



# Board of Supervisors

## Budget Work Session

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**Tuesday, October 1, 2019**

**3:00 PM**

**Community Meeting Room**

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In attendance from the Board of Supervisors: Barbara N. Lyons, Chairman; Ken Snyder, Vice Chairman; Richard F. Colello, Ryan Manion and Jen Herring.

From the Ways and Means Committee: Brenda Bray, Chairman; Robert Salanik, Vice Chairman and Joe Delikat.

From the Township Staff: Stephanie Mason, Township Manager; Dave Tomko, Director of Operations; Ken Wallace, Finance Director; Ed Ebenbach, Budget Analyst; Dean Logan, Chief of Police; Sargent Zeigler.

Meeting called to order at 2:58pm by Mrs. Lyons.

Ms. Mason began the meeting by speaking to the staffing needs. She hopes to continue to hire interns and give them the opportunity to build on customer service skills to address needs in the front office reception.

Ms. Mason spoke to the request of Mr. Salisbury to increase the outside code inspection services from 8.5 hours to 15 hours per week to cover the increased activity. A graph was presented to show increase in permits and the number of inspections conducted. Mrs. Lyons asked about the cost and if the additional cost is offset by permit fees.

Mr. Snyder asked what the impact of not increasing the hours of contracted code service is and Ms. Mason answered by explaining that Mr. Salisbury is overseeing it all and that he is bogged down by inspections and administrative duties. An increase in the use of the outside service would be helpful and much appreciated. She continued to explain that the process would be more effective and efficient especially when there are large projects coming up in the near future. In addition without having the additional time allotted from the outside service our property owners will suffer.

Mrs. Herring asked if the Township has considered employing someone full time instead of contracting out the service. Ms. Mason indicated that the Code Enforcement office used to employ 3 full time people but that we no longer need that staff. Mrs. Lyons also spoke that having a contracted employee helps the Township save money because the employee does not receive benefits through the Township and the employee also has his own car. Both of these factors help the Township save on service.

Ms. Mason also mentioned that any midyear staff changes will be reflected in the budget.

Mr. Ebenbach, Budget Analyst wanted to adjust the agenda and speak about expenses updates and the preliminary 2024 estimates to see the starting point and the 5 year picture.

Mr. Ebenbach spoke about the 2024 estimates with the document called preliminary budget starting point and the first time to understand is the millage plan. He further explained that the millage plan is based on approval of the same plan by the Board of Supervisors with 2019 Budget. Increase in millage is as follows:

½ mill increase in 2021 and a ¼ mill in 2022

Mr. Ebenbach spoke about wage increases which are set at a 3% average for non-uniform employees and 3.25% for uniform employees. He said the Township is at flat staff head count with a couple more interns incorporated. Capital that is in the plan has been reduced. \$160,000 has been reduced and the timing has been moved around.

MS4 Stormwater is valued at 2.1 million which is the same rate as last year.

Suggestions that the Pension Advisory Committee came up with to increase the additional re-payments per year to \$300,000 and decreases the ROR by ¼ % in 2022 and 2024 have been incorporated.

The Chapman Bridge is sitting in 2021 and doesn't show up in as a big blip in the plan because we intend to borrow money from debt service after 2021.

Mr. Ebenbach further explained what's not included is no borrowing for the proposed community center – no debt service- nor have we put in the revenue that we will gain in the sale of the cell tower.

We want to dedicate that revenue to a particular purpose and not just drop into budget.

Mr. Ebenbach touched on the importance of spending the session on the alternatives and considerations that could change the budget in its current state. Mr. Ebenbach spoke to the projected full year ending balance with a clear look at the fund balance but with a degree of negative funds for roads, bridges and the overall general fund. The standards are to have 10.5% in reserve in the 5<sup>th</sup> year.

Mr. Ebenbach stated that our standard of having \$1.3 million ending fund balance in the 5<sup>th</sup> year is not attainable at the moment. We are ok in 2020 but not able to make it to 2021. Bottom line is it is not enough of a fund balance starting in 2021.

Mr. Ebenbach spoke about the reality of the Townships choices. We borrowed money and we have taken out a loan of \$1.6 million but we have not paid ourselves back and leaving the general fund pushed out to 2022 is concerning.

### **Pebble Ridge Road Repair Options**

Mr. Ebenbach spoke about the options available such as do all the repairs by replacing curbs. The curbs that need replacement versus repair will need to be determined by professional staff.

Mr. Snyder shed light that the previous meeting had a lot of discussion on paving and curbs in the Pebble Ridge area

Ms. Manion spoke about paving options and the curbs. She commented that we could pave part of the curb where it is damaged if it doesn't need to be replaced. This was done along Cedar Woods Drive.

### **General Fund Line Item**

Mr. Ebenbach said we are sitting at \$1.8 million negative so we have decided to look at MS4 program which is set at \$2.1 million. He summarized that in discussions with the staff the staff has recommends that we could put the high cost programs off to the end and take about \$1 million out of the program. This recommendation works because we pay for the MS4 through capital reserve which benefits the general fund.

Mrs. Lyons asked how this recommendation is not kicking down the can down the road. Mrs. Lyons expressed to be cautious for the future.

Ms. Mason spoke to the MS4 permit and that when it is approved we will have 5 years to implement program.

Mrs. Lyons summarized that we over allocated 2 years about and now we are adjusting.

Mrs. Bray asked if the DEP might make changes to the stormwater requirements. Mr. Tomko responded that it may be possible and that one stream bank restoration project is a \$1 million dollar project.

Mr. Tomko spoke about GHD's spare tire project which is the idea of starting with an easier project to implement and one that is less money and still gives credits although the credits are not large.

### **Pension Committee**

Mr. Ebenbach spoke about the scenario created by the committee in which we reduced extra contributions from 300,000 to 200,000.

Mr. Delikat advised to stay on pension plan at 8% which is 4.8 million dollar combined. The short fall means the net present liability (what they owe in current dollars) is 4.8 below what the assets are worth in today's dollars). They did scenarios to bridge gap. In 2001 the plan has a surplus of 1.8 million and now we are a negative. Our historical return is about 5.5% our return for the last 3 years has been about 3.3%. In his humble opinion that says if we have a 'mortgage' of 300,000 over 15 years. We cannot just pay MMO because we will never bridge the gap. Mr. Delikat spoke about MMO and asset allocations.

Mr. Delikat talked about the 20 people are currently contributing but 51 people are in the plan. He stated that over time the contribution will go down.

Mrs. Herring stated that the committee is looking at assumptions we cannot look at what looks best on paper and can't justify 7 and ½ percent assumption.

Mr. Snyder responded that the Board has other priorities and that we need to meet in the middle somewhere – we need to keep doing what we want to do and keep monitoring going forward. Will we ever get to 100%? He isn't sure.

Mr. Ebenbach continued conversation about the fund balance and the reallocation of millage. Previously in 2020 we increased taxes and split between general fund and debt service we instead gave it all too general fund. In 2022- reverse allocations- pull money back from roads and bridges and moved a mill into general fund. In 2024 – roads and bridges fund was weak- we reversed  $\frac{1}{4}$  mills back again which gives us a group of fund balances.

It was determined that the members need to have a discussion to determine direction needed.

Mr. Salanik asked for some clarification on the debt service fund and the general fund and if the numbers should be combined. He recommends that all debt services and borrowing would occur in the same year to see the impact.

Mr. Ebenbach spoke about the million dollars sitting in the offsite fund and capital fundraising budget and how there is money but no activity. The spending for this line item is for discretion of the Board. Mr. Ebenbach was only shedding light that there is money that is sitting there.

Ms. Mason stated that typically those funds are used to make park improvements or traffic or bike trail improvements, anything related to improvements.

Mr. Ebenbach states that this is a complicated consideration and it's difficult to talk about a 5 year forecast without any direction. Mr. Ebenbach indicated that some direction today; can print out 5 year scenario but needs more direction.

Mrs. Lyons stated that she would like to see \$250,000 every year compared to the \$300,000 discussed last meeting. Mrs. Lyons doesn't care how it is split but overall wants to be \$250,000 toward Pension.

Mr. Salanik expressed that he wanted to see the discount rate be reduced to something more reasonable because if not, it takes away a lot of flexibility and the reason for growth in liability. He summarized that the Board defines how Ms. Brede can invest.

Ms. Mason concluded that the budget analyst will model a more scenarios.

### **Pebble Ridge/ Wood Ridge Paving**

Mr. Tomko spoke about Pebble Ridge and curbing.

Mr. Salanik spoke about the conditions of curbing at Almshouse Road. He says that paving over rolled curb is not effective. He stated that paving to a rolled surface will eventually crack.

Mr. Colello said that the Township has been patching and gluing if we do it right and do it along vertical curb and get rid of rolled curb we will have something that will last forever.

Mrs. Lyons asked that Mr. Garr, Mr. Tomko and Mr. Salanik walk about the neighborhood to discuss the cost and come to an agreement on the curbing.

Mr. Snyder pointed out that they can meet but nothing will change. He mentioned that Pebble Ridge has been waiting a long time so it must be done right.

Ms. Mason asked if the Board will consider postponing the Chapman Road Bridge and borrow the money needed to finish Pebble Ridge/Woodridge.

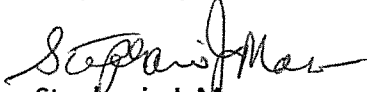
Mrs. Lyons again suggested seeing what Mr. Garr and Mr. Salanik come up with and after gathering more information from the walk around.

Mr. Ebenbach concluded the presentation by speaking about borrowing to repay the general fund. Mr. Wallace needs to keep track of fund balance and millage allocations.

Mr. Ebenbach suggested that the next meeting will display a 5 year plan including a summary of the change in capital plans. Mrs. Lyons asked about how funds can be liquated.

Being no further business the meeting adjourned at 4:20 pm.

Respectfully submitted,



Stephanie J. Mason  
Township Manager