

LOWER PAXTON TOWNSHIP  
BOARD OF SUPERVISORS

Minutes of Budget Workshop Meeting held August 16, 2011

An administrative budget workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 5:50 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; Sam Robbins, Public Works Director; David Johnson, Public Safety Director; Brian Luetchford, Park and Recreation Director; Tim Houck, Finance Director, and Watson Fisher, SWAN.

**Public Comment**

There was no public comment.

**Manager's Report**

Mr. Robbins displayed pictures of water running over Goose Valley Road in the early morning hours after the August 7<sup>th</sup> Sunday rain event. He noted that this was an example of why the Township had to make an emergency disaster declaration today.

Mr. Robbins displayed pictures of a storm water project that is being undertaken by Cedar Enterprises who owns The Point Mall. He noted that Cedar Enterprises is doing a storm sewer lining project from I-83, across their property, and under East Park Drive. He explained that the cost for this project is \$350,000. He noted that the reason they chose to line the project over replacement is that the pipe is located 30 feet below grade. He noted that it is a mammoth project and to dig up the pipe, the sides would have to be laid back 50 feet in each direction. He noted that they will line the pipe within their parking lot and line across the road into the Township facilities.

Mr. Robbins noted that the picture shows the host pipe in addition to two sump pipes that were installed to pump the water out. He noted that the contractor will push a 20 foot section of lining through the pipe 124 feet to their manhole and another 120 feet through the structure across East Park Drive to get to the other side of the right-of-way so the Township does not have to dig up East Park Drive. He suggested that the trench to dig up East Park Drive would be 18 to 20 feet deep and the road would have to be closed for a couple weeks. He noted that the pipe is

failing, and the Township is on borrowed time for this storm sewer. He noted that Aaron Enterprise is the company doing the work. He noted that the lining for the pipe will be pushed in both directions using the same pit. He explained that the ladder that was shown in the picture is actually welded to the side of the trench box.

Mr. Robbins noted that the pipe is 32 inches wide, and they are using an insert-a-lock pipe. He explained that both ends will butt into each other, a female groove will interlock into a male groove forming a tight seal. He noted that the pipe has a 75 to 100 year life, with a very thick wall. Mr. Hornung questioned if they use rubber boots to put the two pipes together. Mr. Robbins explained that they put a special lubricant on the both ends and they slide together. Mr. Wolfe explained that the pipe is made out of plastic, not concrete. Mr. Robbins noted that it is almost ¼ inch thick. Mr. Wolfe noted that staff is doing this as an emergency repair, therefore, it does not need to be bid, and the Township can piggy back with Cedar Enterprise on their contract. He noted that their price is very reasonable, and since it is an emergency repair, there is no need to pay state wage rates. He noted if the Township bid the project it would have to use prevailing wages and the hole that was dug in the parking lot would have to be under a separate contract and they would have to charge the Township to re-dig the hole. He noted that the Township is not paying for the excavation costs. Mr. Robbins noted that it took 13 working days for Aaron Enterprise to get to this point. He suggested that the Township will spend around \$70,000 and it could very well have been double that amount.

Mr. Wolfe noted that Cedar Enterprise is lining from under the Fashion Bug Store from I-83 to the other side of East Park Drive. Mr. Hornung questioned why Cedar Enterprise was paying the \$300,000 to fix the storm sewer. Mr. Robbins answered that it is their pipe and their system. He noted that there is no easement to the Township or to PENNDOT. Mr. Robbins noted that they are getting sinkholes in the parking lot and that is why they are fixing it. Mr. Wolfe noted that they are acting very responsibly. Mr. Robbins noted when they excavated the pipe it was separated by 18 inches and there was a very large hole in that area. Mr. Hornung questioned what the Township is paying for. Mr. Wolfe answered that the Township is paying to line under East Park Drive. Mr. Robbins explained that the Township is saving the set up of the enormous trench box and work.

Mr. Wolfe noted, in the very near future, staff will be presenting to you an agreement to enter into with Cedar Enterprise to pay the Township's share of the work. He noted that given the recent storms, and the fact that the pipe is failing, if the Township does not make the repairs now it will be in trouble.

## Budget Introduction

Mr. Wolfe noted that the Department Directors are present to discuss their budgets and to answer any questions Board members may have. He provided hard copies for the Board members to view due to the size of the spreadsheets. He noted that there were some new entries made to the charts this morning, mainly due to information regarding the revenues from the Pennsylvania Infrastructure Bank (PIB) Loan. He noted that the changes were made based upon information received from the Township's auditors. He noted that the budget is projected out to 2016. He suggested that these spread sheets are easier to work with the Department tables, and that it is too early in the process to review the narratives as they have not been finalized.

Mr. Wolfe noted that the Township entered 2011 with a General Fund (GF) balance of \$18,165,600 noting a 10% increase in the real estate tax. He noted that \$831,800 was transferred from the GF to the General Improvement Fund (GIF). He noted that State Aid was balances at \$980,440. He noted that the GIF was balanced at \$1,519,500 with a transfer of \$831,800 from the GF. He explained that the vast majority of the costs are paid by the \$600,000, held in escrow for the Village of Linglestown project. He noted on January 1, 2011, the GF balance was \$3,644,662 which was just enough to get by until the end of March. He explained that it is staff's recommendation to lock into a tax anticipation borrowing for 2012 given the change over in tax collectors and expected delay in receipt of the Earned Income Tax (EIT). He noted that the Friendship Center Operating Fund and Capital Funds are listed as well as the Authority funds; however, he does not intend to discuss those funds tonight, noting that the Authority budget will be discussed next Tuesday during the quarterly Authority meeting.

Mr. Wolfe noted for 2011, the total spending plan is nearly \$50 million, however, if pension funds are added, it would raise that number to \$70 million. He noted in 2011, the year-end estimate is projected to be balanced at \$17,468,625 with a transfer to the GIF of \$226,800 as opposed to the \$831,800 that was budgeted, partly as a result of the PIB loan. He noted that State Aid is zeroed out each year. He noted that the GIF is balanced at \$1,764,500, a little more than budgeted, but only transferring \$226,800 from the GF. He noted that the General Fund balance at the end of the year is projected to be \$3,599,447, and he expects to finish this year without too much trouble.

Mr. Wolfe noted that the 2012 preliminary budget shows a deficit of \$1,072,224, with revenues of \$16,847,130 and expenditures of \$17,919,354. He noted that it does not include any transfers to the GIF for capital projects. He noted that the projects identified in the prior strategic plan have been completed.

Mr. Wolfe noted that all of the State Aid is spent every year. He noted that the GIF for capital projects is \$295,000 which includes the pavement management program which will be paid by PIB funds, and three other projects, paid by Local Share Gaming Grants. He explained that it would include the Old Jonestown Road Bridge, paving Blackberry Alley east of Mountain Road, and signalization of the intersection of Mountain Road and Blue Ridge Avenue. He noted that the big issue is how to address a \$1million deficit.

Mr. Wolfe noted that this is the third year of very unusual conditions for the Township's budget. He noted that the Township started to feel the effects in the 2009 budget and met midyear to adjust the budget, but it was never fully felt until the end of 2010 and beginning of 2011. He noted that it is unknown how long these conditions will impact the budget. He noted that the Township has been on a restricted spending diet for two years only buying what is necessary. He noted that the workforce has been reduced from 152 full-time persons to 134 in 2011. He noted that staff offered a retirement window for non-uniform employees and instituted employee contributions for the police pension system. He noted that pension plans losses were smoothed in 2009 and 2010 as per Act 44. He noted that the Township participates in intermunicipal self-insured pools to reduce costs. He explained that it is not an expenditure based problem, rather a revenue-based problem. He noted that development is nil in the Township, and EIT is \$500,000 less than what is normally received. He noted, adding all these items and the fact that all the other fees are down, it easily adds up to \$1 million. He noted that the Township will receive a one-time cash infusion of \$750,000 from the PIB loan which makes the 2011 budget doable. He noted that the pension plan actuarial evaluations are still pending so the current budget was not prepared with the 2012 Minimum Municipal Obligation (MMO). He noted that there are no final numbers for health care, workers compensation, and insurances. He noted that staff has made very realistic assumptions in coming up with those numbers. He noted that staff has controlled the numbers in those areas and has a good handle on what they will be for next year. He noted that no additional money is budgeted for storm water related improvements.

Mr. Wolfe noted that the real estate tax rate is .9625 mills as set in 2011. He noted that a home assessed at \$200,000 would be assessed \$192.50 a year for real estate taxes. He noted that he is not suggesting raising the real estate tax at this time but there is significant room to do so. He noted that the Board has the ability to levy nearly 40 mills of real estate tax.

Mr. Wolfe noted this is his summary of where staff is in the budget process. He noted that the Department Directors are prepared to go over their budgets at this time.

Mr. Hawk noted that last year the debt service was \$354,000 and this year it is \$576,000. Mr. Wolfe explained that is the actual level debt service that they Township has, however last year there was a refund and the savings was taken in one year. Mr. Blain noted that the \$576,000 is the normal debt payment.

Mr. Wolfe requested Mr. Houck to summarize where the Township is at this time and to discuss EIT issues. Mr. Houck explained that Berkheimer has informed him that through the summer months they are expecting to get reciprocals from other collectors of delinquent funds or over collections from Lancaster, West Shore, and other tax collectors. He noted that by October, the collections will be lower than normal, therefore, now it appears that we are ahead of the game, but he thinks that there will be a significant decrease in revenue in October. He noted that Berkheimer's projection for this year continues to be \$6.2 million; however, for 2012 they only project between \$5.8 million to \$5.9 million. He noted that next year, Keystone will be the county-wide collector for all EIT. He noted that the general feeling is that Keystone does a pretty good job, but they are very slow in the start up process. He noted that the initial collections are very slow for about six to nine months. He explained that this is the main reason for considering a tax anticipation note next spring to cover the bills since the tax collector is changing. Mr. Wolfe noted that the ability to predict the EIT number is not any better than it has been in the past and it may get worse before it gets better.

Mr. Hawk noted that Berkheimer will no longer be the Township's tax collector at the end of 2011. He noted that he has a Dauphin County Tax Collection Committee (DCTCC) meets next Tuesday and Keystone has attended the past two meetings. He noted that he would like to ask them if they will do what Berkheimer has done and attend Township Audit Committee meetings on a periodic basis to provide updates and projections. He noted that they will be collecting for all of Dauphin County, and the Township continues to need answers to its questions. Mr. Crissman questioned if Keystone shared any of this when they made their proposals to the DCTCC. Mr. Hawk answered not really. Mr. Houck suggested that it would be a hassle for all the small collectors to pass on their information to the new collector and it will take time for Keystone to put all this data into their database. He suggested that it will take a year for the process to run smoothly, and it will be a rough road the first year. Mr. Hawk noted that he was told that Keystone is very methodical and detail orientated. He explained that Berkheimer was originally chosen to be the tax collector but when the fine tune negotiating occurred the Committee decided to go with Keystone. He noted that the chosen tax collector will collect all of the Commonwealth's EIT. Mr. Blain questioned who would be responsible for collecting the

2011 and 2010 delinquent taxes. Mr. Houck answered that as far as he knows it would be Berkheimer. Mr. Houck noted that the Capital Tax Collection Bureau (CTCB) is also collecting delinquent taxes as well.

Mr. Blain noted in 2012, Keystone will be collecting EIT for all of Dauphin County so there should be some efficiency in the collection process. He noted that the Upper Dauphin Tax Office will be closed as well as CTCB, Derry Township, and Lancaster County. He suggested that it may not be as bad as what everyone thinks it would be. He noted that six or seven tax collectors have been eliminated in Dauphin County alone. Mr. Wolfe noted that the EIT number that he is using in the 2012 budget is \$6 million; however, Berkheimer's projection was \$5.8 to \$5.9 million. He noted that it is his thought that it might be better than what Berkheimer projects. Mr. Blain noted that Berkheimer will be collecting for Lebanon County so it should be a much smoother process for reciprocals. He noted that there will be reciprocal issues for Cumberland County since West Shore will be the collector for the entire county. He noted that West Shore should be able to reciprocate much faster with fewer tax collectors. Mr. Houck suggested after the first year the process should be much smoother.

Mr. Houck questioned what Keystone has discussed with the DCTCC. Mr. Hawk explained that negotiations broke down with Berkheimer when it was found that they wanted to keep 5% of the entire state payroll, however, Keystone stated that they would not do that as the funds belong to the municipalities and they planned to turn the money over immediately. He noted that is what led to the breakdown and the change in administrators. He explained that Keystone has created transition forms that they will use to coordinate the transition with Berkheimer in filling in the numbers. He noted that they have been working on that for the past two months. He suggested that he would be provided an update to the transition process during the next meeting.

Mr. Crissman questioned what the relationship was like between Keystone and Berkheimer. Mr. Hawk answered that it is a good relationship, but Berkheimer overreacted in their approach to the negotiations and it did not sit well with the Committee. He suggested that there is no rift between the two tax collectors. Mr. Crissman noted that he has a concern that there will be issues such as occurred between CTCB and Berkheimer when the last change occurred. Mr. Hawk noted that most of the work between the two tax agencies would occur behind the scenes away from the DCTCC. Mr. Houck noted that he heard that it was an amicable experience noting that their home bases are in opposite ends of the State. Mr. Hawk noted that their operations are very similar; however, Berkheimer hires part time employees in the tax

months whereas Keystone uses full time personnel to do that work. He noted that the part time personnel hired by Berkheimer are well trained and in many cases they return year after year.

Mr. Hornung questioned what incentive Berkheimer and CTCB have to collect the past taxes. Mr. Wolfe answered that it would be the money. He explained that CTCB has to collect for the three years prior to 2010 and 2011. Mr. Hornung questioned what happens to the delinquent taxes that are not collected after five years. Mr. Wolfe answered that he was not sure and that he would find out.

Mr. Blain explained that part of the reason the EIT is down is because employers are not remitting taxes. Mr. Hornung noted that Net Pay is a good example as they had a lot of money that should have been remitted that was not remitted. Mr. Blain noted at the federal and state level you can only go a couple months before they notice it, however, for the local level it could go on for a long time. He noted that the federal government requires electronic filings so they have a record for what was deposited. Mr. Hornung suggested that maybe the Township should look into legally going after the back taxes. Mr. Wolfe noted that he would provide an answer to those two questions.

Mr. Wolfe noted that the only other item of significance for the GF is the PIB loan of \$325,000 with the rest being recognized in the GIF. He noted that none of the cash balance from the GF will be used for capital projects. He noted that nothing new is proposed for capital projects. He noted, during a future meeting, staff will run through the budget line item by line item.

Mr. Seeds questioned if the \$350,000 that is a part of the PIB will be spent in 2011. Mr. Wolfe noted that all of it will be spent this year, half from the GF and the other half out of the GIF. He explained that the money was applied to projects in the GIF. Mr. Seeds noted that the 2012 budget shows \$75,000 from PIB. Mr. Houck noted that \$350,000 will be spent this year and \$75,000 will be spent in 2012. Mr. Wolfe noted that that half is revenue recognized in the GF and the other half is recognized in the GIF. He noted that \$350,000 that will be spent in the year 2011 with \$200,000 spent on stormwater management and \$150,000 for the Village of Linglestown Project. He noted the \$75,000 will be spent on the pavement management program in 2012. He noted that the GIF fund for next year is very simple, with little expenditures.

Mr. Hornung noted that there is a huge issue in trying to come up with the shortfall between the revenues and expenditures. He noted that he did not feel that the Board needs to go into the details for each department budget at this time, especially since it has been doing this for many years. He noted that it would be more productive to put time and effort into solving the

major shortfall. He requested each Department Director to find where he could cut another \$100,000 or \$200,000 in their budget. He noted that the shortfall is such a large amount that he questioned how it should be addressed and questioned if we should even try using the piecemeal approach for each budget. He suggested that each Department Director has squeezed as much as they can from their budgets, so to go over it again does not seem relevant in solving the problem. He noted that if the Directors don't have answers to drastic cuts, then he questioned what the options are. He noted that the Board could always raise taxes, but he would like to focus on cuts at this time. He noted if additional EIT revenues come in amounting to \$100,000 or \$200,000, the gap would still be around \$900,000. He noted that he did not want to get tied up at this time reviewing each line item when we really need to focus on the \$900,000 shortfall.

Mr. Wolfe noted that one potential option would be to ask the fire companies to forego the 2012 Fire Equipment Capital Budget, saving \$200,000. He noted that another item would be to sell the Wolfersberger Tract which is an asset that the Board does not want to develop at this point. Mr. Blain noted if the Township sold the Wolfersberger Tract for \$1 million, and the Board funded the 2012 deficit it would only serve to be a one-time fix. He noted that the Board has not addressed the core issue and that is that it needs to get the base operations balanced in line with the revenues and expenses. He noted if the Board would sell the Wolfersberger Tract, he would want that the revenue to go into the General Fund reserve account to be used for future capital projects to the Township and not to fund the shortfall for operations. He noted that he does not have a problem asking for a one-year reprieve from paying the Fire Equipment Capital Fund, but it does not address the core problem. He noted that it goes back to what he said a year ago, we need to cut expenses and payroll to balance the budget or raise revenues. He noted that is the only way to make it work going into the out years. He suggested, before the Board does anything, its needs to think about where it wants the Township to go. He questioned if the Board wants its operations to be very basic and only provide basic needs and services to the community since it could only do that by cutting expenses and services, or does the Board want the Township to be a high-profile municipality with high-quality services. He noted that the only way you can do that is to raise taxes since you can't cut more police officers or employees from Park and Recreation or Public Works. He noted that we are at the minimum level now, a very basic municipality for operations versus having a higher standard for operations.

Mr. Blain noted that these are the kinds of conversations that the Board needs to have up front. He noted if the Board wants to keep the current services then it will have to raise property taxes. He noted that he is not advocating one way or the other, only trying to make a general

comment. He noted that once the Board figures where it wants to go then it can figure how to do it and make better decisions. Mr. Hornung agreed.

Mr. Hawk noted that Mr. Blain makes a very valid point. He noted if you sell Wolfersberger Tract, you've only solved the deficit for one year, and next year we are back where we started. He noted economically, everyone is up against a wall. He noted that there are people out of work, at various levels of distress, and no matter what the Board decides, it will hurt someone.

Mr. Hornung noted if we change the base operations to a certain level, we would need to cut services or raise taxes. He noted that selling items is a short-sighted solution, especially since 2013 will not be much better. He suggested that this is more than a one or two year event and that is why it is important to project our four or five years.

Mr. Blain noted that it is very hard to solve this issue at the detail level since the Township will be \$1 million short every year, however, if staff makes a \$1 million fix to its base operations for 2012 it should solve the problem every year out because staff fixed the base operations issue. He noted that the question is how you get there. He noted, when it comes to selling assets, he is a strong believer that if the Board sells assets, those assets need to go back into savings and to be used for future capital project in other areas, such as stormwater management. He noted that he does not want to sell assets to fund general operations, only for capital projects or assets.

Mr. Blain noted once the Board determines where it wants to go as a Township it will help to make the bigger decisions. Mr. Hawk noted that the amount of vacant real estate in the Township is very noticeable, builders are not building, and people are not buying homes or able to sell their homes.

Mr. Hornung noted if you look at the one chart where it shows the divide between revenues and expenditures, the Township has been in trouble for a number of years. He noted that the Board needs to bring those two items back together to solve the problem. Mr. Hawk noted that his dad always taught him to live below your means and within your needs. He noted right now the Township is having trouble making its needs. Mr. Hornung questioned if anyone has an opinion as to whether they want to cut services or raise taxes, and what we want the Township to be. Mr. Blain noted that once you answer that question it will be clear as to what you need to do.

Mr. Wolfe noted that he used to think that the inefficiency of tax collectors compounds the economic problem, however, for the community, it is more economic related. He noted that

the Township is seeing EIT revenues that are at the 2005 and 2006 levels. He noted on a straight line progression for 2011 the Township should be at \$7 million, however, it will be lucky if the Township receives \$6.2 million. He noted that is where the problem is. He noted that the fund balance is not a pretty chart, and until recently we had far more on account than we do now. He noted that much of the money was spent on capital projects, such as the Thomas B. George Park, and other improvements. He explained that the decrease was not due to operational losses, but primarily due to capital projects identified in the Strategic Plan that was developed by the Board will now be completed the end of this year. He noted that the Board tapped into a fund balance as planned and it did it at a time when the economy collapsed. He noted that there is no ability to reestablish that fund balance at this time, due to economic conditions and the Board is faced with no way to fund long-term capital projects.

Mr. Blain noted that the Board cannot control the EIT, but it knows where it is at and it has to reconcile the revenues with the expenses. He noted the only way to do that is to raise taxes or cut services. He noted if cuts are made, it will cut many of the items that people enjoy like the compost facility or National Night Out for Public Safety or donations towards the fireworks. Mr. Wolfe noted that the Board discussed cutting playground programs and the Citizen's Police Academy. Mr. Blain noted that this is a great community and this is where people want to live. He noted if the Board chooses to make those cuts, then it can't boast that it is a great community and that it does all these great things. Mr. Seeds noted that he has a favorite saying that goes you can't control the wind, but you can adjust your sails. He noted, how we adjust the sails is the question.

Mr. Hornung questioned if anyone had an opinion as to which way to go. Mr. Crissman answered that he would like to be able to look at both options and do a combination of both if possible. He suggested that there may be some programs that could be terminated that won't have a major impact. He noted that he would like to keep what we have, and he noted that he wants to be able to say that we live in a good community and we provide services. He noted that there may be things that the Board needs to do like raise taxes in order to keep what it has, and he agrees that selling items only serves as a stop-gap measure that provides no continuity for the future. He noted that he does not need to listen to the Department Directors discuss their line items; he noted that they know how to operate their departments. Mr. Hornung noted that the Board trusts the Department Directors to do their jobs. Mr. Crissman noted that the ball is now in the Board's court and it must make the decisions to make up the \$1 million that the Township

will be short over the next few years. He suggested that it should be a combination of raising taxes and cutting programs.

Mr. Seeds questioned Mr. Luetchford why the Key Indicator Report stated that playground revenues were down \$5,000. Mr. Luetchford suggested the day camps probably started a week later than the year before. He noted that the receipts are normally thousands of dollars and it would make a difference if the program started a week later.

Mr. Hawk noted that the Planning Commission made a presentation to the Board of Supervisors during a workshop session on the Business Improvement District (BID) Program. He noted that he, Mr. Crissman, and Mr. Blain received an email from two residents. He suggested that the idea should be put on the shelf since the amount of money that would be asked from the business owners, on top of their current tax increase would create a public outcry. He noted if the Board would consider a tax increase, you might do something in that arena. Mr. Seeds suggested that it may not be a good idea to put it on the shelf but let the businesses decide if they are in favor of it. Mr. Hawk noted that you have to be up front with the business owners, and not let them approve the BID without knowing that they could be hit with another tax increase. Mr. Seeds noted that more stores would close, and the Board has to work to keep up the retail areas. He suggested that the BID should be the business owners' decision.

Mr. Blain questioned who initiated this BID, it wasn't the business owners, it was the Board, in conjunction with the Planning Commission. He noted if the business owners want it, let them do it. He noted that the Board doesn't need to be involved with it, and if a vote is taken, he will vote against it. He noted that it is creating another level of government with no measurement of ability to determine if it is impacting business along the Route 22 corridor and it was not the business owners who asked for it. He noted in all the other BID areas, such as downtown Harrisburg, it was the business owners that asked to do this type of thing, not the government. He noted that the Township reversed the charge on this. He noted if Paxton Towne Centre, Colonial Commons, and Colonial Park Mall came together and said that they need the municipality to help them to establish a BID, it would be a different story. He noted that none of the malls are coming to the Board and stating that they need a BID. We brought it up and now we are saying to the business owner, we are going to create another level of government and tax you to put up some signs and plantings. Mr. Hawk noted that he changed his opinion on the BID and he made a suggestion to Mr. Lighty and he stated that he would explore it. He noted that he has been downtown a lot in the past week and all he saw was some baskets of flowers hanging

off of poles, with guys in golf carts with water bottles watering the plants. He noted that he is not willing to pay umpteen dollars to have someone come and water a plant on a light post.

Mr. Hornung noted if you study why people go to those places, the number one reason is convenience and not price. He noted unless you can make a large difference in why people shop at various locations, you are wasting your time. He noted unless you can come up with something that will improve the top four or five items for why people shop where they do, and it assist to make businesses more appealing, he is not interested. He noted that he likes Abraham Lincoln's quote that government should be for people that can't do for themselves. He noted that people can do some things for themselves, noting if they want to do improve or help their businesses being successful in our area, you can change the sign ordinance to make it easier for the business owners to advertise or use the Township's web channel for people to become more aware of them. He noted that people must have accessibility to bus routes to make it more convenient for people to shop. He noted that people don't like driving out on Route 22 because the lights are not synchronized. He noted that beautification will not help the situation. Mr. Hawk noted that is part of what the BID could do.

Mr. Seeds noted that he is not saying he is for it, but his original idea was to do something for the Paxtonia area. He noted when the PC was asked to look at the BID; they decided to study Route 22. He noted that he was not at the meetings when the business owners attended. He noted that he questioned the tax rate to the PC when they made the presentation. He noted that the rate is 2.5 times what they are paying now. Mr. Hawk noted that he would hate to see Mr. Hornung get hit with \$450 increase for the BID and then the Board raises taxes and he has to pay another \$450. He noted that he would bet hit with a \$900 bill while a resident would have to pay \$450. Mr. Hornung noted he would be willing to contribute to a project, but not to a group or government unless they will come back and do something for me. He noted if they came to me and said that they want to synchronize all the lights on Route 22, he would be willing to put \$2,000 towards it, because he knows it would help his business. He noted that government waste funds in overhead and does not always focus on an enhancement that it needs to. He noted that he is not saying he is for or against the BID, he noted for himself he does not want a tax. He noted that the problem with taxes is that they never go away. He noted to write a check for \$2,000 for a one-time event, he would be in support of that but to tax him would be a problem. He noted that his sales are up, but the profits are tighter because he has to work harder for it and he has to be on top of the game. He explained that he has to cut prices to try to get the people in

the door. He noted that it is not a working environment where he can sit back and give up money. He noted that he has to have a return for his money, and everyone wants a return.

Mr. Hornung questioned how much does the BID affect the need to come up with \$1.2 million dollars. Mr. Wolfe noted that what we are seeing in the Township is reduced property values, and increasing your property value increases taxes. He noted other issues are lower employment with closed stores or under utilized stores. He noted if the buildings are full and profitable and employing people, the EIT goes up. He noted that there is a direct correlation between a healthy business and dollars in receipts. He noted that the Township is experiencing unhealthy business and poor receipts now. Mr. Hornung noted that the Board needs a long-term solution. He noted that Norm Hoffer, who is involved in several projects, is trying to bring business into an area, one near the airport and another along Cameron Street and he stated that government spent \$12 to \$15 million and attracted one business employing five people. Mr. Wolfe suggested that is a different issue. Mr. Hornung noted that those things have to be really tailored to individual needs, and you would go to the people who are running the mall or are in the business and say what we can do to help make you stronger. He noted that workman's compensation issues hurt his business. Mr. Wolfe noted that any businessman will tell you that the primary drivers are land, labor, capital, and management. He noted that government incentives are so far down the list, but at the same time a healthy business community is good for the bottom line for the Township.

Mr. Wolfe noted that staff can review their budgets and list services that it currently provides that it believes would be the first tier of services that could be eliminated in a down turn and provide a cost savings associated with each one. He noted they can determine if a service is absolutely necessary and provide a cost for each item. He noted that he could provide a list to pick and choose from.

Mr. Crissman noted that is a good approach so when the Board goes to the community to state that it has done everything it could, and now it needs the citizen's help providing a combination effort as opposed to keeping everything. He noted that he might want to keep everything and then he would have to say to the citizens that the Board will have to raise taxes a certain amount or eliminate some things, but a tax increase may still be needed.

Mr. Hornung noted that part of the discussion may come down to making cuts in some areas and putting those funds into other areas that may have a higher priority. He noted that we may decide to give up leaf collection and since the stormsewers are in bad shape, take that money and put it into stormsewers. He noted that it would be a good exercise to review the

current programs and to determine what the costs are to run them. Mr. Hawk noted that it might be a decision to cut back on the street cleaning program. He noted that his car always seems to be in the way when they come through.

Mr. Blain noted if the Board can come up with a way to get the expenses in line with its current revenue base, when revenues do begin to pick up it needs to be diligent and take the excess and put it into the savings for future capital projects to build up the fund balance.

Mr. Wolfe noted that staff will work on this exercise and bring it back to the Board as well as the Friendship Center Operating and Capital Funds budgets and the Authority Operating and Capital Fund budgets. He noted that the Authority budgets will be reviewed on August 23<sup>rd</sup>. He noted that he will schedule a budget meeting for mid to late September, and he will have that information for the Board members at that time.

Mr. Crissman noted that this was a good session because it provided the Board and staff an opportunity to brainstorm and provide direction to staff as we begin to make those decisions. He noted that we are only in August and there is more date to collect and more refinement of the numbers needed.

#### Adjournment

There being no further business, Mr. Crissman made a motion to adjourn the meeting. The meeting adjourned at 7:17 p.m.

Respectfully submitted,

Maureen Heberle

Approved by,

Gary A. Crissman  
Township Secretary