

BOARD OF SUPERVISORS December 09, 2014

Minutes of the Pequea Township Board of Supervisors final budget adoption meeting held December 09, 2014 at 7:00 p.m. at the Pequea Township Municipal Building, 1028 Millwood Road, Willow Street, PA 17584.

Present at the meeting were:

Harry D. Lehman III, Chairman
Rob Reidenbach, Vice Chairman
Cynthia Evans-Herr, Supervisor

Others present:

Sandra D. Graham, Secretary
Lori Leitch, Treasurer
Jackie Johns

ANNOUNCEMENTS:

- Public Meetings may be both audio and video recorded.
- The purpose of the special meeting held today is for a budget hearing. In addition, other business items needing consideration, discussion and/or official action will be addressed.
- The Pequea Township Supervisors held two workshops on October 21 and the other on November 4, 2014 to arrive at the proposed budget for 2015.
- Notice has been properly advertised and a copy of the proposed 2015 Pequea Township Budget was made available at the Township office.

PUBLIC COMMENTS:

Items on the agenda:

Jackie Johns commented on the undesirable appearance of the landscaping surrounding Elam Miller's Millwood Road property for which he is seeking reduction of the letter of credit held by the township. Chairman Lehman stated funds will be set aside for conditions, including landscaping, related to the agreement that must be met before all funds are released.

BUDGET NARRATIVE:

Items related to Budget Narrative:

Jackie Johns inquired about \$1.00 per resident set aside for the drug task force but nothing set aside for the library. Supervisor Evans-Herr advised drug task force funds are mandated by the county. Ms. Johns wanted to know what the \$2,500.00 in the Emergency Management Equipment account was budgeted for. Chairman Lehman said these funds could be used for road cones or anything else related to an emergency. Ms. Johns suggested that the township consider getting a porta-potty at the park barn for the employees instead of the added expense of a portable restroom.

Chairman Lehman moved to have the budget narrative part of the minutes. Vice-Chairman Reidenbach seconded the motion. All voted in favor, none opposed.

CHANGES TO 2015 PROPOSED BUDGET

Supervisor Evans-Herr moved to change general ledger account # 410-001 from \$513,772.65 to \$516,027.82. Chairman Lehman seconded the motion. All voted in favor, none opposed.

1. Adopt the 2015 Pequea Township Budget - Chairman Lehman moved to adopt the 2015 Street Light Fund Budget, Supervisor Evans-Herr seconded the motion. All voted in favor, none opposed. Chairman Lehman moved to adopt the 2015 Recreation Fund Budget, Vice Chairman Reidenbach seconded the motion. All voted in favor, none opposed. Chairman Lehman moved to adopt the 2015 State Highway Fund Budget, Vice Chairman Reidenbach seconded the motion. All voted in favor, none opposed. Chairman Lehman moved to adopt the General Fund Budget, Vice Chairman Reidenbach seconded the motion. All voted in favor, none opposed.

2014 Year in Review

General Fund

The 2014 beginning balance (equity) in the General Fund was \$671,211.79.

The harsh winter took its toll on the township's finances. Snow removal expenses in January alone exceeded the annual allotment.

The arrival of warmer weather brought an influx of real estate tax revenue. The boost to the bottom line made it possible for the Roadmaster to add projects to his already-full schedule. A leveling course was placed on Deerfield Road to eliminate ponding, and the base repair on Indian Hill Road required more work than expected. The condition of the roads deteriorated so drastically over the winter that they demanded immediate attention.

Municipal contributions were received from developers in the fall. The extra income put the township in a strong financial position to begin 2015.

The projected balance at the end of 2014 is \$829,914.48, an increase of \$158,702.69.

Recreation Fund

The 2014 beginning balance (equity) in the Recreation Fund was \$22,594.87, which included nine thousand dollars received from developers in lieu of parkland. The passage of Act 135 of 2014 expanded the use of these funds to incorporate maintenance of existing recreational facilities.

Frequent mechanical failures plagued the mowers this summer. Equipment Repairs exceeded their allotment.

Pond maintenance also went over budget due to a faulty compressor that needed replaced.

The spraying of herbicide by an outside vendor was another unplanned expense.

The projected balance at the end of 2014 is \$12,456.39, a decrease of \$10,138.48.

State Highway Fund

The 2014 beginning balance (equity) in the State Highway Fund was \$24,819.21.

Act 44 of 2013 enlarged the Liquid Fuel Tax allocation to municipalities. The township received almost sixteen thousand dollars more than estimated. The extra income erased the budgeted loss.

The projected balance at the end of 2014 is \$39,480.34, an increase of \$14,661.13.

Street Light Fund

The 2014 beginning balance (equity) in the Street Light Fund was \$5,926.28.

Street light tax bills were mailed to owners of property in Manchester Village and Westwood Village in March. Ninety-six percent have been paid. Eight accounts were turned over to the Solicitor for collection. Five are still outstanding.

The projected balance at the end of 2014 is \$7,376.67, an increase of \$1,450.39.

2015 Budget Narrative

General Fund

Income

Pequea Township's real estate tax is currently set at a rate of 1.9 mills. Revenue generated by this tax is estimated to be \$552,142.29. Another \$12,152.31 is expected in late payments and delinquencies. Anticipating an increase in real estate transfer taxes, the Board budgeted \$66,000.00. Earned Income Taxes exceeded expectations the past five years. The projection for 2015 is \$519,639.00, making the total tax revenue budget **\$1,149,933.60**.

The money market account has been earning an average of \$125.00 in interest each month. The planned reduction to the balance sheet in 2015 could yield less of a return. Interest income is projected at **\$1,200.00**.

Charges for services performed by township appointees are conservatively budgeted at **\$46,530.00**. The construction of new developments could boost fee income next year.

New developments could bring more cable consumers. Hence, the budgeted amount for the Cable Franchise Fee was increased to **\$62,000.0**, roughly an 8% jump over last year's budget, but consistent with actual income received in 2014.

The township continues to participate in the state recycling program, which generates approximately **\$1,000.00** each year. Other intergovernmental revenue includes **\$1,500.00** from public utility companies in lieu of real estate taxes, **\$200.00** for alcoholic beverage licenses, and **\$10,000.00** from the Commonwealth to defray pension costs.

Southern Regional Police Department also receives state aid for their pension plan. The funds, estimated to be \$35,000.00, are received by the township and then immediately disbursed to the police. Similarly, the township receives an allocation for firefighters' relief, but equal checks are cut to the New Danville and West Willow associations, resulting in a wash.

Revenues from State Police Fines have been sliding. They are expected to be **\$3,500.00**, and Township Police Fines are expected to be **\$14,000.00**.

The Road Crew's recycling of scraps could bring in another **\$100.00** of Miscellaneous Revenue.

The total income budgeted for the General Fund in 2015 is \$1,359,963.60.

Expense

General Government expenses are budgeted at **\$187,600.78**. This figure includes Bonds, Dues, Advertising, Legal Services, Information Technology, Building Maintenance, and Administration. Also included are Engineering Services, which are anticipated to be \$29,000.00. The township's implementation of Municipal Separate Storm Sewer Systems (MS4) requirements is driving this number. The Board has engaged environmental engineering consultants to spearhead the initiative.

The Zoning Officer has been extremely active with the new projects getting underway. His professional services are estimated at **\$35,000.00**. A budget of **\$24,000.00** was allocated for New Ordinances, largely due to the rewriting of the Zoning Ordinance. Other Planning and Zoning expenses include compensation for Zoning Hearing Board members (**\$2,400.00**), Legal Services for the Zoning Hearing Board (**\$5,000.00**), Advertising for Zoning Hearings (**\$3,000.00**), **\$100.00** for Office Supplies, and **\$120.00** in UCC Permit Fees.

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The professional services of the township's Sewage Enforcement Officer are estimated to be **\$6,000.00** plus **\$2,000.00** for Sanitation Supplies.

Based on population figures from the 2010 census, Pequea Township contributes 53.9% of the municipal funding to the Southern Regional Police Department. Conestoga Township's share is 46.1%. The Chief of Police requested a 7% increase to accommodate a part-time officer moving to full-time, but a compromise of 3% was approved. Pequea Township's allocation was set at **\$513,772.65**.

A dollar per resident (**\$4,605.00**) is contributed to the Lancaster County Drug Enforcement Task Force annually.

The Fire Chief and Deputy Chief appealed to the Board for additional funds to support their operations. A cost-of-living increase of \$900.00 (1.5%) was granted. The township's two fire companies will split **\$60,900.00**.

Twenty-five hundred dollars (**\$2,500.00**) was set aside for Emergency Management Equipment.

The township is taking an assertive approach to Road Construction, approving **\$422,364.64** out of the General Fund, which will show a loss for the year. However, the established reserve can cover the deficit. Work is scheduled for Stony Lane, Tomahawk Drive, Indian Hill Road, Radcliff Road, and Leaman Road.

Road crew labor, training, equipment maintenance, vehicle fuel, lighting, and shop supplies are collectively budgeted at **\$237,579.55**. A major contributor to this total is Snow Removal at \$25,000.00.

Maintenance materials are budgeted at **\$20,000.00**, line painting costs **\$8,000.00**, and **\$500.00** was earmarked for tree removal in the right of way.

Eight-thousand five hundred dollars (**\$8,500.00**) has been allotted for storm drains.

The expense of Solid Waste Disposal is projected at **\$725.00**, and the Municipal Waste Transport Fee is **\$100.00**.

The township is entering its second year under contract with the Lancaster SPCA for stray dog retrievals. Installment payments will be made in advance of activity, and the account will be reconciled at year-end. The program is budgeted at **\$1,500.00**.

Liability insurance continues its upward trend at **\$31,168.00**. Volunteer Accident Insurance has been holding steady just under **\$700.00**.

Workers' compensation insurance has increased by 41% since the passage of the Cancer Presumption Act of 2011 which broadens the parameters for firefighter claims. The New Danville and West Willow volunteer firefighters are covered under the township's policy. The premium is expected to be **\$29,000.00** in 2015.

The Affordable Care Act has significantly impacted the employee health insurance premium. It grew by 50% to **\$17,730.96**. Dental insurance is budgeted at **\$1,345.92**, and Life/Disability insurance is at **\$1,944.69**.

Employer taxes are estimated at **\$25,523.98**.

A transfer to balance the Recreation Fund is projected to be **\$11,918.66**.

Total expenses for the General Fund are budgeted at \$1,735,599.83.

2015 Budget Summary

General Fund

The 2015 proposed budget for the General Fund shows a loss of \$(375,636.23). This deficit is attributable to an ambitious initiative to improve the township's roadways. The Roadmaster intends to accelerate his five-year plan to accomplish as many projects as possible. The much-needed repairs will extend the life of the roads.

The budgeted shortfall will be absorbed by the reserve on the balance sheet. The beginning balance (equity) for 2015 is projected to be \$829,914.48. Assuming income and expenses follow budget, the township will end next year with \$454,278.25 in the General Fund.

2015 Budget Narrative

Recreation Fund

Income

The Recreation Fund is the operational account for the Silver Mine Park. It is primarily funded by amusement/admission taxes levied under Ordinance No. 105-1997 as authorized by the Local Tax Enabling Act of December 31, 1965.

The budgeted amount for Admission Tax Revenue in 2015 is **\$32,770.62**, an increase of 1.5% over last year's figure.

Twelve acres of farmland located within Silver Mine Park is being rented to a local farmer for **\$2,712.00** annually.

Pavilion rentals are expected to generate **\$300.00**.

The interest-bearing checking account yields a negligible return. Interest Income is estimated at **\$1.00**.

To balance the Recreation Fund budget, a transfer of **\$11,918.66** from the General Fund is anticipated.

The total income budgeted for the Recreation Fund in 2015 is \$47,702.28.

Expense

Park Crew wages are budgeted at a modest increase, up to **\$24,273.28** from last year's \$24,000.00. The township employs one part-timer year-round (with reduced hours over the winter) and a second part-timer from April to November.

The Board approved the addition of a portable restroom close to the barn for employee use. The annual cost of four restrooms will be **\$4,320.00**.

Electricity bills are expected to run **\$1,600.00**.

Supplies, including playground mulch and pet litter bags, are estimated at **\$3,300.00**. The township anticipates a reduction in its bag expense resulting from the recent selection of another vendor.

Extermination and Herbicides total **\$625.00**. The Roadmaster intends to earn his herbicide spraying certification to eliminate the need for an outside vendor.

Pond maintenance is projected to cost **\$1,200.00**. The fountain is removed every fall and replaced in the spring.

Improvements are planned for the Hike & Bike Trail. Two thousand dollars (**\$2,000.00**) has been allotted.

Fifteen hundred dollars (**\$1,500.00**) has been allocated for Park Truck maintenance. Repairs to the Mowers are set at **\$3,500.00**. The township plans to trade in the old mower for a new one in the spring. Five thousand three hundred fifty-nine dollars (**\$5,359.00**) have been earmarked for Equipment Purchase.

Bank Service Charges are estimated at **\$25.00**.

Total expenses for the Recreation Fund are budgeted at \$47,702.28.

2015 Budget Summary

Recreation Fund

The 2015 proposed budget for the Recreation Fund shows a net result of \$0.00. The park maintenance expenses are offset by admission tax revenue, rental income, and a transfer from the General Fund.

The beginning balance (equity) for 2015 is projected to be \$12,456.39. Assuming income and expenses follow budget, the township will end next year with the same amount in the Recreation Fund.

2015 Budget Narrative

State Highway Fund

Income

The township receives an allocation of the Liquid Fuel Taxes collected by the state. Legislation passed at the end of 2013 calls for a 60% increase by 2018. One hundred sixty-five thousand twenty-five dollars and twenty-three cents (**\$165,025.23**) is budgeted for 2015.

The low interest rate market is reflected in the drop from \$25.00 in earnings in 2014 to **\$10.00** in 2015.

The total income budgeted for the State Highway Fund is \$165,035.23.

Expense

The Roadmaster plans to complete the Radcliff Road project in 2015. Phase 2 will be paid out of the State Highway Fund. The Cold In-Place Recycling and Wearing is estimated at **\$141,426.14**. This amount, along with the \$422,364.64 out of the General Fund, brings the roadwork total to \$563,790.78.

Total expenses for the State Highway Fund are budgeted at \$141,426.14.

2015 Budget Summary

State Highway Fund

The 2015 proposed budget for the State Highway Fund shows a net income of \$23,609.09.

The beginning balance (equity) for 2015 is projected to be \$39,480.34. Assuming income and expenses follow budget, the township will end next year with \$63,089.43 in the State Highway Fund.

2015 Budget Narrative

Street Light Fund

Income

The Street Light Fund is an account for the collection of street light taxes levied against property owners in Manchester Village and Westwood Village. The tax revenue is used to pay the electric bill for the lights in their development. The current rate is 74 cents per front foot of property. Anticipated base tax receipts in 2015 are **\$7,666.37**.

A 10% penalty is assessed for untimely payment. The township expects to receive **\$65.00** in late fees.

The total income budgeted for the Street Light Fund in 2015 is \$7,731.37.

Expense

The cost for electricity to the street lights in Manchester Village and Westwood Village in 2015 is expected to be **\$6,000.00**.

The administration of the Street Light Fund incurs numerous expenses. Office Supplies, such as paper to print the bills and envelopes for mailing, are budgeted at **\$30.00**. Postage is estimated at **\$150.00**. Twenty dollars (**\$20.00**) is allotted for Bank Service Charges.

Collecting taxes requires a surety bond. The Treasurer and Assistant Treasurer are both bonded annually at a total cost of **\$200.00**.

Legal Services are engaged for filing liens against the property of non-payers. Although the township is entitled to reimbursement, it is an out-of-pocket expense until the lien has been satisfied. One hundred sixty (**\$160.00**) was allocated for Legal Services.

Total expenses for the Street Light Fund are budgeted at \$6,560.00.

2015 Budget Summary

Street Light Fund

The 2015 proposed budget for the Street Light Fund shows a net income of \$1,171.37.

The beginning balance (equity) for 2015 is projected to be \$7,376.67. Assuming income and expenses follow budget, the township will end next year with \$8,548.04 in the Street Light Fund.

2. **Resolution #___-2014** Levy Tax for 2015 – Chairman Lehman moved to pass Resolution # 413-2014, Enabling Setting the Real Estate Tax rate for general purposes, the sum of 1.9 mills, Earned Income Tax at ½ of 1%, Street Light Tax at the rate of \$.74 per front foot of improved property and \$.10 per front foot of unimproved property. Admissions Tax at 10% as enacted under the Local Tax Enabling Act of December 31, 1965 P.L.1257. Supervisor Evans-Herr seconded the motion. All were in favor, none opposed.
3. Elam Miller – Letter of Credit – Chairman Lehman moved to reduce the Letter of Credit for Elam Herr to \$34,213.30. Supervisor Evans-Herr seconded the motion. All voted in favor, none opposed.

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4. Set 2015 Board of Supervisor monthly meetings – Chairman Lehman moved to set the 2015 Board of Supervisor’s meeting to the third Wednesday at 7:00 p.m. each month and the Reorganization meeting to Monday, January 5, 2015 at 7:00 p.m. Vice-Chairman Reidenbach seconded the motion. All voted in favor, none opposed.

5. Set Hearing date – Southern Regional Police Department Articles of Agreement – Vice Chairman Reidenbach moved to set the hearing date for the Southern Regional Police Articles of Agreement to January 21, 2015 and to instruct Matt Cremer to advertise the hearing. Chairman Lehman seconded the motion. All voted in favor, none opposed.

MEETING ADJOURNED at 7:39 p.m.

Respectfully submitted,

Sandra D. Graham, Township Secretary