

HILLTOWN TOWNSHIP BOARD OF SUPERVISORS
2006 BUDGET WORKSESSION
Thursday, November 17, 2005
3:00PM

The second 2006 Budget Worksession meeting was called to order by Chairman George C. Egly, Jr. at 3:00PM and opened with the Pledge of Allegiance.

Also present were: Richard J. Manfredi, Vice-Chairman
Barbara J. Salvadore, Supervisor
Kenneth B. Bennington, Township Manager
Christopher Engelhart, Chief of Police
Thomas A. Buzby, Director of Public Works
Lorraine E. Leslie, Township Treasurer

Mr. Bennington announced that this meeting was advertised in the Perkasio News Herald. The meeting was also advertised to state that the Board may take action on any other business if necessary.

A. PUBLIC COMMENT ON AGENDA ITEMS ONLY: None.

B. DISCUSSION CONCERNING PROPOSED 2006 BUDGET: At the Board's direction at the last Budget Worksession meeting, Mrs. Leslie made revisions to the 2006 draft Budget. The biggest change was decreasing the Building Inspection/Code Official line item to \$65,000.00 from \$135,000.00 that had been proposed, since Mr. Bennington hopes to hire a full-time Building Inspector prior to the end of the year. An additional \$5,000.00 was added to Capital Purchases in order to update the website. An additional \$3,695.00 was included in the Police Capital Purchases Budget for the purchase of one speed board. Supervisor Manfredi suggested that the purchase of two speed boards be included in the budget, so that if Chief Engelhart is satisfied, a second speed board could then be purchased.

Discussion took place concerning the possible institution of the Emergency and Municipal Services Tax. Mrs. Leslie spoke with Berkheimer Associates, who advised that 88% of the people who currently pay the \$10.00 Occupational Privilege Tax do not live in the Township, and that only 12% of the individuals who pay that OP Tax (or 6,800) are Township residents. This tax can be increased to \$52.00 by adopting the EMS Tax by Ordinance. \$5.00 would continue to go to the Pennridge School District, but the remaining \$47.00 would generate revenue only from those working individuals. This increase would raise approximately \$319,000.00 in lieu of the \$34,000.00 previously budgeted. Berkheimer Associates recommended reducing that number to \$287,100.00 to allow anyone earning less than \$12,000.00 to be exempt from the tax. While there is currently no threshold, it is Mrs. Leslie's understanding that the Legislature is presently considering a mandate for the \$12,000.00 threshold. If the

Legislature does not act, however, the Township would be free to create its own threshold or not have one at all.

Supervisor Manfredi referred to page 5, line item #182, under Transfer of Funds, which shows \$250,000.00 being transferred to the General Reserve Fund. Mrs. Leslie explained that it is \$250,000.00 being carried over from the 2005 budget in order to start the new year. Supervisor Manfredi asked where the corresponding transfer out is shown in the budget. Mrs. Leslie replied that it is not shown, and explained that the General Reserve Fund is an asset account, however in the financial statements as prepared by Dunlap Associates, this amount is actually contained within General Fund numbers. Mrs. Leslie advised that this account basically eliminates the need for a Tax Anticipation Note. Supervisor Manfredi asked Mrs. Leslie what amount she believes will be held in the General Reserve Fund account as of January 1, 2006. If things remain the same, Mrs. Leslie believes the amount will be approximately \$260,000.00. Supervisor Manfredi noted that the estimated beginning fund balance for 2006 is shown as \$25,000.00.

Supervisor Manfredi wondered why the Zoning Officer category is found under "Administration." Mrs. Leslie replied that it is there simply because that is where it was established, however that category could be placed anywhere the Board feels appropriate. It is Supervisor Manfredi's opinion that the Zoning Officer should be placed in the Planning and Zoning (01-414) category, and also that the Fire Marshal should be placed within the Fire (01-411) category, and the Code Enforcement Officer should be placed within the Planning and Zoning (01-414) category. Supervisor Salvadore agreed.

Supervisor Manfredi referred to account #01-401-356 for Automobile Insurance under the Administrative category, which is presently blank, and asked if that is where the Township Manager's vehicle should be listed. Mrs. Leslie explained that it is not possible to break down the auto or the property insurances because they are bulked together at a fleet rate and a building rate. Therefore, all of the auto and property/building insurance is presently listed in "Miscellaneous" in one lump sum. Discussion took place. Mrs. Leslie will once again contact the insurance carrier to request a breakdown of the insurance coverage.

If the Board intends to implement the Emergency and Municipal Services Tax, Supervisor Manfredi feels that consideration should be given to abolishing the Per Capita Tax. Mrs. Leslie reminded the Board that to abolish the Per Capita Tax would remove \$85,000.00 of revenue, which will drain the reserve carryover to approximately \$40,000.00. Further, she noted that the Per Capita Tax is levied upon all residents of Hilltown Township. Mrs. Leslie fears the state in which the 2007 Budget might be in if the Per Capita Tax is eliminated in 2006, and recommended that the Per Capita Tax not be abolished until 2007. Initially, when the first budget was drafted, it was balanced without the Emergency and Municipal Services Tax revenue. Chairman Egly agreed

with Mrs. Leslie that the Per Capita Tax should not be eliminated in 2006. Supervisor Salvadore commented that it is the goal of this Board to carefully manage expenses, and anticipate a very conservative revenue stream. Supervisor Manfredi would find it difficult to institute an additional tax, while the Per Capita Tax, which he has never been in favor of, is still in place. He would be in favor of instituting the Municipal and Emergency Services Tax because it would be dedicated for a specific purpose. Chairman Egly agreed, however he does not believe the Per Capita Tax can be eliminated at this time. Last year, Supervisor Manfredi advised that the Board was faced with either raising taxes or eliminating services, at which time they decided that if taxes were to be raised, the revenue generated would be dedicated to specific items. Lengthy discussion took place.

Mrs. Leslie believes the Township's goal for 2006 should be to eliminate the Per Capita Tax in 2007. Supervisor Salvadore prefers the use of the wording "Contingency Fund" because people know what that means, however she believes that the goal of the Board should be a maximum amount of \$250,000.00 in that Contingency Fund. Further, Supervisor Salvadore believes it should be the mission of this Board to provide sound fiscal management, to be prepared for emergencies, and to delay as much spending as possible until later in the year. Chairman Egly did not necessarily agree that a cap should be placed on the Contingency Fund. Mrs. Leslie commented that there were some inherent problems in the 2005 Budget, yet believes it speaks to how well the Township actually did in 2005, since there had been discussion of transferring \$188,000.00 out of the Escrow Fund, which did not occur. She feels the Township is doing a good job of containing expenses and monitoring cash flow and recommended that the Board consider 5 year budgeting in the future. Since the motion was put in place to curb spending for professional services, Supervisor Manfredi asked what the average cost for legal services has been. Mrs. Leslie replied that legal expenses have been averaging approximately \$2,000.00 per month.

Supervisor Salvadore questioned the addition of a new position, Park and Recreation Director, for which a job description has not yet been written. Chairman Egly commented that this position was discussed during last year's budget process due to the commencement of the Forest Road Park. Mr. Bennington noted that a part-time Park and Recreation Director is proposed to work 16 hours per week, with duties to include overseeing the proposed Forest Road Park and all present and future Township parks. This individual would also act as a liaison to Deep Run and all municipal/county park and recreation boards, as well as manage the sale of baseball signs at the Civic Park, field scheduling, and applying for grants. Supervisor Manfredi advised that the proposed Park and Recreation Director's salary would come from the designated Park and Recreation Tax, which was put in place last year. Discussion took place.

Supervisor Manfredi would find it difficult to reduce the Police Department budget, and personally, would not agree to eliminating any expenses from the Police Department Budget. Therefore, the alternatives would be to eliminate the additional Public Works employee or the Park and Recreation Director position, though he noted that the elimination of that position would not affect the General Fund. Chairman Egly commented that if the Public Works employee were to be eliminated, it would effectively be reducing the Public Works staff since an existing employee had actually been on disability for the past two years. Discussion took place.

C. PUBLIC WORKS BUDGET - Supervisor Manfredi asked if Mr. Buzby has considered using a contractor for mowing services of open space in 2006. Mr. Buzby does not believe that would be a benefit at this time, citing the fact that the Township currently owns a number of mowers. For the past two years, he had designated one day per week where all five mowers are in service, and then the remaining four days are used for other Public Works operations such as paving. The additional employee Mr. Buzby is requesting for 2006 does not necessarily refer to mowing, as it does to the regular road maintenance operations. For instance, to accomplish a stormsewer job, Mr. Buzby advised that a minimum of 9 employees is required. Supervisor Manfredi asked the total cost for an additional Public Works employee. Mrs. Leslie commented that she estimated on the high side at approximately \$65,000.00. Mr. Buzby reminded the Board that with the glut of development, the Township is getting more dedicated roadways, and the Public Works Department is spending more and more time maintaining streets within developments. Further, Mr. Buzby stated that an additional employee would be replacing Mr. Patton, who had been on extended disability for much of the past two years. Discussion took place.

D. POLICE DEPARTMENT BUDGET - After much consideration, Chief Engelhart is now asking the Board to consider removing the Eye-Cop systems and defibrillators, and replacing those expenses with the purchase of the additional police vehicle. He assured the Board that he does not consider the Eye-Cop Systems or the defibrillators as less important than a new vehicle, however he must take into consideration that it is one of the Department's primary response vehicles that must be kept in good working order throughout the fleet rotation. Chief Engelhart explained that his original proposal was for the purchase of three police vehicles, however if only two are purchased in 2006, then four new vehicles will be proposed in the 2007 Budget. He advised that the cost of the additional vehicle is approximately \$29,000.00, which includes equipment installation, etc. The Eye-Cop system costs \$12,000.00, and the Board had previously considered obtaining a grant for the defibrillators (approximately \$11,000.00), with that funding then put toward the purchase of a second Eye-Cop unit. The Board had also previously considered the option of Silverdale Borough donating funding toward the purchase of a police vehicle. Silverdale Borough officials have since stated that they would provide \$5,000.00 toward the purchase of an additional police vehicle. Supervisor Manfredi

proposed that Mrs. Leslie prepare a draft budget for the years 2007 and 2008, both of which do not show the Per Capita Tax in either year, and with no tax increase of any kind in those two years. If a projected budget clearly showing the years 2007 and 2008, with no tax increases and the elimination of Per Capita Tax were to be presented, Supervisor Manfredi would be agreeable. In order to prepare these two budgets correctly, Mrs. Leslie commented that it could take a great deal of time.

Motion was made by Supervisor Salvadore to authorize the advertisement of the possible adoption of the Emergency and Municipal Services Tax. Mr. Bennington explained that the Board previously authorized the required three time advertisement of the proposed EMST so that it could be in place for consideration and possible adoption at the December 12, 2005 Worksession meeting.

Motion was made by Supervisor Salvadore to authorize the inclusion of the projected Emergency and Municipal Services Tax in the 2006 Budget and to authorize the advertisement of the proposed 2006 Budget for possible adoption at the December 12, 2005 Worksession meeting, while incorporating the revisions as discussed this evening. Supervisor Manfredi seconded the motion, with the understanding of his stance with respect to the elimination of the Per Capita Tax in 2007, and with projected budgets for the years 2007 and 2008 being provided, showing no tax increases and the elimination of the Per Capita Tax. Motion passed unanimously.

D. OTHER BUSINESS:

1. Mr. Bennington stated that the Board previously allocated Community Development Block Grant Funding for 2006, 2007, and 2008 in the amount of \$82,000.00 to pave Cherry Road. However, Mr. Wynn advised that there is not enough funding available from the County to cover the \$82,000.00 in 2006. There are two options – either delay the Cherry Road paving project until 2007, or doing \$40,000.00 - \$45,000.00 worth of work on Cherry Road in 2006, with the remainder to be accomplished in 2007. Mr. Buzby recommended that the Cherry Road paving project be accomplished in 2007 with the full \$82,000.00, since he had planned to do that project in 2007 anyway. Discussion took place.

2. Chief Engelhart was approached by a representative of Jerry's Auto Body who expressed interest in taking over the towing service for the entire Township. Currently and for the past 15 years, Jerry's Auto Body provides towing service for half of the Township, while Kirk's Auto Body provides towing service for the other half. The Board advised that this matter would be discussed in Executive Session following this meeting.

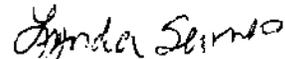
E. PUBLIC COMMENT: None.

F. SUPERVISOR'S COMMENTS: None.

G. PRESS CONFERENCE: A conference was held to answer questions of those reporters present.

H. ADJOURNMENT: The second 2006 Budget Worksession meeting of Thursday, November 17, 2005 was adjourned at 4:35PM, at which time the Board recessed into Executive Session.

Respectfully submitted,


Lynda Seimes

Township Secretary

(*These minutes were transcribed from tape recordings taken by Mrs. Lorraine E. Leslie, Township Treasurer).