

LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS

Minutes of Workshop Meeting held October 26, 2010

A budget workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 6:30 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; David Johnson, Public Safety Director; Brian Luetchford, Parks and Recreation Director; Tim Houck, Finance Director; Sam Robbins, Public Works Director; and Watson Fisher and Ted Robertson, SWAN.

Pledge of Allegiance

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

Public Comment

No comments were presented.

2011 Budget Preparation

Key Indicator Report

Mr. Wolfe explained that he would review the Key Indicator Report (KIR) dated September 30, 2010.

Mr. Wolfe noted that the historical trends have shown that revenues have increased by 4% and expenditures by increased by 6%, however, there are tremendous fluctuations in those numbers. He noted that the 2010 budget is less than the 2009 budget and the budget for 2011 will be less than 2010. He explained that there was a real estate tax increase in the year 2008 to offset the loss of revenues from the change in the Emergency Municipal Services Tax (EMST). He explained that is when the Board changed to the current real estate tax of .875 mills, and it was the only real estate tax increase implemented by the Board for the past 20 years. He noted that

the real estate tax had been reduced on two prior occasions, as the occupation tax and the occupation assessment taxes were eliminated during this time period.

Mr. Wolfe noted that there is a General Fund (GF) policy of maintaining 25% of the operations expenditures on account in the GF. He noted in 2009, the GF balance was \$5,302,832 and for 2010 it is expected to be \$4,788,771. He noted that the GF is dipping below the 25% threshold, and he will review this a little later in the presentation.

Mr. Wolfe noted that a summary of capital expenditures for the last five years shows investments in long-term capital projects.

Mr. Wolfe noted the GF is balanced at \$18,261,814 for the 2010 fiscal year in addition to \$1,000,680 in Liquid Fuels State Aid producing total funds of \$19,262,494. He noted at the end of the third quarter, the GF revenues of were \$11,640,428 and expenditures of were \$13,417,566, producing a net operating loss of \$1,777,138. He noted that amount is significantly greater at this point in time then last year when it was only \$907,108. He noted that the second quarter KIR showed the Earned Income Tax (EIT) revenues proceeding very well. He noted after that time, it dropped off dramatically, and the receipt of revenues was very limited. He noted that Mr. Houck made contact with Berkheimer to find out what was going on, and they have been doing significant analysis as well as prodding other tax collectors to provide remittances that were due. Mr. Houck noted in the past eight business days, Berkheimer received \$1.1 million in EIT. Mr. Crissman questioned what explanation was provided. Mr. Wolfe answered none. Mr. Houck noted that Berkheimer stated that they received large reciprocals from West Shore, Lancaster, and Capital Tax Bureaus. Mr. Crissman questioned if the Township would receive any narrative for the funds. Mr. Houck stated that Berkheimer is working on it. Mr. Wolfe noted that Mr. Houck has been very nervous about EIT revenues, however, the good news is that the Township received \$1.1 million, but the bad news is that the largest revenue source is very hard to predict and it is unknown why.

Mr. Hornung questioned what portion of the \$1.1 million were normal EIT funds, and what portion was more than anticipated. Mr. Houck explained in October of 2009, the Township received \$400,000 in EIT funds from Berkheimer. He suggested that \$750,000 was extra that was sitting somewhere from the last two quarters.

Mr. Wolfe noted that the Minimum Municipal Obligation (MMO) for the pension plans was made in the 3rd quarter of this year as opposed to the 4th quarter last year; therefore, the

timing of the payment skews the expenditure numbers. Mr. Seeds questioned what determines when that is paid. Mr. Wolfe answered nothing, other than it must be done at this time of the year. He noted, overall, the GF numbers are 3% lower than those from the third quarter 2009. He noted that it is primarily an EIT issue, much of which has been made up at this point in time, but at the same time without an explanation. He noted for expenditures purposes, the GF expenses are 4% higher as of the third quarter of 2010 as compared to 2009. He noted that it relates to the timing of the payment of the MMO more than anything else. He noted that payment was in the amount of \$836,166, whereas, in 2009 it was \$884,529 and made in the fourth quarter.

Mr. Wolfe noted in 2010, the net GF Balance is negative \$1.8 million, as compared to \$900,000. He noted that this number is typically made up by the end of the year, and he is expecting to make it up by December 31st. He noted that the current GF balance is \$3.5 million, and in 2009 it was \$5.3 million. He noted that the historical perspective for the year end fund balance shows that the Township has been drawing on its fund balance. Mr. Wolfe noted that the fund balance has been impacted by the construction of the Friendship Center (FC), Fire Equipment Capital Fund established in 1995, as well as other draws.

Mr. Wolfe noted for the State Aid Fund, the revenues are \$980,779 with expenditures of \$652,470 producing a balance of \$384,879. He noted that the State Aid Funding has been reduced over the past few years and is funded by gasoline tax receipts. He noted that this is due to the State's distribution as well as the reduction in interest earned on the funds. He noted that the funds are used for road equipment, salt and anti-skid materials, traffic signal maintenance repairs, and blacktop. He noted that the funds would be zeroed out by the end of the year.

Mr. Wolfe noted that the balance for the Fire Equipment Capital Fund is \$563,955, after completing three phases of the Fire Capital Equipment Plan purchasing almost \$4 million of fire fighting apparatus for the three fire companies. He noted that of the \$250,000 allocated each year to this fund, \$200,000 is deposited in the Fire Equipment Capital Equipment Plan, and \$50,000 is deposited into the Length of Service Awards Program which is in its 3rd year of operation. He noted in two years, personnel will start to make draws on those funds.

Mr. Wolfe noted for the General Improvement Fund (GIF), expenditures are the primary concern, spending a little over \$500,000 that has been primary for storm sewer expenditures and the Village of Linglestown Project. He noted that a small traffic signal improvement is on-going,

as well as minor road improvements. He noted that the George Park construction appears to be a carryover invoice from 2009 budget that did not get booked until 2010. He noted no funds have been spent from the 2010 GIF. He noted that he does not anticipate spending all of the budgeted funds for this year.

Mr. Wolfe noted the FC and Public Works Department have applied for funding for energy grants, and they will be deposited into the 2011 budget. He noted that the GIF had a budget of \$1.6 million and he only expects to spend \$1.2 million.

Mr. Wolfe noted that the FC, as of the third quarter, was in the black in the amount of \$16,354, but at this time last year the net was \$140,036. He noted that the economic recession has started to show its effect on the FC Membership, and it accounts for all the line items as the membership this year is \$875,000 as compared to \$967,000 last year. He noted that is the biggest item that Mr. Luetchford has had to face financially throughout this year. He noted that people are cutting luxury expenditures. He noted that the Capital Fund has a balance of \$320,163, and Operating Fund has cash on hand of \$215,000. He noted that every time the Township does a bond refinancing, it takes the cash up front, and it goes into the checking account.

Mr. Hornung noted that there is a bullet that mentions the free use of the facilities by the seniors. He questioned if this needed further discussion. Mr. Wolfe noted that staff would love to see someone pay for the use of the building. Mr. Seeds noted that he has brought this up every year. He noted that the seniors are being subsidized by the FC membership and it makes it more difficult for Mr. Luetchford to balance his budget. He noted that they are always asking for more services. Mr. Luetchford noted that the Township received money from Dauphin County to build the annex to provide services to seniors in some fashion. He suggested that the agreement should be reviewed. Mr. Hornung and Mr. Seeds agreed. Mr. Crissman stated absolutely. He suggested that Dauphin County should be asked informally to see what can be done. He noted that the membership money is supporting that facility, and it would be nice if Dauphin County would help with the expenditures. He noted, in addition to the annex, the seniors also use the swimming pool, the gymnasium and other parts of the facility. Mr. Hornung questioned what the Board committed to do, such as providing the free use of the entire facility. Mr. Luetchford answered not necessarily so. He noted that the pool users pay a small fee, and they use the gymnasium for free, however, it is used on mornings when the gym is not being used. He noted that staff sets up and tears down for their activities and provides a variety of different rooms for

their use. He noted that what the seniors can do to provide support for their own operations should also be considered. Mr. Crissman noted that it is exemplary to provide those services to the members of our community that need it, and it is a need that is served well, however it is time to ask someone to provide some financial help.

Mr. Hornung questioned if the Township was to strip its services to the bare bones, what items would Mr. Luetchford recommend to provide or not to provide.

Mr. Crissman noted that he should take into consideration the heating, lighting, and electricity. Mr. Seeds questioned if there was a figure of \$4,000 per month in services that would include cleaning, and paper products. Mr. Wolfe noted that \$4,760 is carried as an estimate for office supplies and other items done by staff. Mr. Luetchford noted that he provided an estimate for utilities years ago for what it cost to run the annex. He noted that he would have to update those numbers. Mr. Seeds questioned if the \$54,322 was part of that figure. Mr. Luetchford answered that it was considered part of that calculation several years ago. Mr. Hornung noted that some items may not be calculated, for example, the gym has to be heated if the seniors use it or not, noting that some items may be opportunity costs that may or may not find a return.

Mr. Seeds noted that when Dauphin County provided funds to expand the Senior Center, it did not include having those individuals use the other parts of the facility. Mr. Luetchford answered that was correct. Mr. Blain noted that the Township uses the annex during the seniors' down time for activities. Mr. Luetchford agreed. Mr. Wolfe noted that the annex is only to be used for a Senior Center, Monday through Friday for eight hours a day. Mr. Blain questioned how much revenue the Township earns when the seniors are not using it. He noted that would be an offset. Mr. Hornung noted that the Township is permitted to do that. Mr. Luetchford noted that the Township also put money into the annex and it has the right to use it as well.

Mr. Blain noted that the FC provides free use of the facilities to the Senior Center at a cost of \$55,000 but the Township gains the opportunity to use the annex as well. He suggested that it be an offset. Mr. Seeds questioned how many of the seniors who use the pool or the gym are members of the FC. Mr. Luetchford suggested that it is a very small amount. Mr. Crissman noted that many seniors use their health programs that pay for their memberships.

Mr. Blain questioned who would pay for the additional expense. He suggested that the seniors could pay \$2 for a visit. Mr. Crissman suggested that Dauphin County should be

approached for some financial assistance. He noted that the seniors who use the annex are not all residents of the Township. He noted that would provide some status with Dauphin County in its request for financial assistance.

Mr. Blain questioned the difference between the \$54,000 amount and the \$4,600 monthly amount. He noted that this does not include the cost of financing the building, the debt service, and paying the interest on the debt service. He noted that it would only be for the general use of the facility so the number would be much higher. Mr. Wolfe noted that the seniors will argue that they don't have a debt service as their portion was paid by Community Development Block grant funds. Mr. Blain questioned if the annex is completely paid for. Mr. Crissman said yes for construction costs. Mr. Wolfe noted that the operating costs were included in the \$54,000. Mr. Crissman questioned if the actual construction costs exceeded the funds available. Mr. Wolfe suggested that it may have. Mr. Blain suggested that the Township should give the seniors the annex, and they can pay for all the utilities and if they want to use the FC, then they would have to pay just like anyone else. Mr. Crissman suggested that it cruel. Mr. Luetchford noted that the Township would have to pay rent for the time that it uses the annex facilities.

Mr. Seeds suggested that this item should be sent back to the Operating Board and inform them that the Board of Supervisors has a great concern that the \$54,000 is not enough and that they should determine what the right amount is. Mr. Blain questioned if the Township could prove what that number should be. Mr. Wolfe noted that it is a number calculated over three years ago, and he requested the Board to allow staff to review what it did three years ago and to update the estimate for the next budget meeting. He noted if there is a need to go back to the Operating Board at that time, then it can.

Mr. Blain questioned what the Township's responsibility to the seniors is. Mr. Wolfe answered that the Township must allow the seniors to operate in that facility Monday through Friday from 7 a.m. to 3 p.m. Mr. Hornung suggested that someone should review the contract. Mr. Blain agreed that someone should review the contract, but it most probably does not mention the use of the pool or other facilities. Mr. Hawk suggested that they may have exceeded what was defined in the original agreement. He noted that this would become the basis to go to Dauphin County seeking additional funding. Mr. Seeds noted, back in the 1990's, it was determined that no one would get free use of the FC, including staff and the Board. He noted that

it was to be run like a business and to be self supporting. He noted if the seniors are getting free use, it is going against the original vision.

Mr. Blain questioned if it is possible to know what the actual costs are to operate the annex. Mr. Luetchford noted that he would estimate that by the square footage. Mr. Wolfe noted that is how the \$54,000 number was determined. Mr. Blain noted that he is looking for all the costs to run the operations for the annex to include telephone, etc. Mr. Wolfe noted that he would provide a detailed analysis for the next budget meeting. He noted that the debt service schedule increased in 2010 from 2009, noting that it was \$250,000 and is up to \$328,000. He noted that from this point on the debt service remains relatively stable going up to \$377,000 in 2011 and staying in the \$380,000 range until it is satisfied until 2021.

Mr. Seeds questioned how this occurred. Mr. Wolfe noted when the FC was financed, it had a different schedule overall. He noted that the Township has level debt service, but the FC had lower debt service payments in the initial years, because it expected the start up to be more difficult than during mature operations. He noted when the bonds were issued, there was no way to know that in 2010, the Township would be in the middle of the biggest recession the Country has ever seen since the Great Depression. He noted that there has been refunding as part of the overall debt service, and Mr. Luetchford has benefited from the refunding in that the operating account has additional cash in it that can be used to offset the higher debt service.

Mr. Hornung questioned if the debt service should be strung out longer. Mr. Wolfe noted that it is locked in, unless the Board would issue a new bond. He noted if another issue was coming up it would be good to look at it then. He noted that Mr. Luetchford does not have an additional \$75,000 to throw into a budget. Mr. Crissman noted that he would have to use part of what is in the operating fund that was the result of money saved from the original debt service. Mr. Hornung suggested that those funds would be used very quickly at \$70,000 per year. Mr. Hornung noted that the Township should look into stretching the bond out for a longer period of time. Mr. Wolfe noted that the next time the Township does a bond refunding it could look at stringing out the FC debt. Mr. Blain noted that it would resolve a lot of issues for the FC.

Mr. Crissman noted when it comes down to the end of the fiscal year, those funds would be gobbled up very quickly. Mr. Blain questioned what is the principal remaining on the debt at this time. Mr. Houck noted that the principal is \$3.5 million to be paid over eleven years. Mr. Wolfe noted that he did not know how much is callable. Mr. Hornung requested Mr. Wolfe to

find out how much of the bond is callable. Mr. Blain noted if it was spread out over 20 years, it would reduce the payment back to what it is now. Mr. Seeds suggested in ten years, there may be some major renovations that will need to be done. Mr. Luetchford suggested that the roof will have to be replaced, and there will be several capital expenses in the next five to ten years to include HVAC improvements. Mr. Hornung noted that those expenses should be built into the loan.

Mr. Wolfe noted that annual memberships have fallen significantly, partly due to the insurance programs that pay monthly for seniors who use the facility. He noted that many annual members switch to the monthly membership paid by their health care insurer.

Status of revenues and expenditures against 2010 budgets
and pre-draft budgets for 2011 fiscal year

Mr. Wolfe noted for 2009, the GF was \$16,899,845 with expenditures of \$18,693,433, producing a deficit of \$1,793,589. He noted that the deficit for operations was \$858,589 and \$935,000 was transferred from the GF to fund capital projects in the GIF. He noted that a significant amount of retrenching was done last year to adjust to the economic conditions.

Mr. Wolfe noted for 2010, the GF was balanced at \$18,261,814 including a transfer to the GIF of \$992,000.

Mr. Wolfe noted that the 2010 year end estimates are based upon the 3rd Quarter KIR and project out with a year end GF balance of \$219,766. He noted that the GF transfer of \$690,842 to the GIF is \$300,000 less than what is anticipated. He noted that the \$1,036,787 for State Aid will be spent, producing a deficit due to prior years revenues of \$56,176 that was spent from the 2008 fiscal year. He noted that the FC Operating Fund has a deficit of \$73,412, and it will be satisfied from cash on hand. He noted that the FC Operating Fund is estimated to be \$142,434. He noted that he did not know how much of the refunding of tonight's bonds would go to the FC.

Mr. Wolfe noted the GF balance at the end of the year is expected to be \$4,831,756.

Mr. Wolfe noted that the 2011 budget has revenues at \$17,363,394 with expenditures of \$17,643,631 producing a deficit of \$280,237. He noted that \$1,334,800 is proposed to be transfer from the GF to the GIF. He noted that State Aid is budgeted at \$980,400. He noted that the General Fund Improvement budget is \$2,022,550 with \$1,334,800 transfer from the GF. He

noted for the Friendship Center the revenues are \$2,096,990 against expenditures of \$2,125,444 producing a deficit of \$28,454 which could be satisfied with cash on hand. He noted that the year end amount for the FC Operating Fund would be \$113,980, and the GF balance at the end of the year would be \$3.5 million not including the 2011 GF deficit. He noted that the amount is below the 25% threshold noting that there should be \$4.4 million in that account.

Mr. Wolfe noted that the Board had its first budget meeting August 10th, and things are better now than they were then. He noted that he is expecting a larger GF surplus in the amount of \$40,000 and the GF deficit has been cut by more than half. He noted that it was over \$600,000 at that time and now it is only \$280,000.

Mr. Wolfe noted that the budgeted revenues for 2011 are almost 5% less than the 2010 budget, and expenses for 2011 are 3.5% less than 2010. He noted that the 2011 budget will be less than the 2010 budget which was less than the 2009 budget; however he does not anticipate that the Township can continue to do this. He noted that the biggest difference in the two years is the contractual increases in employees' compensation. He noted that the 2010 surplus of \$220,000 with a 2011 deficit of \$280,000 is a difference of \$500,000. He noted that the contractual increase in 2011 in personnel costs was \$364,000. He explained that there is a 3.25% increase with the AFSCME units, a 3% increase with the Police Unit, and 3% increase for management employees noting that they did not receive a rate increase in 2010. He noted that there are anticipated police retirements in 2011 at \$100,000 and with the reallocation of the I&I crew solely to the Sewer Department, there is a loss of reimbursement revenues for Public Works of \$34,000.

Mr. Wolfe noted that the deficit of \$280,237 was as of Friday, however today it is down to \$237,000. He noted that he is not sure how to get it much lower than that, and currently, the GF balance will dip below the 25% threshold. He noted that the third issue is the request from the fire companies for additional funds.

Mr. Wolfe explained that there was a significant savings in personnel noting a high of 152 employees in 2007 to 135 employees in 2011. He noted that three people retired last year and the police compliment was reduced from 61 officers to 57 officers, implementing a 12-hour shift rotation for better utilization of manpower. He noted that management and non-union employees' wages were frozen. He noted the 2011 budget includes a reduction of one police officer with no new positions in other areas of operations.

Mr. Wolfe noted that the Public Works Department had made significant revenue reallocations from the Liquid Fuels revenues to offset GF operating costs. He noted that it has resulted in less roadway paved, noting that \$340,966 was spent on paving in 2009 and in 2010 \$551,000 was budgeted but only \$496,029 will be spent for paving. He noted that \$438,440 is budgeted for 2011 for paving. He noted that these amounts do not include what the Sewer Department will pay when paving the mini-basin projects. Mr. Seeds questioned if it included grant money. Mr. Wolfe answered no.

Mr. Wolfe noted that he provided a brief summary of the Solar Farm project realizing that it will not produce in funds what it was originally thought to. He noted if the project takes off, it will most probably not be a significant revenue source.

Mr. Wolfe noted that the Minimum Municipal Obligation (MMO) for this year was \$836,166, however in 2011, the Township must use the 2009 actuarial valuation which will result in a much high MMO of \$948,788. He noted that State Aid revenues are expected to be \$640,000 and the police contribution of 5% will result in revenues of \$206,611. He noted that there is a shortfall of \$206,611 for the MMO, and the Township's contribution will increase by \$112,000.

Mr. Wolfe noted that the GIF budget as prepared by staff includes the Pavement Management System at \$75,000; Financial Management System at \$100,000; and carry over projects for George Park that were not completed this year although they were in the budget. He noted that it also includes a park planning grant for Koons/Wolfersberger Parks of \$80,000, half of which is funded by the State, various stormwater projects, some necessitated by the mini-basin projects in the amount of \$700,000, and \$800,000 for the Village of Linglestown road construction project. He noted that the Township has \$650,000 on account from the Dauphin County Bond Funds to pay towards this amount.

Mr. Wolfe noted that this is the initial summary for the 2011 Budget and staff is working on a budget that has a deficit of little less than \$250,000. He noted that each Department Director will review their areas of operations and highlight new items that have changed from their August 10th budget presentation and include any additional cost saving measures instituted over the course of the year.

Mr. Blain questioned if the General Improvements will be paid through the fund balance money or through the actual budget. Mr. Wolfe noted that \$687,000 will come from

intergovernmental revenues and outside funding sources, and \$1,334,000 is from the General Fund. Mr. Blain noted that the \$4.5 million in the General Fund would be reduced by \$1.3 million. Mr. Wolfe noted that would occur if the items that are listed in the GIF are completed. Mr. Blain noted that \$250,000 deficit for next year is pure operations and nothing for improvement projects. Mr. Wolfe noted that the Linglestown project is offset with \$650,000 from Dauphin County Bond funds. Mr. Hornung questioned when the Township would receive those funds. Mr. Wolfe answered that the Township has those funds in its possession in an escrow account. He noted that the Wolfersberger Planning project was awarded a \$40,000 matching State Grant. He noted everything else would be the responsibility of the Township. Mr. Hornung questioned if the stormwater projects are reimbursed from the Sewer Department. Mr. Wolfe answered no. He noted that he could provide a complete listing; however, not all of the projects are mini-basin related. He noted that there is an additional project that Mr. Robbins believes must be done costing \$300,000. Mr. Wolfe noted that the Board does not have to do any of the projects except for the Village of Linglestown project. Mr. Blain noted that the pavement management system is being funded out of the General Fund, not operating revenues. He noted if these projects were eliminated it would not impact the \$250,000 deficit from operating funds. He noted that they are multi-year funded projects where as operations are year-to-year. Mr. Seeds questioned if you could use Liquid Fuels money for the pavement management program but you would have to eliminate something else. Mr. Wolfe suggested that it would not be eligible to use for Liquid Fuel funds. Mr. Robbins noted that the State will allow the Township to use \$1,000 a year to fund a computer to run related programs.

Administration

Mr. Tim Houck, Finance Director, explained that the Local Services Tax (LST) is based on what has been disbursed to the Township and the estimate is \$1.1 million for next year. He noted that the EIT was at \$6.1 million three years ago, \$6.2 million two years ago, \$6.3 last year, and the estimate for this year is \$6.4 million with a little increase to \$6.5 million for next year. He noted that hiring is picking up and people are starting to get raises. Mr. Wolfe noted that the Township's problem is not what it expects to receive, rather it is the confidence in our ability to predict the EIT.

Mr. Houck noted that the cable franchise fees increased with the new contract signed with Comcast. He noted that he does not see much of a change for interest earnings. He noted that he lowered the building rentals in the event that the Capital Tax Collection Bureau (CTCB) moves out of the building. Mr. Hawk questioned when their contract is up. Mr. Wolfe answered that the contract expires in 2014, and it will be part of the executive session discussion due to a pending legal matter. He noted that CTCB desire to terminate its contact.

Mr. Crissman questioned if there was an increase in the delinquent tax claims for real estate taxes. Mr. Wolfe noted that Mr. Houck has budgeted \$95,000 for year end which would be \$20,000 higher than budget and higher than any previous year. He noted that there is a trend of delinquencies that are not paying, but when you look to current year it is more than flat. He noted that the estimate for State Aid is \$640,000.

Mr. Houck noted that management's increase was reduced from 5% to 3%. He noted that the Township is changing auditors next year, with a new contract of \$21,500, but he added a cushion since it is the first year for this auditor. He noted that the past year's cost was not bad, but there were extra auditing costs the first year of his employment.

Mr. Crissman suggested that the transfer of real estate tax is probably flat and he questioned what it would be for next year. Mr. Houck noted that it was above the budget at the end of the second quarter, but now the fund is below the budgeted amount. He noted that it has continually declined, yet the projection for next year is to go up. Mr. Houck noted that is seeing more funds coming in during the past month. He suggested that it may be projected over by \$50,000.

Mr. Hornung noted that you project an increase in cable franchise fees; however, he has heard that people are getting rid of their cable service. Mr. Wolfe noted that he has not seen that and the cable franchise agreement signed with Comcast provides for a \$50,000 grant for the PEG TV channel. He noted that he thinks it is a good number.

Mr. Blain questioned why the professional fees decreased from \$30,000 to \$15,000. Mr. Wolfe noted that John Hall is paid from those funds and he hopes to be done with the Paxton Creek issue this year.

Mr. Houck noted that the telephone budget is up due to a \$12,000 maintenance fee paid every other year. Mr. Blain questioned if it is being double tracked under maintenance contracts. Mr. Houck answered no, as that covers other contracts for software programs, printers, copiers,

etc. Mr. Wolfe noted that Township has engaged a bulk printer contract that is far more functional and has eliminated many printers. He noted that staff is currently using machines that are more centrally located. He noted that Mr. Weisinger has negotiated very favorable deals for copy machines. PSD Johnson explained that the Police Department eliminated 17 printers. Mr. Hornung questioned if there is the expense in personnel having to travel to the copy machine. PSD Johnson suggested that over all printing has been reduced since employees are no longer printing unnecessary items.

Mr. Houck noted for Information Technology expenses, there is \$21,000 for the various software, \$7,500 to replace the Domain Controller, and two new desktops for the Township Manager and IT Manager to keep up with the demands from the new Webus and TelVue server. He noted that total budget is \$43,125 plus another \$12,000 for telephone contracts.

Mr. Wolfe noted that tax collection fees have remained the same from year to year. He noted that legal services include Mr. Stine's services and personnel legal services as well. He noted that funds are budgeted for public safety and fire, but no additional funds were added as a result of the budget increase request from the fire chiefs. He noted that this issue will have to be addressed at some time in the future. He noted that the library tax is an in and out tax distributed to the Dauphin County Library System. He noted that the annual debt service is level and remains unchanged. He noted that there is an annual allocation to the FC in the amount of \$100,000.

Mr. Wolfe noted that employee benefits are budgeted for 2010 at \$4,272,358 and for 2011 it is \$4,220,318. He noted that it is less for the 2011 year budget. Mr. Blain noted that the estimated budget is \$1.7 million for medical insurance. He questioned if it was being increased. Mr. Wolfe explained that the medical insurance number is net, without the premium net dividend. He noted that the Township has received a return in it payment this year from last year. He noted in 2009, the Township had a good experience and was refunded \$460,000, however those funds were received in 2010, and it were credited against the medical insurance premium. He noted that the rate increase is 5.7% for 2011; however, he conservatively estimated the dividend at \$300,000 as opposed to \$460,000 received this year. He noted that the experience is tracking at \$300,000 and usually it improves as you get closer to the end of the year, but the stop loss insurance kicks in on higher claims, so he is not sure what that number will be. He noted that \$300,000 is reachable for 2010. Mr. Hawk noted that this is all based upon experience.

Mr. Wolfe noted that the disability and life insurance which was purchased last year under a two-year contract should experience a 22% savings. He noted that the Township is self-insured for worker's compensation and has had excellent experience there. Mr. Crissman noted that the dental and vision has stayed the same as well. Mr. Wolfe noted that is due to the fact the benefits are paid out at a flat rate. Mr. Crissman noted that it is good that the Township is self-insured. He noted that he was extremely pleased to be able to bring in the flat amount overall for employee benefits.

Mr. Houck noted that the Township did well with its insurance packet through Brown and Brown. He explained that he was told that it will be fairly low next year, but an increase is anticipated in 2012.

Mr. Wolfe noted for the Interfund Transfers for the year-end amount, the budget amount was \$992,000; however, the new amount is \$600,000. He noted that the building maintenance operations tracks very flat from year to year at \$170,000 and the Emergency Operations Center is budgeted at \$500.

Police Department

Public Safety Director Johnson (PSD) explained in 2007 the budget was \$5.1 million, in 2008 it was \$5.2 million, and although the 2009 approved budget was \$5.6 million, only \$5 million was spent. He noted the projected budget for 2010 is \$5.1 million and the projected 2011 Budget is \$5.3 million. He noted that all the line items for revenues have remained unchanged with the exception of miscellaneous revenues.

PSD Johnson explained that the Dauphin County Chiefs of Police negotiated with the Pennsylvania Commission on Crime and Delinquency (PCCD), the President Judge, and District Attorney to institute a \$200 processing fee for all persons arrested for a crime that have been processed. He noted that the initial plans were to start this program in November but it was decided to implement it January 1, 2011. He noted after 2011, it could provide a potential income of \$100,000 per year as the Department processes 1,300 to 1,400 person per year. Mr. Crissman questioned if the Township would received the full amount of \$200. PSD Johnson answered that 5% would go to Dauphin County and the rest would come to the Township. He noted that the fees would be collected by the Dauphin County Probation Office as part of the court costs. He noted that no one should be released by Probation until they have paid all their

fees. Mr. Seeds questioned how this is enacted. PSD Johnson explained that there are a few agencies in Central Pennsylvania that have the Commonwealth of Pennsylvania Information Network (CPIN) automated fingerprinting system. He noted once the Central Booking Center (CBC) is operating, the Township would be considered a satellite office in the event that the CBC is closed. Mr. Seeds questioned if the CBC is open yet. PSD Johnson answered not at this time. Mr. Seeds questioned if there is to be one location in Dauphin County. PSD Johnson answered yes, but the implementation keeps getting delayed. Mr. Seeds questioned who would be printed. PSD Johnson answered that anyone who commits a crime that requires them to be fingerprinted and photographed. Mr. Seeds noted that many times, persons are processed prior to being convicted. PSD Johnson noted that it does not matter if a person is found guilty or not, the law requires if you are charged with a crime, you must be fingerprinted and photographed. Mr. Seeds questioned if you are not convicted, why you would have to pay the \$200 fee. PSD Johnson noted that there is always court costs associated with the process. He noted that a Judge could order that a person would not have to pay those costs, and he suggested that they may do this. Mr. Crissman questioned, if the Township acts as a satellite CBC, can it charge Dauphin County for the extra work. PSD Johnson noted that would be part of the \$200 fee. Mr. Crissman noted that anyone who is processed through our CBC would pay 95% of the fee to the Township. PSD Johnson noted if we process our own arrests, we would receive the funds, however if an officer takes the person to the Dauphin County Booking Center, then we would not get those funds, only those funds processed by our Department. Mr. Crissman questioned when the CBC is opened, where our officers would take their suspects. PSD Johnson noted that the Department would continue to process our suspects, plus any other persons printed for other Departments. Mr. Seeds questioned if a District Magistrate would be assigned to the CBC 24 hours. PSD Johnson noted only when they are assigned or available. He noted at this time the Township uses whoever is on duty at the City Night Court. PSD Johnson noted that he is projecting \$25,000 in revenues for 2011. He noted that a person must be brought to trial within 180 days and as a result of that he does not expect to see any revenues from this program until the middle of the summer. He noted that it is a conservative estimate since there is no history to base an estimate on.

PSD Johnson noted for expenses he held all line items or reduced them with the exception of administrative salaries that result in a 3% raise which is a little over \$12,000. He noted that they did not receive pay raises in 2010, and a 3% pay raise for police officers results in

an increase of \$124,325. He noted that he is authorized to have a compliment of 57 officers in 2011, and in July one officer resigned and was not replaced, and he does not plan to replace that officer, resulting in a compliment of 56 officers. Mr. Blain noted that the line item for police officers salaries will increase \$40,000, and he questioned how many officers would that be for in 2011 as compared to 2010. PSD Johnson answered that it would be for 43 officers. Mr. Blain questioned what the cost is for one officer. PSD Johnson suggested that it cost \$2,500 for uniforms, and they are normally replaced every two to three years, and the average salary is approximately \$65,000. Mr. Wolfe noted that he could provide an exhibit for what it costs to equip and pay for an officer for a year. Mr. Blain suggested that it would be roughly \$100,000. Mr. Seeds questioned what a newly hired officer would be paid. PSD Johnson noted that the starting salary is around \$44,000. He noted that the police negotiations process starts tomorrow and it would be his recommendation that the salary be reduced for new hires who do not have the Act 120 training as the Department now has to pay for their training. Mr. Seeds suggested if the salary is lowered too much, they might not get the cream of the crop. PSD Johnson noted that once the officer graduates from the police academy their pay would increase rapidly. He noted that a State Police Officer only make \$1,400 weekly while attending the Academy, and that it does not make sense to pay someone \$44,000 to go to school for six months, with no services being provided to the Township. He noted that they have paid benefits as well. He explained, that a change, similar to this, was made a few years ago and it is time to review it again. He noted that the individual is going to school, earning college credits and will be certified if they graduate.

Mr. Blain questioned why there was a significant jump in the pay out for retirements. PSD Johnson explained that two officers are planning to retire in 2011. He noted that it would be payouts for the sick leave and unused vacation leave. Mr. Seeds questioned with two additional vacancies, how many officers would be hired. PSD Johnson answered that he is looking to replace both officers returning the compliment to 56. He noted that he would like to hire someone for the July class and then another for the January 2012 class.

PSD Johnson noted that he reduced the CSO salaries by \$13,000 as certain CSO's will be transferred to the Parks and Recreation Department. Mr. Seeds questioned if the Department would maintain on one CSO. PSD Johnson answered he would keep one full time officer, working Monday through Friday. He noted that he was in a tug of war with Mr. Luetchford

noting that the CSO's were not always able to keep up with their Parks work, as they may have been assisting an officer with an arrest. Mr. Seeds questioned if they would be called rangers. Mr. Luetchford answered yes. Mr. Seeds noted that they would be overseeing the Parks operations but he questioned if they would have a way to communicate with the Police Department. Mr. Luetchford noted that they would have cell phones to communicate with the on-duty Sergeant. PSD Johnson noted that the officers are required to document that they have checked the parks while on duty. He noted, in the past, there was not much communication between the park rangers and the police but this will not be the case in the future. Mr. Seeds questioned what the CSO will be doing. PSD Johnson explained that he will run the cars for maintenance, deliver the Magisterial Judges mail, go for parts, and do applicant processing and many non-police duties that provides officers the time to do their jobs.

PSD Johnson noted that he met recently with the Director of the Humane Society to discuss the 2011 rate. He explained that the Township is billed for every animal that is taken to the Humane Society from the Township regardless of who bring the animals in. He noted that non-residents can claim that they found an animal in the Township, and he was able to have the Director agreed that it is a problem. He noted from now on, any animal that is taken to the Humane Society must come through the Police Department. He noted that he will know who the people are, where they found the animal, what condition it was in, and the animal will be transported by the Police Department. He noted that the Humane Society will not take the animal and direct the people to report to the Police Department. He noted that this will have to be communicated to the general public by way of Nixle, the Township website and the Newsletter. Mr. Seeds questioned when this will start. PSD Johnson answered that it will start the first of the year. He noted that the current budget is \$47,000 and the Humane Society can save between \$15,000 and \$20,000 dollars. He noted that he informed the Director that the one dollar per population was too much for the Township to pay, and further the Township has no control over the animals that are taken to the Humane Society. He noted when he checks the bills he finds that the Township is being billed for animals from other townships, however with the new system there will be checks and balances. He noted that the Police Department only delivered 25 animals to the Humane Society last year, but they had 400 animals credited towards the Township. PSD Johnson noted that he is negotiating a per-animal contract but he did not know what the other townships will do. Mr. Hawk noted that the fees quoted in a recent newspaper

article were very high. PSD Johnson noted that it should also reduce the amount of animals that the Humane Society takes in. Mr. Seeds questioned what will happen if someone shows up with an animal. PSD Johnson explained that the person will have to come to the Police Department and receive authorization to drop the animal off or the Police will take it. Mr. Seeds questioned if he is also discussing a ferial cat program. PSD Johnson noted that based upon the Township's historical data, the Humane Society will provide spay and neuter coupons for the Township to distribute to people who find the cats. He noted that they will spay or neuter the cats and then release them. He noted that it costs \$165 to spay a cat, and that is based on a 60-day stay at the Humane Society. He noted that they normally euthanize the ferial cats.

Mr. Blain questioned if the Humane Society takes all kinds of animals. PSD Johnson answered, under the law, the Township is only required to accept dogs and not cats. He noted that the Township has been billed for raccoons, ferrets, and other items. Mr. Crissman noted that it would be better if the Township did not have to provide labor to transport the animals to the Humane Society. PSD Johnson explained that this is a function of the CSO to check the kennels daily and transport animals to the Humane Society. Mr. Seeds noted that it is cheaper to have the CSO transport the animal than to call the Humane Society to pick up an animal.

PSD Johnson noted that there is a slight increase in the overtime category and fuel for vehicles. Mr. Seeds questioned why there is an increase in overtime when the Department made the switch to 12 hour shifts. PSD Johnson explained that he did reduce the overtime rate for patrol by 300 hours; however, the overtime for the detectives, drug task force member, and crisis response team call outs are over 400 hours higher this year. Mr. Wolfe noted that these are overtime costs that cannot be controlled. Mr. Seeds stated that he thought Dauphin County paid for some of those costs. PSD Johnson noted that the Township gets reimbursed for the Drug Task Force overtime. He noted that there have been numerous Dauphin County Accident Response Team (DCART) call outs which are not reimbursed.

Mr. Blain questioned why the training category is budgeted at \$14,000 when only \$9,000 is projected for year end 2010. PSD Johnson explained that he expected a Sergeant and Patrolman to retire this year, and there is a potential two replace two officers. He noted that the Township now has to pay for the police academy expenses costing \$3,500 per person. He noted that he has been very particular as to who he sends to training and when he sends them to

training. He noted that he needs to budget the police academy training into next year's budget to pay for the hiring of two new officers.

Mr. Blain questioned when the two officers plan to retire in 2011. PSD Johnson indicated that Officer Stoner plans to retire in May, and Sergeant Paoletti will retire the end of July. Mr. Blain questioned if he is including two new officers for the 2011 budget. PSD Johnson noted that he is planning to hire one officer in July and then the other in January 2012. Mr. Blain questioned if only one officer would be sent for training in 2011. PSD Johnson answered yes. Mr. Blain questioned if \$3,500 should be reduced from the training budget as only one officer would be trained in 2011. PSD Johnson noted that part of the increase is to pay for the mandatory training required by the State, and in the past this was free. He noted that the training now costs \$59 per officer and it could go as high as \$75 per class.

Mr. Seeds noted that PSD Johnson stated that there are free training programs offered at Fort Indiantown Gap. PSD Johnson explained that he tries to take advantage of any free training offered by Fort Indiantown Gap, however, they do not offer free police academy training.

Mr. Blain questioned what is included in the equipment purchases. He noted that \$55,000 was budgeted, but it was projected to only be \$15,000. PSD Johnson noted that one item is an in-car video system that needs to be replaced. He noted that one unit should be bought this year but he could delay the purchase until next year.

Mr. Blain questioned how many vehicles are planned to be purchased next year. PSD Johnson answered that one SUV and three cars are planned. Mr. Wolfe noted that the Police Department is falling behind on its vehicle purchases and should be buying four vehicles this year, and five vehicles every other year. PSD Johnson noted that he and Mr. Wolfe are looking at other options, such as leasing which may work out better. He noted that that option won't be available for 2011 budget.

Mr. Blain questioned the computer equipment and supplies category. PSD Johnson explained that he budgeted to purchase in-car computers and replace some aging desktop computers that he has been holding together with duct tape. Mr. Blain noted that weapons are budgeted at \$8,000 for this year. PSD Johnson noted that line item includes ammunition, and by contract, each officer is entitled to 60 rounds of ammunition per month as long as they turn in their spent shells. He noted that only one or two officers have asked for these rounds. He explained that he has two qualifications per year, but this year he limited the amount of scenario

training and that reduced the ammunition needed. He noted that the law and accreditation only requires an annual qualification process. He noted that he made a decision based upon the amount of past training each officer received to limit the amount of on-range training for both qualifications this year. He noted that he would not want to do that for a second year in a row, and he needs to be able to document that his officers have taken scenario training recently. Mr. Seeds noted that there are requirements for the Police Department to keep its accreditation. PSD Johnson answered yes.

Mr. Blain noted that the traffic supplies and equipment is budgeted at \$5,200 however it is anticipated to have a year end budget of only \$2,200. PSD Johnson noted that the Township purchases fuses for the Fire Police. Mr. Blain questioned how he was able to keep the budget down for this year. PSD Johnson noted that he is not spending for items he normally would spend, such as the calibration of the stop watches and speed timing devices. He noted that there is a requirement for calibration every 60 days, and all the cars, 15 stop watches, and the Enrad System and Tracker must be calibrated, however, starting in 2010 the law changed making the requirement three times a year. He noted that he will have to start replacing stop watches since they are being used very hard. He noted that the in-car Tracker is experiencing maintenance issues and it may have to be replaced. He noted that he is putting off spending now, coming way under budget, but there will be a time next year where he will need to replace these items.

Mr. Blain noted that the budget expenses estimate for the end of the year 2010 is \$5,130,000 and the amended budget is \$5,019,000, so the Police is above budget by \$110,000. PSD Johnson noted that he was tracking officer's salaries and found that clerical made a mistake in its spreadsheet and missed the salary for two employees, noting that officers' salaries should have been \$2.7 million as opposed to \$2.6 million. He noted that two officers salaries totaling \$104,000 were not included in the budget. Mr. Blain noted that the estimate for the remainder of the year was to be \$2,788,000. He questioned what would have been the correct number for the 2010 budget. PSD Johnson noted that the correct number would have been \$2,736,406. He noted that he discovered that a sergeant was being coded in the police officers' salaries, and he is \$30,000 under in that sergeant's budget. Mr. Blain noted that the net difference is an increase of \$20,000 for police officers. He noted that the 2010 budget is escalated by the 3% pay increases. Mr. Wolfe noted that it factors in the proposed retirements, hiring one new employee, and the step increases. Mr. Blain noted that trying to find a cut to make up the \$250,000 budget shortfall,

is much easier to find it in the larger budget items. He noted that all the small budget cuts start to add up towards the over all goal of \$250,000. PSD Johnson suggested that he could make more additional cuts, but it would also cut police services to the public.

Mr. Blain noted that he would like to see the loaded rate for the salary of a police officer. Mr. Wolfe explained that he would get this information to Mr. Blain.

Public Works

Mr. Robbins noted that the GF revenues had a budget number of \$2,349,198; however the current budget is \$2,263,540 providing a difference of \$85,000. He noted that it is \$55,000 less than the amended budget. He noted that he would like to highlight the changes made since August. He noted that the Township received roughly \$93,000 in reimbursements from FEMA from the February storm. He noted that the highway miscellaneous income is \$35,000, and the 2011 will not include revenues from the I/I personnel. Mr. Wolfe noted that it will result in a reduction in revenues as there will be no reimbursement from the Sewer Department. Mr. Robbins noted that the snow removal service rental was budgeted for \$6,000 in 2010; however it is projected to be \$36,000 at the end of the year. He explained that it covers the overtime for the sewer personnel who plowed and cleared the streets. He noted that professional fees are much higher due to the large amount of mini-basin work that is being completed and other items that need to be addressed. He noted that there are certain things that he and Matt Miller cannot do and require the services of HRG. He explained that he budgeted \$25,000 for this, however he is unable to keep it to that number. He noted that there are timing coordination issues with signals along Route 22; issues that PERC can't resolve. He noted that vehicle fuel and diesel was budgeted at \$140,000 but he suggested that it will come in at \$125,000. He noted that small tools and minor equipment includes chain saws, blowers, tarps, etc, and he will be under budget for this year as he held the line on purchases. Mr. Blain questioned why vehicle fuels were coming under budget for this year. Mr. Robbins answered that it was due to the price of gasoline. Mr. Blain noted that Mr. Robbins budgeted the same for next year, anticipating gasoline to remain stable, but he questioned why the police increased their fuel budget, and if this line item should be increased. Mr. Robbins noted that he could increase the number. Mr. Wolfe noted that he will take another look at that number.

Mr. Robbins noted that vehicle maintenance is lower and this is in direct correlation to the Board providing newer equipment. He noted that this line item continues to drop. He explained that a single-axel truck that is used for plowing and cindering had to be put out of service. Mr. Crissman questioned if the machine and equipment purchases are for new or replacement equipment. Mr. Robbins noted that it is replacement that is listed under the State Aid funds: a new single-axle truck to replace Truck 55, a new asphalt roller to replace the current one, and an air compressor. Mr. Hawk noted that the snow removal equipment decreased from \$36,000 to \$7,000. Mr. Robbins explained that it is based upon winter and snow. He explained that Mr. Horst (a meteorologist from Millersville University) is hired by PENNDOT to predict future winter weather, and it is his prediction that for the 2010-2011 winter season, there may be one plowable event, but there will be more ice and freezing precipitation. Mr. Hornung questioned what his prediction was for the past year. Mr. Robbins answered that it was for 65 inches of snow.

Mr. Blain questioned what the repairs and maintenance supplies covers. Mr. Robbins answered that it covers sealing, chipping, and patching the roadways. He noted that it will increase annually due to the condition of the roads. He explained if a road is completely unraveling in the late fall, he must apply a skin patch on the road to get through the winter months. He noted that a function of the pavement management program is to ensure that the roads are provided with the correct treatment at the right time. He noted that his fear is that that number will continue to grow and will not get smaller. Mr. Blain noted that it will be between \$65,000 to \$80,000 for next year. Mr. Wolfe noted that Public Works in doing stormsewers for the mini-basin program. He explained as the mini-basins are fixed in the developed neighborhoods since the road are torn up due to the work, it is prudent to make the necessary repairs to the stormsewer system before repaving the roads. He noted that many of these systems need significant maintenance or complete replacement. He noted that Mr. Robbins cannot engineer these replacements and the work must be done by HRG who develops the bid specifications for the work. He noted that the Sewer Authority's work is adding to the capital improvement projects since the Township does not want to waste funds on paving roads that need stormsewer repairs. Mr. Seeds questioned if the Sewer Authority could pick up more of the costs for this work. Mr. Wolfe noted that the Board is the Sewer Authority Board as well, and it can determine how it wants to do this. Mr. Seeds noted that in many instances, the cost of

replacing the mini-basins is highly impacting the Public Works Department. Mr. Robbins noted that the Sewer Authority is doing three to four times the number of min-basins that was done in the past.

Mr. Hornung questioned if the Township could use Dauphin Engineering in place of HRG for engineering work. Mr. Wolfe answered that the Township is under contact with HRG, and the Township receives a discount once it reaches a certain amount. Mr. Hornung questioned if the discount is for all of the services. Mr. Wolfe noted that the Township could re-negotiate the contract, however they are the appointed engineer, on an annual basis, and they provide a volume discount of 5% to 10%, and the Township always hits the 10% rate. Mr. Hornung noted that it has been his experience that Dauphin Engineering costs two-thirds the price of HRG. He questioned if the Township's contract prohibits it from going outside for services. Mr. Wolfe answered no, noting that the Township is under services with HRG until the end of the year with an option to renew. Mr. Hawk noted that it was found last year that there was no significant reason to move to another engineer. Mr. Crissman noted that the Board has this discussion last year at this time. Mr. Wolfe noted that part of the issue with the contract is that the Township has blocked HRG from doing private sector work in the Township. He noted that they don't do all the Township work, as they did not get the Village of Linglestown project or the sanitary sewer work, but all of the road activity and community design work. Mr. Seeds noted that the \$50,000 is only the tip of the iceberg. He suggested that more of this work should be shared by the Sewer Department because they are the causation factor for the public works projects. Mr. Robbins noted that the Sewer Department will tell you that it is not their fault that the stormsewer pipe in the ground is in bad shape. He noted that the Sewer Department has been somewhat fair in that they repair the inlet boxes that fall apart, at their expense. Mr. Seeds questioned in a situation when a pipe may have lasted another ten years, but since it is in the mini-basin project work area, will they repair or replace the pipe. Mr. Robbins answered that these are not the real issue, noting that they will tear apart a pipe and put it back together again, but it is more of a concern over the aging stormsewer infrastructure, noting that they are digging out the pipe because it is old. Mr. Hornung noted he did not know if it is worth the effort to change the billing process since it would only move the cost from one department to another. He noted that the Township is still paying for the upgrades.

Mr. Blain questioned if the roadside vegetation maintenance could be lowered. Mr. Robbins explained that it covers two things. He explained that he has had good success with the roadside spraying this year, and he would like to do more next year, noting that it cuts down on the amount of roadside mowing. He noted that it also includes tree trimming and this is an enormous task and the contractor took three weeks this summer to tackle some of the worse streets. He noted that he hired a contractor to use a bucket truck to trim the trees using Township workers to flag and feed the chipper machine. Mr. Blain noted that only \$6,500 was budgeted last year, and that has more than doubled this year. Mr. Robbins noted that the list will always be a long and expensive list until the Township is divided into quarters and the work is done every three years.

Mr. Blain questioned the cost for preventative maintenance for traffic signals. He noted that nothing is budgeted for 2011, and nothing was spent in 2010. Mr. Robbins explained that it was decided to use whatever funds were left over from the State Aid to fund this. He noted that Mr. Houck suggested that this line item and emergency maintenance be paid by the Liquid Fuels Fund.

Mr. Hornung questioned how important is it to sweep the streets. Mr. Robbins answered that it is very important for the MS4 program as it picks up contaminants up from the road noting that it is problematic as the sediment clogs the stormsewer drains. He noted that people are accustomed to having swept roads. Mr. Hornung questioned what if this work was not done, suggesting that is work that is not necessary. He noted that he acknowledged that what he is seeing may not be a good sampling of what is happening for the Township. Mr. Robbins noted staff starts to sweep in April and it takes until late June or early July to sweep the entire Township, noting that both trucks can't sweep when it is really wet. He noted that in September the sweepers become an integral part of the fall leaf program. He noted when he submits the MS4 report; he is asked if the Township made its annual sweep through the Township. He noted as a result of the sweeping, the stormsewer pipes are in good shape. Mr. Seeds noted after the winter storms there is a need to clean up the cinders. Mr. Robbins noted that he gets many phone calls on this issue.

Mr. Seeds questioned why Lockwillow Avenue is so slippery. PSD Johnson noted that the Police do not have many accidents but he has experienced that with his vehicle. Mr. Robbins

noted that any heavily traveled road will be slippery. He noted that the new paving materials are much more slippery. He explained that he could treat the road surface with a micro-surface.

Mr. Robbins noted that he presented a budget for the 2011 budget for \$2,494,363 and today it is \$2,411,452, noting a reduction of \$83,000. He noted that it is a very tight budget. He noted that repair and maintenance supplies are budgeted at \$80,000 showing a \$35,000 increase from this year.

Mr. Crissman requested Mr. Houck to add in future budgets a separate line item for new equipment and one for replacement. He noted that the Board clearly understands when items need to be replaced, noting that staff is thinking of long-term replacement as opposed to something new. Mr. Wolfe noted that he could do that but everything in the budget is replacement and nothing is new. Mr. Crissman noted that he would like to be able to identify replacement items from new purchases. Mr. Wolfe noted that for this year it would be zero.

Mr. Robbins noted that he increased the decals and signs by \$4,000 noting that the metals market is going up, even though the items are bought through the State contract. He noted for roadside maintenance, the number of hours was cut by having Stoner Tree services do the tree cutting work and staff doing the chipping and flagging. He noted that many Township vehicles have been damaged by the low lying tree branches.

Mr. Robbins noted for State Aid, the Liquid Fuels revenues is \$381 less that it was last year. He noted in 2009, the amount peaked at \$199,000, noting that the bulk of the equipment has been purchased and one piece is on order. He noted that he is constantly trying to reduce the amount of salt and anti-skid materials used. He explained for 2011, the skid mount units can be mounted on the leaf trucks and it will allow staff to pre-treat the roads in advance of a storm. Mr. Hornung questioned if the price of salt has increased. Mr. Robbins answered that the price has gone down. He explained that he would have to purchase a new tank to make brine but it would save the overall costs of salt by pre-treating the roads. He noted that normally the Township has not done this and it should provide for better service and reduce the amount of salt needed. Mr. Hawk questioned if it would be washed away if it was placed too early. Mr. Robbins answered that you would not want to do this if it rains; noting that the brine bonds on the road as a white substance, and the snow activates the brine which melts the snow. Mr. Hornung noted that he has done this for his parking lot and it has melted up to six inches of snow.

Mr. Blain questioned the cost of \$45,000 for equipment rental. Mr. Robbins explained that it would be for rental of the truck to mill the road for the Huntfield project. He noted that it costs roughly \$25,000 to rent it, saving over \$60,000 by having staff complete the base repair work. He noted that using a backhoe is not efficient. Mr. Blain questioned if more work would be completed in 2011 than in 2010. Mr. Robbins answered that he would be able to keep the mill machine busy for a month. Mr. Blain questioned if the asphalt costs were reduced for 2011. Mr. Wolfe noted that the total paving was reduced, but not the materials, as there would be an increase in the amount of patch work to be done.

Mr. Robbins noted the State Aid is \$900,000 and if you remove line painting, salt, equipment, traffic signals and maintenance, you are left with very little. He explained that it would be nice to spend \$800,000 on paving annually but it cannot be done unless it is supplemented through the General Fund. He noted that it is well known that there is a need to pave more roads, and there is a need to find funds to supplement what expenditures are taken from the State Aid Funds. He noted that the Township will fall further behind in paving, with only spending \$300,000 to \$400,000 a year. He noted that the Township is a big area to pave, and that is why the pavement management program is very critical as it gets a snapshot of all the Township's roads, providing information for the best way to treat each road. He noted that it would prevent roads from getting past the point of no return and then cost much more in replacement. Mr. Seeds noted that the pavement management program has been included in the past two year budgets and was cut by the Board. He noted that it cost \$60,000 last year, and now it is \$75,000. Mr. Hornung questioned Mr. Robbins if he was willing to give up an employee for the pavement management program. Mr. Robbins noted that he did not know how he could do that as he is very limited with the current manpower. Mr. Hornung noted that the budget is at that level at this point. He noted that the only area left to cut is manpower, and if you want the program a cut must be made in personnel. He noted that another area would be to raise taxes and that must also be discussed. Mr. Robbins noted as the Board reviews the budget, he requested the Members to consider the pavement management program as it would be a critical piece to oversee the single largest infrastructure that the Township has. Mr. Blain noted that a solid pavement management program will save the Township a lot of money in the future. He noted that it would provide for the extended life of the roads, and better maintenance that what is currently done. He noted that the pavement management program is in the GIF, not the

Operations budget. Mr. Seeds noted that there would be a cost to those programs every year. Mr. Robbins explained that the software would upload the road surface data onto a computer and rate every road with a pavement index from one to 100. He noted that he could provide the public with instant information on when their road would be paved. Mr. Hawk noted that it would allow Mr. Robbins to be much more precise in knowing what work needs to be done. Mr. Robbins explained that a micro surface on a roadway could buy the Township eight years until the point that the Township has the money to do what it needs to do. He noted from year to year he would constantly be evaluating what streets need to be paved. Mr. Blain noted if you can get five years of additional life on a road, you would save a significant amount of money. He noted as the Township takes on more dedicated roads you need to get more life out of the roads. Mr. Robbins noted that it would be better to plan for what work needs to be done to what roads to get more life out of the road at a cheaper cost. He noted that it would buy more time for current roadway surfaces.

Mr. Seeds noted that \$15,000 is also included in the budget for the design of a wash bay facility.

Parks and Recreation

Mr. Luetchford noted that the budget has revenues that increased from \$473,000 to \$514,000, a difference of \$40,000. He noted that expenses dropped from \$736,000 to \$704,000, a decrease in \$30,000. He explained that some of the changes from the last meeting include the fee-in-lieu as there was an additional \$75,000 in income. He noted that he received \$190,000 this year and it was unexpected. He noted that \$175,000 is budgeted for 2011. He noted the escrow interest is \$1,000, and the paintball license agreement is anticipated at \$7,700 for the year. He noted that the Operating Board has decided to let the Paintball operation pay a rent to the Township for the use of the 39 acres in the Wolfersberger Park at \$700 per month. Mr. Hornung questioned if this process had to be bid out. Mr. Luetchford answered that you do not have to bid a license agreement. He noted that there is a reduction in \$7,000 from income from trips as people are taking fewer trips. He noted that there is a small increase in adult sports, showing a 3% increase in programs as there are waiting lists for many of the programs, and the Parks and Recreation Department is out of space to add on more programs. He noted that the summer playground and day camp programs have also decreased due to the economic times. He noted

that overall, revenues have increase since August in the amount of \$65,000. Mr. Wolfe noted that a contribution of \$100,000 is expected from the Pleasant Meadows Development for fee in lieu and he would expect to see that plan go next year. Mr. Hornung questioned if the Board can get around the restrictions for the fee-in-lieu. Mr. Wolfe noted that it has to be for park improvements. Mr. Hornung questioned if the fee-in-lieu could be used for park maintenance. Mr. Wolfe noted that it would depend. Mr. Luetchford noted that the more you stretch the usage, the more it puts the Township at risk to have the funds legally challenged and returned to the developer.

Mr. Luetchford noted that the cost for administrative services is \$173,800 and park ranger's salary will be \$13,500. He noted that the rangers will be under the Parks and Recreation Department jurisdiction. He explained that they would be working three hours during the week, and ten hours on the weekend for eight months of service. He noted that he added \$1,000 to vehicle fuels since the park rangers fuel will come from his budget. Mr. Seeds questioned who locks up the building during the winter months. Mr. Luetchford noted that the buildings stay locked during the winter months with only Koons Park open and locked by the Public Works employees. He noted that it is the only heated bathroom facility the Township has. He noted for Park Improvements there is \$10,000 increase from last meeting, noting that much has to do with turf management. He noted that very little was done the past two years, and you can start to see the effects of this on the fields. He noted that the Koons Park football field is not in good shape and more and more of these issues will arise from the heavy use of the parks and lack of weed control and fertilizer. Mr. Hornung noted that this is the worst year that he has ever seen for growing grass. Mr. Luetchford noted that he was told by one landscaper that he counted five separate droughts throughout the course of the spring and summer. Mr. Seeds noted that some seeding was done for the Koons Park fields and the fields are used very heavily.

Mr. Luetchford noted that the pathway to the Dog Park was not paved this year. He noted that it has been added to next year's budget. He noted that there was a reduction in the instructor's payroll by \$39,000. He noted that the budget for basketball league staff is \$109,000. Mr. Crissman questioned if stone was put down for the Dog Park pathway. Mr. Luetchford explained that most of the pathway is paved, however it dead ends. Mr. Crissman questioned if the Dog Park Committee has any funds left over that they could pay for the paving. Mr. Luetchford noted that he could check with them to see what funds they have. He noted that they

purchase the doggy poop bags to be used at the facility. He noted that they try to minimize the costs by installing a PVC pipe with holes in it to stuff in plastic bags that could be recycled for this use. Mr. Seeds questioned how much paving is needed. Mr. Luetchford suggested that it is a little over 100 linear feet.

Mr. Luetchford noted that the program guide increased over \$1,000 due to the formula being used between the Parks and Recreation Department, Friendship Center and Administration. He noted that Instructors 1099 dropped \$1,500 overall and more people are using the Visa Card service so there is an additional expense of \$1,500 for that category.

Mr. Luetchford noted that the Department of Conservation and Natural Resources Planning Grant for the Wolfersberger and Koons Park is a matching grant of \$40,000 in the General Improvement Fund. He noted that the Parks and Recreation Board will meet at the Municipal Center on November 17th at 7 p.m. to discuss the planning process and the public has been invited to attend the meeting.

Mr. Seeds questioned how much is included in the Capital Improvement Budget. Mr. Luetchford answered that \$153,000 was budgeted to finish George Park for this year but it was not spent. He noted that it would include the completion of the nature trail that was always planned, and to install the in-fields where the two backstops are placed. He noted that the Paxtonia and Paxton Athletic Associations will help provide the labor. He noted that most of the funds budgeted are for pathways and he is in discussions with Mr. Robbins as to how to make it more affordable. Mr. Hornung noted that the fee-in-lieu funds could be used for that project. Mr. Luetchford noted if the funds come in, they could be used for these items.

Mr. Blain questioned why the park improvements increased from \$25,000 to \$61,000. Mr. Luetchford answered that the Dog Park was already discussed. He noted at Kohl Park there is playground equipment that is over 20 year old and in very bad condition, and it needs to be replaced. He noted that a simple low cost replacement would cost \$10,000, and it is located next to the pavilion that people rent so it provides a place for children to play. He noted that the turf grass maintenance for over 100 acres of athletic fields costs \$18,000. He noted that there is a problem with the tennis courts at Koons Park as they need to be crack filled and painted over. He noted that they are in very poor condition. He noted that the sidewalk is not in good condition and the timer for the lighting is very old. Mr. Seeds noted that sometimes the lights are on all night and they don't pay for themselves. He suggested that it might be cheaper to just run the

lights for a certain time and not have Tyndale repair them all the time. Mr. Blain suggested that it might be a good idea not to light the courts at all. He suggested that it would be good to fix the courts, but forget the lights. It was suggested to cut the vehicle fuels to \$4,000.

Friendship Center

Mr. Luetchford noted that the Friendship Center (FC) shows total revenues of \$2,096,990 and expenses of \$2,125,000 with a difference of \$28,000. He noted that the bond costs are not included in the Operating Board budget.

Mr. Luetchford noted revenues for the interest in investments has decreased to \$1,000. He noted that the East Annex Rental is projected at \$61,740 since it shows 12 months' rental with a increase of 1.4%. He noted that an additional \$2,000 was added to the swim team rental as the rate was increased to \$75 per hour. He noted that vending sales are down and the various programs have been reduced by \$5,600, adjustments made after reviewing the current third quarter numbers. He noted that preschool programs are up slightly but the adult programs are down by \$1,700. He noted that the aquatics programs are down by \$15,100, and special events are down by a \$1,000. He noted that the memberships reflect a 4% growth of total annual memberships with a zero percent rate increase. He noted that the Operating Board and staff discussed this at some length and determined that it wants to serve and retain as many customers as possible, especially since many fitness facilities are reducing rates to keep their members. He noted that the consensus was to keep the increase in rates at zero. He noted that it would be a marketing issue to hold the rates for the current members and attract new members. He noted that he added \$3,000 to the guest passes, and the transfer from capital improvement fund could be used for equipment replacement. He noted that the fitness equipment needs to be replaced and it was suggested that it should come from this fund. He noted that these changes produced added revenue from the last meeting of \$63,340.

Mr. Luetchford noted for expenses, the administrative personnel is slated to have a 3% increase, noting that four of the five duty managers do not reach the minimum salary range. He noted, in years past, a flat \$1,000 was added to each manager's salary to increase their salary, but this does not get them to the minimum rate. Mr. Crissman questioned how close they were. Mr. Luetchford answered that it varies from \$1,000 to \$5,000. He noted that the worse case scenario is that someone is \$5,000 below the minimum level. Mr. Seeds questioned if this proves to be a

problem for retention of employees. Mr. Luetchford explained, at this time, he has some employees that have stayed with the FC for more than a year, one for four years, and another for seven years. He noted that he cannot guarantee that they will stay and they know that they are below minimum salary range.

Mr. Luetchford noted that he reduced his facility personnel costs by \$1,425 to \$198,600. He noted that maintenance personnel line item increased slight to \$71,000, noting that Tom Nease, is very experienced and even works at the Township building, splitting his salary for where he is working. He noted that because his hours have been extended, he believes that the FC has saved many thousands of dollars by avoiding contractor costs. Mr. Luetchford noted that the benefits for part-time personnel were reduced to \$77,000, down by \$10,000. He noted that he was able to reduce the number of AFSCME Health and Welfare employees from nine to five. He explained that he reduced office supplies by \$1,000 and advertising staff vacancies has been reduced to \$500, noting that he is using Craig's List as much as possible.

Mr. Luetchford explained that facility marketing has increased in an attempt to retain members and attract new members. He noted that the newspaper advertising, although effective, is probably the least effective of all venues and as a result he has eliminated newspaper advertising for next year, resulting in a decrease of \$5,500. He explained that there is no way to determine how many memberships are garnered by newspaper advertisement. He noted that it is not as effective as a mailing to Central Penn Parenting Magazine. Mr. Seeds noted that you could put a coupon in the newspaper. Mr. Luetchford noted that has been done, but because he can target markets, it provides for more personal contact. Mr. Hawk noted that he found out that newspaper is the least effective means to advertise. Mr. Hornung noted if the FC made up a flyer, he would hand it out to the customers as they come through the checkout line. He noted that it is cheap and you might get some additional memberships from it.

Mr. Luetchford noted that he received a phone call from a representative from the McNaughton Company, who offered to purchase memberships at the FC and give them as gifts to new home buyers. He noted that they requested a discount on the purchase of the memberships and they were told that they could use the corporate price providing a reduction of 5% for five memberships, and 10% for ten memberships up to 25. He explained that they will purchase a certain number at a time, as the FC will not buy back the unused memberships. He noted if that works, then they will approach other developers to do the same.

Mr. Luetchford noted that he reduced the personal trainer's expenditures by \$3,000 and added \$15,900 to the instructor's payroll for a total of \$191,900. He noted that this was necessary as he is minimizing the 1099 instructors to \$61,000 adding \$15,000 to instructor's payroll and reducing 1099 instructors by \$25,000. He explained that this would accurately reflect the move from contractor to payroll instructors, as he could make a larger income from a program by adding new people rather than having them share the income. He noted that he lowered the number for replacement equipment by \$2,000. He noted the urethane dumbbell set, upright bicycle, and treadmills are balanced by the capital improvement fund revenue of \$32,950. He noted that he needs four treadmills as they are constantly out of service, and he is experiencing a higher need to replace equipment. He noted that the budget changes provide \$63,000 more in revenues and reduces expenses by \$42,695. He noted that there is a matching Department of Community Natural Resources (DCNR) grant of \$115,000 to do a series of energy improvements at the FC including the natatorium and gymnasium insulation, retrofitting lights throughout the building, upgrading HVAC ventilation controls, recovering heat from the building for HVAC reuse, improving the water heaters, and reducing the pools pumps usage, but maintaining adequate sanitation levels. He noted that the pool pump filters are the second single highest generator of electricity. He noted that the grant requires an \$115,000 match from the Township and it needs to come from the Capital Improvement Fund of \$320,000. He noted that \$32,000 is to be used for replacement equipment, and this would reduce the Capital Improvement Fund by \$150,000 cutting it in half.

Mr. Hawk noted that there are many other gymnasiums that have opened in the area and he questioned if the FC lost memberships to those other facilities. Mr. Luetchford answered that those facilities cater to single adults and that is a great market to be in as they tend to spend the most money on themselves. He noted that the FC's market has always been the family, so you are paying much less per person than a single adult at a typical Planet Fitness location. He noted that they market for the short-term market and will not be around very long as they make their money up front and when everything turns sour, they close their doors. Mr. Hawk noted that he was speaking to two seniors who told him that for ten dollars a month they can use another facility. Mr. Luetchford suggested that that place will not stay open very long at that rate. Mr. Wolfe noted that those facilities are not comparable as they do not have a natatorium, but do

have a gymnasium, limited aerobics, and limited classrooms. Mr. Seeds noted that they count on many people joining but not using the facility.

Mr. Crissman questioned if the bond issue and its impact should be included in the narrative for the FC. He noted that level debt service was discussed at an earlier meeting and it should be addressed.

Shade Tree Commission

Mr. Wolfe noted that the Shade Tree Commission budget is \$6,100 and has not changed over the past few years.

Community Development

Mr. Wolfe noted the only significant item for this budget is that the Bishop McDevitt High School building permit fee has been moved to next year and he has also move the fee for the new Holy Name of Jesus Church, therefore the permit fee revenues show improvements, however the entities are non-taxable and it shows no economic activity in the community.

Health Department

Mr. Wolfe noted that the revenue for leaf waste permits was budgeted at \$25,000 for 2009 and it is expected to reach \$33,000 in 2010. He noted that he is proposing a 50% increase in the leaf waste rate for permits, with the standard permit for residents being \$30. He noted that daily pass would be increased to \$7.50.

Mr. Blain questioned who the compost facility attendants are shown in the budget for \$13,500. Mr. Wolfe explained that they are the part-time facility attendants for the compost facility, a position that was staffed by CSO's from the Police Department, noting that many of them will become park rangers. He noted that he has eliminated the overtime for Public Works personnel by hiring part time facility attendants. He noted that the sum total of additions to the Health, and Parks and Recreation Departments as compared to the subtraction of CSO's for the Police Department are zero, with no increase in cost to the Township in total. He noted that Mr. Robbins can free up a person on Tuesdays and Thursdays that will be able to do more productive public works activities and pay a part-timer to staff the compost facility.

Mr. Hornung questioned if the Township could collect \$2 for the recycled tags. Mr. Wolfe noted that the Department of Environmental Protection reimburses the Township 100% of the costs.

Mr. Robbins noted that he continues to get calls from people looking for a place to dump fill and he did not know if this would be a consideration for the Compost Facility, but he suggested that it could be another source of revenue. He noted that there will be much fill coming from mini-basin projects that he could have a contractor pay \$3 a load to dump. Mr. Wolfe noted that the Township construction of the berms at the Compost Facility was completed by Ronca for free using fill from the mini-basin projects. He noted that Ronca will also grade the Heroes Grove amphitheater in Brightbill Park as a return for using the site to dump fill from a mini-basin project.

Mr. Wolfe noted that he is reviewing all permit fees and will propose increasing building permit fees and other fees for various departments.

Mr. Wolfe noted that the General Improvement Fund was covered in his summary presentation and this is what he wanted to provide to the Board and would like to take another shot at fine tuning the budget to bring back to the November 9th workshop meeting. He noted that there is a \$250,000 deficit and staff will do its best to bring in a balanced budget but it is very hard to do this.

Adjournment

There being no further business, Mr. Blain made a motion to adjourn the meeting. Mr. Crissman seconded the motion, and the meeting adjourned at 9:10 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by;

Gary A. Crissman
Township Secretary