**Doylestown Township Budget Work Session**
**October 27, 2020**

**Notes**

Members of the Board of Supervisors in attendance included: Barbara N. Lyons, Chairman; Ryan Manion, Vice Chairman; with Supervisors Jennifer V. Herring, Nancy Santacecilia and Dan Wood.

Members of the Ways and Means Committee in attendance included: Brenda Bray, Chairman; Bob Salanik, Vice Chairman; with members Joe Delikat, Colleen Mullin and Mike Paulosky

Township staff in attendance included: Stephanie J. Mason, Township Manager; Ken Wallace, Finance Director; Ed. Ebenbach, Budget Analyst and Karen Sweeney, Director of Parks and Recreation

Ms. Lyons called the meeting to order at 2:59 PM

Ms. Lyons thanked everyone for meeting again, and for the extra budget work session and thanked Mr. Ebenbach for sharing the three scenarios. She indicated that all of the scenarios end with the similar General Fund balances by 2025. Mr. Ebenbach commented that his suggestion, as a result, was that option could be selected on the basis of what was best for the residents.

Mr. Ebenbach provided a brief walk through of all the options. He explained that the concept was to see whether it was possible to avoid year after year tax increases, which was what was used to build the initial plan. Mr. Ebenbach pointed out if you look at the highlighted line on his chart (see attached), in all plans, .75 mills already occurred in 2020.
The attached charts show ending fund balances both as values and graphically over the time frame. The scenarios are laid out as follows:

- The original plan was for .75 mill in 2021, 1 mill in 2022 and .5 mill in 2023, giving a total increase of 3.0 mills over 2020-2025.
- Scenario 1 suggests 1.75 mill in 2021, .75 mill in 2024 for an overall total of 3.25 between 2020 -2025.
- Scenario 2 suggests 2.0 mills in 2021, .5 mill in 2025 for 3.25 mills over all between 2020 -2025.
- Scenario 3 suggests 2.125 mills in 2021 and 2.875 mills over all between 2020 -2025.

Ms. Lyons inquired if these scenarios allow for the Park Rec/Community Center to move forward prior to 2023. Mr. Ebenbach indicated that it does.

Ms. Manion indicated that she appreciated the ability to see the larger millage earlier allowing for no millage increase in the out years.

Scenario 3 actually gets us a better result with less mills overall. It was further pointed out that all three approaches give us money earlier and adequately meets our 10% criteria for fund balance in the general fund in 5th year.

Questions the Board considered were what is more palatable for 2020 - 1.75, 2 or 2.175.

Ms. Lyons indicated that she likes all the scenarios because they give us the opportunity to start Park Rec/Community Center in 2022. Ms. Lyons indicated that it is negligible between a 1.75mill and a 2 mill increase. It's a small difference between those numbers for 2021 as 1 mill would cost the average household $40 a year.

Ms. Santacecilia asked how does impact the road program that the Township should be doing? Mr. Ebenbach indicated that it allows for the $6.4 million project over five years. Mrs. Santacecilia indicated it's less than what was originally requested at over $8 million. Ms. Santacecilia indicated that 50% of the Township's roads needed help. What does this do to the roads? It's estimated that the $6.4 million will get us more than 4 miles a year. In the past we've been doing about a $700,000 program.

Nothing else in the forecast was changed to create the scenarios except real estate tax millage explained Mr. Ebenbach.

Ms. Herring inquired where we are compared to other municipalities by 2025. Ms. Mason replied that depending on size some might have higher rates because assessment is lower, however, we will be competitive with similar municipalities.

Ms. Manion recommends scenario 3 as the best because it is the lowest increase and it enables the general fund to be at 10% in 2025.

Mr. Wood indicated that would be about an $85 increase over four years and believes that is sellable.

Mr. Salanik questioned why the Debt Service fund was not at zero at the end of the fifth year? Theoretically, millage should match debt service, since the purpose of the debt service fund is to pay for debt. Mr. Wallace indicated that right now we are paying our debt service interest on a monthly basis; while the principle payment is done on a yearly basis.

Mr. Salanik indicated that the Township should not carry a balance except for a small amount that would go toward the next year until taxes are paid. He believes we're over-taxing for debt service.

Mr. Delikat questioned if it was just an error on projecting out the same amount over the life of the forecast.

Mr. Wallace said it is the interest that is being paid on a monthly basis - this is the way the balance in the debt service is going up. Mr. Salanik suggested paying twice per year.

Mr. Wallace indicated it's the way it was set up with the lender.

Ms. Lyons suggested that Mr. Wallace and Mr. Ebenbach look at the debt service fund balances again as part of the forecast and see if it can be tightened up.

Mr. Ebenbach indicated that they'd do that but cautioned that the full weight of the borrowing for the Park Rec Community Center would come into play in 2023.

Mr. Delikat commented that unless its spread and reduced over time and you do step change through the subsequent years all the way to the end.

Consensus from the Board of Supervisors assuming the debt service can be tightened up is as follows – Ms. Santacecilia likes scenario 3 and Ms. Manion likes Scenario 3. Ms. Herring indicated that she cannot justify more than a .75 mill increase for 2021 with the pandemic. Mr. Wood indicated that he likes scenario 3 but doesn't like the large increase in 2021. He's hesitant to do 2 mill tax increase. He's leaning more towards what was discussed at 10/20/20 meeting.

Scenario 3- enables no tax increase for the following four years. Otherwise in 2024 and 2025 we may have to address another tax increase.

Ms. Lyons suggested that we can stick with the initial proposal but indicated that next year we're going to have to re-evaluate things and look at the economy and needed support for debt service in an effort to have the least impact on residents.

Ms. Herring reminded everyone that the budget is only being adopted for one year. The forecast is helpful but not required.

Mr. Delikat indicated that the forecasting has improved over the years.
Ms. Herring suggested sticking with the initial proposal discussed at the 10/20/20 meeting.

Ms. Manion inquired what would happen if we did no increase in 2021 and put it off until 2022? Mr. Ebenbach indicated that we won't have a have a road program if we do that. Ms. Manion indicated that even if it's a small increase every year she believes that people don't always like to see that occur.

Ms. Bray indicated that there are conservative estimates in the 5 year plan. Even with EIT being decreased Admin has become better at forecasting the ending balances. She believes we'll continue to get closer over the next few years. She said it's understandable that the Board doesn't want a tax increase but there is a lot to be done and we need the capacity to do it. Small increases are sometimes needed.

Mr. Delikat commented that as a tax payer and being on Ways and Means he expects an increase every year. He said the Township needs about $2 million a year just to pay salaries and benefits to the uniform and non-uniform employees. He also believes the numbers are conservative.

Ms. Lyons commented that she appreciated Mr. Delikat' s comments but indicated that he's in a unique position because he is involved and he understands.

Ms. Mullins commented that no one wants to pay more in taxes but if it's being used for projects like roads etc. it's better than sitting in the books.

Ms. Lyons commented that it seems that for 2021 the smaller increase of .75 mill that was initially planned is the best plan of action at this time. It seems to be the consensus. Next year at this time we'll have to see where we stand and plan accordingly at that time.

Ms. Lyons also requested that the debt fund be reviewed again and see if it can't be tightened up. Ms. Lyons also asked that she'd appreciate it if the borrowing for the Park Rec/Community Center be brought into the 2022 time frame.

Mr. Ebenbach indicated that we are three weeks from a full budget book. He'll be working to get the book to the Manager by November 9th.

Mr. Salvati commented that as a resident he understands the .75 seems like a good plan. As a resident when taxes are raised the Supervisor is being responsible not only to keep us current but looking at our future. He doesn't want it to be every year because it makes it seem like Supervisors aren't planning well for the Township's future. The Township is a reflection of the residents. He understands that the Township needs money because it provides services for the residents. He believes we need to make a plan that doesn't raise our taxes more than is needed. However, if you know there's something the residents will need don't do a disservice by pushing it out further.

Ms. Santacecilia commented that is the story - doing what is right for the residents. It's a strong story to sell so residents understand that we have a plan for our roads, Park Rec Community Center and have been responsive and sensitive to COVID.

Being no further business the Budget Work Session adjourned at 3:50

Respectfully submitted,

Stephanie J. Mason
Township Secretary