

**SPRINGETTSBURY TOWNSHIP
BUDGET WORK SESSION #3**

**OCTOBER 29, 2014
APPROVED**

The Board of Supervisors of Springettsbury Township held a Budget Work Session on Wednesday, October 29, 2014 at 7 p.m. at the Township Offices located at 1501 Mt. Zion Road, York, PA.

MEMBERS IN

ATTENDANCE: George Dvoryak, Chairman
Julie Landis, Vice Chairman
Mark Swomley, Asst. Secretary/Treasurer
Bill Schenck
Kathleen Phan

ALSO IN

ATTENDANCE: Kristen L. Denne, Township Manager
Jack Hadge, Finance Director
Mark Hodgkinson, Director of Wastewater Treatment Plant
David Wendel, Director Parks & Recreation
Patricia Lang, Director of Community Development
Jean Abreght, Stenographer

1. CALL TO ORDER

DVORYAK Chairman Dvoryak called the Budget Work Session to order. The purpose of the meeting was to review Parks and Recreation along with a revision on the Sewer Fund that had been discussed previously. Following the presentations, he stated he would open the floor for Public Comment.

Sewer Fund - Continued

HODGKINSON Mark Hodgkinson stated that a discussion had been held on October 27th with regard to the Use of Fund Balance and Revenues. There were some questions, and he and Mr. Hadge had met in order to explain what is current, why it is done and why it was done in the past that it does not show up in the Actuals from previous years.

HADGE Mr. Hadge noted that Mr. Schenck had commented that there is no Use of Fund Balance, which was correct. The budget presentation had always referred to a cash transaction, money going out. In 2010 Springettsbury issued \$27 million worth of Bonds, and the principle payment each year was shown as a cash outlay. The Sewer Fund is an Enterprise Fund that accrues expenses. The Fund Balance is used as a budget item to balance the budget as part of a \$1 million cash outlay. It is not expensed as a budget item; however,

a check is written on November 15th for a \$1,700,000. It is cash going out but the Bond of 2010 showed \$27 million on the balance sheet. The past practice had shown it as a cash outlay, simply a visible notation that there is an expense item of \$1 million for principle. The interest is an item that must be shown because it is not accrued. It is just the bond principle. If the \$1 million was taken out, the amount put in for the Use of Fund Balance would not be shown.

DVORYAK Chairman Dvoryak questioned whether any of the board members were confusing it with just another Fund Balance.

HADGE Mr. Hadge responded that the language shifts from the General Fund to the Sewer Fund to the Capital Fund. He offered to create another terminology for the board. However, he noted that the coding system must be in conformance with the Commonwealth of Pennsylvania, Department of Community and Economic Development. Any of the funds will show Use of Fund Balance.

SCHENCK Mr. Schenck commented that, as Mr. Hadge stated, the public needed to be able to see the principle. In addition, he did not want the public to think that the money in the bank is being used to pay for the Sewer Plant because that is not true.

PHAN Ms. Phan commented that it does look like it is being used.

SCHENCK Mr. Schenck agreed that it does when it refers to the Use of Fund Balance. A lack of understanding would suggest that the township is dipping into the savings account to pay for the Sewer Fund. Mr. Schenck noted that he was very comfortable with presenting the fact that the township has a \$27 million dollar debt that was incurred to meet the mandate of the Chesapeake Bay. He stated that the rates cover that debt easily, and the Sewer Fund is not stressed.

HADGE Mr. Hadge noted again that he would work on the nomenclature and clear it with the Auditor.

LANDIS Ms. Landis questioned what would be shown when the budget is presented to the public.

HADGE Mr. Hadge responded that it will show the Use of Fund Balance.

HODGKINSON Mr. Hodgkinson noted he only has a couple of other points he wanted to make. He noted that the phrase Use of Fund Balance had decreased from \$800,000 to \$638,060. Two reductions were made in expenses based on the

refinancing that was done. Also the interest expense of \$1,082,000 was reduced to \$965,000. The debt principle was reduced to \$1,006,000.

DVORYAK Chairman Dvoryak asked whether the board would receive a revised itemized list with final a budget.

DENNE Ms. Denne responded that the Sewer Fund Budget is good and it is balanced.

HODGKINSON Mr. Hodgkinson explained further on the Revenues in the right-hand column down to \$638,050. Expenses, because of the refinancing, the Interest Expense was reduced from \$1,082,000 to \$965,000. The Debt Principle went down to \$1,006,000. One additional point he noted was the addition of \$25,000 to the Administrative Charges.

LANDIS Ms. Landis commented about the potential for investigating ways of generating revenue. She mentioned Mr. Schenck's suggestion of the grease traps.

Park and Rec Services/Expenditures

WENDEL David Wendel thanked the board for the opportunity to present the 2015 Parks and Recreation Department Proposed Budget. He noted that several members of the Parks and Recreation Board were in the audience, i.e., Sherry Nichols, Chair, Les Jones and Steve Wolf. He thanked them for coming out.

Mr. Wendel provided an overview of the services that the residents had enjoyed during 2014. He stated that the 2015 Proposed Budget is for \$482,000. Mr. Wendel had provided a handout showing a snapshot of the service levels, which included community events, partnership development efforts for Sounds of Summer, Saturday in the Park and the Holiday Tree Lighting along with the core program areas of health and fitness, adult enrichment, senior programs, Stars programs, youth programs, trips, discount ticket sales and pavilion rentals. Overall 5,754 customers were served during 2014. The three main events totaled \$105,251.44, which is an increase of two percent over last year. There were a total of 101 partners.

Operating Budget

Mr. Wendel went through the Operating Budget line by line, documentation that had been presented to the board members. Of note for the summer parks program, 971 children were registered. Saturday in the Park Celebration amount requested was \$40,000, the same as had been requested for several years. During 2014 the expenditures were \$37,172.00 and revenue was \$46,723.50; more than

recovered costs. The walking trails within the park are one of the most used features of the park. The subdivision recreation funds are depleted at this time and very little revenue is coming in due to the lack of development. Summer Concert Series and other Performances are budgeted for \$67,500, which includes the concerts, sound production, fire police. Mr. Wendel explained the use of the Recreation Software, which has been used very effectively to promote programs, for on-line registration fees, and for reconciliation of all PayPal transactions.

PHAN Ms. Phan questioned whether the IT software could be owned and maintained in-house.

WENDEL Mr. Wendel responded that he had looked into a variety of recreation software options, all of which was very similar to what is in place but is more expensive. He had commented to the Manager that this particular software is as important to Park and Rec as MUNIS is to the Finance Department.

PHAN Ms. Phan asked whether the package is protected within the agreement.

WENDEL Mr. Wendel responded that there is language about protection in the annual agreement.

SWOMLEY Mr. Swomley mentioned that with the processing card industry standards, the township is better off having it outsourced than trying to do this in-house because the liability is incredible.

WENDEL Mr. Wendel concluded the remaining items in his Operating Budget and offered to respond to questions.

LANDIS Ms. Landis noted the line item marked Performances, which included the Summer Concert Series at \$67,500.

WENDEL Mr. Wendel stated it also included the performers, sound production, fireworks and fire police.

LANDIS Ms. Landis noted a Total Revenue item of \$58,205 for Events and Sounds of Summer. She was not sure the event pays for itself.

WENDEL Mr. Wendel responded that he sees the revenue supporting all three events together. When all the revenue is added together, the costs are completely covered. The total generated from the three events was \$105,251.

LANDIS Ms. Landis noted that the expenditure for Sounds of Summer is listed at \$67,500.

- SWOMLEY** Mr. Swomley noted that for all of the celebrations that get people into the park, it is about revenue neutral.
- DVORYAK** Chairman Dvoryak commented that what does not show up is the additional Mercantile Tax generated by people coming to the township and visiting the stores and restaurants.
- SWOMLEY** Mr. Swomley added that when those three events happen, the establishments in the area staff based on what is going on in the park. Their participation and venues increase dramatically.
- DVORYAK** Chairman Dvoryak questioned whether there are sponsors that may not be contributing their fair share.
- WENDEL** Mr. Wendel responded that he believed there are some.
- DVORYAK** Chairman Dvoryak was thinking that perhaps board members could work on that.
- DENNE** Ms. Denne noted that there are many non-profits that use the facilities that could be nice sponsors. She and Mr. Wendel discussed doing initial advertising during recreation season in the newsletter with some web promotion. There are a lot of small businesses that couldn't pay for a large-scale production but perhaps for \$500 in the newsletter might be in their price range and hit their exact demographic.
- SCHENCK** Mr. Schenck noted that historically there had been some large donors who then left the township and it was painful. He thought that many smaller sponsors are very proud to sponsor and who donate for their own reasons. In addition, it seemed to be more sustainable.
- DENNE** Ms. Denne noted that recreation is one specific area of importance in communities. Those which have solid recreation programs have a lack of social ills. There is a direct correlation on the ecosystem and what it creates. All of the ICMA research that was done indicated that recreational events make a vibrant community where people want to live.
- WENDEL** Mr. Wendel stated that any support the board members could give with generating more sponsors would be helpful.
- SCHENCK** Mr. Schenck asked how much the fireworks cost.
- WENDEL** Mr. Wendel responded that the fireworks for the Concert Series cost \$14,000. A smaller scale for Saturday in the Park is \$10,680.

Park and Rec - Revenues

- WENDEL** Mr. Wendel reported on the revenues. Significant amount of revenue is developed from Partnership Development. The Revenue Projection for 2015 is \$219,000. There aren't many opportunities to charge fees; however, the only other real opportunity would be through the Summer Playground. He wanted to put a draft policy together for that. He also commented on athletic field use. Springettsbury is the only municipality that does not charge fees for their programs. He suggested the lowest fee at \$25.00 for the Summer Playground Program. The past year, having served 971 children @ \$25.00 would result in \$24,000 plus, which is the five percent budget reduction. He offered the option for consideration.
- DVORYAK** Chairman Dvoryak asked specifically for all the services what the resident versus non-resident ratio was in terms of participation.
- WENDEL** Mr. Wendel responded that out of the 971 children, 125 were non-residents.
- PHAN** Ms. Phan stated that she believed there should be a charge and did not feel that \$25.00 was too high. She indicated what is provided for the children is something stable in their environment, something to do. It helps the local police department. It helps the children meet others and establish relationships and encourages sportsmanship.
- DENNE** Ms. Denne noted that she and Mr. Wendel had discussed setting a fee and wanted to set aside some money so that no child would be turned away. It would cover some of the other departmental budgets. Park and Recreation is lean, and the only other alternative would be to reduce sites or cut summer staff which defeats the purpose of what is to be accomplished.
- LANDIS** Ms. Landis asked Ms. Denne about possibly rearranging the Summer Programming. She asked whether the parks would remain open with the programs and charge a fee, or charge a fee and still reconfigure some of the park hours.
- DENNE** Ms. Denne stated that she would really like to keep the programs running since there are so many children active in the program. A one-time registration fee of \$25.00 compared with traveling baseball leagues, etc. isn't so much.
- WENDEL** Mr. Wendel cited the registration totals for 2014. Four parks had less than 100 children; Kingston had 209; Rockburn had 109; Springettsbury had 141; Stonewood had 121; Pleasureville had 69; Fayfield had 84 and Yorklyn had 63.

- DENNE** Ms. Denne responded to those numbers that there would not be any location to consider as under-utilized.
- SCHENCK** Mr. Schenck noted that nearly all the Park and Rec Board members were present. He asked what their thoughts are on the subject.
- WOLF** Steven Wolf noted that he lives very close to Kingston Park. He stated that the residents at Kingston Park aren't the most affluent in the development. There is one outlet for their children to come to the park very reasonably in close proximity, not crossing the major roads, and they get a lot out of the Summer Park Program. He stated it is a tremendous asset and feather in Springettsbury Township's hat. He would like to see the fee be absorbed for another year of Summer Program and see where the funds are in the budget coming up for the next year. The economy supposedly is increasing and getting a little bit better. Hopefully next year revenues will be coming up a little bit. He stated again to give it another year and not charge.
- SCHENCK** Mr. Schenck asked whether that was more or less the consensus of the Park and Rec Board.
- WOLF** Mr. Wolf responded that it was more or less their thinking. He added that they all feel it is such a valuable program that it should continue as long as it is affordable.
- SCHENCK** Mr. Schenck asked whether they still include ice cream party night or macaroni night.
- WENDEL** Mr. Wendel responded that there are a lot of themed programs where children are asked to bring different items to the park. However, not a lot had changed. They had added some more inner-park programming and athletics and crafts. He stated that Springettsbury has two school districts, Suburban and Central. Many of those children don't interact, but in the program they are transported to tournaments and leagues, which has been a great benefit to them to be able to explore the township and meet new friends. That is probably the most significant change or addition to the program. Some items were eliminated due to liability issues, such as touring down the Codorus, and overnights on the Appalachian Trail.
- SCHENCK** Mr. Schenck noted that he is an advocate of this free program and won't change.
- PHAN** Ms. Phan commented that her only concern is with such a light budget, how can the parks be taken care of if the money is not there.

WENDEL Mr. Wendel noted that this would be more for recovering the Operating Budget deficit. As far as Park Maintenance and Improvements, that is more of a Capital issue that can be addressed at another time.

LANDIS Ms. Landis commented about the fee schedule analysis. She noted that change is inevitable. Times have changed, and other than to generate additional revenues, through the fees, there aren't many options. She noted the partner business opportunities that perhaps the board could assist with, and she did not see that any resident would resist a small fee. She did not think \$25 was too much. She suggested a pro-rated fee if there are three children, or if families could show proof of hardship, the children should not be excluded. She commented that implementation of the fee would be in the presentation and how it would look for each family.

DENNE Ms. Denne stated it could be \$25.00 per family for however many children there are.

DVORYAK Mr. Dvoryak asked whether there would be a list of possibilities to put this whole concept together.

PHAN Ms. Phan commented that it is sad to implement this, but the parks are important and are used heavily. We have to look at the whole picture, the goals, the five year plan, etc. It is a difficult decision.

LANDIS Ms. Landis asked if the fee is not implemented how he would reduce the budget by five percent.

WENDEL Mr. Wendel responded that he would review the budget very closely, but for the most part his budget is for the provision of direct services. Cutting by five percent or \$24,000 there will be a reduction of some services, downsizing the Summer Playground Program from nine to seven parks or the Concert Series; something will have to be reduced.

SWOMLEY Mr. Swomley commented about his "horse trading" theory. The board had tasked the Manager with a five percent reduction. One way to do that is to give every Director the same goal of five percent. Where the "horse trading" comes in is that it is up to the Manager and the Directors to decide where that five percent comes from, and if it is decided that Parks and Recreation is deserving of a smaller pot of the money, it can be looked at. However, there are other areas where there may be potential outsourcing or a specific need for certain services that may be greater than five percent to be gained. And if that is so, then that could be applied to Parks and Rec or in between departments. It is just to say that it could go across

the board and could accomplish the goal. He stated that the whole ecosystem of what the park system does for Springettsbury Township has a very different face to the community other than services provided. It is the Number One marketing organization for the township. People come here and go to all the different establishments in the community and take advantage of that, for which the township benefits as a destination in South Central Pennsylvania. It would be short-sighted to begin reducing the Park and Rec budget more and more and then wonder why revenues are going down in restaurant sales or retail establishments. It is a dual-edged sword for which very careful decisions need to be made.

DVORYAK Chairman Dvoryak indicated that one of the things that the township should be looking at is new development opportunities in the township by taking sites that are vacant and tracts where there are partial businesses which would generate revenue tax. Marketing to potential businesses that are looking at the township as a whole, the demographics, the Park and Rec Program and the opportunities available. It is a marketing opportunity so there is a bigger picture beyond trying to focus on the Parks and Rec Program in terms of five percent. The big opportunities are in those redevelopment opportunities and filling the vacant spaces, having a strong police department, roads and highway systems that are up-to-date. It is important to stay progressive.

NICHOLS Sherry Nichols of the Park and Rec Board stated it is important to recognize how fortunate Springettsbury Township is to have a Recreation Director like David. She hoped when it comes to raises, etc. the board values him. He knows the safety regulations of all the parks and is on top of all the programs and all the employees. He has an incredible plate and deserves recognition beyond a handclap.

DVORYAK Chairman Dvoryak thanked her for her comments. He opened the floor for Public Comment.

2. PUBLIC COMMENT

CRUMLING Larry Crumling stated he was really amazed at some of the figures that Mr. Wendel reported with the amount of kids that are involved in the Summer Programs. He had been impressed with his presentation.

TROTT David Trott brought forward the old YAUFRR headquarters building and suggested leasing it to generate revenue before it is demolished.

SCHENCK Mr. Schenck commented that he did not think the building was structurally deficient, but he was sure that the mechanicals need to be upgraded. The building is zoned Open Space and was intended to develop a skate park and more parking.

Consensus was that Mr. Hodgkinson should look over the building and make recommendations; also that zoning should be reviewed.

Rail Trail

DVORYAK Chairman Dvoryak brought forward the matter of the Rail Trail as he had made a contact with a representative. He reported that the mood at the Rail Trail is that there are 19 municipalities that they approached through which to run the trail. Of the 19 Springettsbury is the only one that required a Land Development Plan to which they paid \$36,000 plus in fees for that; also the only one that required an engineering inspection for \$15,000. They have not paid those bills, but that is their logic.

SCHENCK Mr. Schenck reminded the board that Springettsbury Township is the only township that gave them however many miles free gratis of right-of-way over a 48-inch sewer interceptor, which is not without risk. That is part of the whole Land Development Plan. They are correct that Springettsbury is the only one; however, the only one that had the situation of the sewer main. He noted perhaps that was not explained up front.

DVORYAK Chairman Dvoryak added that his impression for moving this forward will require either Ms. Denne or someone to sit down with them and talk about all the things that perhaps their board does not know. It had not been communicated from Gwen Loose to their board.

DENNE Ms. Denne noted that she had requested a meeting and they refused to meet.

DVORYAK Chairman Dvoryak indicated that his contact, a board member, was going to pass this along to Gwen.

SCHENCK Mr. Schenck stated that he had talked to Carl, and face-to-face he is not aggressive. But the fact is, if they were any other developer, we would be in court because they are violating a Stop Work Order. He noted, as he had reiterated in previous meetings, he didn't want to go down that route.

SWOMLEY Mr. Swomley agreed with Mr. Schenck; however, there are several situations involved. One, what to do with the Rail Trail and two, the Ordinances called for the engineering firm to do inspections. Their money had been held back when they have done the work at the request of the township. It's not right to be

holding their funds and they have to be paid. Then the board decision must be made as to whether to let the Rail Trail go forward with the project.

DENNE Ms. Denne noted the part they don't understand is that they were over top of our sewer main and if they damage the sewer main it would cost millions of dollars.

SCHENCK Mr. Schenck added that one of the changes made was a huge shift in the retaining wall because of the Army Corps of Engineers. One would have thought their engineering firm would have fought about that because that retaining wall movement could have had significant issues with the sewer main. It's not a minor issue. Most similar situations would require a \$50,000 bond.

SWOMLEY Mr. Swomley commented that he would argue the fact that they claim they did not know this; however their engineer, Casey Deller, knows it. If he knows it, they know it, and to claim they don't is very disingenuous on their part. They know exactly why there is a need to have inspections.

DVORYAK Chairman Dvoryak stated that his discussion all happened within the last few days. He did not know if it was worth one more attempt at this point but he had tried to open up the lines.

Consensus of the board was to have Ms. Denne work with Mr. Luciani and prepare a list of all the nuances, dates, times, etc. for an Executive Summary to be presented to the Rail Trail.

3. ADJOURNMENT

DVORYAK Chairman Dvoryak adjourned the meeting at 9:22 p.m.

Respectfully submitted,

Doreen K. Bowders
Secretary

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