

LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS

Minutes of Budget Workshop Meeting held November 22, 2011

An administrative budget workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 4:12 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; Brian Luetchford, Parks and Recreation Director; Tim Houck, Finance Director; David Johnson, Public Safety Director; and Watson Fisher, SWAN.

Pledge of Allegiance

Mr. Blain led in the pledge of allegiance to the flag.

Public Comment

Stacy Romberger introduced herself to the Boards as the Director of Lower Paxton Community Cats. She explained that she has been assisting the Township with the cat problem. She noted that there was an article in the most recent Township Newsletter, with a heading "Township providing help for stray cat problem". She noted that it has hindered her ability to help the Township with this problem as it alludes to the fact that the Township is supporting this effort. She noted that she has received no financial support from the Township and has done it all on her own.

Ms. Romberger explained that the over-population of cats will become a public health issue since cats can get rabies, and it will become a sanitation problem that will be a quality of life issue for the residents for the noise and the smell that cats make. She noted that last year, this problem was taken care of by the Humane Society, with the Township spending over \$40,000. She noted that there is a current push not to send cats to the Humane Society. She noted that they took over 400 animals to the Humane Society last year, and only 100 animals have been taken to the Humane Society this year, mostly dogs. She stated that there is no place for the cats to be taken. She noted that it will get out of control in the future if something isn't done.

Ms. Romberger explained that the Police Department takes at least 1,000 calls per year for these types of issues and she believes that there needs to be a slow progression to allow cats to be taken to the Humane Society. She noted that taking the animals to the Humane Society is not the answer as more cats will move into the area. She explained that she started a Trap, Neuter and Release Program (TNR). She explained that she traps the cats, the cats are neutered and then she releases them. She noted that it improves the quality of life for residents as it cuts down on the noise, since the cats are no longer mating, it cuts down on the smell as the male cats are not spraying, and it cuts down on the over population of cats. She noted that every female cat has the ability to have two or three litters per year with three to four cats per litter. She noted that TNR is the solution to the issue. She noted that many Townships are implementing this program, and she based her program on the one started by Councilwoman Maria Marcinko from Steelton Borough. She noted that she has neutered 150 cats from July 1st of this year.

Ms. Romberger noted that the article is the first help the Township has provided to her by making the public aware of her program however she feels that it gives the impression that the Township is financially supporting her program. She noted that it makes it harder for her to collect donations. She explained that she has been working with Officer Bryan McIntyre who started this program in January. She noted that she bought the traps and is trapping cats every week. She explained that clinics like Spay Neuter Assistance Program (SNAP) and Progressive Animal Welfare Society (PAWS) have been fixing the cats for her but they are cutting those services back for her in 2012. She noted that she cannot pay to have the animals fixed, and it will get worse since the Humane Society is no longer an option.

Mr. Blain questioned what the Township needs to do to correct the problem for Ms. Romberger. He questioned if it would help to put a notice on the Local Government Access channel for Lower Paxton Township to state that you are the sole proprietor owner and that you are not subsidized by the Township. Ms. Romberger answered that any type of communication the Township can provide, would be of great help.

Ms. Romberger explained that the Board is discussing the budget during this meeting and she has not asked for financial assistance, however, the article is hindering her ability to solicit donations. She requested the Board to reconsider its contract with the Humane Society to include cats, especially next spring, when the cats start to have kittens. She noted that Cory, the owner of Atlanta Bread, allowed her to use a building last summer where she housed a lot of kittens, however, there was an outbreak of distemper and she lost some cats. She noted that she does not

have the funds to pay for those medical issues and if she can't take care of the cats, then she should not be housing them.

Mr. Seeds requested Ms. Romberger to read the article that was in the newsletter for the Board members and she did. She noted that she took over the operations from Officer McIntyre in July and has created a website. She noted that all calls to the Township in regards to cats are directed to her. She explained that she has no issue with the article but the headline alludes that the Township is providing financial assistance and it is not. She noted that she runs on donations as her organization is a non-profit, therefore all the donations are tax deductible. She noted that there is a link to her website from the Township website. Mr. Hornung noted that there is no way to correct the title of the news article. Mr. Blain noted that Mr. Wolfe could put something on the Township TV channel. Mr. Wolfe answered that there is a notice on the TV channel. He suggested that he could add an article to the sewer insert that would be mailed after the first of the year. Ms. Romberger noted that it would get the information out. She noted that she would ask the Board to consider any bending as far as the Humane Society contract, especially for next spring, noting that she can fix adult cats but she cannot fix kittens. She stated that she is identifying all the colonies of cats and if they are fixed, they will eventually die off by natural attrition. She noted that it will get out of control if nothing is done.

Mr. Hawk noted that the timing is appropriate as the next item on the agenda is the budget.

2012 Budget Preparation

October 2011 Management Discussion and Analysis

Mr. Wolfe noted that the Board has already reviewed the 3rd Quarter Key Indicator Report and he thought it would be good to review the October Management Discussion and Analysis (MD&A) report. He noted that there have been no new surprises from the September MD&A report. He noted that the General Fund (GF) revenues are a little higher than last year due to the Earned Income Tax (EIT) reciprocals that the Township received from the tax collector for past year collections primarily from the Lancaster and West Shore Tax Collection Bureaus. He noted that there has also been higher revenue in Real Estate tax due to the 10% tax increase and the Real Estate Transfer tax with the transfer of the Colonial Commons Mall. He noted if you take out the reciprocals, the EIT remains lower and he doesn't expect to make budget on EIT. He noted the EIT was projected to be \$6.1 million; however, the amount in the budget was \$6.5 million, and he does not think that it will make that budget mark, therefore this

line items has been adjusted for the 2012 budget. He noted the intergovernmental revenues have increased for the State Firemen's Relief fund which had an increase of \$221,043 from last year, and the Township received additional funds of approximately \$300,000 for the two pension plans.

Mr. Wolfe noted that anything related to development is lagged. He noted that staff has only spent what is necessary and is holding the line on all expenditures. He noted that the Departments are within budget or under budget in all areas of operations. He noted that the Liquid Fuels funds will be spent down to zero for road improvements and the General Improvement Fund (GIF) includes the Village of Linglestown project, storm water improvements, and the Page Road Improvement for Bishop McDevitt High School which is partially funded by Local Share Gaming Grants.

Mr. Wolfe explained that he plans to present the Friendship Center (FC) budget at the December workshop session. He noted that the Friendship Center Operating Board will review the budget next Monday night.

Mr. Seeds noted that the GIF lists a negative \$46,379 for street lights. Mr. Wolfe noted that the Township had to pay in advance for the street lights and was reimbursed by Leon Wintermyer, the contractor. Mr. Houck noted that there were expenses for the project for this year, however the Township received funds from last year that was put in to offset the expense account, but instead of offsetting the expense from last year since the Township did not receive it until this year, it offset this year making the expense a negative. Mr. Seeds noted that the people would have liked to have the lights shaded as someone failed to put that in the original PENNDOT specifications. Mr. Wolfe noted that he does not know where the contract stands for that until the Township gets the bill from PENNDOT for construction. He noted that the contract has not been closed out and once that it done, PENNDOT will send the Township a bill for \$800,000 plus. He noted that the Township has \$650,000 on account from Dauphin County bond funds and PIB loan proceeds of \$150,000 to come up with \$800,000.

Mr. Seeds noted that the GIF lists grants of \$388,485 with spending of \$763,379. He questioned what that is related to. Mr. Houck explained that the Township has spent more than it received in grant funds and it has to be made up from the GF. Mr. Seeds questioned what the grants were for. Mr. Wolfe answered that it was the Page Road construction project, and what PENNDOT owes the Township for the design, right-of-way, and utilities, noting that the Township is the front agency for that project, paying up front with PENNDOT reimbursing the Township for the funds. He noted that the Township is the back-end for the construction but the

front-end for the pre-construction. He noted that the Township owes PENNDOT money for construction but they owe the Township for pre-construction costs.

Mr. Seeds noted that he had a list of paving projects that were to be completed in 2011 and he questioned if they were completed. Mr. Robbins noted, with the exception of Miller Road, Prince Street and Houcks Road, all the projects were completed. He noted that he administered the Lower Paxton Township Authority contracts and all of that paving is pretty much completed. He explained that he will not complete those three streets this year and they will be rolled into a paving contract for 2012. He noted that they are located in the BC6 mini-basin which is an upcoming Authority project. Mr. Wolfe noted that these numbers do not affect in any way the preparation of the 2012 budget.

2012 -2016 Budgets for revenues and expenditures,
including summary presentation

Mr. Wolfe noted as a result of the previous budget workshop meeting held two weeks ago he was directed to show a tax increase to 1.1 mills for Real Estate. He noted that it suspended the Fire Equipment Capital Fund (FECF), although it did provide an extra \$35,000 from Real Estate taxes for the fire companies. He noted that the Board directed Mr. Wolfe to meet with Mr. Blain which he did for three hours and they reviewed all the budget numbers to look for ways to solve the financial problem long term. He noted the Board decided since it was looking at a tax increase of up to 1.1 mills, should it look for a tax increase sufficient to solve the financial problems into the future based upon a five-year projection. He noted that he provided three budget documents for tonight's discussion: a budget document prepared with a real estate rate of 1.2. mills, 1.25 mills, and 1.3 mills. He distributed a page that summarized the current rate and four additional rates. He noted that all rates presented on the handout include the FECF to be funded in total as well as additional funding to the three fire companies of 10% Real Estate tax revenues.

Mr. Wolfe noted that the Board members wanted to discuss what increase in Real Estate tax would be necessary to solve the financial problems into the future and at the same time maintain funding to the fire companies.

Mr. Seeds noted that there is a new item to the agenda. Mr. Wolfe noted that the bond issue for proposed new money was added today. He noted that it was the second item that the Board directed him to look into.

Mr. Crissman questioned if Mr. Wolfe had calculated what the rates would be for the taxpayer. Mr. Wolfe noted that he did not calculate it but it is easy for him to do. He noted for a home assessed at \$200,000, the current rate at .9625 mills is \$192.50. He noted for the 1.1 mills the cost would be \$220; for 1.2 mills the cost would be \$240; for 1.25 mills the cost would be \$250; and for 1.3 mills the cost would be \$260. Mr. Crissman noted that the 1.3 mill rate would provide for a \$67.50 increase in taxes for a home assessed at \$200,000.

Mr. Wolfe noted that we need to put a budget document together and this is the last piece.

Mr. Crissman questioned if there is any major difference going from the various increase in rates. Mr. Wolfe noted that nothing else has changed for what impact the Board can or cannot do. Mr. Blain noted that he and Mr. Wolfe scrubbed down all the expenses and made some adjustments and reduced the expense slightly, but at the end of the day it came down to revenues. He noted if you look at the expenses, the 2008 expense base was \$19,874,000 and what is forecasted for 2016 is \$21 million that provides an increase of \$1.1 million over an eight-year period, which is a small amount. He noted that there was not a lot of room to cut in the expense side. He noted that the only way to make it work is to increase the revenues. He noted that there is room to do other things but he questioned if we want to be a base operation Township or do we want to provide services such as not fund the FEFCF or the Library Tax. He questioned if the Board wants to do these things.

Mr. Crissman noted that we need to look at the balance line over the next five years. Mr. Wolfe noted that none of these options restore the GF balance to 25% of operations. Mr. Blain noted that it would only be 21% or 22% of the GF balance, noting that the Board wanted it to be at the 25% rate. Mr. Seeds questioned if going from 1.1 mills to 1.2 mills restored the FEFCF. Mr. Wolfe noted that all of the rates shown on his spreadsheet include it. Mr. Seeds questioned if it included the financial software system. Mr. Wolfe answered that it did not include it. Mr. Seeds questioned if staff has determined that it does not want it. Mr. Wolfe answered that he has not been able to find a way to afford it. Mr. Wolfe noted that it is an expenditure of roughly \$100,000. Mr. Seeds questioned if it could be put back in. Mr. Blain noted that it is very important and he is an advocate of doing that. He noted that the Township needs a new general ledger system. He noted that staff can't fully use the purchase card system with the current software. Mr. Houck noted that he is very limited in what he can do. Mr. Blain noted that we are not getting the full benefit of the purchase card system as we can't get it to load up to the general ledger system. Mr. Houck noted that we are only getting 10% of what we could be getting. Mr. Blain noted that we are shooting ourselves in the foot if we don't get a new general ledger

system. He noted that the FC, Sewer Authority and the Township use separate general ledger systems, and they should all be using the same system. Mr. Seeds noted that we have not talked about this for the 2012 budget. Mr. Wolfe noted that the Board has not discussed the GIF since it can't until it determines what it wants to do with the GF. He noted that the Board must balance the GF and determine what the savings are before it can fund capital projects. Mr. Seeds noted if he is to support a tax increase he would like to have those things included that we know that are important. Mr. Hornung noted that the tax increase will have to be larger that it is now. Mr. Seeds noted that it includes \$350,000 for storm water projects and he is big on that. Mr. Wolfe noted that the Board directed him to get information on borrowing \$1.5 to \$2 million and he has done that and it is the next item on the agenda. Mr. Hornung questioned if the borrowing is included in these numbers. Mr. Seeds noted if we only had the debt to pay for storm sewer then maybe we could include the financial software package. Mr. Wolfe noted that there is no money in the budget for a general ledger packet. Mr. Hornung noted that whatever the Board borrows it has to pay back.

Review of proposed new money and refunding bond issues for 2012

Mr. Wolfe noted that there are ways to borrow that you could limit your financial impact and one option would be an issue of new money in the amount of \$2 million, combined with refunding, it would amount to a total issue of \$3.5 million that would cost nothing in 2012 and an additional \$20,000 each year after. Mr. Hornung noted that it would increase the pay back period by three years. Mr. Wolfe noted that it would provide for a lower interest rate on \$1.5 million and extending it out 3.5 years to get an additional \$2 million. Mr. Hornung noted that it is like re-mortgaging your house. Mr. Wolfe noted that it would be used for the municipal roof, HVAC improvements, and storm water management at about \$1 million to \$1.5 million. Mr. Seeds questioned if we could find funds for the financial system. Mr. Blain noted that it is negligible. Mr. Seeds questioned what the interest rate would be. Mr. Wolfe answered, about 4%. Mr. Crissman noted that the impact is an additional three years of payments. Mr. Seeds noted that it would not be enough to do all the storm water projects. Mr. Wolfe explained that you can only borrow for what you can spend in three years. He noted if you have \$20 million of storm water projects and it takes ten years to do all the work, you can only borrow for the first three years of work. Mr. Crissman questioned if the entire amount would be used for storm water. Mr. Wolfe noted that it would be used for storm water and the roof for the Municipal Center. Mr. Crissman

questioned what the cost would be for the roof project. Mr. Wolfe suggested a rough estimate of \$400,000. He noted that three quarters of the borrowing would go towards storm water plus the amount that is already budgeted. Mr. Wolfe noted that there is \$200,000 from the PIB Loan in the budget, but he did not think any other funds were budgeted at this time. Mr. Wolfe noted if the Board moved forward with the bond issue for storm water it would free up about \$350,000. Mr. Crissman noted that is in addition to that amount. Mr. Wolfe noted that the \$200,000 that was borrowed from the PIB Loan has to be used for storm water. Mr. Seeds noted that there is also \$148,221 in the GF for storm water and maybe that money could be freed up to use for the financial program.

Mr. Crissman questioned how much do we have in the GF budget for storm water management. Mr. Wolfe answered for 2012 it would be \$348,221. Mr. Hornung questioned if there would be any funds in the 2013 budget. Mr. Wolfe answered no. Mr. Robbins noted for the mini-basin work scheduled in 2012 there will be storm water improvements needed.

Mr. Blain noted that there is no way to determine what the EIT will be since it is based on what people are making. He noted that the Township might be able to go with a tax increase lower than 1.3 mills, as it might see an increase in the EIT as the budget is very conservative in its projections. He noted that it could be lower but we don't know. Mr. Hornung noted retirement is at an all-time high and although you might get some employment from the backend you still have the retirement numbers. He noted that this area is loaded with people who are retiring. Mr. Blain noted that Mr. Hornung makes it sound like half the population is retiring and that will not happen. He noted that college graduates will be employed. Mr. Hornung noted that he is talking about job creations. Mr. Blain suggested that it will continue.

Mr. Seeds noted that he had an interesting conversation with Gary Meyers, the Township Manager from Susquehanna Township at a recent Capital Region Council of Government meeting. He noted that they have to raise taxes as well and they were talking about the EIT and Mr. Myers stated that their EIT has increased every year for the past four or five years. Mr. Wolfe noted that that is not what their budget is showing. Mr. Seeds noted that Mr. Myers explained that they have a lot of State workers and Highmark Insurance workers.

Mr. Blain noted that we have to increase taxes but the question is should we go to 1.3 mills. He stated that he doesn't have a problem with that. He noted if the Board feels more comfortable going to 1.2 mills that is doable and it could work. He noted that revenue projects could change. He noted that the revenues for the past years, over an extended period of time have only gone up \$1 million. He noted if you want to do something less in millage and look at it

again in a couple of years, we could do that. Mr. Hawk noted that the predictions are not very favorable for the coming year predicting a fallback on investments and a recession. He noted that Europe is not doing well as they are near collapse; therefore he is leaning towards the 1.3 mill increase. He noted that it means a \$67.50 increase which is \$6 a month more.

Mr. Blain noted that there is the ability to pick up money from the library tax. He noted that the library is well funded and solid as they have a lot of available cash and their net assets are very strong. He noted that what the Township provides to them by way of Real Estate tax is a pittance compared to what Dauphin County provides. He noted that the Township pays \$118,000 as compared to Dauphin County's \$5 million contribution in 2010. He noted that they received donations in the amount of \$500,000 so the Township's contribution is not mission critical to them. He noted that the Library is sitting on \$7 million worth of cash with half of the funds invested in Certificates of Deposits. He noted that the Township could put those funds into the GF. Mr. Hornung questioned what the millage rate was for the library. Mr. Wolfe answered that it is .024 mills. Mr. Blain suggested if the Board choose to do that many people would complain. Mr. Seeds noted that he would sooner cut the library fund than the FECEF. Mr. Blain noted that the Board has to focus on the things that we have to do. He noted that we know that we have storm water improvements to be done, FECEF, and EMS problems that need to be resolved that are more critical. He noted that Mr. Wolfe could provide the Board members with the Library Audit Report. He noted that it is one of the most solid non-profits that he has seen recently. Mr. Hawk noted that \$118,000 would provide for more flexibility in the Township budget.

Mr. Blain noted that the 1.25 millage rate still provides a bleak look for years 2013 through 2016. He noted if you want to correct it the Board should do it now and not raise taxes again for a number of years, and the way to do that is to raise it to 1.3 mills. Mr. Hornung noted that it is hard to look at the numbers on the rate option sheet and not choose 1.3 mills if we want to maintain the 25% in the reserve looking out five years. He questioned if this is something that all the members have resolved to do. He noted if the economy gets better, the Board certainly have enough back log of projects that are necessary to do such as a new general ledger program. He noted that the tax increase does not bring the GF up to the 25% reserve. Mr. Blain explained that he was throwing out different options but the Board members may not be comfortable going with the 1.3 mill increase. Mr. Horning questioned what is the difference between an increase of 1.275 mills or 1.3 mills. He noted that you might be able to cut out the library tax and he was not sure that it would make much difference to anyone. Mr. Hawk answered that it is almost a half a mill. Mr. Crissman noted that it would cost a property owner \$10 annually.

Mr. Seeds questioned if the pavement management program is included in the 2012 budget. Mr. Robbins answered yes. Mr. Seeds noted that the other large expenditure for the Public Works Department is the need to add on to the existing building, but he questioned where the Board would find the money for that. Mr. Hornung noted that staff has cut the pavement program way back and the Sewer Department has been covering some of those costs, but at some point the Board will have to address the pavement program as we can't continue to delay the projects. Mr. Hawk noted at 1.3 mills does not provide a large surplus in years 2014 and 2015. Mr. Hornung noted if things start to improve and get better, the Township can pave additional roads to try to get caught up. He noted that there are many projects that staff should be doing now.

Mr. Blain noted if there is an increase in EIT revenues those funds could be used for other projects and if a shortfall continues then the library tax could be cut. Mr. Hornung noted as part of the Real Estate tax increase the Board should increase the fire tax to compensate for the \$200,000. Mr. Wolfe explained it would be a 10% increase, noting that all of these proposals show fire tax revenues of 10% each. Mr. Seeds noted that it would be more reflective of where the money goes, and questioned if any funds were added for EMS since we do not know what we are doing. Mr. Blain stated that is another wild card. He noted that the EIT is a wild card, and EMS could be big for the Township if another agency could provide the service for a cheaper price than SCEMS, noting that we currently pay SCEMS \$224,000 annually. Mr. Crissman noted that Steelton Borough is in the process of signing a contract with PinnacleHealth for ambulance service. Mr. Seeds noted that Steelton had their own ambulance service staffed from 8 a.m. to 10 p.m. and the cost was \$130,000 annually. Mr. Hornung noted that the situation with SCEMS could get worse as they are not doing well. Mr. Crissman questioned if the proposal includes the library tax. Mr. Blain answered yes. Mr. Seeds questioned Mr. Crissman if he wanted to maintain the library tax. Mr. Crissman answered yes as he thinks it is a service that is valuable to the community. Mr. Seeds noted that staff from the library told him that they are able to do additional things because of the library tax. Mr. Hawk noted that we have the option to cut the tax if we need to.

Mr. Blain noted that he could not emphasize enough the SCEMS issue funded at \$224,000 noting that it is a lot of money. He stated if PinnacleHealth requested \$100,000 it would be a savings of \$124,000. PSD Johnson noted that he has tried to get in contact with Mr. Logan but has been unable to do so. Mr. Wolfe suggested that if we get a savings it is a bonus, however stabilizing the service and not looking at a catastrophe in years to come is the benefit.

Mr. Hornung noted that is what worries him. Mr. Wolfe noted that we are looking at a catastrophe into the future questioning if SCEMS can continue to survive.

Mr. Hornung noted that 1.3 mills is the correct way to go. Mr. Hawk agreed as it provides for a comfort level. Mr. Blain noted that the key to the 1.3 mills has to be how the Board addresses the increase with the public because the first thing that the residents will hear is that the Township is imposing a 35% tax increase, not looking at what the real dollar amount is, noting that it is \$62.50. He explained that it will not increase the revenues by 35% as it only provides for an increase of \$970,000 on a \$19 million budget. He noted that the Board can only control the Real Estate tax and even with a 35% tax increase it doesn't increase the overall revenues by \$1 million. Mr. Hornung noted that 10% of the 35% is for the fire companies. Mr. Hawk noted that it will create some turmoil when the School Board raises their taxes.

Mr. Wolfe noted that Swatara Township has a \$10 million budget with 25% coming from the Real Estate tax at \$2.5 million. He noted that their budget is half of what the Township's is but they generate the same amount of revenues from the Real Estate tax. He noted that Susquehanna Township has a higher Real Estate tax rate than Swatara Township on a \$10 million budget and they are generating almost \$3.3 million from their Real Estate tax, more than 3%. Mr. Hornung questioned what their millage rate is. Mr. Wolfe answered that it is 2.098 mills. He noted that both Townships are considering raising their tax rate. He noted that Derry Township is at 1.096 mills that generates \$1.3 million, however they have a parking lot tax that generates \$600,000; amusement tax that bring in \$1.3 million; a pilot payment in lieu of taxes from the Giant Center that generates \$108,000; payment in lieu of taxes from the Hershey Medical Center that pays \$170,000, and an occupation assessment tax that generates \$2 million. He noted that Derry Township is very different from us.

Mr. Hornung noted if the Board chooses to go with the 1.3 mills rate, how is that relative to where the Township was 18 years ago. Mr. Hawk noted in 1996, the rate was 1.625 mills. Mr. Hornung questioned what the mileage rate was before he came on the Board. Mr. Wolfe answered that it was .0875 mills.

Mr. Blain questioned Ms. Romberger what she thought about all this talk about the budget. Mr. Romberger noted, as a resident, the Board will get complaints either way so she would suggest going with the 1.3 millage rate increase. Mr. Seeds noted that he has already gotten complaints as a result of all the rumors.

Mr. Houck noted that Susquehanna Township raised their taxes 61% two years ago and now they are looking to raise it 45% this year. Mr. Crissman suggested that the increase would equal what it would cost for a couple to go out for dinner.

Mr. Seeds noted that the total tax that the average person paid for the average property assessed is \$200,000, however, back in 1996 it was less and if you took the average percent of their total income to pay property taxes to Lower Paxton Township versus their percent of their income today to pay their taxes, that is the figure that you have to use. Mr. Hornung noted when he got on the Board for the first two years they cut taxes 10% so it had to be higher than 1.6 mills in order to cut it in half. Mr. Wolfe noted that the Township's rate went from .0875 to .07. Mr. Hornung noted that the reassessment was done years after. Mr. Seeds noted that the Board reduced the taxes 40% prior to last year's increased of 10%. He noted that no one will remember that we cut taxes.

Mr. Seeds noted that he would like to find a way to fund an addition to the Public Works Building.

Mr. Wolfe noted from the 2010 tax levy chart, the Township was at .875 mills noting that the average rate in Dauphin County throwing out the extremes was about 2 mills and the Township was less than 1 mill. He noted that the Township is still less than 1 mill and now the Board is discussing raising the tax to less than 2 mills. He noted that Derry Township is still at 1.0966 mills, Susquehanna and Swatara Townships are both higher than shown on the chart, and both looking at tax increases. He noted that the Township's current rate is .9625 mills, the lowest of the four major developed townships in Dauphin County. He noted that the history for the Township taxes shows that the millage rate in 1996 was 1.6049. Mr. Hornung noted that the Township was at 2 mills and it was reduced to 1.6 mills and then reduced in half. He stated if the Board would have cut the 2 mills in half it would have been at 1 mill. Mr. Seeds noted that the Board can always say that the Township is paying less millage than what was paid in 1990. Mr. Crissman noted that no one will care.

Mr. Wolfe noted that the chart does not tell the true picture in that over the last 22 years the Real Estate tax has increased three times and decreased three times and it has been at or below .875 mills which was the adjusted rate for the reassessment from 1996 through to last year and it continues to be below a mill since 1996. He noted for 1996 the Real Estate tax generated almost \$44 per person, and in 2010 it generated \$53 per person. Mr. Hornung noted in 1994, 1995, and 1996, we cut taxes. Mr. Wolfe suggested that we should not be arguing that the taxes are low; rather we should be arguing that for an extremely reasonable rate of taxation, the

Township provides a lot of service. He noted when you think of what people are paying for cable services it is very true. Mr. Wolfe noted that people pay ten times more for their television service than they do for the Township Real Estate tax.

Mr. Hornung noted that we have four in agreement to the 1.3 mills and he questioned Mr. Seeds what he was thinking. Mr. Seeds stated that he wants to see a plan for storm water and the general ledger program in the budget and if he wants to see these things he doesn't have much of a choice. He noted that what is left out of the budget is what Mr. Robbins needs for his budget. Mr. Hawk noted that would make it 1.5 mills. Mr. Seeds questioned if there are other things that the Board needs to be doing other than replace the roof, storm water projects, the pavement management plan, and a general ledger program. Mr. Wolfe noted that the major discussion to be held tonight is after you decide what to do for the GF, what and if you should borrow for significant capital improvements. Mr. Seeds noted that he wants to ensure that there is money, no matter where it comes from, either out of the GF or a bond issue, to do the storm water improvements. Mr. Wolfe noted that the Board directed him to look at money for storm water and a roof for this building, but it did not direct him to look for money for other things. He questioned Mr. Seeds how many other things do you want him to add in. Mr. Crissman noted that becomes the question of how much do you want to borrow and then how much to pay for debt service, noting that he is not really excited about this. Mr. Hornung agreed with Mr. Crissman. He noted that he does not want to keep extending the payments. Mr. Crissman noted that he does not want to borrow money noting that is exactly what the City of Harrisburg did over the years and now they can't make their debt service payments. He noted that he did not want to place this municipality in that same situation. Mr. Seeds asked Mr. Crissman if he was looking to raise taxes to 1.3 mills without borrowing. Mr. Crissman answered yes. Mr. Seeds noted that the 1.3 mills with a bond issue would include \$350,000 for storm water projects, and the \$100,000 for the general ledger software. Mr. Blain noted that it would not include the general ledger software or the new roof. Mr. Crissman noted that is a piece that we need. Mr. Hornung noted that the 1.3 mills gets the Board to the point where the operations is funded only and no new capital projects.

Mr. Blain noted that he is not a big fan of borrowing money, but in this instance, there is a need. He noted that the roof is a critical need otherwise it will continue to deteriorate and cost more to replace in the future. He noted that storm water improvements are items that the Board need to do and it has to find the money to do it, and he strongly recommends purchasing a new general ledger packet. He noted that the efficiencies that the Township will gain would be an

investment to him. He noted he did not know how to fund all these projects unless the Board increases taxes to 1.5 mills and does not borrow money, or borrows money and pays it off over 20 years. He noted that these are infrastructure improvements and it is worth borrowing the money to him. He noted if we were borrowing the money for operations he would not be in agreement but if we are doing infrastructure improvements that is a different matter. Mr. Hawk noted that it is not a decision that we have to make tonight. Mr. Seeds explained that he would not support the 1.3 millage rate if there is not enough money to do these other things. He noted that he would like to explain to people that the Board raised taxes to do storm water improvements, install a new roof and purchase a general ledger system. Mr. Blain noted that he understands that Mr. Seeds cannot justify the tax increase if we are unable to fund these projects. Mr. Hornung noted that the 1.3 mills only allows the Township to pay its bills and does not allow for anything else. Mr. Blain noted that Mr. Seeds' argument is that he wants to borrow the money to do these other projects using the 1.3 mill increase. Mr. Hornung noted that it is almost deceitful to say that we are raising taxes to 1.3 mills because we need to borrow the money. He noted that we could borrow the money and not raise taxes. He noted that it is not truly honest to say that is why we are raising taxes. Mr. Hornung noted when you borrow money you better invest it in infrastructure item that will last those 20 years. He noted that he does not have as much a problem borrowing the money to fix the roof since it will last 20 years. He noted that he has a problem when we borrow money and it will not last the time period of which we need to pay it off. He explained that it is like borrowing money for a car, and the car goes away, and you are still making payments. He noted that storm water improvements will last 20 years and beyond. He stated that it is not correct to say that we will raise taxes to do the storm water projects; we are raising taxes to cover the bills. Mr. Seeds noted if we don't do a bond issue we don't fix the roof, we only do storm water improvements in the amount of \$348,000 for one time and next year, and we have to find additional funds to do more work in 2013. Mr. Crissman noted that the funds are there to sustain storm water improvements for that amount each year. Mr. Hornung noted that is not true, it is only a one time amount of \$350,000. Mr. Wolfe suggested that there would only be \$150,000 available in 2013. He noted that for 2012 there is a PIB Loan borrowing of \$200,000 that is to be used for storm water in 2012. Mr. Blain noted in 2012, the budget is projected to have a surplus of \$613,553.52 because of the PIB Loan. He noted if that is removed the budget would be even with the cost for operations. Mr. Crissman noted that we would have to raise taxes in 2013 to restore the amount that we lost. Mr. Hawk suggested that Mr. Seeds is outvoted. Mr. Blain noted that you would not have to raise taxes in

2013 as you could use the surplus from 2012. He noted that the budget would be fine for 2013 and 2014 by using surplus to fund operations only. He explained that there would be no reserve funds to fix the roof or purchase the general ledger packet.

Mr. Crissman noted that we could reduce the amount of borrowing as well and take care of the roof and infrastructure and accounting system. Mr. Hornung suggested that those decisions could be based upon what the EIT is doing. He noted that the difference between 1.25 and 1.3 mills is not much. He noted the 1.3 millage rate provides some cushion in the event things don't go right the Township would have a little left over. He suggested that we need to have some reserve funds in the event something goes wrong. Mr. Blain noted as a fall back, the Board could take back the library tax, reduce the FECF, and hopefully find a reduction for EMS funding.

Mr. Hawk stated that he would be willing to raise the Real Estate tax to 1.3 mills but would not go higher than that. Mr. Blain noted that 1.3 mills is fine with him. Mr. Hornung agreed.

Mr. Wolfe stated that he would prepare the budget at the 1.3 mill rate noting that no decision has been made for borrowing. Mr. Seeds questioned if there is anyway to include the financial packet in the budget. Mr. Wolfe answered that you could take \$100,000 out of the storm water budget. Mr. Seeds noted that he did not want to do that. Mr. Hornung noted that he does not have a problem with borrowing money if it is put into infrastructure that will outlast the point at which the loan is paid back. Mr. Wolfe noted that Mr. Crissman does not share that opinion, explaining that the list of projects that Mr. Robbins distributed on the recent Road Tour cost over \$900,000. He noted that he had a list that was twice as long of projects that he had not identified yet for storm water. Mr. Hornung noted as mini basin work is done there will be additional storm water needs. Mr. Wolfe noted that the Authority is doing a massive sanitary sewer program, digging up street, restoring the streets only to find out that the storm sewer system is shot. He questioned, do you pave over the street and leave the deteriorating storm sewer system or do you replace it at the same time. He noted that much of what staff is doing from a storm water system is being driven by sanitary sewer work. Mr. Robbins noted that he has two developments budgeted for next year with that very issue. He noted on Curvin Drive there is a significant storm water project that needs to be done prior to the roads being paved, and in Colonial Hills there is 1,200 feet of storm sewer and about 8 or 10 inlets that need to be replaced before the roads are paved. He noted that these streets have sat for 18 months to two years with trenches cut in them and the people are going to be very impatient if staff doesn't pave those roads. Mr. Wolfe noted it will also be a problem if the roads are paved now and then staff

come back three to five years from now to dig them up again. Mr. Hawk noted that it would not make sense.

Mr. Blain noted that he would like to speak to the general ledger program. He noted that the Board is talking about replacing storm sewers and everything else, but if it put \$100,000 into the general ledger program it will pay for itself in that Mr. Houck will be able to use the purchase card system to its fullest. He noted if the vendors put more money on the PNC Purchase Card then the Township would get money back and it is not doing that. He noted that it is an improvement that the Township can get a payback on. He noted that the efficiencies of having everyone working together on the same system is a savings. He noted that the Township entered into the Purchase Card system because it felt it could receive earnings of \$20,000 per year and it is not reaping any of that benefit since it can't get it to work with the current general ledger package, since it is out of date. He noted that the Township is losing money by not having a new general ledger system. Mr. Houck explained that it is becoming more and more frustrating with the current system since he had to upgrade to a newer version of what we already had because we would not have been able to do unemployment compensation taxes at year-end. He noted as soon as he did the upgrade, he was unable to do that. He noted Ms. Hepschmidt found a sewer batch in the accounts payable for checks that had been run and closed out but it remained open, so he called Harris and a few hours later they stated that they took care of it. He noted that Ms. Hepschmidt looks at the Township's accounts and the ones that she was adding were lost. He noted that he had to call Harris back and a few hours later Harris calls back to say that they restored, noting that the Township batch of 40 checks that she entered were lost but the Sewer Authority batch was found. He noted that they were finally able to get the Authority off and the Township back on. He noted that they are not putting any money into their old system since no one is buying it.

Mr. Wolfe stated that he would prepare the budget with a 1.3 mill increase. He noted that the Authority meeting will start at 6 p.m. He suggested that the December workshop session, since Mr. Luetchford would provide the FC Budget, he could have Mr. Robbins attend to review the storm water improvements and revisit the borrowing at that time. He noted that he can advertise the approval of a budget at the Board's December 20th meeting.

Mr. Hawk noted that he did not think that we have taken anything off the table at this point. Mr. Wolfe noted that although the Board has given him the direction to move toward the 1.3 mill rate doesn't mean that you can't change your mind as you have to December 31st to adopt the 2012 budget.

Mr. Seeds noted that he would like to see, at the very minimum, \$500,000 for storm water improvements. Mr. Crissman questioned Mr. Seeds if he would support the move to 1.3 mills. Mr. Seeds noted he will if we do the storm water improvements. Mr. Crissman noted that you will not have that as an option as the Board will need to take action on the budget before it takes action on borrowing.

Adjournment

There being no further business, Mr. Crissman made a motion to adjourn the meeting. The meeting adjourned at 5:46 p.m.

Respectfully submitted,

Maureen Heberle

Approved by,

Gary A. Crissman
Township Secretary