



Board of Supervisors

Budget Work Session

~ Notes ~

425 Wells Road
Doylestown, PA 18901
<http://doylestownpa.org/>

www.facebook.com/doylestowntwp
Twitter: @DoylestownTwp

215-348-9915

Tuesday, October 18th, 2016

4:00 PM

Public Meeting Room

Meeting called to order 4:00 PM

In Attendance: Barbara N. Lyons, Chairman, Rick Colello, Vice Chairman, Ken Snyder, Ryan Manion via phone, Shawn Touhill; Stephanie Mason, Township Manager, Ken Wallace, Finance Director, Autumn Canfield, Special Projects Coordinator, Richard John, Director of Operations, Karen Sweeney, Park and Recreation Director, Sinclair Salisbury, Director of Code Enforcement, Kaci Milligan, Budget Analyst, Brenda Bray, Chairman Ways & Means, Ed Ebenbach, Vice Chairman Ways & Means, Joe Delikat, Ways & Means, Bob Salanik, Ways & Means

Welcome – Ms. Mason welcomed everyone to the work session.

Review of Assumptions:

A formula glitch in real estate tax was corrected and forecast is now better off. The real estate transfer is also better. The 2016 revenue is better off by net \$200,000. Mr. Colello asked what the page that was sent out affected. It was explained that the original sheet that was sent was the budget while the paper sent later was the forecast.

Questions received:

Questions from the Board were received and answered. Ms. Milligan provided explanations of transfers and responses to questions. It was noted by Mr. Ebenbach that the Township currently transfers on average 2.2 mills to roads and parks and rec.

Mr. Snyder suggested having Ways and Means look at the millage to see if it should be more properly allotted so these transfers do not keep occurring from the general fund. Mr. Ebenbach stated that the general fund can no longer sustain these transfers.

Ms. Mason stated that the direction given at the last meeting was to look at any line items that increased by \$5,000 or 10% from the forecast. Each line item that fit this category was pulled with the exception of salaries and fringes and some contractual obligations. They were then clarified as to why they increased. Gasoline was kept on a separate sheet as the future cost is unknown.

Mr. Snyder asked if there were any changes after the review. Were any funds removed or added? No new line items were added. Some tweaks were made to line items. A Park and Recreation line item was reduced by \$10,000.

Mrs. Lyons asked what decision could be made at this point. She motioned to approve the line items as outlined by the department heads for 2017. Mr. Ebenbach suggested that the Board may

want to wait until a review of the rest of the budget is completed. There was no second so the motion died.

Capital Expenditures:

In regards to the Capital Expenditure projects, Ms. Mason reported that the Laser fiche that was tentatively left in the budget is being pushed until 2018 to allow for proper project planning.

Review of Road Program options:

Mr. Snyder said that clarification was needed. In the maintenance project, the cost of road construction, \$142,000 does not include the internal labor cost. The \$172,000 is the cost of construction as well as labor costs. Mr. Snyder believes to compare properly, internal labor needs to be included in the calculation.

Mr. Colello asked what is done for roads. Are there different types of mixes used or is it all consistent? Mr. John explained that there is mill and overlay on all roads. Oil and chip on roads has not been done in many years. Mill and overlay tends to last 25+ years while other mixes last 15 + years or so.

Ms. Manion asked how to respond to resident when they ask why the road program is in the state it is in. Mrs. Lyons explained roads are expensive and the roads are old.

Mr. Snyder added that the way the roads were built, with several miles at one time creates peaks in the program and the peaks need to be leveled. The road program organization was discussed. Currently, there is a data base indicating the length, width, age and year the road was last paved. This system needs to be advanced to create a hierarchy of need for the roads. Items such as classification of roads, criteria of measurement and the number of homes the road impacts should be considered. This type of program enhancement is waiting until the new Director of Operations starts so it can be determined how he wants to manage it.

Ms. Mason asked what amount of money the Board wanted to allot for the road program in the 2017 budget.

Mr. Ebenbach warned that 22 miles of old roads have not been included in the program and if those roads need work, excess funds would be needed. Borrowing to fix the roads to hand the budget is a good idea but the size of the bubble is unknown. A proper survey of the old roads is needed. The data is not present to support borrowing to fix the roads.

The three options are as follows:

1. Borrow to fix the roads
2. Increase the size of the road tax
3. Continue to transfer from General Fund
4. Don't fix the roads

Review of Debt Options:

Ms. Mason presented data from Public Financial Management with a split of 7.5 and 7.5 over twenty years and over twenty five years.

Mr. Colello wants to know what the story being represented is. He indicated that he is okay with borrowing for the building and the bridge but is unsure of the roads. Ms. Manion agreed with Mr. Colello.

Mrs. Lyons pointed out that a millage increase would be needed for either debt service or for road tax.

Mr. Touhill said it might be easier to tell a story to keep up roads and a bridge. He agreed to not putting roads into the bond issue.

Mrs. Lyons said residents do not need a story, just need an explanation of why.

Mr. Colello said to borrow for the bridge and the building but not the roads.

Ms. Mason said the debt then looks like \$12 million.

Millage Options:

Real time models were used to show the different scenarios of how to answer the same question. Mr. Ebenbach indicated that all the models show that millage will increase by 50% over 5 years.

Mr. Colello suggested the Board should decide on what to do about roads and use one chart based on that decision. He asked Mr. John what was needed for roads.

Mr. John indicated that \$925,000 was needed for the road program in 2017.

Mrs. Lyons said that if the Director of Operations says the money is needed, then it should not be second guessed.

Mr. John also cautioned that 2019 may be a difficult year for the road program, following the Pebble Ridge/Woodridge and vicinity sewer project. Having some extra money put away may not be a bad idea.

Mr. Colello agreed if Mr. John believes \$925,000 is needed, then it should be put in the budget and changed as needed going forward.

Mrs. Lyons believes there should be a gradual increase in millage going forward rather than a large increase at one time.

Mr. Ebenbach suggested putting 7/10 of a mil in the budget for years 2020 and 2021.

Mrs. Lyons does not believe \$12 million for the bond issue is enough.

Mrs. Bray pointed out that it will be done in two borrowings. This allows for the second borrowing to be larger than originally planned if needed. Borrowing a larger amount up front means a larger tax earlier but reduces the risk of losing favorable interest rates.

Mr. Salanik brought up a concern that money associated with the building project was still being placed in the general fund as an expense. Mr. Wallace said it will be checked.

Mr. Colello asked how much is needed in two years.

Mrs. Bray indicated that a draw schedule was done based on architect estimates.

Mrs. Lyons believes everything always comes in over budget, so \$12 million will not be enough.

Mr. Snyder believes the 2017 budget numbers have been critiqued enough and is a good indication of what will happen. Instead of using .75 mills for debt service, he suggests using 1 mill.

According to Mrs. Doyle's information from PFM, the millage would need to be .77 in 2017, 1.5 in 2018 and 1.52 in 2019 for a \$12million bond issue for 25 year term.

Mr. Snyder suggested making 2017 a 1 mill increase. He also acknowledged the information being forecasted for the need of a 2.75 mills in 2018 and 1.25 mills in 2019 and in 7/10 of a mill in 2020 for a total increase in millage from 2016 to 2021 of 5.7 mills. The long term tax plan addresses the debt service payments to be incurred for the building and bridge as well as roads program and general fund operations.

Mr. Colello motioned for a 1 mil increase in 2017. Mr. Snyder 2nd.

Mr. Delikat expressed concern that 1 mill was a 44% increase to residents and that it is not insignificant. Mr. Delikat asked why it was necessary to spend the money on a new building.

It was expressed that the decision on the new building has been a well vetted. The history of the project could be explained further if needed. Mr. Delikat asked Mr. Snyder to take the time to do that but at a later time.

Mrs. Lyons called the question to add a 1mil increase to the 2017 budget. Motion carried 5-0. Mrs. Lyons asked about the information presented by the department heads. Are they acceptable to go into the budget book?

Mr. Touhill motioned to keep the numbers presented by the department heads in the budget, Ms. Manion second. Motion carried 5-0.

With no other business, meeting adjourned at 5:25pm.

Minutes respectfully submitted by

Autumn Canfield
Special Projects Coordinator