

MINUTES

SPECIAL MEETING – NOVEMBER 14, 2012

A Special Meeting of the Lower Swatara Township Board of Commissioners was called to order at 7:00 P.M. by President Frank Linn, Sr.

Roll call was taken with the following officials in attendance:

- Frank Linn, Sr., President
- William L. Leonard, Jr., Vice President
- Michael J. Davies, Secretary
- Thomas L. Mehaffie III, Commissioner
- Jon G. Wilt, Commissioner
- Harry N. Krot, Township Manager
- Peter R. Henninger, Solicitor
- Marylou M. Rittner, Financial Administrator
- Richard D. Brandt, Police Chief
- Steven W. Anderson, Public Works Director
- Jean R. Arroyo, Recording Secretary

Residents and visitors in attendance:

- Mark Will (Fulling Road LLC)
- Troy White, Dan Wagner (Public Works Dept.)
- Eric Breon (Old Reliance Road)
- Jeff Ash (5 Ray Road)
- Steve Severin (465 Brunswick Road)
- Phyllis Zimmeran (Patriot News)
- Noelle Barrett (Press & Journal)
- Jason Brown, Mike McKillip, Chris DeHart, Dale Rider (Lower Swatara Fire Dept.)
- Walter Lekites (Scarlett Lane)
- Tom Sultzaberger (1441 Farmhouse Lane)
- Joanne Artman, Stephen Artman

President Linn stated the purpose of the Special Meeting is to discuss the proposed 2013 budget. He recognized Commissioner Davies, Budget and Finance Chairman.

Commissioner Davies stated that the Board has been reviewing budget figures for some time now. Based on the latest figures, the proposed 2013 budget shows a \$322,404.00 revenue shortfall. Much of this is due to the pension MMO (Minimum Municipal Obligation) that the Township is required to put towards the pension funds. There is an increase of approximately \$250,000. Coincidentally, the last time a dramatic pension obligation occurred was in 2005, and that also coincided with the last time the Township had a general tax increase. The Township has been in this position before, and there is really no control over it. Commissioner Davies further explained that the increased MMO is due to financial losses incurred to the pension systems in 2008 and methodologies used to smooth the losses.

Commissioner Davies stated that the last general tax increase was in 2005 for 1 mill. A $\frac{3}{4}$ mill tax increase is being proposed in this draft budget, which will generate approximately \$438,000 in revenue. This will cover the proposed budget requests and will allow for a modest contribution to the reserve accounts, which are already on the low side. This increase is not excessive and doesn't allow for significant growth or expenditures. There are relatively few increases included in this preliminary budget. It allows for a few pieces of equipment and the return of the Police Department to the number it had 2010, which is 16 officers. This is an opportune time to fill these vacancies due to the affordability of the starting salaries in the current police contract. Also, it is anticipated that having the Department back to full force will reduce the police overtime and provide services that the residents need and deserve. The proposed budget also provides a capital contribution to the Fire Department in the amount of \$50,000. This will allow the Fire Department to replace some of its aging equipment. In addition, the Fire Department is requesting a .22 millage increase in the fire tax. This would provide approximately \$130,000 in additional revenue for the Fire Department to pay for operating expenses. The total of both municipal taxes would equate to a .97 mill increase. According to the First Class Township code, the Township has a responsibility to provide for public safety. The Board needs to find a solution that won't overly burden the taxpayers.

Commissioner Davies stated that in order to balance this proposed budget, there are several options. One would be to drain all the cash reserves and hope that it doesn't rain. Another option would be to increase the millage rate by a very minimal amount to pay for the items in the proposed budget and hope that it doesn't rain. The Township could implement a tax increase of .75 mill and squeak by for a few years, hopefully until the economy and revenues

improve. If the Township goes with .97 mill increase (this includes the .22 increase in the fire tax), the Fire Department will have happy firefighters who are well equipped to do their job. Commissioner Davies stated that the other option is to cut personnel and make the existing revenues meet the needs. This could mean sacrificing five or six personnel, not hiring additional police officers, and laying off employees. He stated that he doesn't feel the Township can afford to do this, since it already runs a lean ship personnel wise. Commissioner Davies stated that the present Township millage rate is 3.27 mills, or 3.4 mills if the hydrant tax is included. It was noted that 1/3 of the Township is non-taxable property, which means these properties do not pay towards the services they are provided.

Commissioner Davies stated that he would like to hear the opinions of his fellow Board members on the proposed budget and options provided. Marylou Rittner, Financial Administrator, is also here to answer any questions.

Commissioner Mehaffie stated that last year, the Township had funded for the buy-outs of the flooded properties in Jednota Flats. His understanding now is that this amount is not coming out of the budget. Mr. Krot agreed that the hazard mitigation funds required will come out of the Capital Improvements Fund. It was found that it is allowable to use funds from this account to demolish the homes. The amount is not to exceed \$70,000. Commissioner Mehaffie addressed the Fire Department requests. He stated that he understands its budget is tight, and that it has asked for assistance with the workers compensation premiums the last two years. He inquired about the cost of replacement of the airpicks. Dale Rider, Fire Department Treasurer, explained that it will cost about \$136,000 for replacement of the 25 airpicks. Commissioner Mehaffie asked if the Act 84, Firemen's Relief Fund, is set up primarily for gear. Chief DeHart agreed that this is correct, and stated that \$150,000 will be used from the Firemen's Relief Fund to pay for the new rescue vehicle. Vice President Leonard clarified that the \$150,000 is actually the remaining balance owed on the \$550,000 vehicle, after the \$400,000 grant is deducted. Mr. Rider added that The Department is also exploring the possibility of a 2% state loan.

Commissioner Mehaffie stated that the Township is very lucky to have access to gaming grants. He asked if the Fire Department had applied for any more of these gaming grants. Chief DeHart stated that it had not, since the last one has not been fully executed. Commissioner Mehaffie stated that he would highly recommend applying for these grants all the time, because the Fire Department may be able to get some type of debt relief. In response to a question from

Commissioner Mehaffie, Chief DeHart confirmed that the Department does apply for the grant from the Office of the State Fire Commissioner every year. The grant applied for this time will be used to update computer equipment. A Federal Grant was received four years ago, and was used to purchase turn-out gear. The Department was denied two years in a row for another one of these grants. A grant through John Payne's office was secured last year for replacement of two of the airpicks. Mr. Rider added that unfortunately, this grant, which is through DCED, is no longer available. Commissioner Mehaffie suggested the Department stay on top of the grants, particularly the gaming grants which seem to favor fire departments.

Commissioner Wilt questioned the replacement procedure for the airpicks. Chief DeHart explained that they cost about \$5,000 each, and have to be replaced as a whole unit. Commissioner Wilt asked if new units could be replaced separately (mask and cylinder), and whether they are all expiring at once or could possibly be purchased in phases. Chief DeHart replied that the majority will expire next year. It makes sense to replace them all at once because the design of the airpick changes each year. He explained that he doesn't want to have different designs of airpicks. As Fire Chief, he is responsible for the safety of his firefighters, and he doesn't want them to have to stop and think about which type of airpick they are utilizing when they are entering a burning building. Also, prices of the airpicks increase yearly as standards change. Another factor is that purchasing them in bulk provides a discount. Commissioner Mehaffie agreed that staggering these purchase would be better financially. Chief DeHart noted that the .22 fire tax increase requested would allow the Fire Department to plan for this type of replacement.

Commissioner Mehaffie questioned several of the revenue and expense accounts. He inquired about the EIT tax revenues and asked how they are received. Ms. Rittner explained that this is the first year the Township has been dealing with Keystone, which is now collecting for the entire county. Keystone has been releasing funds as they get them. Commissioner Mehaffie observed that since 2006, this figure has never been under \$875,000. It came in at \$949,000 last year, which was an extremely tough budget year. He recommended that this figure be revised in the draft budget document to somewhere in the \$875,000 - \$900,000 mark. Commissioner Mehaffie stated that he would like the police vehicles to get back on the purchase cycle, but due to the tough situation with the budget, he would recommend that only one police car be replaced, not two. He asked Chief Brandt if he had received any resignations from officers. Chief Brandt

stated that nothing formal has been received, but the officer in question has indicated that January 3, 2013 will be his last day. Commissioner Mehaffie stated that his recommendation would be to hire two officers. He stated that he would like to revisit the \$50,000 request from the Fire Department. He also suggested that the MS4 budget item be cut by \$10,000 and left at \$40,000. Commissioner Mehaffie stated that he appreciates the hard work done by Commissioner Davies on this document, but would like to do some more number crunching. Commissioner Davies observed that if the revenues are tweaked and expenses cut as Commissioner Mehaffie is suggesting, the Township may save about \$100,000.

Commissioner Wilt stated that he and Commissioner Mehaffie had discussed some of this together; he is basically on board with the recommendations offered by Commissioner Mehaffie.

Vice President Leonard agreed with Commissioner Mehaffie that sufficient funds need to be budgeted for the MS4 work, perhaps \$40,000. He observed that the pension contribution is mandated so the Board doesn't have much say on this. If the pension contribution is taken off the board, the 2013 proposed police budget, which includes hiring three officers and purchasing two cars, is actually less than the 2012 police budget. He recommended that three additional police officers be hired as well as the two new police cars. Vice President Leonard noted that he also agrees with hiring a part-time receptionist, budgeting for a Human Resource system, providing 2% wage increases for non-uniformed employees, and leasing a truck for the Public Works Department. He also supports the request by the Fire Department for the capital contribution and the fire tax increase. He observed that the Township does pay a fee for ambulance services, and also makes a \$10,000 capital contribution to Penn State Hershey Med for vehicle replacement. The \$50,000 capital contribution requested by the Fire Department will be used towards paying for vehicle replacement. He noted that from his understanding, Fireman's Relief can be utilized for the airpicks and other safety equipment. There is \$625,000 worth of fire equipment to pay off now, and the Department is facing major equipment purchases in the next five years. Mr. Rider reported that the tanker is 19 years old and the Seagrave is 14 years old. The Department is starting to hear rumblings that there will be new standards, and once a pumper reaches 20 years, it won't count towards the ISO rating. If that occurs, insurance rates of residents/businesses will be negatively impacted. Also, the Department has ongoing and increasing operating expenses. This .22 increase would help with

those expenses. It was noted that of the current \$160,000 received from the fire tax, \$80,000 is turned back to the Township for lease payments on the fire station. The workers compensation premium also comes out of this tax money. It is \$20,000 annually right now, but could double due to the possible mandate regarding cancer coverage. Commissioner Mehaffie stated that he had actually attended a hearing on this issue today; the state is working on correcting some of these issues. It doesn't want to put this burden on the fire departments.

Vice President Leonard asked the Fire Department which is its priority: the \$50,000 capital contribution or the .22 (\$130,000) fire tax increase for operating expenses. Mr. Rider responded the fire tax increase would be favored. Vice President Leonard noted that line items on the budget fluctuate every year, so the Board could very well approve a \$50,000 capital contribution this year and remove it from the budget the next year. Therefore, he stated that his recommendation is to enact a .22 mill fire tax increase and eliminate the \$50,000 capital contribution. This would allow the Fire Department some recovery of its mortgage payment, and provide some funding towards utilities and workers compensation. As Commissioner Mehaffie suggested, the Department may be able to get some help from the Gaming Commission for major purchases down the road.

Commissioner Mehaffie questioned the \$81,000 lease payment for the fire station. He stated that he was not on the Board at the time, but questioned the need for the Fire Department to pay back this amount when there was a tax increase approved for it. Vice President Leonard explained that a bond had been floated to pay for three purposes: the new fire station, the recreation fields, and some existing debt on the public works building. The Board decided to have the Fire Department pay \$81,000 annually towards this debt. Commissioner Mehaffie questioned the logic in having the Fire Department be responsible for the lease payment, since the building will be donated back to the Department in 25 years anyway. Instead of pursuing other revenues for the Fire Department, he asked if there was some way the Capital Improvement Fund could fund that whole debt payment for a year. Ms. Rittner explained that there is a formal agreement regarding this payment arrangement, so it would need to be looked into further.

Commissioner Mehaffie also referenced the EMS line item. He stated that he had spoken to other municipalities, and it appears the rate that the Township is paying is substantially higher than others, such as those using South Central EMS. Solicitor Henninger

noted that one factor for the reason that Hershey EMS was chosen over the South Central EMS was that at that time, Hershey was willing to place a vehicle in the Township. President Linn added that the Township felt safer going with Hershey, since it seemed to have more stability at that time. Commissioner Mehaffie agreed that this was probably the best decision at the time, but noted that South Central is also very stable and is providing services for many municipalities. Hershey provides great service and may still be the best choice, but the Township needs to explore any possible cost savings. Mr. Krot stated that the current contract with Hershey expires at the end of 2013. Commissioner Mehaffie suggested that the Township begin looking very seriously at this contract and be prepared to bid it out next time.

Vice President Leonard referenced the parks and recreation line item, which has increased from \$80,000 to \$100,000. Commissioner Davies explained that he and Commissioner Mehaffie, who sit on the Recreation Board, suggested this be done due to heavier usage of the parks. Commissioner Mehaffie agreed that this line item was increased, but several other highway service categories were decreased. He asked Steve Anderson, Public Works Director, to help clarify this. Mr. Anderson explained that part of this is simply shifting in labor funds; there is an increase in parks and recreation and a decrease in some of the road services. It is the same amount of money, but shifted to where personnel labor is utilized. Ms. Rittner added that there was also a personnel change, where a Public Works employee transferred to the Municipal Authority, and a Municipal Authority employee transferred to the Public Works. Commissioner Mehaffie added that an additional \$4,500 is included in the budget for portable toilets, since there was no money budgeted for this last year. Mr. Anderson added that there is a \$4,000 increase in the equipment budget. Commissioner Mehaffie explained that a groomer for the fields is being budgeted for, and should cut down on the costs of Diametex.

Vice President Leonard asked Mr. Rider to clarify the loan against the Fireman's Relief to pay for the balance of the rescue truck. He stated that it is his understanding that fundamentally, in combination with the gaming commission money, this will pay for the manufacturer to produce and get the truck ready for the Fire Department. It is still a \$175,000 loan that the Fire Department needs to pay back. He asked if his understanding is correct. Mr. Rider verified that it is.

In response to a question from Commissioner Davies, Mr. Rider reported that the Fire Department has a budget of \$350,000 and about \$600,000 in investment accounts. It does not

have a surplus from year to year – revenues and expenses are balanced. Revenues are presently about \$60,000 under expenses. Revenues from bingo, hall rentals, and biker breakfasts are all down. In fact, it seems that every revenue area is down. All the fundraising efforts are burning out the volunteers. It is hoped that more funding will give them some relief and more time for training.

Mr. Krot estimated that the Fire Department's workers compensation premium for this year is about \$600 - \$700 more. President Linn stated that he feels strongly that the Township should pay for the workers compensation insurance, and would like to convince the rest of the Board members of this.

President Linn stated that before the meeting is over tonight, he would like Commissioner Davies to poll the Board to determine support for the general tax increase, the fire tax increase, and the \$50,000 capital contribution to the Fire Department.

Commissioner Davies stated that he is not keen about a .22 fire tax increase, but can see the \$50,000 capital contribution. He does, however, appreciate that the Department has increasing costs each year, and that the capital contribution won't address the issue. Vice President Leonard asked how this could be addressed then. Commissioner Davies stated that maybe by trimming a few negotiable items in the budget: perhaps cutting some of the funding from the MS4 program and cutting one of the requested police vehicles. Maybe this would at least provide enough to cover the workers compensation insurance. President Linn reminded the Board that the police did without a replacement car last year, and the mileage on these cars is very high. The Board must look at public safety. President Linn stated that the Board must face the bullet and either put a tax or give nothing in the budget. The Fire Department should also receive its increase, since it hasn't received one in years. President Linn stressed that if the Board keeps postponing providing staff and equipment, the Township will just be going backwards.

Commissioner Davies stated that the fire tax increase and the general tax increase are two separate issues, and should probably be treated as such. He first asked for a show of hands for those who would be willing to entertain an increase in general taxes. Vice President Leonard and President Linn raised their hands in support of this. Commissioner Wilt stated that he was not prepared to give his position at this time. Commissioner Mehaffie stated that a lot of information was received tonight, and he would like to take it back. President Linn stated that

they have had this information for a long time now, and asked if they would approve any type of tax increase. Commissioner Wilt responded that he may or may not. He explained that he doesn't want to put any undue burden on the residents.

Commissioner Davies inquired as to the Board's position on the requests from the Fire Department. Commissioner Davies stated that he could support the inclusion of the fire tax in a preliminary document if the \$50,000 capital contribution is removed. Vice President Leonard agreed he could support a .22 increase in the fire tax, with the elimination of the \$50,000. Commissioner Mehaffie asked if this was a tax vote tonight. Commissioner Davies explained that it is not a tax vote, but he would like to determine support in order to put together a proposed budget document for next week. President Linn agreed that he would support a fire tax increase.

Commissioner Davies stated that the staff will go back and revise this document to include some trimming in the MS4 budget line. The question of budgeting for one police car as opposed to two still needs to be explored. Commissioner Mehaffie stated that as far as the hiring of police officers, he would recommend the budgeting of two. If another officer resigns, the Board can look into replacing the position at that time. He stated that everyone that works for the Township does a great job, but sometimes you just have to work with what you've got.

Vice President Leonard asked a question on procedure. He stated that the Board seems receptive to reducing the MS4 line item by \$10,000 and removing one police vehicle. However, there is still the question hanging about the number of officers to hire. He asked how Ms. Rittner can prepare a draft budget for advertisement next week without direction on this. Commissioner Davies stated he would like to see the full complement of police officer. Vice President Leonard and President Linn agreed they would favor hiring three officers to get the Department back to sixteen. Commissioner Wilt stated that he is not dead-set against this, but was going to suggest the possibility of hiring two officers. The Board could then determine if this is working or needs to be addressed. Commissioner Wilt stated that he understands the Police Department is strained right now, but hiring two additional officers should help alleviate some of this. He stated this is just an option he is suggesting: he is not saying he will not vote to hire three. Commissioner Davies stated that since the majority of the Board seems to favor the full complement of officers, this will be noted in the preliminary draft. Commissioner Mehaffie stated that if three officers are hired, the Board should definitely lower the amount of

the overtime budget. Lowering it to \$100,000 would be a \$35,000 savings. He suggested the overtime be trended back to when the Police Department was at full staff. Commissioner Wilt agreed that he is willing to look at hiring three officers in order to cut down on the overtime budget and provide officers time off.

Mr. Anderson stated that the Board should keep in mind that fuel costs doubled and will probably continue to increase. The MS4 program is an unfunded mandate. He cautioned, however, that three municipalities were inspected and all were fined over \$100,000. The amount was litigated down to \$60,000. The MS4 program is indeed expensive, but the Township could save in the long run should it face compliance issues and fines.

In response to a procedural question from Vice President Leonard, Solicitor Henninger stated the Board will be voting next Wednesday, November 21, to advertise a proposed budget. The proposed budget will be advertised and available for public display prior to consideration, and will be formally voted on at the December 19, 2012 legislative meeting. He noted that the advertised budget can be adjusted downwards on the 19th. However, it cannot be adjusted upwards without re-advertising.

Commissioner Davies thanked the Board members for their input this evening.

ADJOURN:

Hearing no other business, a motion was made by Vice President Leonard, seconded by Commissioner Wilt, to adjourn the meeting. The motion was unanimously approved, and the meeting adjourned at 8:35 P.M.

ATTEST:

Harry N. Krot
Township Manager