

WARRINGTON TOWNSHIP BOARD OF SUPERVISORS

MINUTES FOR DECEMBER 1, 2009

The regular meeting of the Warrington Township Board of Supervisors was held on December 24, 2009, 7:30 p.m., at the Township Building located at 852 Easton Road, Warrington, PA 18976. The members present were as follows:

ATTENDANCE:

Carol M. Butterworth, Chairperson; Michael W. Lamond, Jr., Vice Chairperson; Rebecca A. Kiefer, Assistant Secretary; and Paul Plotnick, Member; Thomas F. Zarko, Township Engineer; Michael Mrozinski, Director of Planning and Economic Development; Michael P. Clarke, Esq., Township Solicitor; Barbara Livrone, Executive Assistant to the Township Manager; Vivian Bell, Township Treasurer; Carolyn Hanel, Director of Administrative Services/Parks and Recreation; and Richard Lesniak, Director of Fire, Inspection and Emergency Services.

PLEDGE OF ALLEGIANCE

The meeting opened with a pledge to the flag.

EXECUTIVE SESSION REPORT. Mr. Clarke reported that at the conclusion of the November 24, 2009, meeting the Board did not hold an executive session.

NEW BUSINESS (ACTION/DISCUSSION ITEMS):

1. Presentation of Proposed 2010 Final Operating and Capital Budget. Mr. Tieperman gave a final presentation on the proposed 2010 Final Operating and Capital Budget and reviewed an abridged version of what he did on the preliminary budget that the Board adopted on 10/27/09. He said he is trying to make this an abridged presentation and trying to focus on the variances, any changes from the preliminary to the final budget. He said this proposed operating budget for 2010 in the amount of \$17,952,859 represents combined appropriations for operating, water/sewer, parks, debt service, and special purpose funds. He said there is no tax levy proposal for the 2010 Budget. He said the pie chart represents the 2010 spending plan and it's divided into five major categories: 1) General Fund is budgeted at \$8.169 million or 46%; 2) Waste Water Fund is budgeted at \$6.2 million; 3) Debt Service is budgeted at \$1.3 million; 4) Swim Club/ Equestrian Funds are budgeted at \$1.2 million; and 5) Refuse Recycling Funds and other Special Revenues are budgeted at \$961 million. He said the only major changes that have been in the General Fund are in the Water and Sewer Enterprise Funds, which he elaborated on. He reviewed the Operating Budget Comparisons. He said as he stated in his preliminary budget presentation these reductions were made, despite of a variety of some fix cost increases in areas such as health insurance premiums and the police arbitration settlement. He said Staff has made a concerted effort to constrain spending for 2010 despite these fix cost increases.

Mr. Tieperman said the General Fund was proposed at \$8.13 million and the final was proposed at \$8.169 million. He said he had reported during the preliminary budget hearing that the original budget request to the township manager's office and the Finance Committee totaled \$18.8 million. When the final budget variances are incorporated, the total net reduction in these requests equal from once we reduced approximately \$886,000 from these requests and representing a 5% overall reduction.

Mr. Tieperman said at the preliminary budget meeting he had reported that our 2010 Revenue Estimates would be about \$146,000 less under the current rate structure. Since the adoption of the preliminary budget, some adjustments have been made in real estate transfer and earned income bringing the shortfall down to \$71,143.

Mr. Tieperman reviewed some of the final revenue projections for 2010 as prepared to the preliminary estimates. He said he had Vivian Bell review the latest information from the Board of Assessment Appeals and she is recommending that there be no adjustment to the preliminary estimates. He said based on the latest real estate transfer tax information for 2010 we are recommending increasing real estate transfer tax revenues by \$25,000 to \$575. This is conservative based on current economic trends. Based on current earned income trends we are proposing a modest increase in the 2010 Budget of \$3.2 million, which reflects a \$50,000 increase from the preliminary estimate of late October.

Mr. Tieperman said the budget for the flat rate Mercantile Privilege Tax was the subject of much deliberation among the Finance Committee. While the case is on appeal, the Committee recommended budgeting this amount as collectible in 2010 on the favorable legal opinion that the township expects to prevail at the appellate level. He said when you look at our total spending plan over the last three fiscal years you will notice that Staff has actually exercised fiscal constraint. He said a very revealing statistic is that the proposed plan is actually less than what was budgeted for 2008. For the past three years we're trying to keep expenditures level while observing fixed costs.

Mr. Tieperman gave a brief recap of General Fund Expenditures. He said the proposed final budget for the General Fund is \$8.169 million. That figure represents about 1.11% over the 2009 adopted budget. As stated in his preliminary budget, adjustments were made in each department starting with Administration. He said the \$8.169 million is about 1.1% and Administration is down about 7%. There were no changes to the preliminary budget. Planning was down about 15% in the preliminary budget and some adjustments have been made to some personnel accounts and it is now down to about 5.26% less than the 2009 adopted budget. The Finance is down about 14% from 2009 and there is no change from the preliminary budget. The Fire Inspections changed a little from the preliminary budget to reflect similar adjustments and the final budget remains about ¼% of 1% less than the 2009 Budget. Public Works remains unchanged from the preliminary budget and the account is up 2%. He said we're absorbing the cost previously included in a separate basin maintenance fund and this Department is pretty much operating under a flat budget for 2010.

Mr. Tieperman said the police services budget remains unchanged from the preliminary proposal. It absorbs the cost of the police arbitration award and has the highest fixed cost of all the departments. He said as far as the General Fund Expenditures as reflected in the pie chart: police represents 59%, Public Works 16%, Administration Facilities 12%, Fire Inspections 8%, Finance 3%, and Planning 3%.

Mr. Tieperman gave a brief recap of the Water and Sewer Fund. All of these accounts in this fund remain somewhat stable. The ongoing hiring freeze has resulted in some reductions in Administrative and Insurance costs. We've done our best to keep this budget level. There was an email sent out to respond to questions raised about the various revenue adjustments for 2010. These resulted in positive variances of about \$85,000. Our rate consultant did review the current rate structure and based on his early feedbacks, Staff is not recommending any rate increase and that remains the case for the final budget.

Mr. Tieperman said debt service is budgeted at \$1.3 million and represents about 7% of the budget that remains unchanged.

Mr. Tieperman said our three park funds are the 1) Swim Club, 2) Park Fund, and 3) Equestrians Fund.

Mr. Tieperman reviewed the wild cards in 2010. He said you hope that you include all the costs going into the final budget. We're still shopping our insurances and hoping to have some answers in the next couple of weeks. As far as economic recovery, we don't know what 2010 is going to be like. He said we're optimistic that the recovery will result in higher than anticipated real estate transfer taxes but that remains a wild card.

Mr. Tieperman said we're getting proposals on the development of the Eureka Village Corridor but that is still very preliminary.

Mr. Tieperman reviewed the proposed 2010 Final Capital Budget and said there is really no change from the preliminary for 2010. He said we're looking at no mill impact. He said the real estate mill levies as they currently stand for 2009 we are recommending that they stay at that level for 2010.

Mr. Tieperman said the 2010 Final Budget, once adopted, will be available on line.

Mrs. Kiefer inquired if there were figures available that reflected what savings we were anticipating for 2010. Mr. Tieperman said between the hiring freeze, liquid fuels, you can probably come up with a figure of \$300,000. Mrs. Kiefer is a little concerned that we have \$300,000 in this year's budget and \$300,000 in next year's budget on the Mercantile Tax, to which we have already lost in appellant court. Mr. Clarke responded that we won. Mrs. Kiefer said with appeals we're going to end up in higher courts and higher courts. Mr. Clarke said the matter was resubmitted to the Commonwealth Court, an oral argument was presented back on November 10, 2009, and he said he would anticipate that we would have a decision by the early part of 2010. He said depending on the type of opinion that is issued, if we are successful again and the appellants wish to appeal to the Supreme Court there is no guarantee that the Supreme Court would hear this matter.

Mr. Achenbach said on that same matter it seems, according to the Budget, that the \$300,000 has been taken out of the 2009 Budget. According to the newsletter the budget is okay so why do we have to depend on 2010 at all. Mr. Tieperman said we had an unexpected windfall in 2009 from the sale of the 202 Corridor, which coincidentally closely matches what we were budgeting in the Business Privilege Tax.

Mr. Achenbach said the township also has the sale of township property in 2010 and he doesn't know what is being sold. Mr. Tieperman said that is a second portion of the 202 Corridor. We have not gotten all our money yet from PennDOT for that tract of land. Mr. Clarke said some of the money has come in this year for the condemnation of the 202 property. Some of the additional monies that we already had discussions with PennDOT should be coming in 2010.

Mrs. Kiefer raised a question about the real estate transfer tax issue. She said you predicted you would have \$500,000 and then you increased the amount by 15%. She asked Mr. Tieperman what physical information he had because in conversations she had with the Board of Assessments she was told they don't anticipate those cost of increases. Mr. Tieperman said this is something he had had discussed with Vivian Bell based on some of our trend data.

Relating to the overall budgeted revenue projections, Mrs. Kiefer requested substantiation of the budget revenue figures, which was not available.

Mr. Achenbach said in 2009 the Budget proposed charging several salary items for the Water and Sewer Department to the General Fund expenses, none of which have been done as of 9/30/09. He asked if that was going to happen later. Mr. Tieperman said we had a general assessment formula that we assessed last year.

Mrs. Kiefer had a question on Page 52 about the \$100,000 that was transferred **from** the Water and Sewer General Fund for minor equipment **and placed into the township's general fund**. She doesn't understand what that assessment is on and why. Mr. Tieperman said that is a contribution to minor capital; i.e., computers, etc. We're trying to get into more depreciation accounting.

Mrs. Kiefer said on Page 11 of the Budget we have salary and wages for non-supervisory personnel. She said it changed from \$30,000 for 2010 to a proposed figure of \$49,695, which is almost a \$20,000 increase. What she didn't understand was why the 60% increase and what did that represent. Mr. Tieperman said it was a position that he restored in Planning and Codes.

Mrs. Kiefer talked about the Water and Sewer Operating Budget. She said what disturbed her was that in one case you have water sales – public revenues going up 800%. The figure that was originally put in there was \$250 and wondered what triggered that increase. Lauri Halderson said we have a property over at the Turk Road field and the fields are being paid for by the Athletic Association. She said this is the first year that this has been done so the revenues have jumped. Other questions relating to the General Operating Revenue under Water and Sewer Operating Budget (Revenues and Expenditures) were answered by Lauri Halderson.

Mrs. Kiefer said she is confused with the issue about the Debt Service with Water and Sewer apparently sharing in the township debt service plus they have their own. Mr. Tieperman said we don't charge water and sewer rent anymore so he is trying to come up with a general depreciation account where all funds contributed to one account can be used for computer purchases, any type of specialized software purchases, etc.

2. Consider action to approve the 2010 Final Operating and Capital Budget.

Motion – It was moved by Mr. Plotnick, seconded by Mr. Lamond, that the Board of Supervisors approved the 2010 Final Operating and Capital Budget in the amount of \$17,952,859. This motion passed by a vote of 3-1. Mrs. Kiefer voted no.

3. **K-9 Unit.** Mrs. Butterworth said the Board knows that the township police horse had passed away. She suggested that the township consider looking into getting a K-9 Unit. The whole cost for the dog would be \$15,000, which would be a drug sniffing dog, police officer protection dog, and a dog that would be at least 2-years old.

Mrs. Kiefer has talked to people who have horse farms about information on the horses. Apparently because there are so many horse farms going out of business, because of the high overhead and cost, the cost of purchasing a horse is almost down a ¼ of what it was before the past few years. She said you could look into it to see what the costs are and the advantages of going that route.

ADJOURNMENT

Motion – It was moved by Mr. Lamond, seconded by Mr. Plotnick, that the Board of Supervisors voted to adjourn the meeting at 8:45 p.m. This motion passed by a vote of 4-0.