Wolfe answered that it would be two years. Mr. Hornung noted then we are in trouble. He noted if the economy does not turn around, the increase will not be at 10%, as it would have to be a much higher one. He noted that a 10% increase would not provide for the completion of many projects. He questioned if the Board should implement a small tax increase now, or should it postpone it until another three or four years hoping that the economy will get back on its feet. He noted that they are not projecting the housing market to come back for some time. He suggested that the Board needs information for the projection for the housing market and how long the bank account would last with what we have. Mr. Wolfe noted that he is not seeing anything that is accurate by more than a couple of months. Mr. Blain noted that the Associated Builders and Contractors backlog report for the 3<sup>rd</sup> quarter of 2010 stated that the backlog decreased by 3.5 months. He noted that it means that there is less work to be done. Mr. Hornung noted that it means that it is not adding to the system and nothing new has been gained. Mr. Wolfe noted that we are seeing the end of the stimulus spending, which was for roads and bridges at the State and Federal level, and no one has factored in what will happen in the next construction season when those funds are not available. Mr. Blain noted that the supply of homes is much larger than the demand; therefore you will not find much in the way of new housing starts.

Mr. Hawk noted that mixed signals are being sent out, noting that everyone is saying that the recession ended 18 months ago and yet Congress is talking about extending the unemployment benefits for another six months. Mr. Blain noted that they measure the recession

based upon Gross National Product (GNP) and at this time there has been growth every quarter, but it has only been 1%. He noted that no one is hiring and that is because the employers are still concerned about where the tax rates will be next year. He noted that health care insurance is another huge factor in hiring new employees. He noted it is a major cost to any employer and they do not want to hire extra personnel if they have to pay the health benefit. He noted that the banks are still cleaning up a lot of bad credit from two years ago, and that is why lending is so tight, and without the cash flow in the market, companies can't expand or grow.

Mr. Seeds questioned if there was a need to make any decision on the fireworks or any other things. Mr. Wolfe answered that is the only item on the list that remains to be decided. Mr. Seeds noted that a decision needs to be made on the Wolfersberger Park. Mr. Wolfe answered that he was directed at the last meeting to make the change. Mr. Wolfe noted that he has been told that the Paxtonia Fire Company plans to have fireworks in 2011 and they are not asking for money at this time. He noted that Linglestown is going to have fireworks and they would like to Township to continue its contribution however they are going to do a smaller show than they did in the past. He noted, it would be fair to include Linglestown in the 2011 budget and if a decision is made not to do it in the future, then they should be notified ahead of time.

Mr. Hornung noted by 2013, the Township could be running out of money, and he has read that there will be a lot of governmental bankruptcies in 2013. Mr. Blain explained that the unfunded pension liability issue is a big problem. Mr. Wolfe noted in 2013, if nothing is done, the capital programs will have to stop, but the day-to-day operations can continue. Mr. Hornung noted that the Board must decide what it wants to do. He noted that either the Board stops all capital projects in 2013, allowing the General Improvement Fund to go to zero, or the Board should impose a small tax increase and prolong the projects to 2013 or 2015. He stated that he hopes that things will start to turn around by then and we get pension reform that will help to bail us out.

Mr. John Trish, 600 Prince Street, noting that he is listening and taking it all in, but he thinks there is a little tunnel vision here. He noted that the Sewer Authority just raised their rates, and you need to add that in. He noted that other people are raising expenses, noting that it is not just 10% of what we have that the Board is talking about. He suggested that the Board should not wait to make traffic lights and road maintenance improvements. He noted that you should have a maintenance program so traffic lights don't fall down. He noted that you may have to raise

taxes, but you can't make a comment about people on social security not getting any increase but Township workers got an increase of what percent. Mr. Blain noted that only the union personnel covered by a contract received raises. Mr. Trish suggested that the Board should have told them that the Township needs the money and you can't get a raise. Mr. Hornung noted that is not possible. Mr. Trish suggested that the Township can do that, and do away with the contract. Mr. Wolfe suggested that Mr. Trish should ask Central Dauphin School District how that works.

Mr. Trish noted that he is hearing about the debacle at the Highway. He noted that he did not know what it costs to have the contractor line up the pipe to try to get that project through, but now that is all stopped and the project must be rebid to bore it. He questioned if that cost anything to the Authority. Mr. Seeds questioned if Mr. Trish was talking about boring the sewer line under I-83. Mr. Wolfe noted that it has only cost a day's worth of work. Mr. Trish questioned what it would cost the taxpayers in Lower Paxton Township. Mr. Wolfe noted that there has been no payment to the contractor and they have only done about a days worth of work. He noted that it was an investigation to determine where to begin the pipe bursting. Mr. Wolfe noted that it was not a debacle, rather an in-field construction decision was made to stop immediately and it was brought back to the Supervisors for direction because it was found that the conditions in the field as shown on the plan were not what existed. He noted that the debacle would have been if the Township allowed the contractor to continue and the equipment was stuck under the interstate and then the Township would have had a problem. Mr. Trish questioned if it would have been the contractor's problem. Mr. Wolfe noted that the contractor would not be at fault when the plans that he had were not what was found in the field. Mr. Trish noted that he would have tried to run the camera through the pipe to see what was in there. He noted if you want to pay to use the Compost Facility raise the rates for the people who use it. Mr. Wolfe noted that is included in the 2011 budget, but it does not generate a significant amount of revenue since there are not that many people who use the facility.

Mr. Trish noted that the FC is supposed to be self-sufficient. Mr. Wolfe noted that it is not part of the Township's budget and it has not been mentioned once tonight. Mr. Trish noted that their employees will get an increase too. He questioned if the fees for the FC are going to increase. Mr. Crissman noted that the membership fees will not increase but the cost of the programs will increase. He noted that the costs for the programs are based upon whether you are a resident or a non-resident.

Mr. Trish noted that he understands that the Board members have a hard job to do and hard decisions to make. He noted that Mr. Blain stated that the Board must do what will provide the biggest bang for the buck. He noted that it would be good when the Board meetings are televised, and both the sound and the picture are working, and it does not make sense that Verizon and Comcast can't make it work. He noted that Comcast signed a contract to do business in the Township and it can't provide good television coverage for the meetings. He noted that the Township has better people than the other townships because it is run in a good manner and we have good people. He noted when you start making mistakes, there was just an election, and he would not sit back and be quiet.

Mr. Crissman noted his comment is if you don't make mistakes you can't make.

Mr. Walters noted that he has been a resident of the Township for ten years, and he thought that it was a good Township. He noted that he also owns property in West Hanover Township and the discussions are not unlike the discussion that are taking place at every township in America. He noted that the discussions are the same for the State level as well. He noted that there are hard decisions to be made, and it appears that the Supervisors are doing their jobs and due diligence to challenge those individuals that bring information to them. He noted that he is very impressed with the Board. He noted that no one wants to raise taxes but the Township appears to be in good shape and congratulations to those who watch the numbers and make the necessary cuts. He noted at the end of the day, he would rather not see Derry Township included on the list as they are able to get funds from other operations. He noted that you may have to raise taxes and he agrees with Mr. Hornung by doing it in a fair manner and you might have to tell citizens, this is the situation, but tell the story, tell what you have done, and where you are now and increase it to the point that you can fund the projects that will make the best bang for the buck. He noted that individuals like himself who want to live in a well-rounded township will move into the Lower Paxton.

Mr. Robertson noted that this Township is run as good if not better than most other municipalities and the bond rating is a good testimony to it. He noted that as far as he is concerned he agrees that we have to get the projects on board that will provide an investment return and the pavement management system must go because it will provide for a much more efficient method of addressing the highway problems. He noted that you don't understand the impact on the Township roads that were built 50 years ago, from the heavy trucks that are doing

sewer work He noted that many of those road has very little base. He noted that the Board needs to look at the roads in Colonial Crest. He explained that the pavement management system is very much needed and he hopes that the Board finds a way to put it back into the budget.

Mr. Hawk explained that he appreciates the comments, noting that the Board works hard for the citizens and they have to make it right for the citizens. Mr. Hawk noted that the Board members have to pay the tax increase like everyone else.

Mr. Crissman noted that he would like the Board to combine two issues: the first to increase or reduce the deficit by implementing a tax increase to offset the \$500,000, and, second, to look at the projects and choose the top two or three instead of the top ten. He suggested if you reduce the number of projects and choose the ones with the highest priority that would take care of one piece. He noted that he supports funding the deficit as he was once part of an organization that had a policy to maintain a certain amount of funds and after he left, that Board chose to spend it all. He noted that he does not want this organization to be faced with the same financial difficulties.

Mr. Watson noted that he agreed with what the audience was saying and he stated that the Board has to bite the bullet and raise taxes.

Mr. Blain noted that the revenues have not increased with the rate of inflation which means that the only way the Board was able to balance the budget for the last 20 years or to make projects happen was to run the Township as efficiently as possible. He noted that you can only run like that for so long. He noted that the millage rate in 1996 was 1.6 mills which is less than the neighboring municipalities' current rate of 2 mills. He noted that the Township decreased the millage rate to .875 and it still generated enough revenues to do projects. He noted if the Township would have remained at 1.6 mills we would have a massive surplus. He noted that the Township needs to rebalance. He noted that the millage rate and the revenues earned from the real estate taxes is only 15% of the total revenue. He explained that we are talking about taxing on 15% of the total revenue, noting that the EIT is the largest source of income followed by the real estate transfer tax.

Mr. Seeds noted, since 1994, when he and Mr. Hornung were on the Board, we have cut taxes by 40% and increased taxes by 10%. He noted that the Township is still down 30%.

Mr. Blain noted that because the Township does not have a balanced revenue stream using property taxes and transfer taxes, it was so heavily dependant on the EIT, and if the

economy is doing well, people get raises things are great; however we are experiencing 10% unemployment with a real unemployment rate of 17%. He noted that the EIT will naturally decrease due to the unemployment. He noted if the Township would have been more balanced using the real estate taxes with the other two revenue streams, we might not have been in this situation. He noted that the Township would have probably been able to leverage off the real estate tax more.

Mr. Hawk noted that all the taxes are down.

Mr. Blain noted that \$6.5 million is the EIT, and the Township only receives \$2.5 million from property taxes.

Mr. Wolfe noted that he will schedule a workshop session for December 7<sup>th</sup> starting at 6 p.m. Mr. Hawk suggested that the Board should be able to recommend an answer to the tax question during that meeting. Mr. Wolfe noted that he would focus on the General Improvement Fund and the issue of a possible tax increase.

#### **Adjournment**

There being no further business, Mr. Blain made a motion to adjourn the meeting. Mr. Crissman seconded the motion, and the meeting adjourned at 9:05 p.m.

Respectfully submitted,

Maureen Heberle  
Recording Secretary

Approved by;

Gary A. Crissman  
Township Secretary