

MINUTES FOR THE FIFTH IN A SERIES OF 2014 BUDGET MEETINGS HELD BY THE EXETER TOWNSHIP BOARD OF SUPERVISORS ON NOVEMBER 14, 2013

A 2014 Budget Meeting of the Exeter Township Board of Supervisors was called to order on Thursday, November 14, 2013, at 7:00 P.M. in the Township Building by Chairman Donald R. Wilson.

The purpose of the meeting was to review and discuss the proposed 2014 budget.

Supervisors Present: Donald R. Wilson, Chairman
Kenneth A. Smith, Vice Chairman
Dona L. Starr
Gary E. Lloyd
Jeff Bukowski

Others in Attendance:
Troy S. Bingaman, Township Manager/Secretary/Treasurer
Clarence D. Hamm, Highway Superintendent

Pledge of Allegiance

The Meeting was opened with the recitation of the Pledge of Allegiance

Public Comment

Tom Howell, P.O. Box 4625, Reading, PA, commented on the results of the recent municipal election and the oath each Supervisor takes. He objected to the Board bringing up an anonymous complaint on the Ambulance Association as the Board stated previously they would not entertain anonymous complaints. He noted Mrs. Starr read for the third time the regulations from the Second Class Township Code that he felt the Supervisors should know. He commented on the proposed Fire Station discussions at the previous budget meeting. He felt the Board was not representing the public as they should. Mr. Howell stated other departments had stated their reserves; but, the Fire Department had not and that according to Ms. Leinbach the Fire Department was not reporting its financials as it should. He asked how many years had that been going on. He talked about the fire tax paid by residents and outside government agencies noting Mr. Jordan was unhappy about the lack of support for the proposed Fire Station; but, has not said how much money the Fire Department had received. Mr. Howell noted the Ambulance Association got few funds from the Board and he felt the Board was not supporting the Ambulance Association to the degree it was supporting the Fire Department. Mr. Smith responded stating there was no ordinance prohibiting a Township Supervisors from discussing anonymous letters and he felt the Ambulance Associations' response to the letter in question was not adequate enough for him. Mr. Smith challenged Mr. Howell's assertion regarding the fidelity issue asking how a Supervisor was to make a determination when half of the public felt one way on an issue and the other half felt another way. Mr. Smith stated since he held this view, residents could express their opinions at the voting booth as to whether or not they want to vote for him. Mr. Howell wanted to rebut Mr. Smith's comments, Mr. Smith objected, the Board chair allowed a further comment during which Mr. Howell challenged Mr. Smith's half and half comment. Mr. Smith stated he was serving all Township residents.

UNFINISHED BUSINESS***2014 Proposed Budget Discussion***

Under General Revenues, Mr. Bingaman stated the Local Real Estate Assessed Value increased slightly by \$3,574,100 based on the estimate received from the County Assessment. The Earned Income Tax appears to be trending upwards to the 2010/11 levels assuming the amount received last December, plus the previous year's take-back, would put us up \$145,000 for the year. The Real Estate Transfer & Business Privilege Taxes remained flat. Overall, the 2014 General Fund Revenues are projected to be up by \$165,070 or 1.8% over the 2013 budget.

Under General Expenses, Mr. Bingaman stated the projected 2014 General Fund Expenses are up \$360,416 or 3.8% over the 2013 budget. He stated that number did not take into account funding for the EMS services in the amount of \$75,000; or additional funding for the Library at \$13,000 to keep the Library open on Mondays and \$30,000 for computers. He stated it included the Telephone System replacement being purchased through the Capital Fund (18) and the Sewer Fund (08); Fire Police Capital items in the amount of \$21,100 being moved to Fund 18; GIS Color Printer at a cost of \$1,900 being moved to Fund 18; and the Police Office replacement at a cost of \$119,000 including wages, benefits, workman's comp, uniform and hiring expenses. In answer to Mr. Lloyd's question, Mr. Bingaman stated the largest amount within the projected expenses was from the Police Department. He also detailed other police expenses.

Mr. Bingaman stated his increase percentages were based on the 2013 budget not the projection.

The current Budget Plan is as follows: Projected Beginning Balance is \$2,676,118; Revenues are \$9,368,826; Expenses are \$9,756,036 leaving a projected balance of \$2,288,908; and comparing that to the 3 month operating expense of \$2,439,009 is a difference of minus \$150,100. He stated some of the reserve could be used to make up the difference; however, that would compound in successive years. He noted removing any of the expenses could affect lives and services. Board members had various questions and thoughts. Mr. Bingaman stated after the Board advertised the budget; those numbers could be adjusted before adoption. Mr. Smith felt one solution could be to delay some of the requests made for 2014 with the thought that the items could be considered for subsequent years. Mr. Bukowski suggested eliminating Supervisors' salaries that could save \$15,000. Mr. Lloyd asked how many vehicles the Township had. Mr. Bingaman stated three were dedicated vehicles at one each for the Highway Superintendent, the Chief of Police and for Emergency Management that was also used for the Wastewater Treatment Plant. Other vehicles included one shared vehicle for engineering, code enforcement and administration; and one maintenance vehicle. Mr. Lloyd suggested looking at the things we do to try to find things to cut and Mr. Bingaman detailed the possible items. It was noted \$25,000 was available in Liquid Fuels money for road paving and Mr. Hamm stated salt had been purchased from this year's budget for next year. Mrs. Starr suggested holding off on replacing the Police Officer at \$119,000 since we have not had an officer since the last officer resigned in April, noting if things improved the position could be added. That reduced the amount of \$150,100 to minus \$31,100. The Board agreed to not include the \$119,000 for now. Mr. Bingaman stated the Board had to be in a position to present

a budget on November 25th in time to advertise it. Mr. Lloyd stated he was not comfortable making this decision now because they had not yet looked into the EMS situation. Mr. Smith stated they had to work with the numbers they had now. Mr. Bingaman stated the only place money might be available was in the capital expense Fund (4) budgeted at \$292,263. However, he noted, it might be necessary to dip into that fund for the storm water drain project that needed to be done. Mr. Bukowski asked how much the sewer project would need to which Mr. Bingaman estimated \$188,210. There were questions on how important the storm water system was to which Mr. Hamm provided the details. Mr. Hamm detailed possible budgeted capital expenses that included various projects and window replacements. There was a discussion on buying fuel and the reduced price at 10 cents a gallon if we could accommodate tanker deliveries. Mr. Bingaman stated one option was the second entrance to Reading Country Club at \$100,000 and Mr. Hamm explained the rationale for doing that. Also discussed was the \$100,000 for the Strategic Planner Project. Mr. Bukowski asked what the response from EIT was to which Mr. Bingaman detailed their rationale for their numbers that included the results of the great recession of 2008, the reduction in employment which lowered the wage numbers, and the earnings taxes paid to Philadelphia for people who live in Exeter; but, work in Philadelphia. Mr. Bingaman stated we were up by \$76,000 for 2014 and he noted the increased percentages for other municipalities.

For the Utility Fund (02) Mr. Bingaman stated he was confident the Township was not being overcharged for Fire Hydrants. He stated the money was for maintenance of 400+ hydrants in the Township. Projected Revenues are \$205,340 with projected expenses of \$200,086. The Fund balance at year end 2014 is expected to be \$21,792 and no action was needed at this time.

The Fire Tax Fund (03) projected revenues are \$725,246 and projected expenses are \$709,060. The fund balance at year end 2014 is expected to be \$181,430 with no increase being requested at this time.

The Capital Expense Fund (04) will begin with \$560,345 of which \$205,546 has been set aside for future purchases and projects, including the Strategic Planner, Ambulance, Fire Police & Police radios, Police MCT replacements, Police server replacement, and other capital deferral for the Police Department. Also budgeted are window replacements at the DJ Building for \$21,350. The unallocated Fund Balance at year end 2014 is expected to be \$292,263.

Mr. Smith referred to Mr. Bingaman's meeting with Calvin who said after he met with the Township he was going to be meeting with Chris Jordan and Carlyn, who does the ETVFD's books, that evening and progress is in the offing. Mr. Bukowski referred to the possibility of having a line item dedicated to EMS to which Mr. Bingaman responded an amount up to a half mil dedicated to ambulance and rescue squads would be the limit for an EMS Tax. Mr. Lloyd stated he was interested in seeing what the Fire Department came up with regarding a relationship with ambulance services that he thinks could be profitable. Mr. Smith felt before giving them any funds he would like a better response to the anonymous letter. Mr. Smith advocated holding money off for EMS and Mr. Wilson suggested budgeting the funds to keep ambulance operating. Mr. Smith suggested giving the Ambulance Association enough money to

cover three months and within that time a decision could be made. Mr. Bukowski stated that would be a good way to ensure residents would be able to get ambulance service. There was a discussion that included the amount the Ambulance Association needed was \$150,000. Mr. Bukowski felt the Ambulance Association put the Board on notice during their budget discussion. Mr. Wilson stated some ambulance companies eliminated executive management and were doing fine. Mr. Smith asked if there was a consensus regarding EMS to which the Board generally felt reserving \$75,000 in the Capital Fund would be prudent even if that amount should be allocated in the General Fund. Mr. Wilson stated the expense belonged in the General Fund. Mr. Bingaman stated half a mil was \$624,000. The Board discussed using funds to buy an ambulance which the Township would own. There was a discussion on when the workshop would be held. The Board decided to reserve the \$75,000 in the Capital Fund for now.

The Sewer Fund (08) will begin with a balance of \$2,745,278. Revenues are projected at \$5,166,040 which is a 1.4% increase and expenses are projected at \$5,303,826 a .4% decrease. Mr. Bingaman stated there was no need to adjust sewer rates at this time and the cash reserve fund is sufficient to bridge the gap between revenues and expenses. The expected balance at year end 2014 is \$2,607,492.

The GOB 2009-Sewer Capital Fund (17) will begin with a balance of \$2,218,310. Projected 2014 income is projected at \$99,500 and after 2014 expenses the year end 2014 balance is projected at \$1,151,810.

The Capital Projects Fund (18) beginning balance is \$268,788 and with projected expenses for 2014 the balance at year end is projected to be \$215,790. There was a brief discussion of the project items included and the debt service involved in both the Sewer Capital Fund and the Capital Projects Fund. Mr. Bingaman stated combining those two accounts would not be appropriate.

The RCC Capital Fund (19) beginning balance is \$766,063. The projected budgeted expenditures include a second entrance for \$100,000; capital improvements for the Golf Course of \$25,500; and capital improvements for the Restaurant/Banquet facility for \$170,738. Mr. Bingaman noted there were no specific costs for the landscaping walls at the kitchen entrance, Locker Room upgrades or reducing the size of the Locker Room to make an additional private party room. Mr. Smith asked if there would be an increase in income that could be generated with the additional private party room. The balance at the end of 2014 is projected to be \$487,825. Mr. Wilson's biggest concern about the second entrance was how much it would increase the profit and he noted the building needed a lot of work now. Some Board members felt the second entrance was important; but, needed more discussion.

The Debt Service Fund (23) beginning balance is \$546,884; projected income in 2014 is \$972,313. 2014 Expense includes Debt payments and a TIF payment to the Berks IDA, totaling \$877,746 leaving a balance for 2014 of \$641,451. Mr. Bingaman noted the Township was paying lower payments now; but, the loan is wrapped around the general debt and payments would increase later.

The Apparatus Fund (30) beginning balance is \$365,411 and income for 2014 is projected at \$137,917 that would be transferred from the Fire Tax Fund. He noted two pieces of equipment would be sold and purchasing a used 2007 rescue engine for \$120,225. The balance at year end 2014 is projected to be \$383,903.

The Park Improvements Fund (32) beginning balance is \$71,913; income is projected in 2014 to be \$46,500 which includes the final grant monies for Farming Ridge Park. He noted the funds would be dwindling quickly because the fund was fed by residential development. After expenses the year end 2014 balance is project at \$62,333.

The State Liquid Fuel Fund (35) beginning balance is \$104,008 and income from the Motor Vehicle Fuel Tax is projected at \$580,392. He noted among the other expenses the 10% of the two leaf loaders would come from these funds. After expenses, the year end 2014 balance is projected at \$113,078.

The Traffic Improvements Fund (37) beginning balance is \$43,847 and no additional income is expected. The year end 2014 balance is projected at \$40,677.

Mr. Bingaman stated the actual deficit would be \$268,210 instead of \$387,210. Mr. Bukowski stated he would cut an additional \$31,100 in spending to balance the budget with use of reserves down to the three month threshold. Mr. Lloyd rehashed the rationale in increasing taxes last year and stated his opposition to using reserves to pay for revenue deficits. He stated the Board would face using reserves every year if some things were not changed. Mr. Smith felt when the reports come in from the planner and the other study, there would be ways to modify the budget or taxes would have to be raised; but, that would be next year. Mr. Bingaman stated the possibility of raising playground fees was to be considered because the fees were low compared to comparables. Mr. Bukowski agreed. Mr. Wilson felt the Board should give the Library the \$13,000 to reopen the Library on Mondays so they could get more monies from the County. He noted the Library was the community center and that was important to the community. Mrs. Brunschwyler suggested increasing revenue for the Dunn Community Building and perhaps a permanent tenant might bring in more money. Mr. Bingaman stated the Community Center was rented out practically every weekend. Mr. Smith felt it should remain as a Community Center. Mr. Lloyd felt staff should look at ways to cut expenses. Mr. Bukowski stated the earned income was up and the economy was getting better; Mr. Lloyd disagreed. Mr. Bingaman felt the Board should wait for the studies that were currently ordered before decisions were made. There was a discussion on the EMS situation and what the biggest expenses were and whether or not revenues were going up. During the discussion contracting our services was raised. Mr. Smith stated he was satisfied with where the budget was now. Mr. Wilson noted as an example there were townships that contracted out wastewater treatment plants and it was possible for us to do that. Mr. Smith disagreed with that idea stating we had no problem with the sewer rates this year. Mr. Lloyd stated he was not in favor of including \$13,000 for the Library. Mrs. Starr stated she was okay with the budget as it was. Mr. Bingaman shared his concerns about whether or not Exeter was being a progressive Township. Mr. Wilson stated Mr. Bingaman had a consensus on the directive and the budget could be advertised.

Mr. Howell stated attorneys made \$250 an hour and felt the Township should encourage more doctors and lawyers to have their practices in the township as that would increase income. He noted if a better job of educating the people in the township occurred, more money could be earned.

ADJOURMENT

MOTION by Mr. Smith, seconded by Mr. Lloyd, to adjourn the meeting. The meeting adjourned at 9:15 P.M.

Respectfully Submitted,



Troy S. Bingaman
Township Secretary

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