



Board of Supervisors

Budget Work Session

~ Notes ~

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215-348-9915

Tuesday, October 17, 2017

3:00 PM

Public Meeting Room

Meeting called to order

In Attendance:

Board of Supervisors: Chairman Barbara N. Lyons, Vice Chairman Rick Colello, Ken Snyder, and Ryan Manion. Sean Touhill was absent.

Ways and Means Committee: Ed Denton, Robert Salanik, and Joe Delikat.

Others: Township Manager Stephanie Mason, Chief Dean Logan, Finance Director Ken Wallace, Director of Operations Dave Tomko and Township Budget Analyst Ed Ebenbach

Identification of Supervisors Observations and Concerns and Issues

Mr. Snyder believes that for April the team needs to sit with the Department Heads and not wait until July. He wanted to know if this will add value. Question, should we modify the process.

Mr. Ebenbach indicated that he believes that it works well and is positive and assists with changes in the forecasts. He and Mr. Wallace participated in a webinar on budgeting process which tends to be more formal and perhaps work with the Department Heads on developing a vision. They believe how that vision can be articulated as part of the organization. He said it was about 200 power point slides. But it certainly validated the multi-year look.

Mr. Denton indicated that it is a great idea and the process is better than other organizations and that it work with the vision of growth in terms of including percentage, giving information to Department Heads first and having staff discussion early in the process is important for trends, such as including staffing needs.

Ms. Lyons indicated that the Department Heads always talk about staffing when needed. They typically do that early with administration, but they tend to take a "make do" attitude, because we have such a good staff.

Ms. Manion indicated that she agrees that in August that she addressed the need for the Social Media person but based on further information from the Ways and Means Committee that said it may not be financially the appropriate time. She had no problem in backing off on that suggestion, but that believes the multi-year picture lends itself to better decision making.

Review Changes Since the 10/3/17 Meeting

Bridge Analysis – Mr. Ebenbach indicated that he and Mr. Wallace met with the Department Head and the net of all of it is that we are able to re-forecast revenue and look at the 5-year projections, saving in expenses almost \$2.5 million better. At the end of 2022 in the General Fund we'll have \$2,541,000.03.

The reforecast was by reducing insurance and legal and was a General Fund impact of \$274,000 over 5 years. Public Works re-forecast reduced spending estimates impacting the General Fund by \$264,000. Assistant Manager reduces one position by \$30,000 lower. Public Works/Parks staffing, \$100,000. Code reforecasting \$92,500. Medical Insurance \$91,000. Other fringes and FICA \$18,000. Snow and Ice and Parks Maintenance stayed the same. Police court time reforecast was adjusted estimate up as was the Fire Fighters' stipend, but again the Bridge Analysis was positive.

2018 Bond Issue –Mr. Wallace indicated that in spending with PFM it would be 20 years. They asked that the life of anything be 30 years or greater. We want the Bond to be bank qualified you want to have it that rate and then a 5 year term to refinance if necessary. If going out any further, it most likely would be a non-bank qualified loan. PFM does not advise it. In the second borrowing PFM says if you went out longer the call would be more like 10 years not 5 year. The percentage on the borrowing would most likely be higher.

An analysis was provided on the bond borrowing showing the first and second tranches, second being \$2,073,500. The debt service repayment outlined as well as the associated millage in the out years.

Staffing Chart Update – Ms. Mason reviewed the staffing chart update indicating that the Public Works, Parks one fulltime for half a year with the 5-year incremental saving with the changes made there. The one fulltime patrol officer with the 2018 incremental cost of \$109,900. 5-year incremental cost at \$657,400. Assistant to the Manger/Special Projects Coordinator retain at that salary level of the position that was vacated earlier this year, so there is a zero cost. Intern, retain 2 part-time interns going forward, with an incremental cost \$17,000 and a part time receptionist which we share with DTMA, incremental cost of \$13,000+.

There was discussion regarding the proposed patrol officer, bringing the department back up to full force and whether the shift changes would reduce the overtime.

The Chief indicated that with the shift changes and being at full number of officers (21) that he anticipates the overtime to drop but there are a number of variables that do come into play as well.

Ms. Lyons believes that staffing redo is fine as long as the Department Heads are okay with it as well.

Healthcare Employee Contributions Analysis – was provided and a cost estimate if we increase by 1% based on the current premiums for the non-uniformed that have been here prior to 2012 as well as the police officers. It doesn't necessarily provide sufficient benefit to the Township finances to where the likely employee discontent would be greater. Since we will be in negotiation with the police in 2018, it might be better to review the policy and coverages at that point in time.

Mr. Colello agreed that it may not be the time to jump in. Ms. Manion agreed with the optics.

Mr. Delikat suggested that the Ways and Means Committee take on the issue and look at the whole thing. The consensus was that there would be no changes for 2018, but the Ways and Means Committee will look at the health care packages in 2018.

Further Review of Doylestown Fire Company's Request Stipend Program – The Board reviewed the materials provided by the Fire Company to the Ways and Means Committee recently and the Fire Tax that is currently provided to the Fire Company at \$285,000 per year. The request of \$39,000 for the program and reimbursement verses the needed \$31,200 for the program only was reviewed. \$80,000 would be shared with the Borough equally. Also, they hadn't provided their financial statements for last year, although they were dropped off just prior to the meeting.

After much discussion, consensus was to put the \$31,200 for the stipend program in the budget and request additional information from the Fire Company.

Review of 2018 Proposed Budget Package

Mr. Ebenbach reviewed the proposed fund balance in the 5-year projection keeping everything above the line going all the way out to 2022. And retaining in 2022 \$2,541,344.00 in the General Fund alone. All other funds estimated to bring the total to \$4,405,180.00 by 2022, which we believe is a very healthy position. Again no tax increase in 2018. A slight increase in 2019, 2020 and possibly 2021. Obviously, this is something that is looked at year to year based on revenues and expenses.

This is the third pass on the budget. Operations, revenues are about \$12M net. Operating is better than the balance going forward. Further clarifications on the building permits was reviewed.

The Board reviewed the full year expenses summary and the forecast at \$10.5M and 2018 at \$11,496,932.

Mr. Tomko addressed Public Works and the issues that were scaled back this year relating to Tree Trimming and Line Painting. An increase in those line items for 2018 are reflected. Also, with Police wages up because of them being down and not at full staff for part of the year.

In response to a question on the Police Department, the Chief indicated that many of the things related to training are driven by the contract. The Police wages are based on 3% while non-uniformed employees are based on 2.6%. The Police of course are by contract.

There was an additional \$43,000 for Pennoni for the bridge inspections that were completed and the adjustments for the trails study pending a grant for 2018.

There was discussion regarding fringes and whether or not to put them in each department verses lumping them together with the other benefits, which we typically do. At this point health care costs are coming in around 3%.

Discussion and decision regarding additional contributions to Pension

Question on the contribution, Ways and Means and presentation that they provided, suggested contributing an additional \$276,000 - \$350,000 per year in an attempt to solidify the Pension funds.

Based on the additional funds of \$2.5 M and the policy to retain \$1M in the general fund are available to add to the Pension. This has not changed the millage.

Mr. Snyder believes that approaching the Pension shortfall for 2018 should be \$276,000. He questioned as to whether it is for both. It is an aggregate for both plans and should be looked at per year.

Ms. Lyons questioned zero for the out years or putting in a place holder.

Mr. Snyder said he'd add \$276,000 for one year to the Pension. He made that in a form of a motion. Ms. Manion seconded it, with a 2 to 2 vote the motion failed.

Mr. Colello put forth a motion that uniformed pension verse non-uniformed is funded at 81% versus 76%. The amount for 2018 he would move to go the non-uniformed so that it would be proportionate in each plan appropriately.

Ms. Lyons with the \$300,000 would be extrapolated going out 5 years and the basis going to 2022.

Mr. Colello moved to put in the 2018 Budget \$275,000 split between the plans uniformed and non-uniformed balancing as suggested by cost and contributions made monthly. Ms. Manion seconded that motion.

Ms. Lyons had a question that the \$275,000 carried through and show that amount through 2022 was a concern.

Motion carried 3 to 1 with Ms. Lyons voting nay.

Next step is to build the budget book and have it ready for the Board's consideration at their November 21, 2017 meeting.

Being no further business the meeting adjourned at 4:50PM.

Respectfully submitted by

Stephanie J. Mason