

WARRINGTON TOWNSHIP BOARD OF SUPERVISORS

MINUTES FOR SPECIAL BUDGET MEETING DECEMBER 1, 2008

The special budget meeting of the Warrington Township Board of Supervisors was resumed on December 1, 2008, 7:30 p.m. at the Township Building located at 852 Easton Road, Warrington, PA 18976. The members present were as follows:

1. ATTENDANCE:

Paul Plotnick, Chairman; Carol Butterworth, Vice Chairman; Glenn M. McKay, Secretary; and Rebecca A. Kiefer, Member; Timothy J. Tieperman, Township Manager; Michael P. Clarke, Esq.; Township Solicitor; Thomas F. Zarko, Township Engineer; Michael Mrozinski, Director of Planning and Economic Development; Richard Lesniak, Director of Fire, Inspection and Emergency Services; and Vivian Bell, Finance Director.

2. PLEDGE OF ALLEGIANCE

The meeting opened with a pledge to the flag.

3. PROPOSED ADJUSTMENTS TO 2009 PRELIMINARY GENERAL FUND AND CAPITAL BUDGET. Mr. Tieperman said he wanted to primarily discuss budget issues and go over and continue our deliberations on the budget. He indicated that changes to numbers had been made based on review of our most recent expenditure actuals.

Mr. Tieperman reviewed the General Fund Revenues and Debt Service. He asked the Board if there were any follow-up questions on the water and sewer rates from the last meeting. He reviewed the Act 511 Taxes. He said he kept the Real Estate Transfer Taxes where it was under the Preliminary Budget and that figure is \$600,000. One area of concern is the Earned Income Tax. He said looking at an end of year projection of about \$3,120,000. He felt it was down a little bit from what he thought it would be a few months ago, which was about \$3,250,000. He feels it is trending downward and some of the area employment may be impacting that number. He is looking for some further analysis from some members of our Finance Committee to see if they agree with that trend.

Mr. Tieperman said he also brought the number for Earned Income Tax for 2009 down as well. He said that Berkheimer had estimated EIT collection in 2008 anywhere from \$3,200,000 to \$3,250,000 back in August. He said according to some of the receipts coming in and the trend analysis that we use in our Finance Committee he believes that may be trending around \$3,057,000 and that's about a 2 ½% deduction from what we may be collecting this year.

Mr. Tieperman said Berkheimer had estimated on the Local Services Tax the LST collection in 2009 from \$350,000 to \$400,000. He said he feels we're still okay with the 2009 figure of \$402,000.

Mr. Tieperman asked Mr. Clarke what was his opinion on the collection of current estimated Amusement Taxes for 2008 vs. 2009. Mr. Clarke said even though the township is still involved in this lawsuit much of the lawsuit, although there is a challenge to the assessment and collection of the fee itself, much of the challenge relates to certain procedural issues. He said there is a question about unequal enforcement of the fee. He said we believe that it is a valid fee that can be assessed and can be collected by the township

and it can be included in the budget moving forward. He said the lawsuit that is currently going on right now involves a certain challenge to the fee itself but mostly deals with certain procedural items specific to that one business but we believe it is a valid fee. Mr. Tieperman said that being the case we can add \$40,000 in current projected revenues.

Mr. McKay asked if the township is successful in the lawsuit how long would it be before the decision is rendered based upon an appeal process. Mr. Clarke said unfortunately that is one of the problems that the township will face depending upon how far the other party wants to do with the lawsuit. He said if we are successful in the lawsuit there would be a potential requirement of the plaintiff to post the bond or escrow the money before they are able to appeal it. He said there are discussions that are taking place about potentially resolving this issue.

Mr. Tieperman said the Board was looking for a recommendation from our Mr. Clarke on whether it would be wise to budget monies that we already have in escrow. The consensus of the Board was we probably want to go ahead and collect what we already have in escrow but not budget it for 2009 until the lawsuit is fully adjudicated.

Mr. McKay raised a question about Earned Income. He said based upon Berkheimer's 8/18/08 letter they estimated \$3.25 million to \$3.35 million in collections. He said if we took the middle of the road instead of the estimate in August, which was \$3.35 million being half way between the low and the high and then try to adjust it for what we consider unemployment that is going to occur this year. He didn't feel that a 6% decrease from the low point in Berkheimer's projection is realistic.

Mr. Tieperman said he kept the \$300,000 in there for the Business Privilege Tax. As advertised we have used the \$750,000 threshold for gross receipts with a goal of \$400,000 realistic projection that we will collect \$300,000.

Mr. Tieperman reviewed the Licenses, Permits and Fees and noted most recent adjustments based on most recent expenditures report.

Mr. Lesniak talked about the fire safety inspection fees. He noted that when he first started to work for the township the fire safety inspection fees were in place. He said after a period of six months out on the road we were able to look at what our fees would be to be out on the street; i.e., how many hours for inspection time, etc. He said the existing fee schedule was very low. To date we're not 100% complete in our fire inspections. By the end of the year we should be 75% to 80% with our fire safety inspections throughout the township. Mrs. Kiefer asked Mr. Lesniak for a projected figure that reflects collections for 2008, which he said he would provide by next Tuesday.

Mrs. Butterworth asked how many businesses in Valley Square will have fire inspections for 2009. Mr. Lesniak said we inspect all the buildings whether they are occupied or not. Our concern is for the 2nd floor that is vacant and is designated to be a rental area. Our procedure would be to contact the landlord and charge him for that space. We'll be going into the businesses and measuring and charging for square footage.

Mrs. Butterworth asked how many rental units are there that the occupancy certificate is for rentals in the township. Mr. Lesniak said there are 634 rental units.

Mr. Tieperman reviewed the fines and said they are remaining steady. He reviewed the Investment Income. He said this is the item that includes our cell towers and some of the other building rental costs. We obviously have brought in some new cell tower revenues, which are going to be heading the books in 2009 but that is going to be offset somewhat by the fact that we don't have the full lease with Doylestown

Hospital as that is going to be phased out at the end of the year. He said we also do not have included in this year, and this was discussed at the Finance Committee meeting, we had received from the water fund rent for their building of about \$25,000. He said that will not be included this year as it stands right now. We have the regular assessment that we are putting in there that is not included in here.

Mr. Tieperman asked Mr. Clarke about budgeting for one primary locator and two co-locators on the cell tower would be a conservative estimate. Yes, said Mr. Clarke. Mr. Tieperman asked if charging \$3,000-\$4,000 a month would be considered conservative. Yes, said Mr. Clarke. Mr. Clarke said it is a good location. He said to be conservative would be two quarters, which would total \$24,000. It was agreed to add another \$18,000 to the rental income. Mr. Clarke said we also have an outstanding rental agreement with T-Mobile at Costner Drive, which we have not been able to agree upon the financial terms. He said they have offered \$1,800 a month and we've asked them for \$2,000 a month. After it was rejected at a meeting last month, we went back to them and indicated we may be willing to split the difference but we have not heard back from them.

Mr. Tieperman said the State and Federal Grants are pretty much status quo. He reviewed the Current Service Charges and said this is dealing with escrow administration charges, special police services, land development fees, zoning hearing board fees, police reports, and sale of publications. The Board wanted to raise the projected land development fees for 2009 to \$20,000. Mr. Mrozinski recommended raising the residential zoning hearing board fees slightly for 2009 in the amount of \$25,000.

Mr. Tieperman reviewed the Miscellaneous Revenues and the Interfund Transfers.

Mrs. Butterworth recommended that the township not renew their membership in PSATS for 2009. Mrs. Kiefer disagrees and said they are a good resource and lobbying organization. Mrs. Butterworth said we could save \$2,500 and felt we should let it go for next year. Mr. Tieperman said we could cut the figure of \$16,000 for dues and memberships to \$8,000 for 2009.

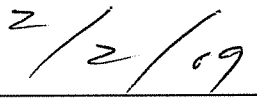
Mr. Tieperman reviewed the expenses for the Township Administration, Planning and Economic Development, Finance, Fire, Inspections and Emergency Services, Public Works, and Police categories.

Mr. Clarke stated that legally what the township is required to do is to pass a preliminary budget and then 20 days later based on budget discussions you pass your final budget. He said the final budget can be revised from the preliminary budget. There is no requirement to republish or re-advertise the amended budget as you are going along unless you fall into that category of 10% deviation from the total budget or 25% in any major category.

4. CONTINUATION OF MEETING

Motion – It was moved by Mrs. Kiefer, seconded by Mr. McKay, that the Board of Supervisors voted to continue their budget meeting to Wednesday evening, December 3, 2008 at 7:30 p.m. This motion passed by a vote of 4-0.


Timothy J. Tieperman
Township Manager


Date