

**SPRINGETTSBURY TOWNSHIP
BUDGET WORK SESSION #3**

**OCTOBER 30, 2013
APPROVED**

The Board of Supervisors of Springettsbury Township held a Budget Work Session on Wednesday, October 30, 2013 at 7 a.m. at the Offices of Springettsbury Township at 1501 Mt. Zion Road, York, PA.

MEMBERS

IN ATTENDANCE: Bill Schenck, Chairman
Don Bishop
Mike Bowman

MEMBERS NOT

IN ATTENDANCE: George Dvoryak
Julie Landis

ALSO IN

ATTENDANCE: John Holman, Township Manager
Jack Hadge, Finance Director
Thomas Hyers, Police Chief
Lt. Dan Stump, Police Department
Lt. Todd King, Police Department
Betty Speicher, Director of Human Resources
Dori Bowders, Manager of Administrative Operations
Sandra Ratcliffe, Deputy Finance Director
Jean Abreght, Stenographer

A. Call to Order

SCHENCK Chairman Schenck called the meeting to order at 7 a.m. He stated that a Quorum was present with three board members.

B. Administration and Finance (Cont.)

1. Fixed/Sundry Insurances Budget

HOLMAN Mr. Holman presented a summary review of budgetary information surrounding the Fixed and Sundry Insurances as provided in the meeting workbook. He noted that he did not expect a significant increase in property or vehicle insurance, law enforcement and general liability insurance. Total costs are budgeted at \$314,000.

2. Fixed/Sundry Benefits Budget

HOLMAN Mr. Holman reported that quotes for disability insurance indicate that will remain constant. A review of the 2013 Actual budget indicated \$89,920 was spent in dental over and above the budgeted amount. Retirees on the health insurance/prescription program were moved from Highmark Blue Shield into a

different program. An increase for personnel in the Municipal Insurance Cooperative/Teamsters amounted to a 7.6% increase. Affordable Care Act Tax is anticipated at approximately \$15,500.

HADGE Mr. Hadge reported that Social Security is budgeted for everyone at the full level.

HOLMAN Mr. Holman noted that pension funds are calculated and reviewed by the Actuary. Those calculations had been reported in September when the Minimum Municipal Obligation was reviewed.

HADGE Mr. Hadge stated that Unemployment Compensation was maintained at the \$5,000 level.

HOLMAN Mr. Holman indicated that Contract Services were budgeted at \$10,000 which funds were used for obtaining background checks, physicals and psychological reports for employees. Workers Compensation is up approximately by 75% due to repeated claims by employees who have since retired.

3. Other Budget

HADGE Mr. Hadge reported that the line item included postage and contingency items.

HOLMAN Mr. Holman reported that the cleanup of the Nazmack property is currently at \$22,000; that would be placed in contingency.

4. Interfund Operating Transfer Budget

HOLMAN Mr. Holman reported that a proposed amount of \$350,000 was placed in this budget item due to a problem on Alcott Drive with the storm water line, which must be replaced. Township personnel probably will provide the labor in the spring, which will help to keep costs down.

C. Police Department

1. Police 10410

HYERS Chief Hyers provided an overall commentary for the budget and stated that Lt. Stump and Lt. King would provide specific pieces of the budget. He noted that the 2013 budget amount was \$3,078,000, and their proposed budget for 2014 is \$3,310,000. Two of the big pieces are in the Capital Budget for the purchase of vehicles, as well as salary increases within the contract. Those totals would be \$201,000. He noted specific areas including:

- Outdated equipment which cannot be certified or calibrated including AED's.
- Ammunition, previously used up a stockpile; now needing replaced.

- HYERS** Chief Hyers requested a purchase of three vehicles due to the condition and necessary maintenance of a 2008 and 2009 vehicle.
- BOWMAN** Mr. Bowman asked how many AEDs would be required.
- HYERS** Chief Hyers responded that they had six and need two. They had replaced two each year, and it is mandated that two are in operation.
- STUMP** Lt. Stump added that only one of the local hospitals has software to download the police department's programs. Over the next three years, the goal is to do two each year as they are extremely expensive at \$2,206 each. Currently one is not functioning at all, and one has issues. They had been advised to update the AED's.
- HYERS** Chief Hyers noted that the Materials and Supplies item showed an increase, which resulted from National Night Out. That is not intended to be expanded in any way.
- STUMP** Lt. Stump reported on salaries. They included a 2.5% pay increase for patrolmen even though contract negotiations are ongoing. It had gone up almost 3-1/2% during 2013 due to having three new officers at the lowest salary rate. That amount will go up contractually. There was a 3.44% overall increase between 2012 and 2013. Salaries for Sergeants and Corporals will be adjusted as well as one Corporal will be promoted to a vacant Sergeant position.
- HOLMAN** Mr. Holman stated that he expected the contract to be on the Agenda for approval during the November 20th Board of Supervisors meeting. Additionally, the Random Drug Testing Policy will be recommended for approval at that meeting as well.
- HYERS** Chief Hyers mentioned that both parties worked diligently on the Random Drug Testing matter, and this will take the department to another level establishing one of the best police agencies, not only in York County, but also in the state of Pennsylvania.
- SCHENCK** Chairman Schenck commented on the K9 activity being down due to the officer being off for six weeks.
- HYERS** Chief Hyers responded that policies are in place to be sure the dog stays in the township. He noted that the dog is a very viable resource and extremely helpful in many ways. He also added that, as far as public relations, he had restricted the use of the dog for demonstrations. The dog works hard and is closely monitored. He takes full responsibility for the action of the dog.

HYERS Chief Hyers commented that Lt. Stump and Lt. King had done exemplary work for him, and they are working at a higher level. One example was during the recent school drill on which they spent over 100 hours each for a couple of weeks. He asked that the board consider that going forward.

D. Emergency Medical Services

1. EMS 10412

MCCOY Chief McCoy reported on the Expenditure side of the EMS budget. Last year's budget figure was \$548,000; this year the amount is \$569,000. Contract negotiations are ongoing with the Teamsters. A slight increase was budgeted for the salary for Sherry Myers, a part-time billing agent. Most of the other items were kept steady; however, the line item for Vehicle Repair in Contract Services for units seven and eight was the largest item. They responded to approximately 3300 calls each year and get worn out quickly. Ken Myers, Leader of the Ambulance Club, indicated they have enough money for one more ambulance and will look at replacing the 2006 ambulance. An increase of \$60,000 was included in Contract Services. They had been able to create a joint billing agreement with Memorial Hospital for Paramedic services. They will guarantee whatever can be collected on a call, but the balance will be paid to them after billing for ALS services. Chief McCoy provided detail of potential billing for ambulance runs. He stated that \$5,000 was included for a Medical Director. Another item included is for new software with an EMS module at an approximate cost of \$3,000 a year.

SCHENCK Chairman Schenck asked what the revenue side would be.

MCCOY Chief McCoy responded that he projected it at \$615,000. He noted there are no benefits, no fuel, no Workers Comp and no Social Security in the budget side. Chief McCoy noted that he had done a review of services of EMS. A summary of his report follows:

- BLS services – average rates for transport (\$550), and average rates for budgeted mileage (\$11.).
- York County average indicates rate could increase to \$650 and mileage could increase to \$12.
- Non-payment for service could involve bankruptcy, patient expire, Medicare/Medicaid limitations. Life assist calls, patient refusals not covered by insurance.
- Ambulance Club members, not billed.
- Option to put policy in place for billing for a refusal. 2012 involved 306 incidents; if charged \$95 for a refusal that would generate about \$29,000.

- 2012 transported 2200 calls; less than 300 were paid in full.
- \$100 increase could generate up to \$25,000.
- Average PRN for Yoe Ambulance is \$12.75/hr.; Shift Supervisor Paramedic PRN \$20.14/hr.; EMS Chief – mid-max \$20 to \$30.
- Paramedic max salaries are at \$19 to \$20.00/hr.
- EMT's at Springettsbury at \$21.98/hr.
- Wellspan EMT's at \$12.75.

MCCOY Chief McCoy recommended moving forward with the ambulance club design, and consider bringing the fees up to the County average for billing.

SCHENCK Chairman Schenck commented that would be on the normal fee schedule.

MCCOY Chief McCoy reported that he had discussed the issues with Cornerstone, which is an EMS-BLS/ALS billing agent, which is used by Manchester Township. The average charge in York County per call is approximately \$700. Chief McCoy noted that Springettsbury's EMT's are great employees, who go on a lot of calls. They are known to be of the best in the area. He had provided options for the future of EMS.

SCHENCK Chairman Schenck asked whether Springettsbury is as aggressive as necessary in collecting.

MCCOY Chief McCoy responded that he could not say whether it is as aggressive as it needed to be, or as a collection agency would be, but non-payments are sent to a collections agency. The fees then go up dramatically.

HADGE Mr. Hadge noted that the delinquencies are monitored and the NRA; the National Recovery System goes after them.

HOLMAN Mr. Holman commented that most of the problem lies with the Medicare bills because once they deny payment it cannot be collected.

E. Fire Department

1. Fire 10411

MCCOY Chief McCoy reported that YAUFRR's proposed budget for 2014 is \$4,674,200; 2013 was \$4,629,000, which includes an increase of \$45,000 plus a one percent increase in total dollars. YAUFRR Revenues that are collected is estimated in 2014 at \$504,000. They are actually up some with the MMO and the insurance rebates and other funds collected. This leaves a total due by the townships and governmental revenues of \$4,169,604. That is actually a one percent decrease from 2013, which was \$4,198,000. Springettsbury's portion this year goes to

64/36, which makes Springettsbury's portion \$2,668,546. YAUFRR had returned fund balances in 2012 with \$500,000. The fund balances are eventually going to dwindle down to smaller numbers. The projected return with an unassigned fund balance of \$375,000 is based on the 55/45 split compiled on 2012 volume. The 55% of that will return \$103,766 to Springettsbury. Total inter-governmental revenues from Springettsbury are \$2,564,780. Expenses are 82 % salary and 18 % operating. Expenses are down 1% from '13 to '14, from \$846,000 to \$829,000.

Chief McCoy reported that one project to be accomplished during 2014 will be the moving of two facilities into the new fire station, hopefully between April and June. In addition, the transition of computers to iPads continues. The records management system is being changed but will be absorbed through normal contract costs from the previous vendor. Contract negotiations continue ongoing and may end up in arbitration. Health insurance continues to be an issue with a 77% increase in cost. Fuel increased 8% even though it is purchased through the state contract. Contractual salaries increased by 14.7%. Workers Compensation increased \$148,000, largely with the cancer presumption problem. Rates with S&T for career firefighters went up 10%. Costs for the volunteers, mid-year 2013 went from \$17,000 to \$44,000 all related to the cancer presumption. Chief McCoy stated that the regionalization merger is working to control expenses, and the townships are set for future generations of fire service and pension reform.

Chief McCoy stated that the biggest problem he has as Chief is the funding formula. He had spent a great deal of time and effort in finding a solution. However, he hoped to be able to resolve the issue following a Strategic Planning Session with the Commission. Manchester Township is waiting to merge, but that can't happen until the funding formula is resolved.

BOWMAN Mr. Bowman commented that the 64/36 is not etched in stone at this point.

HOLMAN Mr. Holman noted that the Charter Agreement has certain indications that are under consideration.

BISHOP Mr. Bishop noted that there is the ability for the parties to amend the Charter Agreement.

SCHENCK Chairman Schenck stated that was the current process taking place with Spring Garden to amend the Charter Agreement and address the funding formula. He noted that it may come to a negotiated percentage or formula to start working on the efficiencies of a three-department fire service.

Capital Plan

MCCOY Chief McCoy referred to page 6 of his PowerPoint presentation of the YAUFRR budget. He reported a Capital Reserve Fund Balance of \$78,160, which resulted from the sale of apparatus and the 1989 Explorer on Municibid. He noted that they had been replacing rubber five-inch hose going back to cloth/cotton Mercedes hose which is a better and more durable hose. In addition, they carry the rescue systems that involve the Jaws of Life and the Amlus System used for cutting cars. One additional Amlus System will be needed. They have been working with Crimson Fire to design a new pumper, which will be smaller and lower to the ground. The cost in the Capital Plan is \$396,000 with a 300-day build and a three-year warranty on the apparatus. He reviewed the current equipment which continues to run and serve the fire service. With the reserve money of \$78,160 YAUFRR can handle the Amlus System and the hose with permission from the board to spend those funds. He noted the expected life of a new pumper should be between 15 to 20 years.

SCHENCK Chairman Schenck commented that it would be great to get to the point, whether through depreciation or some other means, that the price tags for the equipment could be built into the budget yearly.

MCCOY Chief McCoy indicated he had discussed the matter with the Manager, and obviously the funding formula plays a big role. He noted a lease/purchase for the Crimson would probably be about \$20,000 a year.

HOLMAN Mr. Holman stated that with a seven-year plan it amounted to about \$4,500 for Springettsbury and so much for Spring Garden.

MCCOY Chief McCoy mentioned that when they move into the new facility with the volunteer company, they send out letters for donations. Potentially YAUFRR could be wholly funding the station with the volunteers. In addition, the volunteers have access to the Fire Relief Fund.

SCHENCK Chairman Schenck added that their fundraising effort is amazing. They mail a letter once a year, and the money they receive continues to go up. During the last campaign it was some \$70,000. Once everyone is in the new station, the money will accumulate.

MCCOY Chief McCoy noted that, in terms of long-range planning, once the new facility is built, the attention should be focused on rehabbing Commonwealth. It may cost several hundred thousand dollars to rehab that and make it last another 30 or 40

years. In addition, there will be opportunities for the volunteers to assist monetarily. Chief McCoy reported that Lisa Einsig is developing an opportunity to donate by brick, but they want to be sure that it will be coordinated with the volunteer letter. They don't want the citizens receiving two donation letters at the same time.

Revenues

HOLMAN Mr. Holman stated that he would like to touch briefly on revenues. At this point, the budgets over the past from 2010 through 2014 have been \$12,925,000 through \$12,944,000. In 2009 the budget was \$12,687,000 and there was a huge jump because of the pension. There has been a good control of costs. The current budget is \$13,559,225. He noted that there may be a need to use some from surplus.

SCHENCK Chairman Schenck noted that using far less than projected funds had been consistent.

HADGE Mr. Hadge responded that for 2014, he and the Manager, had reviewed the revenues very carefully in anticipation of holding the lines as best as possible. He noted that there hadn't been a tax increase in 10 years.

HOLMAN Mr. Holman stated that he and Mr. Hadge will continue to work on the numbers for the next meeting. He will budget in enough for Alcott Road in the Capital.

HADGE Mr. Hadge noted that, from a financial management standpoint, there should be a serious consideration focusing on the fund balance and tapping it. Standard and Poors will review the municipalities in the spring, but one of the questions they ask is about the fund balance and a willingness to raise taxes.

SCHENCK Chairman Schenck noted that the only tax rate that can be changed is property tax.

HADGE Mr. Hadge noted that the shortage to be made up is approximately \$300,000. By raising the tax from .87 to just one mill, the increase in taxes would be \$13.00 on a \$100,000 home. On a \$200,000 home it would be \$26.00. It's only \$1.07 a month on a \$100,000 home.

HOLMAN Mr. Holman noted that information is to be discussed to see where to go moving forward. The next meeting is November 6th at 7 a.m. to discuss revenues and some on Capital.

HADGE Mr. Hadge added that he was making a plea as he was thinking about the rate. A plus looks good, but an objective is a double A minus, which is one rate up. That

will be a good financial management rate in 2015 when looking at the bond market again.

Harry Schenck Trust Fund – Revision of the Board

SCHENCK Chairman Schenck noted that the Trust probably should start meeting physically to set the stage for the future. He questioned whether there could be a representative from the board that would go through the process. He asked the board whether they would be comfortable appointing one person to represent the board. He asked Mr. Bishop if he would be able to be the representative.

BISHOP Mr. Bishop responded that he would be happy to do so.

Consensus of the board that Don Bishop would serve as a representative to the Harry Schenck Trust.

F. Public Comment: Budget

SCHENCK Chairman Schenck asked for any comment from the public. There were no public comments.

E. Adjournment

SCHENCK Chairman Schenck adjourned the meeting at 8:40 a.m.

Respectfully submitted,

John Holman
Secretary

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