

LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS

Minutes of Board Meeting held July 29, 2008

An administrative workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 6:06 p.m. by Chairman William B. Hawk on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

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

Also in attendance were George Wolfe, Township Manager, and Tim Houck, Interim Finance Director.

Pledge of Allegiance

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

Public Comment

No public comment was received.

Mr. Wolfe introduced Mr. Timothy Houck to the Board members as the new Finance Director. He explained that Ms. Speakman was on vacation and was unable to attend the meeting.

MID YEAR FINANCIAL REVIEW

2nd Quarter Key Indicator Report

Mr. Wolfe noted that the budget for the 2008 General Fund was balanced at \$19,460,362, and in the beginning of 2008, the General Fund balance was \$9,648,639. He noted that those funds are held as a savings account to pay for the General Improvement Fund which has a 2008 budget of \$3 million. He noted that the Fire Equipment Capital Fund balance is \$1,039,278; the Friendship Operating Fund is balanced at \$2,146,540; and the Township's Authority Operating Fund was \$11,843,615 against expenditures of \$22,234,033. He noted that their capital fund was \$11,468,000, and the Authority has \$23,653,298 in its funds slated for capital projects. He noted that the two pension funds have assets of \$25,727,000.

Mr. Wolfe noted that the historical trends for the Township show, that since the mid-1980's, the Township accumulated a significant General Fund Balance of close to \$12 million.

He noted since the year 2000, no more funds were added to that account, and the fund has been used for capital projects. He noted that it was the previous Board members' intent to save money to pay cash for capital projects as opposed to issuing debt. He noted that there is a long list of capital projects that are in progress. He explained that the Township issued a bond in 2002 for \$6 million.

Mr. Wolfe noted that the current status shows a net loss in the General Fund of \$470,169 on revenues of \$7,980,805 and expenditures of \$8,450,974. He noted, at the end of the second quarter, \$850,000 was transferred to the General Improvement Fund. He noted that for operating purposes, the Township is operating on a cash basis, and funding capital projects through the General Fund.

Mr. Wolfe noted that the real estate tax distribution for the year is 4% higher than last year, primarily due to the tax increase. He noted that the Earned Income Tax is better than recent history, showing a 12% higher rate than this time last year.

Mr. Hawk noted that the Capital Tax Collection Bureau (CTCB) is looking for a new Executive Director. Mr. Blain suggested that the job may go to Mr. Doyle, or depending on what decisions are made, the work may go to the Berkheimer Group. He noted that Mr. Doyle may be the manager of one of the two requested offices that would remain if the Berkheimer Group was hired to do the work. He noted that Berkheimer would not need to keep all the current CTCB staff. Mr. Crissman questioned if CTCB would need to negotiate where the office locations would be. Mr. Blain answered that Berkheimer committed to having an office in Lower Paxton Township. He suggested that the Carlisle School District would also want an office near their location. Mr. Crissman noted that he wanted to ensure that there would be an office in Lower Paxton Township. He questioned if the Township needs to do anything to ensure that the office would be in the Township. Mr. Blain explained that the Township was guaranteed an office in this area, as Berkheimer has made this commitment to the Central Dauphin School District. Mr. Wolfe explained, if the Township hired Berkheimer as an individual contractor, they may not be allowed to use the current space in the building as they are a private-for-profit organization, but if Berkheimer assumes the CTCB, and it continues to exist at CTCB, then the Township could continue its leases with CTCB. He noted, in order for the Township to lease to a for-profit organization, it would have to bid the space. He noted that a Berkheimer office would be located in the Township somewhere.

Mr. Seeds noted that Mr. Wolfe requested information from CTCB, and it showed that the estimate continues to be based on historical data. Mr. Crissman noted that Mr. Doyle has always tried to answer the Township's requests within its limitations.

Mr. Wolfe noted that another option would be to re-instate the old Central Dauphin Area Income Tax Organization (CDAITO) membership and contract Bernheimer to do the work using the current office space. He noted that most of the members have agreed to leave CTCB. Mr. Blain suggested that only Paxtang Borough and West Hanover Township has not made notice to leave CTCB. Mr. Crissman suggested that Penbrook Borough also agreed to leave CTCB.

Mr. Blain noted that a decision must be made by August 31, 2008, and he suggested that the problem would resolve itself. He noted that all but one member from the Technology Committee is in agreement to outsource the operations. He noted, if the full membership does not agree with the outsourcing, then the Township will move on.

Mr. Crissman questioned what percentage of collection the Township received to date. Mr. Wolfe answered that he did not know, but would check to find an answer. Mr. Crissman questioned if the percentage of collection is at the same rate as it was last year at this time. Mr. Wolfe answered that the Township is ahead of last year's percentage of collection. Mr. Crissman noted that that is good since he would have guessed that it would be behind with all the problems in the banking and mortgage industry.

Mr. Blain questioned what the Township's estimate was for the year for the Local Services Tax (LST). Mr. Wolfe answered that it was \$900,000. Mr. Blain questioned how staff determined the estimate. Mr. Wolfe answered that it was based upon what was received to date for the first two quarters. He noted that the most significant problem with the new regulations is that it is based on an honor system. He noted that an employer is not required to withhold, as employees can inform their employer not to withhold the funds. He noted that it worked much better when all employees had to have the funds withheld, and then, they could file for a refund. He noted that many municipalities will be startled when they see their year-end numbers and find that they are losing a lot of tax revenues. He noted that this is an example of the State providing a means of income and then taking it away. He noted that this change provided a loss of over \$500,000 in income from the budget. Mr. Seeds suggested that it would take a 20% tax increase to make up the difference. Mr. Wolfe noted, that after the legislature adopted the law, then they decided to fix it since everyone complained for the first two years, but by the time the third year rolled around, no one was complaining, but the legislature enacted legislation to fix it. He noted

that the LST didn't need to be fixed at that point as everyone learned to live with it. He noted that this is a significant source of revenue that was affected by state legislation, and he explained that many municipalities will be adversely affected by this. Mr. Hornung questioned if the municipalities could band together to resolve the problem. Mr. Wolfe suggested that it would take two years just to introduce legislation to provide additional taxing powers for local government.

Mr. Wolfe noted that he spoke to the Township Manager from State College, and he was preparing his Board for a 20% increase in taxes due to the loss of revenues. He noted, if it was not for loss of the LST revenues, the Township's budget would be in great shape.

Mr. Wolfe noted that the Township is no longer providing the leaf waste service to the residents, and a one time refund to the participants would be shown in the 3rd Quarter report. He noted that the Township receives rent for the cell tower at the Public Works Department, and he was recently informed that another co-location would be added to the tower which would increase the rental payment. He noted that the Township is experiencing the economic downturn from the housing market as building permits are down significantly, but he added that this has occurred before. He noted that the fee-in-lieu payments are also affected by the downturn; and the gasoline expenditures are much higher.

Mr. Wolfe noted, that although the Township has a deficit of \$470,000; the operations fund is positive by \$400,000 due to the transfer of \$850,000 into the General Improvement Fund. He explained that \$300,000 was a transfer in the first quarter, and an additional \$550,000 was transferred in the second quarter.

Mr. Wolfe noted that the budget for road salt was much higher than expected in the first quarter, and special legal services are also higher due to the Paxton Creek issues. He noted that the landfill maintenance is higher due to construction of the berm. He explained that the Township received a lot of fill material, at no cost, so this project was moved ahead. He noted that the Township experienced a traffic signal issue due to a hit and run incident that occurred at Rt. 22 and Old Jonestown Road that will be reimbursed by the insurance carrier this year.

Mr. Wolfe noted that there are no significant expenditure items. He noted, that at mid-year, all departments are at or below the 50% level, except for the Health Department and debt service.

Mr. Wolfe noted that the current General Fund Balance is \$9,178,471, and is tracking per the budget, except for the LST.

Mr. Wolfe explained that the Township receives more than a million dollars for State Aid on an annual basis, and it is spent down to zero every year. He noted that the salt expenditures were up due to the icy conditions that occurred late in the winter season.

Mr. Wolfe noted that the Township is in the process of purchasing three new pieces of apparatus for the fire companies from the Fire Equipment Capital Fund. He noted that after the purchase of the three units, there would be a fund deficit of \$250,000, which would be satisfied by the 2009 contribution.

Mr. Wolfe noted that the General Improvement Fund includes the funds for capital projects. He noted that there was a transfer of \$850,000 into this account from the General Fund and there have been expenditures of \$1.2 million. He noted that the fund has a deficit that is paid off through the General Fund balance transfers. He noted that the Village of Linglestown Project is expected to spend \$4,000,000 on construction in the years 2009 and 2010. He noted that the design and right-of way acquisition phases are nearly completed, and hopefully, he hopes to certify title and provide the final plan design to PENNDOT by October 1, 2008, with bids going out in February 2009. He noted that the project is in good financial shape at this time, using bond funds from Dauphin County to pay the Township's project expenses. He noted that he has received reimbursements from PENNDOT, and up to this time, no general fund monies have been put into this project. Mr. Crissman questioned how far behind PENNDOT is in its reimbursements. Mr. Wolfe answered that they are behind six months, and he stated that he is expecting a large check in the next quarter. Mr. Hawk noted that \$2,650,000 is only an earmark from the Federal Government. Mr. Wolfe noted that that is correct, noting that it is subject to an authorization bill. Mr. Wolfe noted that nationally, people are driving less, tax revenues are down, and the money available to fund the Transportation bill would be impacted. He suggested that the Township would not be first on the list to be cut since it has invested so much into the project. He noted that PENNDOT does not cut a project that is basically underway.

Mr. Wolfe noted that grant reimbursements of \$105,000 for work to the Thomas B. George Jr. Park should be received this year. Mr. Seeds questioned if the walking trail cost \$447,000. Mr. Wolfe answered that that amount also included end-of-year expenditures from the close out of last year's contract for the pavilion and the hockey rink. Mr. Seeds questioned how much the satellite parking lot in Linglestown cost. Mr. Wolfe suggested that it was in the range of \$150,000, but he could provide the exact amount for that expenditure. Mr. Wolfe noted that the satellite parking was paid for from the Dauphin County bond funds.

Mr. Wolfe noted that the Township received a significant portion of the recycling equipment that was paid out of the General Improvement Fund.

Mr. Wolfe noted that expense items for storm water improvements have shown very little activity. He noted that staff has been working, in-house, on the Subdivision and Land Development Ordinance (SALDO), noting that staff met with the Board to discuss the Recreation and Fee-in-lieu issue. He noted that the Board should meet with the Planning Commission to finalize the SALDO in order to finish it this year. He explained that once this ordinance is complete, then all the ordinances would be codified.

Mr. Wolfe noted that there has been no traffic signal activity to date. He noted that no bridge improvements have been made, however, the engineering studies are in progress. He noted that the Conway Road relocation project is in the engineering design stage. He explained that the Board has held many discussions on the Village of Linglestown Improvement Project, and Mr. Stine would be bringing to the Board members, the request to accept Blackberry Alley as a Township street, at a future meeting. He noted that if the Board accepts Blackberry Alley, improvements will need to be made.

Mr. Wolfe noted that the remainder of the projects for George Park includes the installation of the in-line hockey bleachers, bid work awarded in July for the paving of the parking lots and access road for a total cost of \$683,672. He noted that this also includes the intersection work at Nyes Road, and the relocation of M Street. Mr. Seeds noted that the restrooms are open at the park, and the paving looks very nice. Mr. Wolfe noted that the existing paving was completed by the Public Works Department.

Mr. Wolfe noted that the recycling equipment was purchased for the Compost Facility.

Mr. Wolfe noted that the Friendship Center has revenues and expenditures of over \$1 million with a net loss of \$85,824. He noted that the revenue issues make it look like membership is stagnant, but it appears that more members are paying on a monthly basis as opposed to an annual membership. He explained that the "Forever Fit" program, for members over 65, who are on Medicare and have qualifying health care providers, will pay the \$30 monthly membership at the Friendship Center as long as the member visits once a month. He noted that a large number of people are signing up for this membership, noting that more than 80 members have signed up recently for this monthly membership. He noted that Ms. Wuestner is trying to get the State Retirement System to provide memberships for their retirees to the FC. Mr. Crissman noted that he is lobbying the State Retirement program for Educators as another

group to become part of the program. Mr. Seeds noted that it has been proven that people who exercise visit their doctor less.

Mr. Seeds questioned if the \$54,000 is calculated to be the loss for the seniors who have free use of the facility. Mr. Wolfe noted that that is what it costs the Township to operate the Senior Center. Mr. Seeds questioned what the \$4,000 expense was for. Mr. Wolfe explained that it was the cost for staff to provide services for the seniors such as photocopying, telephones, etc. Mr. Seeds noted, if the \$54,000 amount covers the custodial and utility costs, then the total costs for the year would be roughly \$60,000. He noted that the Board needs to take a good look at this line item before working on the budget. He noted that it is not fair to the FC membership to foot the bill for the Senior Center. Mr. Crissman noted that the people who have individual memberships should not have to pay to subsidize the Senior Center. He noted that the seniors made a presentation to the Friendship Center Operating Board requesting funding for the installation of a folding door in the Senior Center. He noted that the Board suggested looking to other outside sources for funding, especially Dauphin County. He noted that the Board also suggested having the Township assist in the writing of the grants, which they do not want. He explained that some of the grants that the seniors wrote were not approved because they didn't know how to write grants. He suggested that the grants would have been approved if the Township wrote the grants.

Mr. Seeds noted that if you looked at the total number of non-residents who are involved in the sports programs and use the Senior Center, he suggested that the Township is supporting a large number of county-wide participants. He questioned who the Township runs the programs for, questioning if these are becoming more of a county service than a Township service.

Mr. Blain questioned if anyone has explained to the seniors how much money is spent to fund the facility, such as the \$54,000 needed to pay for the services to run the senior center. He suggested, if the exact numbers were presented to the seniors, and it was suggested that a way to recoup the funds would be through grants, noting that the Township has more expertise in writing grants, that they would let the Township write the grants. Mr. Crissman agreed that that would be the right thing to do, but the seniors do not want the Township to be a part of the grant writing system. He explained that the Township is sending a letter to the Senior Center chastising them in their attempts to modify the facility since they do not own the facility, and noting that they must work through the Township. He noted that the seniors do not want to work through the Township, except for the free use of the services for the building. He noted that the use of the

building by the seniors is an expectation, as opposed to a show of gratitude. He explained that the Township staff does a great job working with the senior center, but he gets annoyed with them, because they assume that it is the Township's responsibility to provide services to them. He noted that they are very demanding of the Township's staff for more services and more space, which takes away from revenue generating space.

Mr. Blain noted that the hard facts are that the FC is losing nearly \$100,000 a year, and if it is known that the Township is unable to utilize a large area that the seniors used for other activities, then the Township should inform the seniors that, in the future, the Township will write the grants. Mr. Crissman responded that the seniors will complain to Robert Burns, at Dauphin County, and tell him that they have the right to do what they want, and they don't need to include the Township. Mr. Blain suggested that the best thing to do would be to explain this to Mr. Burns. Mr. Crissman noted that he would support this, noting that the Township has gone to the Dauphin County Commissioners to seek their support in the past. Mr. Blain noted that the bottom line is that the FC is losing money, and if it continues to do it, then the Township would have to sell it. He questioned what the seniors would do if the Township sold the facility. He noted that the seniors must help out or the Township would sell the property since it can't afford to operate a facility that continually loses money. Mr. Seeds agreed that he would be in support of this.

Mr. Hawk noted that Mr. Seeds suggested that many seniors are not from the Township. He questioned if they had to pay a non-resident fee. Mr. Crissman noted that the seniors do not have to have a membership. Mr. Seeds suggested that they should be charged a nominal fee to use the facilities. Mr. Crissman explained that many seniors from other municipalities use the facility. Mr. Seeds suggested that all users should be charged a fee to use the facility or the Township would have to lock the doors. Mr. Blain noted that two-thirds of the FC loss is due to the operations of the senior center, therefore, the Township must require that they pay for their services, since the Township cannot afford to run the operations in a deficit.

Mr. Crissman noted that the seniors would run to Mr. Burns and he will state that Dauphin County has a contract with the Township that cannot be broken in terms of allowing the seniors to use the space. He explained that Dauphin County provided funds to help build the facility. Mr. Seeds noted that Dauphin County can also help to pay the day-to-day costs too. Mr. Crissman agreed.

Mr. Wolfe suggested that the Township should have a meeting with the Dauphin County Commissioners on this topic. Mr. Crissman noted that he would speak to Mr. Hartwick regarding this issue. Mr. Blain noted that the numbers need to be presented to Mr. Hartwick and the seniors should either offer financial resources, or Dauphin County should agree that the Township needs to charge the seniors to use the facility.

Mr. Crissman noted that the seniors also complain to Representative Marsico and Senator Piccola. Mr. Seeds noted if there are needy seniors, they could apply for a scholarship membership. He noted, if the center was making money, it would be a different matter, but it is not. Mr. Blain noted that the Township has eliminated staff positions to cut payroll costs, and there is a need to raise rates, and charge the seniors to use the facility. Mr. Seeds noted that it was never intended to have the seniors use the facility for free. Mr. Hornung agreed, and he noted that he was surprised to find out that they are swimming without paying. Mr. Crissman noted that they do pay a very minimal amount for the senior swim program, such as a dollar a day. Mr. Hornung noted that the agreement was that they could use the room for free, but not the facilities. He noted that once the seniors step through the door, they need to have a membership to use the facilities. Mr. Blain noted that the facts must be presented requesting funding, noting that the facility may be sold or closed.

Mr. Crissman suggested that the Board needs to form an action plan. He noted, if the Board approaches the seniors, they will call Mr. Burns, Representative Marsico, and lobby each member on the Board. Mr. Blain noted that the Board needs to talk to Representative Marsico and Commissioner Hartwick to show them the facts, prior to the seniors crying to them for help. Mr. Crissman noted that the Board must make a unified effort for this situation. Mr. Blain noted that he understands that the two elected officials would have a concern since the seniors have great voting power, but if you keep the situation to the facts, then the reality could be that the doors will close. Mr. Blain noted that the facility costs must become a different line item in the General revenues. Mr. Crissman noted that he would schedule some time with Mr. Hartwick next week to discuss the issues. Mr. Hawk agreed that it was a good idea. Mr. Wolfe noted that addressing the financial issues with the seniors would be a worthless effort. Mr. Blain noted that if you make contact with Commissioner Hartwick and Rep. Marsico, the Township would be in a better position to work with the seniors. Mr. Crissman noted that this could be turned around to allow Commissioner Hartwick and Rep. Marsico to become the heroes who find the money to

come up with the solution. Mr. Seeds suggested that the Township must be careful because if it receives those funds, then the seniors will want full use of the facilities.

Mr. Crissman noted that he would address his comments to Mr. Hartwick who is Mr. Burns' boss. Mr. Blain noted that the seniors will also complain to Representative Marsico, therefore, he should be included in the loop before anything is done. Mr. Crissman suggested that Senator Piccola should also be contacted. Mr. Hawk noted that he sees Senator Piccola every Sunday. Mr. Blain noted that Mr. Crissman should show them the numbers and explain that the taxpayers are footing the cost which is not fair. Mr. Hornung noted that the Township cannot keep footing the bill to keep the senior center open.

Mr. Hornung noted that one of the reasons why he purchased a membership for his wife and son was for the babysitting service. He noted that it is a great asset to the FC. Mr. Crissman noted that it was provided since it is a family-oriented facility. Mr. Hornung noted that the FC should really promote this service.

Mr. Wolfe noted the second line under expense items for the Friendship Center shows an anticipation of a deficit for the year. He noted that Mr. Luetchford has conducted a strict analysis for staffing, and implemented it by combining positions, limiting services, to make the operations as efficient as possible from a staffing standpoint. He explained that this should result in a reduction of operational costs by \$26,000 for the year-end and for \$35,000 for an annual basis.

Mr. Hornung questioned if there was a projected loss of \$85,000 for the year, how could the budget project a \$5,000 profit for the second half of the year. Mr. Wolfe answered that the largest numbers of members sign up during the holidays. He noted that it is a cash flow issue. He noted that memberships will increase with the start of school and before Christmas.

Mr. Wolfe noted that the membership chart shows that the FC is making a recovery in the number of memberships from a low that occurred in late 2006, in conjunction with the opening of L.A. Fitness. He noted that the FC has gotten close to the 2500 number for membership. Mr. Wolfe explained that the red line depicts the total membership, and the blue line depicts the annual memberships. Mr. Crissman noted that he is anxious to see if the senior memberships take off as they are paid by the health care providers. Mr. Wolfe explained that annual memberships have taken a dive, but the total memberships are still climbing as people are signing up more for monthly membership, especially with the new Health Ways program. Mr. Hawk noted that member retention is relatively consistent. Mr. Wolfe noted that staff is doing a

lot to promote member retention. Mr. Crissman noted that Rachel is securing all the new members emails and sending the members a reminder of the First Friday free coffee and other events that are scheduled. He noted that she is doing a great job with this form of marketing.

Mr. Wolfe noted that the Township Authority received and spent roughly \$5.7 million to date. He noted that there is a small operating deficit of \$194,910, but there are no significant issues with the Authority, who recently acted on contracts for capital expenditures. He noted that there are a significant amount of projects on-going at this time.

Mr. Wolfe noted that he did not have the numbers for the Police and Non-uniformed pension plans for the second quarter. He noted that both plans have significant losses. Mr. Blain questioned if the pension plan strategies have been changed. Mr. Wolfe noted that the investment plan calls for an equity maximum of 40%, bond maximum of 50%, and a cash maximum of 10%. He noted that, during the last quarter, there was no place to move your money except for cash. He noted that the financial advisors suggest riding out the downtrend when possible.

Mr. Hornung questioned if the Township had to make up the significant losses. Mr. Wolfe noted that the plan is actuarially based on assumptions that will earn a certain amount of money over time, noting that good years are offset by bad years. He noted that a bad year would affect the municipal obligation for a couple of years. Mr. Hornung questioned what that amount would be. Mr. Wolfe answered that it would depend on the State Aid received for the year, noting that the check is received in September. He noted that the State Aid amount is based upon foreign fire insurance sales.

Mr. Hornung questioned if anyone tried to market memberships from the developers of Amesbury, an over 55-community. Mr. Crissman noted that he suggested that the FC marketing personnel should ask S&A to purchase memberships to the FC for every home that it sells. Mr. Hornung suggested that it would be a good marketing tool for S&A Homes. Mr. Crissman noted that it would be a good selling point for any new home or apartment lease in the Township.

Mr. Seeds questioned if anyone on staff was looking into the water issues that were mentioned in the minutes of the Planning Commission meeting concerning the Autumn Oaks development. Mr. Wolfe questioned in what regard. Mr. Seeds noted that there was testimony at the Planning Commission meeting that the people would have a problem with water service for the homes in the upper level of the Township. Mr. Wolfe noted that Mr. McNaughton is installing a water tank on top of the mountain. Mr. Blain noted that this concern was brought up with the Boyd-Mahoney rezoning issue and not the McNaughton development. Mr. Wolfe

explained that Mr. McNaughton is building a water tower to improve water pressure for the area. Mr. Seeds requested Mr. Wolfe to look into this further, prior to the August 5th meeting. Mr. Wolfe suggested that there would be no issue for this development as Mr. McNaughton is installing a tank and public water. Mr. Crissman noted that after all the discussions that were held concerning water pressure, it was good to know that United Water would do something to improve the water pressure for the Forest Hills Development.

Estimate of Year-End 2008 standing for the General Fund (including State Aide, General Improvement Fund, Fire Equipment Capital Fund, and the Friendship Center Operating Fund and Preliminary drafts of the 2009 budgets for the General Fund and the General Improvement Fund

Mr. Wolfe noted that the mid-year budget forecast includes the expectation of the General Fund to end with a deficit of \$163,000 on revenues of \$19,630,200 and expenditures of \$19,793,200. He noted that staff estimates of a balanced budget of \$20,858,000 is based upon using \$389,000 of prior year's revenues to balance the budget, or by decreasing services, or by increasing taxes or finding new tax sources.

Mr. Wolfe noted that he expects to end the year 2008 with \$7,929,439 in the General Fund, whereas, staff estimates that the General Fund balance will be \$6,109,439 at the end of the 2009 fiscal year. He noted that this would have a significant impact on the General Fund balance over the next two years.

Mr. Wolfe noted that the General Improvement Fund has capital projects budgeted over \$3,012,625, with \$1,210,004 in expenditures, transferring \$850,000 in prior year's revenue for 2008. He noted that the General Improvement Fund budget for 2008 is expected to end up at \$2,763,200 utilizing \$1,566,200 in General Fund prior year's revenues. He noted that the preliminary budget estimate for the year 2009 is \$4,670,000 in expenditures with a transfer from the General Improvement Fund of \$1,431,000. He noted that a large amount of these funds concern the Village of Linglestown project.

Mr. Wolfe estimated that the FC would have a deficit of \$85,824, and an out-year estimate has not yet been completed.

Mr. Wolfe noted that the Township imposed a real estate tax increase in 2008. He noted that this was the first tax increase since 1990. He noted that the tax increased from .7 mills to .0875 mills, which is still the lowest millage rate in Dauphin County for a Township its size. He

noted that the EIT was 12% higher this year, and he requested a year-end estimate from Mr. Doyle who provided the sum of \$6,370,000. He noted that it would be a 2.9% increase from the year 2007; therefore, he used a 3% increase for budget estimate for the 2009 year's budget.

Mr. Wolfe noted that the LST revenue is 73% less than what was received at the same time in 2007, which would be realized on an annual basis unless something changes on the State level. He noted that this results in a \$500,000 reduction in revenue that could have the most adverse financial impact the Township has experienced in years.

Mr. Wolfe noted that many of the expenditures for the General Improvement Fund are budgeted to be offset in part, by grant funds from; DEP for compost facility equipment, DCNR for George Park, The Freedom Group and fundraiser efforts for the skateboard park, and CDBG grants for storm water improvements. He noted that the grant fund expectations are \$1,793,000, with only \$105,000 currently committed. Mr. Hornung noted that Bryan Yesilonis will be working with him to secure funds for the skateboard park.

Mr. Wolfe noted that revenue sources from anything that is building permit related is significantly lower in 2008. He noted that energy related expenses, to include vehicle fuel, bituminous paving, and the heating of buildings, have increasing significantly. He noted that both Township's pension funds have experienced losses in the first six months of the year.

Mr. Wolfe noted that the estimate of 2008 Year-End Actual Chart is shown by Department. He noted that the most significant item is the reliance of prior year's cash to balance the budget. He noted that a good portion of that cash is transferred to other funds, noting that it leaves a balance of negative \$163,000.

Mr. Wolfe noted that the estimate for the 2009 Budget is preliminarily set at \$20,196,000 on a budget of expenditures of \$20,585,000, with a deficit of \$389,000 for operations. He noted that without making any changes, these funds would have to come from the prior year's revenues. He noted that a change could occur through a decrease of services, in the national economy, or revenue sources. He noted, if the number holds true, it would amount to a 15% increase in the real estate tax.

Mr. Wolfe noted that Mr. Doyle provided the Township with an estimate of total gross distributions for the remainder of the year totaling \$6,295,288. Mr. Seeds noted that the estimate is based on historical data, since he does not have any solid data.

Mr. Blain questioned if the increase in the taxes for the 2009 estimate budget for total revenues included a 3% increase in EIT. Mr. Wolfe answered that that was correct. Mr. Blain

questioned if it included an increase in property tax. Mr. Wolfe answered that he included the standard 2% increase in taxes, but no increase in the millage rate. Mr. Crissman suggested that it would also include a decrease in LST.

Mr. Blain noted that he would like to discuss the Police and Public Works Departments expense budgets. He questioned if the increases were primarily for salaries. Mr. Wolfe answered that was correct. He explained that the 2009 budget assumed a full compliment of officers, whereas in 2008, positions needed to be filled, such as the Lieutenant who retired, and whose position would not be included in the remainder of the 2008 budget. He noted that there could also be additional retirements or resignations in 2009. Mr. Wolfe noted that it is a very preliminary budget in that it proposes no new services or employees. He noted that the Township has long-term agreements with the AFSCME units, and is undergoing negotiations with the police officers, therefore, staff made assumptions for their budget figures.

Mr. Blain questioned what the reason was for the increase in budget for the Public Works Department. Mr. Wolfe answered that the increase did not include any new hires. Mr. Blain questioned if the 11% increase included the purchase of new equipment. Mr. Wolfe noted that in reviewing Mr. Robbins 2008 budget, he found that he was far more conservative then he should have been. He noted that the Public Works budget was not representative for what it would be year-end. He noted that Mr. Robbins could not anticipate the cost of fuels, asphalt and salt. Mr. Blain noted that the increase for the Police Department was based on a full compliment of officers, and the Public Works Department included no employee increase, rather increases for standard equipment and contractual increases.

Mr. Wolfe noted that the Linglestown Square Project lists the revenues from the various sources for the project; the DCNR grants is projected at \$105,000; The Freedom Group is projecting the amount of \$250,000 for the skate park, and \$250,000 has been requested as a grant from PA DCNR to fund the skate park. He noted that the skate park project may not be realized until 2010, depending on the funding sources, but he stated that he would like to see the skate park built in 2009. He noted that the Township is expecting to receive \$500,000 in two allocations for the compost facility equipment on a 90%-10% local match grant. He explained that he has submitted a second grant request from CDBG for the Winfield Street storm sewer project in the amount of \$188,000. He noted that there are two traffic signal escrows, in the amount of \$48,000, that the Township would like to draw on to complete traffic signal improvements totaling \$1,431,000.

Mr. Wolfe noted that the proposed expenditures for storm water improvements are listed, but he did not think that the Township would be spending all those funds this year, noting that the projects would take a longer period of time to complete. He noted that the only new project incorporated into the budget is the Winfield storm sewer project. Mr. Seeds questioned what the Forest Hills Storm improvements entailed. Mr. Wolfe explained that this involves replacing the corrugated metal pipes in the Forest Hills Development, noting that they are over 20 years old, and the bottoms have rusted out of many of the pipes. He noted that the pipes were placed under the curb, and Mr. Robbins would like to televise and engineer the project. He noted that the project would be put out to bid due to the large size of the pipes.

Mr. Wolfe noted that he is including traffic signal improvements in the 2009 budget to include the Devonshire Road and Commons Drive signal. Mr. Seeds questioned if the signal was warranted. Mr. Wolfe answered that the traffic signal analysis found that, with the addition of the Amesbury Development, the intersection would meet the warrants. Mr. Wolfe explained that the Township is under no obligation to install the traffic signal, but he noted that when a developer donates funds for a traffic signal, the longer the Township waits to install it, the less the donation buys. Mr. Seeds questioned if the funds could be kept indefinitely. Mr. Wolfe answered yes since it was a gift, and the funds could be placed in an interest-earning account. He noted that anytime the Township negotiates a contribution, it is a gift. Mr. Seeds noted that there are other areas in the Township that are in more of a need of a traffic signal. Mr. Wolfe noted, if the Township installs the traffic signal at Devonshire Road and Commons Drive, then the residents would complain that another traffic signal would be needed at Devonshire and Houcks Road, and Devonshire and Colonial Roads. He noted, if the Township did not complete this traffic signal in the year 2009, it would reduce the transfer of funds by \$230,000.

Mr. Wolfe noted that the bridge improvements are ongoing, and the relocation of Conway Road may not occur in 2008, but it would most probably be constructed in 2009. He noted, as the Kendale Oaks development progresses to Phase V, the Township would need to complete the relocation of Conway Road. He noted that the Linglestown Square Project has already been discussed. He noted that he budgeted an additional \$100,000 for the improvements to the Linglestown satellite parking and alley improvements.

Mr. Wolfe noted that he expects the Township to spend a little less than a million dollars for George Park improvements in 2008, and for 2009, \$1.3 million is budgeted, assuming the construction of the skate park. He noted that Mr. Luetchford received an estimate for lighting the

basketball courts at \$300,000; however, there is no obligation to light the ball courts. He noted that this would not have to be completed in the 2009 budget. Mr. Blain questioned if the relocation of Conway Road is still necessary in light of the limited traffic coming from the Kendale Oaks development. Mr. Wolfe noted that the traffic patterns have increased on Conway Road, but he explained that much work was done in the landfill to accommodate the road, as well as purchasing a lot from E. G. Stolfus to redesign Phase V. Mr. Blain questioned if this could be pushed back to 2010. Mr. Wolfe answered that it must be done after Phase V is completed. Mr. Wolfe noted that the new design for the compost facility would fit in well with the redesign of Conway Road.

Mr. Blain noted that it is estimated to end the 2008-year budget for the Police Department at \$5,178,000. He questioned how many police officers is the Township down at this point. Mr. Wolfe answered that the Police Department must fill the positions of Lieutenant, Corporal, Sergeant, and hire two police officers who were projected to be hired in the beginning of the year. Mr. Seeds noted that when the positions are filled, the officers would be paid less money than what the former officers were paid. Mr. Wolfe explained that over the course of the year, the Police Department has been in flux for five officers. Mr. Seeds suggested that that would be an ongoing situation with future retirements. Mr. Wolfe noted that the estimated budget number does not project for retirements, or exact figures for salaries.

Mr. Wolfe noted that the Police Department is investigating the possibility of purchasing a hybrid vehicle for police use. He noted that a few municipalities have tested the Ford Escape and found it to be very fuel efficient, paying for itself in fuel savings over a period of 18 months. He noted that there is no Ford Escape Police Pursuit package, and if the fleet were changed over to hybrids, the Department would have to institute a no-pursuit policy. He noted that the vehicles have been found to be very durable and have resulted in a tremendous cost savings. He noted that the Board members may see a proposal to purchase a few hybrids to test them out. He noted that the savings for these vehicles would be for the patrol vehicles that are used seven days a week, and 24 hours a day. He noted that there would be little savings for low-mileage vehicles or ones that do not idle much. Mr. Wolfe noted that the vehicles must be kept running to charge all the computers and other equipment contained in the vehicle. He noted that he was shocked to see the pay back occurring within 18 months.

Mr. Seeds questioned if there were any regulations for what vehicles the Township could purchase to use as police vehicles. Mr. Wolfe answered that the Township must bid a vehicle that

some one manufactures, and no one makes a Ford Escape Police Package. He noted that the police packet includes a heavy duty transmission and suspension, larger wheels, a heavy duty alternator, and other items. He noted that Chevrolet makes a hybrid Suburban, and the Township has used Suburbans in the past for command vehicles. He noted that those vehicles are not permitted to be used in a high speed pursuit. Mr. Crissman questioned if the vehicle must be made in the United States. Mr. Wolfe answered that it must be predominately manufactured in North America. He noted that some Police Departments have switched to the Dodge Charger getting two miles to the gallon better fuel economy, resulting in a savings of roughly \$1,500 a year. He noted that Dodge comes with a police package.

Mr. Blain noted that Mr. Wolfe mentioned that it would take a 15% tax increase to balance the 2009 Year budget, which would raise the taxes from .875 mills to one mill. Mr. Seeds noted that if you delayed the installation of the traffic signal, the savings would come from the Capital Fund and not the operating balance. Mr. Wolfe noted that it would preserve the General Fund balance, noting that the Township has an official policy of a 25% reserve of the operation's budget.

Mr. Hornung questioned why the Sewer Authority increase was so high. Mr. Wolfe explained that the rise in costs is due to main line repairs, noting that the Authority is at 89% of its budget. He noted that the Authority would not end the year in the negative. He noted that the Authority increased the number of employees from 2007 to 2008 when it hired the pipe crew.

Mr. Crissman noted that the legal fees increased.

Mr. Wolfe noted that the Board members would be much happier with the budget if it were not for the decrease in the LST.

Mr. Seeds questioned if the Public Works Department was doing any paving this year. Mr. Wolfe answered that it is doing paving, some of which was awarded as bids for the Blue Meadow Farms and Stoneybrook Developments. Mr. Seeds noted that Mr. Robbins is not paving as many miles as he has in the past. He noted that the price of asphalt has tripled the price for paving, noting that this affects the in-house paving.

Mr. Blain questioned if PENNDOT was paving Locust Lane next week. Mr. Wolfe answered that he did not know anything about that. Mr. Blain noted that PENNDOT has two electronic notification signs posted at both ends of Locust Lane, but they are not posting any messages. He noted that all the manhole covers have painted circles around them. Mr. Wolfe

noted that he had not heard anything about this and he would look into it. He noted that PENNDOT is paving Rt. 22, Nyes Road and Union Deposit Road in 2009.

Mr. Seeds questioned if the traffic signal would be installed at Locust Lane and Nyes Road. Mr. Wolfe answered that the Township paid to design the traffic signal, and PENNDOT should be including it in the bid work for the project. Mr. Wolfe noted that the Township Authority would be starting the sewer line work in Linglestown soon.

Mr. Seeds questioned if all the Board members were going to attend the grand opening for the Mt Hill Tavern on Tuesday night. Mr. Wolfe noted that the Board members are scheduled to attend the National Night Out Event at Koons Park on Tuesday, but would be open to go to dinner on Wednesday night. He noted that he would have Ms. Heberle call to find the available times for dinner, and contact each member individually to set up a reservation.

Mr. Ed Bolton, 4212 Jonestown Road, 545-5030, questioned if anything could be done regarding the noise from the vehicles that travel along Route 22. He stated that he was told by a police officer that the Department did not have decibel meters to test the noise level of vehicles. He requested that something be done about the matter. He noted that the motorcycles are especially loud, as well as the base sound from the car radios. Mr. Wolfe noted that he would look into this matter for Mr. Bolton.

There being no further business, Mr. Crissman made a motion to adjourn the meeting. Mr. Blain seconded the motion, and the meeting adjourned at 8:08 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by,

Gary A. Crissman
Township Secretary