

## Budget Work Session Meeting Notes

October 29, 2019

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

Absent: Rick Colello and Ryan Manion

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

Absent: Mike Paulosky

From the Township Staff: Stephanie Mason, Township Manager; Ken Wallace, Finance Director; Ed Ebenbach, Budget Analyst and Sergeant Zeigler.

Meeting called to order at 3:55 pm by Mrs. Lyons.

Mrs. Lyons began by giving information on the PECO Green Region Grant and the proposed resolution. Mrs. Herring moved to approve Resolution # 2167 for the PECO Green Region grant and it was seconded by Mr. Snyder. The motion passed 3-0.

Mr. Ebenbach spoke about the proposed budget mentioning there is a 3/4 mill increase in the tax plan for 2020. No tax mill change is proposed for 2021. However, there are proposed increases for 2022 and 2023. Changes occur in the allocations to general fund, roads and bridges and debt largely as a result of changing the timing for borrowing and debt service.

Mr. Ebenbach continued by speaking about the importance of EIT revenue to the Township, and is forecasting \$4.3m for 2019 (1.7% up from 2018) and \$4.4m for 2020 and growth of about 1.75% throughout the rest of the five year period, in line with forecasting done last year.

Conversation on revenue continued, with Ms. Mason talking about trajectory with the Ways and Means Committee.

Mr. Ebenbach continued by discussing that the T.V franchise fees have softened. He noted that it can be seen in the line from Comcast and Verizon. Two factors are driving this change - one includes cord cutting as people move from cable to the internet based services, and a second caution from information that we have received suggesting that the Federal Government is considering changing the rules by which cable companies are providing this revenue, a change that would lower the fees.

Real Estate Tax and Building Permit revenue was discussed. In 2020, the Township is forecasting \$551K in building permit revenue consisting of \$225K base level activity (pools, generators, sheds, etc).

Additional revenue is expected from the Toll Brothers project, the Doylestown Health fit out, and from

the Tabor project. Ms. Mason mentioned that she speaks with Mr. Salisbury, Mr. Ebenbach and Mr. Wallace on a quarterly basis to go over potential development.

Mr. Ebenbach spoke about the sale of the cell tower lease, and how it is moving ahead. The revenue has not been added to the forecast and is not being counted on for any operational purpose.

### **Grants and Capital Revenue**

The following Grant projects will be underway in 2020.

- Green Light Go – 313 Corridor
- Swamp - Easton Road Traffic Signal Upgrade
- Rectangular Rapid Flashing Beacon - Turk & Easton

### **Expenses**

The budget includes an increase of up to 3% for non-uniform employees. These figures have been used throughout the five year plan, assuming that there is no staff headcount increase other than the interns.

Mrs. Herring asked about the money sent by the state and Mr. Wallace stated that the state sends \$384,000 to pay for pensions and that is included in the pension analysis.

Mr. Snyder commented that the additional payment for pension would occur based on how favorable the Township was throughout the year.

### **Debt Service**

The figures are lower than anticipated a year ago due to postponing the New Building borrowing, start to rise in 2022 after \$7.1 million in borrowing in 2021.

Mrs. Herring asked if the increase of revenue with the Community Center facility is included any calculations. The answer was “no”, that the place holder figures cover borrowing, construction, and the resulting debt service expense. As we move closer to 2021, we will have a better idea on what revenue we can generate in the proposed Community Center building.

Ms. Mason mentioned although the budget focus is on 2020, the plan includes looking 5 years out to better anticipate what the Township needs will be in the future.

### **Capital / Major Spending**

Pebble Ridge/ Woodridge sewer project is budgeted at \$4.7 million including replacing the rolled curbs with straight edge curb. The total \$4.7 million is spread out over three years, including a portion for 2019.

**Road Program** – finishing up this year and spending \$500,000 per year in 2023 and 2024. In 2020, 2021, and 2022 there is no other road maintenance other than the work being done in the Pebble

Ridge/Woodridge development. A large portion of the Road Program will be funded by the State Liquid Fuels fund.

**MS4 Program-** \$1.2 million is being budgeted. Per previous conversations, staff will continue to look into grant options and availability for the MS4 program.

**Chapman Road Bridge-** Was originally budgeted for 2021 but will now be completed after 2024 with routine maintenance from now until then.

Mrs. Lyons brought up a concern that she does not think the Township can budget road maintenance this way. She believes not having additional funds available for additional road maintenance for the next few years is crucial. Ms. Mason explained that the Township may be able to use maintenance funds for smaller road repairs if necessary.

Ms. Bray brought up the question of capacity. She commented that even if the Township puts money in the budget does the Township have the capacity to complete the work? The plan will be for the Director of Operations to utilize outside contractors as needed when staff is not able to complete the work.

In addition the cost of Recreation programs was lowered. Some initial Capital items were moved to be budgeted as part of the regular maintenance line items e.g. the State Street fencing project. Also, \$50,000 in traffic calming projects and \$25K to remediate the Meeting Room acoustics was added to the Capital budget.

### **Pre Fab Building**

The need for a pre-fab building was questioned, as it has been talked about since Mr. John was employed. But the concern of the capacity arose again. It was noted that preliminary engineering is underway for the project.

### **New Vehicles**

Mr. Wallace explained that for vehicles the Township utilizes a three year lease. This is something the Township has done for a while. He also mentioned that the truck for Public Works has already been ordered and we have paid \$169,000 in 2019. In 2020, we will lease another vehicle for \$171, 000.

For the Upgrade Financial accounting system project in 2021, Mr. Wallace indicated that we will share the cost of \$150K with the Municipal Authority, and the Township share will be \$75K.

Mrs. Lyons asked why the 2021 Roads budget is higher than the 2024 budget. Mr. Ebenbach responded that the Pebble Ridge – Woodridge project was much more expensive than the regular Roads projects anticipated for 2024. He went on to say that if the Board wanted to increase the Roads budget, the Township would need to increase the Roads tax.

Mr. Snyder asked if we have guidelines and policy benchmarks at where the State Liquid Fuels fund balance should be. Mr. Wallace responded that in his experience that you need to have at least \$200K from January through March to pay for supplies, snow and ice and 3<sup>rd</sup> party suppliers. In March we get

our allocation from the Commonwealth. For 2020 we have balance left over from 2019 plus what we will receive in 2020. If we have a soft winter we will have access to unused funds that the Board can reallocate to allow for more road paving. He suggested that we can take a look at that mid-year to see the position of the funds.

Ms. Mason asked for a consensus from the Board that “pencils are down” and that the Township staff can now work on putting the budget books together. The Board came to a consensus that what was presented is satisfactory and that the Township staff can put the budget book together for the November 19, 2019 Board of Supervisors Meeting.

Being no further business the meeting adjourned at 5:03 pm.

Respectfully submitted,

Stephanie J. Mason

Secretary