

LOWER PAXTON TOWNSHIP  
BOARD OF SUPERVISORS

Minutes of Workshop November 12, 2013

A budget workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 6:05 p.m. by Vice Chairman David B. Blain, on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

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

Also in attendance was George Wolfe, Township Manager; Sam Robbins, Public Works Director; John Trish, and Watson Fisher and Ted Robertson, SWAN.

**Pledge of Allegiance**

Mr. Hornung led in the recitation of the Pledge of Allegiance.

**Public Comment**

Mr. John Trish, 600 Prince Street noted that the road guys (Sewer Contractors) are still making it difficult to get through the Township. He noted that they had Queen Street shut off, the parking lot at Liberty Square shut off, and when he drove over to the next street they had that one shut off, and you couldn't come up Queen Avenue to get on that street and you had to turn around and go up to Devonshire and go around that way. He questioned, can't anyone put some common sense into those guys. He noted if you turn right on Queen Street to go to Liberty Square, you can't get to Liberty Square. He noted if you go up Lancer Street you can't get through and they were milling up the streets, three at the same time. Mr. Wolfe noted that Mr. Trish's concerns are valid, but some are going to happen because the Township is restoring sanitary sewer work as part of a mini-basin project. He noted that others are because contractors have not been putting out proper roadway detour and closure information. He noted that they met today in-house to discuss this and have developed a plan to insure that the contractors do follow state requirements for posting roads for roadwork, and when they don't we have the Police site them if necessary. He noted that the inconvenience will remain, but hopefully it will be better marked.

Mr. Trish noted if you see a road that says, road closed, it doesn't tell you what road. Mr. Wolfe noted that was an issue. Mr. Trish noted if you turn down the road that you think is open and you are stuck and you think you are taking a shortcut to go through the alley and you can't

get through the alley since it is blocked off, and you turn around and you can't go across the street since it is blocked. He noted that you have to go across Route 22 to Houcks and come across that light to get through the intersection. He noted that maybe the work is done, but they are still milling the roads. Mr. Wolfe noted that Mr. Trish is correct in that the signage is not correct and he has a plan to deal with it.

Mr. Trish noted that it is leaf time, and the big truck with the tube on it came through his neighborhood and went right past the intersection at Prince Street and Wyoming Avenue, and went up about 30 feet and start running the machine again. He noted that it left all the leaves at the corner of Prince Street and Wyoming Avenue. He was thankful that we weren't getting any rain. He noted that the trucks and leaves are there, noting that it is the same thing for the sweeper. He noted that the sweeper has been doing better now but if the truck is there...

Mr. Robbins noted that he understands what Mr. Trish is saying; when their assignments are given in the morning, he will make sure... he noted the general idea is when they are coming down the street, they will collect leaves on the street, noting that the hope is that there are a significant number of piles on the street because with a one man leaver, he can drive down the street and get them all in one swoop. He noted that it makes it difficult when you are doing intermittent piles here and there. Mr. Trish noted that the driver was moving along, but the biggest pile was at the corner and he went right on past that. He noted that the driver came back around but he just went up Virginia Avenue and started to work there. He noted that his only concern is with that intersection and all the manholes. He noted that it doesn't take many leaves and then he is flooded again. Mr. Robbins noted that he would say something to his men.

Presentation of the cable television franchise review for Comcast, as prepared by the Cohen Law Group on behalf of CAP COG

Mr. Wolfe noted that the Township and about 15 other municipalities have worked together through the Council of Governments to retain the Cohen Law Group and to undertake a review of the franchise agreements for both Comcast and Verizon Cable Companies as they pertain to services that they are to provide to customers within our community.

Mr. Wolfe noted that the Comcast review has been completed by the Cohen Law Group and he has included the executive summary for the Board to read, however the Verizon review is still in process and he hopes to have that by the December workshop session as well.

Mr. Wolfe noted that the results found Comcast to be in compliance with the requirements of the agreement with the Township. He noted that is in all areas of operation. He noted that Comcast is a mature service in the Community as it evolved from Sammons and Suburban Cable companies that were the previous service provider. He noted that it has existed in the community well over 20 years. He noted that Verizon has only been in existence in the Community for five years and was recently built out.

Mr. Wolfe noted that the Cohen Group findings begin on page four of the report but the one that the Board would be the most interested in would be accurate payment of franchise fees. He noted that they report on the timeliness of payments, subscriber counts and comparison of year-to-year findings and from the analysis they found, without a detailed audit, Comcast is fairly representing to the Township the payment of franchise fees per the franchise agreement. He noted that the agreement requires that 5% of certain revenue streams be remitted back to the community as payment for the ability to put the service into the municipal right-of-way. He noted that Comcast is to provide the Township with a 5% return divided into 12 categories and a review of those categories by the Cohen Law Group has found that they are fairly representing the categories. He noted that it is not unusual for a cable company in the United States to not include all the categories that they are supposed to in the franchise agreement. He noted that Comcast in Lower Paxton Township is fairly reporting all sources of revenue as required by the agreement.

Mr. Wolfe noted that the Cohen Law Group has reviewed the average cable bill and number of customers and found that the compensation of revenue streams is fairly represented by the revenues that are included in the franchise payments to the Township. He noted that the homes included in the Homes Passes List, a listing of all properties in the Township that are served by Comcast is fairly representative of the services provided in the community. He noted that the Township is getting the revenue that it is supposed to for the categories it is supposed to and the subscribers within the Township are properly accounted for.

Mr. Wolfe noted that the customer service standards are found to be in compliance with the response. He noted that he gets very few complaints in regard to both Comcast and Verizon from citizens in the Township. He noted when the Township does get complaints; it is primarily a dispute over billing. He noted that it rarely gets a complaint over service, noting that Verizon had an issue about two years ago where they had a three day blackout on the West Shore which,

in part, prompted the franchise review. He noted that it includes the actual television signal as well as response times to cases of customer service calls for equipment or repair.

Mr. Wolfe noted that Comcast is required to provide service to the community on a build out basis and it is a mature system and it has been built out for years and they are in compliance with that provision. He noted that they are in compliance with service interruptions, and there is rarely a loss of cable service in the community. He noted if there are issues, Comcast will provide a credit for the loss of service.

Mr. Wolfe noted that there is a detailed provision for providing service to municipal facilities as well as fire companies, schools and libraries. He noted that Comcast is meeting the requirement per the franchise agreement to include its support of the governmental channel where we televise Board meetings. He noted that they are in compliance with the insurance and bonding requirements and recommendations can be found on page 15 of the report. He noted that the Township should continue to review quarterly line item payment reports; and contact the entities that are supposed to get free service to see if they are getting it.

Mr. Wolfe noted that completes the Comcast review provided by the Cohen Law Group through the Council of Governments. He noted that no action is required by the Board. He noted that it is important to let the cable companies know that we will continue to watch how they are responding to the requirements of the cable franchise agreement so they don't take shortcuts in the future.

Mr. Crissman noted that the final comment is that Comcast is in substantial compliance and he felt that was significant wording for them. He questioned if the Cohen Law Group will also be providing a similar report for Verizon. Mr. Wolfe answered yes. He noted that their review is a little more difficult since they are a new provider, noting that the build out for Verizon is different. He noted that they were required to be built out by June or July of this year but they missed that mark and are at a 99% level, and have a time schedule to address the odds and ends that need to be completed.

Mr. Crissman questioned if any official action needs to be taken. Mr. Wolfe answered no but it is a public document and could be shared with the public.

Mr. Seeds noted that it is important that we do a periodic review of the cable companies to make sure they are in compliance. He noted that there is a concern that there are entities that are not receiving the free service. Mr. Wolfe noted that part of the issue is that they are only required to provide basic service and it may not be suitable for the needs of the schools and

libraries. He suggested that they are probably receiving a higher level of service and paying for it. He noted that Comcast is only required to provide basic residential service. Mr. Seeds questioned if they can receive basic free service, should they only have to pay for the additional service. Mr. Wolfe noted that depends on what they want to provide; they can have either the basic service or they can take any other service and would have to pay for that. Mr. Seeds questioned if the Township is using the service that is provided to it. Mr. Wolfe answered yes.

Mr. Blain suggested that we should move up the discussion on the General Improvement Fund in order to allow Mr. Robbins to make his presentation at this time.

#### Presentation of 2014 General Improvement Fund Budget

Mr. Wolfe noted that the General Fund (GF) Budget for Operations for the most part is complete other than discussion for the General Improvement Fund (GIF) which is the capital budget that is partly funded by the GF. He noted that the Board will act on the final budget for the Authority during its November 26<sup>th</sup> meeting and for the Township on December 17<sup>th</sup>. He noted the one budget that stills needs to be determined is the Friendship Center (FC) budget. He noted that the line item numbers for the FC are fairly represented at this time.

Mr. Wolfe noted that the capital budget for Lower Paxton Township for 2014 is balanced depending on what is done with the FC, at \$1.7 million to \$1.8 million. He noted that the revenue sources for that include intergovernmental revenue that are grant funds, primarily Dauphin County Local Share funds and PA Department of Conservation and Natural Resources. He noted that there is a transfer from the GF for capital projects of \$129,000 and bonds proceeds at \$1.5 million, and he expects to have a small amount of bond proceeds remaining from the 2012 issue next year. He estimated for 2012 bonds he expects to have \$145,000 at the end of 2013 for a total of \$4 million with \$3 million for stormwater improvements and \$1 million to the FC, tapping into that spending of \$300,000 leaving \$3.7 million.

Mr. Wolfe noted that the proposed expenditures for capital improvements in 2014 are stormwater improvements noting that he has provided a list of proposed projects to be undertaken.

Mr. Robbins noted that he will be doing the Earl Drive line culvert pipe, endwall apron and guiderail; Marblehead Street safety issue with icing condition and road failing, Pearl Street Endwall; Bradford and Tee, replace pipe and inlets; Catherine Street, line existing pipe and grout; Dowhower Road, Stream Realignment; Goose Valley Road, Replace culvert, permit and

design work at the entrance of Chelsey Falls; Centennial Acres, cleaning and televising; Beaver Road, pipe replacement between Kenwood and Cricket; Crums Lane, replace twin pipe and drainage; Hummingbird Drive, drainage in right of way between Route 39 and Sycamore Drive; Hunters Run Road, pipe failure causing a safety issue near the S-turn; and Forest Hills Drive; clean and televising pipes. He noted that he has budgeted \$50,000 for emergency and unforeseen work. He noted that Hunters Run Road, Forest Hills Drive and other items will be done by Public Works employees.

Mr. Robbins noted in an effort to build the 2015 year projects, he has budgeted \$200,000 for survey, design, permitting, inspection and contract management.

Mr. Seeds questioned if Mr. Robbins would have a meeting with the residents on Earl Drive. Mr. Robbins answered that he is in the process of doing that now. He questioned if Mr. Seeds wanted to be part of that. Mr. Seeds answered yes.

Mr. Hornung questioned in regards to the prices for the individual projects, does it include the hourly wage. Mr. Robbins answered that it includes contract costs using prevailing wages, except for the bottom three items on the list. He noted for items one through 11, he has numbers from Mr. Fleming based on prices that we have seen in previous contracts. He noted that is why those numbers are significantly lower. Mr. Seeds questioned if that will spend the rest of the bond money. Mr. Wolfe answered that there will be an equal sum to spend in 2015. He noted that there is \$3 million for stormwater work, from the 2013 bond which can be used in 2014 and 2015. He noted that Mr. Robbins proposes to use \$1.4 million in 2014 and \$1.6 million in 2015. Mr. Seeds noted that it would give the Board time to move forward to make a decision to establish a stormwater authority or to raise taxes. Mr. Wolfe noted that the next Lower Paxton Township Authority (LPTA) bond issue is scheduled in 2016, so if the Township would borrow for stormwater projects beyond what we have, it could occur at a time when the Authority would be borrowing for other sources of revenue and it would provide economies of scale on the issuance.

Mr. Robbins noted in 2015, he will be doing work on a mini-basin that the LPTA will be opening bids for in third quarter of 2105, Mini-Basin 5E which is Devonshire and Coventry Roads and Winfield and Care Streets areas. He noted that it will be the first time the Public Works Department will have spent significant dollars in stormwater for a mini-basin project. He noted that he is in the process of putting those numbers together but it could be close to \$750,000. Mr. Seeds questioned if that would be in 2015. Mr. Robbins answered yes.

Mr. Wolfe noted that \$40,000 is budgeted for traffic signal projects to upgrade intersections, noting that Mr. Robbins normally does one or two on an annual basis. He noted that he has included \$15,000 for road improvements to fix the entrance to the landfill. Mr. Robbins noted that all of West Hanover Township's traffic, Waste Management's and Township staff uses that entrance. He noted that the road is in terrible shape; he explained that he put a base down and will do the shoulders and complete some other areas of the roadway in 2014. Mr. Seeds questioned if that was listed under the compost facility berm. Mr. Robbins answered no, noting that the berm needs to have more topsoil and seed. Mr. Seeds questioned if it is the berm that was built on the east side. Mr. Robbins answered yes. Mr. Seeds questioned if the road work was to improve the road that runs along the back of the homes. Mr. Robbins answered that it is not the area along the back of the homes, mainly through the park area, just inside the park after you drive off of Conway at the S-turn, to come through the park. He noted that is not a public entrance. Mr. Seeds questioned what you want to do with it. Mr. Robbins answered that he paved the road this year and took out a bunch of material adding five inches of base, and now he needs to take care of the shoulders. He noted that he did not have the money to do it this year. Mr. Seeds questioned how much money is budgeted for this. Mr. Blain answered \$15,000.

Mr. Wolfe noted that \$65,000 is budgeted for Wolfersberger Tract to use for adding fill to the site. He noted that most of the engineering work was completed this year and he hopes to be able to establish the site for fill from sanitary sewer mini-basin projects and Public Works projects. He noted that he hopes to recoup the price to bring the site into a developable condition through waste materials collections from ongoing Township projects. He noted that some funds would need to be spent to start this project, noting that the engineering and permitting is in process through services from HRG. Mr. Seeds questioned what would the \$65,000 cover. Mr. Wolfe noted that there is a cost to the Township up front and it won't be able to recoup the cost until the site is established and is able to be used for the sanitary sewer projects and then staff will have to develop a mechanism for either the Authority or contractors to provide reimbursement to the Township to use the facility. Mr. Wolfe noted that the costs include permitting, erosion and sedimentation control, and a construction entrance to provide for how the site will be monitored on a daily basis.

Mr. Wolfe noted that the Greenway Committee would like to apply for a DCNR Grant that would require a 50% match of \$20,000 to begin work on implementing the Greenway Plan. He noted that moving forward means that the grant would need to be awarded and the Board

would have to accept the grant. He noted that Mr. Luetchford requested that it be included in the budget noting that they need to complete the grant application and be notified of the award and Board acceptance.

Mr. Wolfe noted that there is \$80,000 from Dauphin County Local Share projects for the Jonestown Road Bridge project over Beaver Creek. He noted that the project is moving forward very slowly, noting that the Bridge is jointly owned with West Hanover Township so the two Townships are sharing the local share for the replacement of that bridge which has a total cost estimate of \$1.6 million.

Mr. Wolfe noted that the final item is a new request from Mr. Robbins to build a rather large clear span fabric building to house the horizontal grinder, leaf turner and wheel loader. Mr. Robbins noted when he visited San Antonia a few years ago; he found a product named Clear Span Fabric Building. He noted that \$100,000 is a lot of money and to build a building that size would be very expensive. He explained that we could purchase concrete blocks from Pennsy Supply, run them two high, and then fasten the metal frame building to it, after which you stretch the clear span building over top of it. He noted that it is a very reasonable cost and is UV resistant, and provides a place to house the three pieces of equipment out of the weather. He noted that the grinder is a little less than \$500,000 worth of equipment, and when his staff is done grinding all the leaves in late February, it sits all winter. He noted when staff uses the machine to grind in the summer he would like to get it in out of the elements. He noted that it will cost significant dollars down the road if we don't protect the equipment.

Mr. Robbins explained that it is a permitted load, weights about 80,000 pounds, so it is not just something you can hook on. He noted that the leaf turner also sits outside and he just purchased another wheel loader that staff drives back and fourth four miles each day. He noted with the new building that would not be necessary. He noted when he does restoration work for Township projects he is able to screen the topsoil, and it would be very handy if the topsoil could be stored out of the elements. He noted that he spends from \$8,000 to \$10,000 per year buying topsoil and it would be another way to help offset the costs for the building.

Mr. Seeds questioned if the cost would be \$100,000 for five years. Mr. Robbins answered that the total cost would be \$100,000 as they offer 0% financing so it could be financed for two, three or five years. He noted that they have a three and five year plan, but he was unaware if they have anything less. Mr. Seeds noted that it would only be \$20,000 for five years. He questioned if Mr. Robbins was asking for the entire amount. Mr. Wolfe answered that the Township is

asking for the Board's permission to do it. Mr. Seeds noted that the Township could purchase the building for \$100,000 but pay for it over five years. He questioned why the Township would not do that. Mr. Blain noted that is what Mr. Robbins is recommending to do. He noted that he is only showing the full amount but he explained that it could be purchased over a five year period at a zero interest rate so it would be \$20,000 in 2014.

Mr. Seeds questioned how long the building would last. Mr. Robbins suggested that it could be fifty years. He noted that nothing could go wrong with it other than the fabric, as it has a 50-year life. He noted if the fabric would go bad you would still have everything else.

Mr. Seeds questioned if this building would be closed in on both ends. Mr. Robbins answered yes; it would have a bay door on one end and a small man door. He noted in the middle of the winter, he would be able to keep the elements out. Mr. Seeds questioned if it would have an electric door opener. Mr. Robbins answered that it would be manual and chain driven. He noted that it would be a significant investment but he wanted to ensure that the Board understood the real costs for the building.

Mr. Blain noted if you put it into perspective of spending \$100,000 over five years for the building to house equipment, when you combined the cost of all the equipment it is probably \$1 million and after five years you have recouped your costs. Mr. Crissman noted especially at 0% interest. Mr. Robbins noted in the middle of the winter we can keep the elements out. Mr. Seeds questioned if the doors are aluminum, not canvas material. Mr. Robbins noted that it is a plastic PVC door. Mr. Seeds noted that this is not a final budget so we could; at zero percent agree to pay it out over five years. Mr. Robbins noted that it is a significant investment but he wanted to make sure the Board know what the real cost is. Mr. Crissman noted that we have to make the five year commitment and zero percent interest is good.

Mr. Seeds questioned if the \$40,000 is the remainder of the financial management program system that will be completed in 2014. He noted that the bulk of the work will be done in 2013, but there is some carry over in 2013. He suggested that \$100,000 was put in the budget for the program. Mr. Wolfe noted that the total price will be about \$140,000. Mr. Blain noted that the initial estimate was more than that. He noted that it is coming in under the estimate. Mr. Wolfe noted that it includes the hardware costs. Mr. Blain questioned if \$140,000 was in the budget for this in 2013. Mr. Wolfe answered yes. Mr. Blain noted that we did not use that entire amount in 2013 and could carry over \$40,000 in 2014.

Mr. Blain suggested that the capital budget was \$165,000. Mr. Wolfe suggested that it might have been \$125,000. He noted that we are including in that number the hardware failures that we have had this past year that in some fashion accommodate the financial management system.

Mr. Hornung questioned if Mr. Robbins would be heating the storage building. Mr. Robbins answered that it would have power as he would have to plug the grinder and wheel loader in. Mr. Seeds questioned if that is included in that price. Mr. Robbins noted that the building does not include electric power. Mr. Wolfe explained that there is a power source in that location. Mr. Robbins noted that he would work with Tyndale to provide power to the building at a very low cost as he could use staff for labor. Mr. Seeds noted that those units are diesel and they must be plugged in.

Discussion regarding Phase IV of the  
Fire Equipment Capital Fund

Mr. Wolfe noted that he was told by Public Safety Director David Johnson (PSD) that during the last Public Safety Committee (PSD) meeting the Linglestown, Colonial Park and Paxtonia Fire Companies each desire to move forward with Phase IV of the Fire Equipment Capital Plan (FECP). He explained that the fire chiefs have priced through COSTARS, the purchase of three pieces of equipment. He noted that Colonial Park wants to buy a 100-foot aerial unit that would replace their 75 foot Quint, which is a multi-purpose vehicle that has an aerial and a ladder truck. He noted that Linglestown wants to purchase a pumper and Paxtonia wants to replace their existing 100-foot ladder truck with a new one. He noted that the total cost for all three units is \$2.5 million.

Mr. Wolfe noted from a staff perspective, at that cost with the current funding level for the plan, these three units will eat up the next 12 years of financing. He noted that we currently have six years of funds in the plan, and it would take the Township seven years into the future to make up the deficit or until 2020. He noted if the Township would purchase the three units proposed, the Township would have three 100-foot aerial units, which might be more than what we need, although the fire chiefs will tell you differently. Mr. Seeds questioned if all three chiefs will tell the Board that they need them. Mr. Wolfe answered that they all want to buy their pieces of equipment and he thinks all three will state that they need them.

Mr. Wolfe noted that it is his understanding that the fire chiefs desire to move forward with Phase V of the FECP and purchase additional units in approximately in 2018. He noted the

Township's FECF budget in 2013 will have a balance of \$1 million to spend but what is proposed to spend is \$2.5 million. He noted if you would do that you would have to finance, lease, or underwrite it through the GF balance as to what was done in the past. He noted that he is presenting this for informational purposes to find out what direction the Board wishes to provide to staff. He noted that you will be presented with a budget document that is based upon this.

Mr. Seeds noted that the Board has to increase the current contribution of \$200,000, maybe putting it at \$300,000. Mr. Wolfe suggested that it would take a tax increase to do that. He noted that the Board is funding the fire service through a dedicated tax and all fire services are compensated through the dedicated tax. Mr. Seeds noted that we can't just find the money somewhere else, but we can't do it in the \$200,000 payment.

Mr. Blain noted before we start to discuss increasing the contribution from \$250,000 to \$300,000, it does not make sense to buy two aerial trucks. He questioned how old is Colonial Park's and Paxtonia's aerial trucks. He questioned if one could make it five more years. He questioned if the Township could purchase one in this phase and the other one in the next phase. Mr. Seeds noted that he was headed in that direction as well. He suggested that the chief from Paxtonia suggested that he could get more time out of their unit. Mr. Blain noted that he did not remember if that is what Chief Fife stated. Mr. Wolfe noted that one of the chiefs stated that. Mr. Blain noted that one could do it if they had to do it. He questioned why the three can't get together and figure out which one needs an aerial truck more than the other one and put together a long term plan to replace one truck this year and the other one in five years. He questioned how many communities in the Commonwealth can afford to buy two aerial trucks in the same year. Mr. Seeds noted that Mr. Blain is correct. Mr. Crissman questioned how old is Linglestown's aerial truck. Mr. Blain noted that the City of Harrisburg is probably running an aerial truck that is over 25 years old.

Mr. Seeds suggested that we need outside people to tell the Township what equipment it should have. He noted that we need to find more money for the capital plan because we are getting in trouble because the costs have gone up. Mr. Wolfe noted that it is valid point, noting that it would have to be done in cooperation with the three fire companies, but in his mind, a valid fire service analysis of the Township by an independent party in regard to manpower and equipment is necessary before the Board spends \$2.5 million now and \$2.5 million in two or three more years. He noted that it would be money well spent. Mr. Blain noted that we are all in

agreement that we need to buy the equipment for the volunteer fire companies and we don't want them to feel like they don't have the right equipment but the reality is how can we afford to pay for two aerial trucks in the same year. Mr. Seeds noted that we all want to get them the equipment they need but we don't want to buy stuff that they don't need.

Mr. Wolfe suggested that the Board needs to meet with the three fire chiefs and express this to them. He noted that the Board is willing to purchase the equipment that they need but at a cost of a one year expenditure of \$2.5 million we all may want an independent analysis of what is really needed in the Township. Mr. Seeds explained that the Board was going to do that year's ago and we didn't. Mr. Blain questioned what the outside consultant would do; would they come in and analysis the Township in regards to population, service area, equipment that can handle the service area in regards to buildings that are above 60 feet where you would need aerial equipment and come to an assessment for the Township needs. Mr. Wolfe answered they can do that or analyze the condition of the existing equipment and determine what its expected useful life could be. He noted that there are entities that are out there who provide that service but the only time these things are successful is when there are done in cooperation with the fire companies and the Township. He noted that you need their cooperation for this to work.

Mr. Hornung questioned if we could get through some of this without hiring an outside consultant by simply asking the firemen that question when they come in to talk to us. He noted that the Board needs an idea of what the return for the investment would be. He noted if they have equipment that is causing them problems, he wants to see the maintenance logs, and expenditures to justify that the piece of equipment should be purchased due to the amount of maintenance costs. He noted that he wants to know what kind of return he would get for his investment if another aerial truck is purchased. He explained that we have some of the fastest response times and best firefighting statistics out there. He questioned how would they improve that and what are the residents getting in return for this expenditure. He noted that a consultant will ask them all the questions and compare it to some other fire companies and provide an answer. He questioned if we could do some of that ourselves. He noted that the consultant would require the fire chief's cooperation and we would still require their cooperation to get through the numbers too. He noted that sometimes we get a consultant to help us make the decision because it is too political to make ourselves. He suggested that we need to make the fire chiefs justify the equipment to the Board to see where that goes and then maybe in the end we get a consultant.

Mr. Wolfe noted that this discussion begins by explaining to the three fire chiefs that a quarter million dollar spend in 2014 and another in 2016 or 2018 is not doable at this time at the current funding level. Mr. Hornung noted that we have to have good returns to justify the expenditures. He noted when they come in to provide those returns to the Board we need to know what we will get for the money spent. Mr. Wolfe noted that he will schedule the fire chiefs for the next available opportunity which would probably be the December workshop. Mr. Seeds suggested that we are all in agreement with that. Mr. Crissman noted that they need to understand the Township's financial crises as well as being able to establish priorities for equipment. He noted that they need to cooperate with each other, noting that they can work with each other to use that piece of equipment in this municipality. He explained that they are not three kingdoms.

Mr. Seeds noted that he did not see \$110,000 in savings from the proposals. Mr. Wolfe noted you need to add up the prepaid amount. Mr. Seeds noted that he added the amounts and did not come up with that amount. Mr. Wolfe noted that it is an approximate figure but it is not important as we are not moving in that direction at this time.

Mr. Crissman noted that we have attempted in the past to get the firemen to work with each other on projects and they want their own fiefdoms, but they are now forcing the Board to say to them you have to cooperate if you are going to succeed. He noted that they must be a team. Mr. Hornung noted that it was a struggle when he came on the Board and it is still a struggle 16 years later and 16 years from now it will continue to be a struggle. Mr. Crissman suggested that the financial situation may force them to work together.

#### Presentation of the 2014 Compensation Program for Administrative Employees

Mr. Wolfe noted, as directed by the Board, he is presenting the Administrative Employees Compensation Program now instead of the normal mid January presentation. He noted that there are about 30 administrative employees who are not covered by a bargaining unit agreement but are covered by a compensation plan that was originally established in the 1990's but completely reevaluated in 2004. He noted that the purpose of this plan is to ensure that the Township provides market rate compensation to administrative employees based upon the job that they are supposed to do. He noted that the compensation should also stay current with annual increases in inflation and also accounts for employee performance.

Mr. Wolfe explained that page two begins the duties that he must perform on an annual basis which is an analysis of the employment market; using two comparable items. He noted that the first is the Consumer Price Index (CPI) for northeast urban areas and for September 2012 through September 2013 time period, the CPI was 1.1% increase. He noted that he also took the average of an employment municipal survey of comparable municipalities from the Central Pennsylvania area and found that the average increase provided to employees was 2.4%. He noted that he blended the two averages producing a 1.8% average increase. He noted that it is applied to the salary structure by the provisions of this plan. He noted the next page shows the positions by grade with the 1.8% increase added. He noted that it is not necessary the compensation increase provided to the employees as it is functioned differently.

Mr. Wolfe noted that the history of employee compensations shows that in 2010, no increase was provided; in 2011 it was a flat 3%; in 2012 it was 2%; and in 2013 it was 2% at the beginning of the year with an additional 1% to 3% compensation in May depending on the employee's status within the salary structure. He noted that the vast majority of employees received the 1% increase.

Mr. Wolfe noted in 2014, administrative employees will contribute an additional 1% to their pension plan and an additional 1.5% to their health benefit plan up to \$850. He noted that there are nine grades within the salary structure starting with the Public Safety Director and moving down the positions. He noted that the salary structure for each identified position begins with a minimum, maximum and a middle or mid-point between the two. He noted that the mid-point is actually the desired rate of compensation that the Township, by this policy, wants to pay people in those positions who are successful and have been here a significant amount of time.

Mr. Wolfe noted that the recommendation for the implementation of the plan is on the last page of the report, recommending a base salary increase for all employees for 2014 of 2.5%. He noted when you take into account the employee contributions to the pension and health plan, it amounts to roughly a net increase of .5% depending upon the employees. He recommends that the Board continue to increase the salaries of those employees who are compensated at the lower end of the salary structure, some of who are not registering in the scale. He recommends that the Board provide to employees who are more than 10% below mid-point, an additional .5% compensation and for employees who are more than 15% below mid-point, an additional 1%. He noted that there are 26 employees covered by this agreement and the desire is to pay

employees that have exhibited satisfactory service and have significant service to the Township at the mid-point of the structure.

Mr. Wolfe noted that only four employees are compensation at or above mid-point, no employee is compensated outside the 10% plus or minus threshold and five employees are compensated at rates below the minimum. He noted that it is an improvement over last year where we had eight employees and if the Board continues to implement the program as it has been done in this fashion, next year the number five will decrease to three or four. He noted if the Board finds this to be satisfactory, he will put it in resolution format to be adopted at the next business meeting.

Mr. Seeds noted that he likes it and he thanked Mr. Crissman for reminding the Board that it should not wait until January to discuss this further. Mr. Crissman noted that it sends a poor message to employees that they have to wait two months after the Board has adopted a budget to recognize their compensation. He noted that we have five employees who are being compensated below minimum entry level salary for that pay grade and with this plan it reduces it to four or three. He noted hopefully in another year we will get those employees at the level for a person who is in the starting position. He noted that we are making strides.

Mr. Seeds noted that he likes the overall plan. He questioned if Mr. Hawk should weigh in on this. Mr. Wolfe noted that he would review this with him. Mr. Blain noted that he is fine with the plan.

Mr. Hornung questioned where this relates to what the private sector does. Mr. Wolfe answered that it is difficult to do for a number of reasons; these are not laborers or truck drivers and mechanics. He noted to find a Public Safety Director or a Public Works Director in the private sector.... Mr. Hornung noted that he is talking in general, in the administrative area, not in the hourly area. Mr. Blain suggested that the average raise last year was 2% or 2.5%. He noted that there is no data for 2014. Mr. Wolfe noted that is one of the reasons why we did this later in the year.

#### Continued discussion of the Friendship Center

Mr. Blain noted that he wanted to add to the agenda where we left off the discussion last week on the Friendship Center (FC). He questioned if the Board came to any consensus moving forward.

Mr. Wolfe noted at staff level, we participated in discussions last week but he did not receive any specific instructions to take any additional action. He noted that he and Mr. Luetchford are waiting for direction from the Board of Supervisors.

Mr. Blain noted that we need to put this on the agenda for next week, to schedule a special workshop session to discuss where we will go or we can hammer some things out tonight. He noted that the numbers have been laid out for the FC by the Brailsford Report. He noted that the conclusion from all of that is, if we put more money into the FC we could probably get the FC to some kind of workable solution but it will take some time to turn that cash flow positive. He noted that there is good and bad to the scenario but we haven't gone any further than that. He questioned if we should look at some other type of option to compare to what we have from the Brailsford Dunlavey Report and the analysis that we did or should we say we will run with what we have and try to make it happen to make some changes internally. He noted that we owe it to staff to come up with what the next step will be.

Mr. Hornung noted that he wanted to come to a decision last week and it didn't happen. He noted that the problem is there is another option but it is the white elephant in the room; should we seek another entity to run the FC. He noted to make a decision to rehab the existing building and keep it to make it more profitable or is the other option better. He noted without knowing what that other option would do and the financial parameters that surround that option, it is somewhat difficult to make a decision when you don't know the ramifications for it. He noted that it is not just a financial issue, but also in the areas of manpower and what would happen to the people that work at the FC now. He noted without exploring it, it is somewhat difficult to make a decision, although he is half tempted to say lets just move forward with what we have, he is also reluctant to put blindfolds on to move forward without considering other options. He noted that it is something worthy for discussion and he would like to pursue it if we want to look at someone else running it. He noted that we could then make a decision as to what the two options are or forget going outside and just run forward with the options of rehabbing the facility and running itself with some modifications to a number of areas.

Mr. Seeds explained that he agreed with Mr. Hornung and in order to make an intelligent decision for some of the options that the Board has discussed, maybe we should sit down with some other parties and find out if they have a proposal for how they would lease it and what changes they would make. He suggested that we can't make good decisions until we get more information by talking to other parties to see what their interest would be. He noted that he is not

ready to spend money to make a lot of changes but if we can make changes without spending money he is fine with that. He noted that he wants to talk to other people.

Mr. Crissman noted when the Board brought the meeting to closure last month he thought there were three options to look at. He noted that one option would be to look at those things we need to do to keep the current operations functioning, the leveling of the debt service, what kind of marketing would be done and what costs could be cut. He noted that information would have to come from staff. He noted that the second option, if we were to consider looking at someone else for leasing, the Board needs to have the data for how much it would lease it for because whoever takes over would have to be able to take up the debt service as well as the operating costs. He noted that option three would be to liquidate the entire asset meaning the ground and the building. He noted that it is not one that he would favor and he is making a guess that there is no one on the Board who is interested in that option. He noted if so, we should eliminate that option and concentrate on the other two and collect the data so we have comparative data before we do any outreach to anyone.

Mr. Seeds suggested that there is no one here who wants to sell it and we need this service in the Township. Mr. Crissman suggested that we need to be able to say that the Board is not going to do Option three.

Mr. Blain questioned about getting data on lease rates; how do you proposed doing that before you go out and talk with someone about what they could actually do in regards to... Mr. Crissman noted that we need to know our numbers before we could talk to anyone, noting if someone suggested that they would lease it for \$100,000 next year, he hasn't seen any numbers to know what we need to break even. Mr. Blain suggested that number would be too low because you have way more debt service on the building. Mr. Crissman noted that he would like to know what that number is especially if he is going to talk with someone. Mr. Blain questioned who you talk to get that information. Mr. Crissman suggested that our staff needs to put that together. Mr. Blain questioned how staff could do a market rate analysis on the leases. Mr. Crissman noted that they would have to come up with the debt service, what are the operating expenses, and all those kinds of numbers to know what we have to have yearly. Mr. Blain noted that we know those numbers. Mr. Crissman noted that we have not compiled those numbers to come up with a total number. He noted that we need to pull all those numbers together and say this is the number that we would have to go to the table with. Mr. Wolfe suggested that is the budget. Mr. Blain noted that we already know what the actual results have been since the FC's

inception by year, know what the operating expenses and revenues are and what the debt service is. Mr. Crissman noted if we are going to use the budget number... Mr. Blain noted that we know what the actual results are; we even looked at those last week. He noted that we know what the actual results were in 2008, and out to 2012. Mr. Crissman noted if you take that number, since it is a public document, anyone coming to talk to us would also have that number. He noted that is a break even number that they would have to come in with. Mr. Blain noted that we already have that number.

Mr. Hornung noted the one number thing that we have to come up with is the lowest number that we would be willing to accept. He noted if we want to try to get the debt service covered, it would probably be too high of a number for anyone to come in and run it under that debt service. He suggested that it would be difficult for someone to come in and pay \$30,000 a month to lease the building and make it work. He noted that he does not know what other expenses we would need as far as putting money back for asset improvements for a roof. He noted that we have to sit down and say this is a number that we feel is the bare minimum that we will accept or a number that we are looking for or something like that. He noted if we are looking for \$30,000 to \$50,000 a year to put back for asset repair, we are probably asking too much. Mr. Crissman noted on top of the rental fee the Township may be responsible for some expenses. He noted until we put those two numbers together, how would those numbers match a program if we are going to continue to operate the facility, what is the action plan, and how would those numbers look in comparison.

Mr. Hornung noted that the Township would have to subsidize the Senior Center. Mr. Wolfe noted if the Township continued the ownership of the building and it was leasing it, you would exclude that portion and the Drayer portion as well. He noted that it would be a 56,000 square foot recreation center. Mr. Hornung questioned if there is overlap for some of their uses of the facility. Mr. Wolfe noted that there is but it could be restricted. He noted that Drayer overlaps as they have a lease to use the swimming pool. He noted that you were looking to cover the debt service and capital for the capital plan for the FC, the monthly payment would be about \$46,000. Mr. Blain noted that it would be at the current debt service level. He suggested that there are only two things to hammer out and that is how we would handle the debt service issue internally in regards to spreading it out internally as it would make a difference for what we would need to get in a lease payment, and how you handle the senior center expenses. He

questioned if we absorb those expenses and pick up the senior center expenses or do we talk to a possible lessee about absorbing them.

Mr. Seeds stated that he did not think it would be wise to extend the bond issue as the place will need a roof and a lot of things in ten or twelve years. Mr. Blain noted that you could factor those needs into your lease. He noted that you could ask for a certain amount more in the lease to pay for those capital needs. Mr. Wolfe noted that the capital plan includes the replacement of the roof on a 20 year basis and that cost is an annual number of \$170,000.

Mr. Crissman questioned if the Township kept the facility, what would our expenses be. He questioned if there is an action plan that can be discussed that can be presented to help reduce whatever the expenses are. Mr. Hornung noted that we already have it. Mr. Crissman noted that we have talked about reducing the debt service but he does not know if Mr. Luetchford has worked on any action plan in terms of marketing and how it would flow. Mr. Hornung noted that the FC has a shot in the dark to make it by 2017, but he noted if this was his business and he was in trouble, losing \$250,000 a year, he would certainly go to the bank and extend his debt service so it could be incorporated into that debt service that would be needed in the future to have enough funding to cover it. He noted that it makes sense to push the debt service out for another 20 years to make money to get to that point so he would have enough oxygen to reach the end. He noted that the Township would have to actually do the refunding and it would do the equalizing to make it happen and there would be an interest rate for that. He questioned if those numbers are available for extending the debt out for 20 years. Mr. Wolfe answered that we can do whatever the Board wants with those numbers but we have never actually done that. He suggested that \$100,000 would be a logical amount.

Mr. Crissman noted if we reduced the debt service, then what does it do to the operating expenses for the year and can they stay in the black by that one single deduction. He suggested that it can't be done with one single reduction. Mr. Hornung noted that one single reduction by itself would not do it. Mr. Crissman questioned what impact would it have on the FC operating budget. Mr. Hornung noted that those numbers would have to be run no matter what we do because he does not see anyone renting out the facility for \$46,000 or \$50,000 a month. He noted that we have to smooth the debt service regardless.

Mr. Blain noted that he agrees but if you are going to lease the facility, there is only going to be two things to deal with; what the lease payment will be and making sure you have enough money put aside for capital improvements. He noted if you lease the facility, you will

want to do a triple net lease, having the lessee pay for all the utilities and everything else to include the internal build outs. He noted once we figure out what the debt service needs to be and how much money we want to put away for capital improvements to the facility, we can come up with that number, then we will know what we are looking for. He noted that you can do that while talking with someone else. He noted if you talk with someone who wants to provide a proposal; they can't turn it around in seven days, noting that you have to give them 30 to 45 days to come back with a proposal. He noted that it may not benefit to say what we need, let them come back first to see what they proposed. Mr. Hornung agreed.

Mr. Stine noted if you do leasing, depending on who you lease it to, it could trigger real estate taxes and the facility might not be exempt anymore. Mr. Wolfe noted that it would need to be bid. Mr. Stine noted that it depends on who the entity is but it might trigger the loss of an exemption from the real estate tax which is not an insignificant amount of money. Mr. Hornung questioned what would be the triggering mechanism, if they are a non-profit. Mr. Stine noted that a purely public charity is the test that the Supreme Court uses now. Mr. Wolfe suggested that it could be a church, school and government. Mr. Stine noted that there are some hospitals that are considered purely public charities if they do enough medical care without cost. Mr. Wolfe noted that PinnacleHealth was when they leased the facility. Mr. Hornung noted that it would trigger a tax. Mr. Stine noted that it is likely.

Mr. Stine noted that he does not know if organizations like the YMCA are considered to be purely public charity or not. He noted that they maybe. Mr. Hornung questioned if Mr. Stine could research that. Mr. Stine answered that he would not be able to tell him that as he does not know if there is a tax assessment case that involves the YMCA. He noted that you would have to find if they have been qualified as that already. He noted that we could ask them if they have to pay real estate tax on anything they own.

Mr. Blain noted every day we wait it is costing the Township money. Mr. Crissman noted that we are losing memberships everyday. Mr. Blain questioned if we can put this on the agenda for a workshop session for next week at 6 p.m. and meantime staff can take the current debt service and calculate what it would be to spread the debt service out to 20 years and what the monthly debt service would be using a market interest rate that you could get today which would be 3.5%. He noted we can figure out what it would be and layer it into the analysis. He noted that we would need to go back and see what the next ten years of facility improvements will be needed, such as a new roof. Mr. Wolfe noted that there is a plan for that and we have determined

that the number is \$170,000 per year, noting that some years it would be in excess of that and other years it would be less. Mr. Blain noted in a ten year period it would be \$10.7 million. He noted that we can discuss that information next week and come to some resolve as to the next step.

Mr. Hornung explained that he wanted to add one caveat that if you level debt service by pushing it out 20 years, can you make it with interest payments only until it starts to get paid back pushing a portion of it to the end or no interest payments with a balloon payment on the end.

Mr. Seeds noted if we are losing memberships, we shouldn't be as someone will run the FC, but it will not close. Mr. Crissman noted that people are coming in because of all the discussion that is going on and asking if they should get a membership or renew it. Mr. Blain noted that is why we need to keep the iron in the fire and keep pushing it. He noted that we can't let this linger past the end of the year as we have to come to some resolve for this.

Mr. Crissman noted that next week Mr. Wolfe and Mr. Luetchford have to defend the \$300,000 grant application with Dauphin County. Mr. Wolfe noted that the meeting is scheduled for November 19<sup>th</sup> at 3 p.m.

Mr. Hornung noted that we could pursue the recommendations as if we are going to continue to run it, level debt service, and once we get it to the point where it starts turning around at that point go out and pursue another option. Mr. Blain noted that is the point that he is trying to get to for next week, figure out a couple options for level debt service, layer it into the analysis and see what that would do for running itself and implementing the Brailsford Dunlavy changes. He noted by doing that and adding a certain amount of money each year for capital improvements, then you would know what the number is that you would need to get if you wanted to go out to another entity to see what they could do for the Township. He suggested that it would kill two birds with one stone and would get the Township to a point where it could say we know what the number is and what we can do internally and decide to do it internally and move forward or lets go talk to another entity and have them provide a proposal to get us to where we need to be on a lease type arrangement for debt service and capital improvements.

Mr. Crissman noted when we look at the internal situation for debt service we also need to talk about removing the senior center expenses. He noted the other issue is union salaries or non-union salaries for other entities running the facility. Mr. Wolfe noted if you want to compare private sector and public sector, it is an exercise and we are a union shop noting that a non-profit would not be a union shop and they may have to pay real estate taxes. He noted what the main

concern of the Board is how it would affect the Township if it continues to operate it into the future and how to potentially best position itself in the future if it doesn't want to operate it at some point in time. He noted that he has a good idea for what will be needed for next Tuesday night. He noted that we will advertise a workshop session for 6 p.m.

Mr. Hornung questioned if we have to vote on it. Mr. Wolfe noted that it is not a decision if you don't vote on it. Mr. Hornung noted that we already own it and we are already operating it... Mr. Wolfe noted if you decided to move as it, there is no decision to be made. He noted if you decide to do something other than what you are currently doing, then you have to vote.

Mr. Hornung noted the next meeting should be D-Day.

#### Adjournment

Mr. Crissman made a motion to adjourn the meeting and the meeting adjourned at 7:25 p.m.

Respectfully submitted,

Maureen Heberle  
Recording Secretary

Approved by,

Gary A. Crissman  
Township Secretary