

APPROVED

**SPRINGETTSBURY TOWNSHIP
BOARD OF SUPERVISORS
BUDGET WORK SESSION
OCTOBER 19, 2020**

MEMBERS IN

ATTENDANCE: Mark Swomley, Chairman
Don Bishop
Bob Cox
George Dvoryak
Charles Wurster

ALSO IN

ATTENDANCE: Mark Hodgkinson, Township Manager
Teresa Hummel, Director of Finance
Dori Bowders, Director of Administrative Operations
Todd King, Chief of Police
Nitza Sanchez-Bowser, Director of HR
Colin Lacey, Director, Parks and Recreation
Ray Markey, Community Development
Abby Gibb, Communications Manager
Sue Sipe, Stenographer

1. CALL TO ORDER

Chairman Swomley called the meeting to order at 6:00 PM.

This meeting was held via Zoom.

2. PROPOSED BUDGET REVIEW

A. 2021 Preliminary Budget

Chairman Swomley turned the meeting over to Ms. Hummel who presented a PowerPoint presentation.

Ms. Hummel indicated this is the first work session for the 2021 preliminary budget. She noted the budget was drafted under the direction of the township manager and coordinated effort of the directors. She indicated they have been working on the budget for the past eight weeks. She stated it has been a difficult budget to put together based on the current economics. She noted there have been some challenges as 2020 ends and there are additional challenges ahead for 2021 from the current health crisis.

Ms. Hummel provided an overview of the topics to be presented, indicating she will review the budget totals by fund, focusing on the General Fund. She will also identify the budget reporting changes for 2021. She put together both a revenue summary and expenditure summary for the General Fund. She will also talk about the General Fund history which is part of the fund

reserves and how those reserves have been used for this year and 2019. She noted they have incorporated and built in numerous items from the Capital Improvements Plan into this budget. She will also talk about next steps, reviewing the variables for the budget and what the Township faces over the next year.

Ms. Hummel reviewed the following:

Fund Total for the General Fund Expenditures – over \$16 million

They are anticipating a deficit of \$752,000. There are several areas that will require additional work, but because of the challenges faced this year and a conservative approach to revenues they are anticipating this deficit.

Liquid Fuels Fund - \$790,500 – includes road improvements and is 100 percent state-funded by the Liquid Fuels Tax Fund.

Subdivision Recreation Reserve Fund - \$210,403 – Funded by recreation fees collected in Community Development Projects in the Township. 100 percent Augustus Shaefer Park renovation.

Petitioned Street Light Fund - \$86,500 – Taken care of by Petitioned Street Light taxes collected.

Capital Improvements Fund –includes two major projects - \$15,115,475

Stormwater – Water Quality – an S4 project - \$1,276,850 budgeted for 2021. This is supported by General Fund reserves. Also, through the Consortium Reimbursement Fund.

Sewer Fund - \$11,728,080 – Self-supporting operation funded by revenues from utility billing as well as the intermunicipal growth.

Other Funds – Miscellaneous funds including the Library Fund, Stormwater Reserve - \$4,850. The revenue is from interest income from the current balances.

Reporting Updates for 2021 – currently in a preliminary figure – a deficient of \$752,000.

Gaming revenue – received information from Penn Gaming, they are looking to open the casino some time during the fourth quarter of 2021. Added a small amount of revenue from the gaming opportunity.

Capital improvement items include police station and administration building construction as well as Davies Drive Construction.

Water Quality Program Fund 065 – added a new revenue source which is a consortium project reimbursement.

Compensation Updates –

- Currently for non-union employees their current rate will remain the same from 2020 to 2021.
- Contract increases are included in the budget for the Teamsters employees who are currently under contract.

- Police negotiations continue for their contract so the budget remains the same as 2020 until contract is finalized.
- Experienced a 7.8% increase in healthcare benefits. Largest increase in 3 years.
- Teamster healthcare benefits increased 3%
- Increases are incorporated into the budget

Revenue distribution for the General Fund for 2021 as follows:

- Real Estate Taxes and Other Taxes compose 76.43% of total revenue
- Other Taxes are coming in at over 53%.
- Other Taxes related to business taxes has the most variables – could change the budget

Expenditures for the General Fund by Department -

Public Safety accounts for 57.34% which includes Police, Fire and EMS.

Added a separate category to keep everyone informed of the water quality transfer. A commitment was made last year that the General Fund would support MS4 projects. Next year they anticipate that transfer of reserves of \$489,400.

Budget Notes for the General Fund -

Revenue – adjusted based on Covid-19 concerns. Conservative approach looking at this year knowing that Covid-19 is going into 2021 but not knowing when it will end.

Finance Department – increased 4.9% based on personnel costs and healthcare benefits. Looking for full benefits for 12 months, which was not the case in 2020.

Professional Services – decreased approximately 20% based on legal fees and activities and professional services that were occurring this year in association with several special projects.

IT – decrease of 4.6%. Going with a 3rd party vendor, which makes up most expenditures as well as capital expenditures. Need additional work on the IT Department. Looking at different items for IT to make sure the numbers are accurate moving forward.

Community Development – decrease overall of 17.6% based on the reorganization that happened this year.

Police – minor increase of .2%. Does not include any salary increase at this time until the contract is final.

Fire Department – slight increase.

Public Works – increase in snow removal for 2021

Parks & Recreation – decrease 8.1% based on the Covid-19 – reduced activities in the department.

Debt Service – increase in interest expense based on construction loans for two large construction projects – for building construction and Davies Drive.

Other Departments for Administration/Human Resources and other Public Works categories only had minor changes.

General Fund History on the Reserves – The last three years had a surplus at the end of the year. There was a commitment to pay for MS4 this year and have adjusted the budget to over \$416,000 which will come from reserves. As of October 15, looking at revenues and expenditures, they determined the General Fund is now experiencing a slight deficit, due to the busy months of October and November in processing accounts payable and additional expenditures. Total for the use of funds in the reserve is \$524,000 for the year assuming conditions remain the same.

5-Year Outlook for the General Fund – 2020 an adjusted revised budget of \$16,024,272. It is a balanced budget at this time. For 2021 looking at a deficit of \$752,000.

Variables are listed on the side in yellow – all calculations for the next 5 years are at the same municipal tax rate of \$1.7 mils. The revenue increase for 2022 is conservative, using a 2% increase based on recovery from the crisis over the last year and half, from 2020 to 2021. From 2023 to 2025 used a revenue increase of 3% and expenditure increase of 2% which from a management perspective is anticipated on a regular basis as well as managing all contracted services and contracted employees.

Water Quality MS4 – kept at \$400,000 trying to manage those projects balancing both the reserves and additional funding sources.

2021 Gaming Revenue – added \$250,000 if a fourth quarter opening of the casino is possible.

2022-2025 Gaming Revenue – estimated \$1,000,000

In 2022 anticipating a surplus and dip the other way in 2023 – 2025. Will need to reevaluate in the future since these are estimates.

Capital Improvement Summary – Includes all items for 2021. The General Fund built into the budget in the department line items under \$106,000. For the 2021 Capital Reserves Fund that includes a vehicle purchase as well the fire equipment contribution and commitment with YAUFRR. Capital Reserves also includes road improvements of \$268,000 that includes road improvements for Davies Drive as well as curbs and sidewalks and some regular items that are included in the road improvement category.

Construction – Two major projects included – Police Station, Davies Drive - railroad crossing.

MS4 Water Quality is \$1.2 million.

Recreation Reserve Fund – Augustus Shaefer park – over \$210,000

Sewer Fund and Intermunicipal Sewer - \$3.8 million. Some of the projects have been approved and continue, including the raw pumps upgrade.

Items not included in 2021 and pushed to 2022

- Two mowers
- Park Master Plan for Camp Security

2020 Staffing – Currently 87 employees. There are vacancies in several departments. Recent hire of new township manager. They had staffing replacements for recent retirees and promotions that happened internally throughout the year.

They outsource several of their services. Fire services for YAUFRR, cooperative opportunities for insurances, Penn Prime as well as the York County Stormwater Consortium. They also contract for EMS and engineering and legal services.

2021 Staffing – proposed changes include personnel replacements - Community Development they are looking at two full-time. Police – two full-time, Public Works – 1 full time and Wastewater Treatment 1 full-time.

Forecast of the Potential Variables

Revenue –

- Changes in the economy have major impact on how business taxes come into the Township.
- Have to be aware of a recession.
- Another Covid-19 shutdown could occur.
- Potential bankruptcies based on the shutdown during the year for malls, retail, restaurants not knowing what business owners decisions will be after this year.
- Change in government administration which could change funding in the future
- Revenue opportunities – gaming revenue with an anticipated 4th quarter start
- Grant Funding
- Fund Raising in the community
- Looking at additional federal release stimulus funding and whether local governments will be included
- York County Funding for Davies Drive and their support for the railroad crossing.

Expenditures

- Healthcare costs
- Post retirement medical costs for Police Department – estimated \$190,000 in the budget. Unsure of where that will fall based on claims that come in to the Township.

Other Concerns

- Repairs and Maintenance to current buildings and the police station – hoping to get through the next 9-12 months without major maintenance items.
- They have the construction costs for new facilities. Until they get the contractors bids will not know the total cost.
- Financing options continue to look good. Financing rates and a good financing market at this time.
- Unfunded state mandates are questionable. Do not know with the state revenues and where the state falls through 2020 and 2021.
- Catastrophic weather event – flood, blizzard, and tornado along with the health crisis which was not in variables before.

Mr. Wurster questioned the snow removal increase of 59% - basing off actual expenditures. Ms. Hummel indicated 2020 expenditures were higher last year. Snow removal can vary greatly because it depends on when the snow removal is being done.

Mr. Wurster questioned the additional work in IT. Ms. Hummel stated there are several software renewals done every year. They will take a look at those renewals to determine if most of those are going to come through and if so will need to renegotiate the contract.

Mr. Wurster questioned about the Penn National casino opening at the end of the 4th quarter in 2021 and whether it was advisable to add the revenue in the budget. Mr. Hodgkinson indicated he and Ms. Hummel made a determination to add it to the budget based on the casino opening during the October/November/December time frame. Upon discussion, Chairman Swomley recommended not including anything in for the 2021 budget for the casino. Ms. Hummel stated she will make that change.

Mr. Wurster questioned in regards to the transfer of the \$489,000 with MS4 budgeted for 2021, if there were any transfers in 2020. Ms. Hummel advised they have \$416,000, noting they are supporting all of MS4 through the general fund this year. Ms. Hummel confirmed that most of the MS4 expenses is the AKRF project, and includes the consortium fees.

Mr. Wurster are asked if they are budgeting the reimbursement in 2021. Ms. Hummel indicated it is budgeted for \$787,000. She noted they have not yet received the Covid-19 funding from the County, although the request was submitted. She indicated November 1 is the deadline and the County will advise the amount. She indicated they submitted \$187,000. They do expect to get that in 2020 and record it in 2020, as an additional revenue.

Ms. Hummel noted they are still collecting real estate taxes through December 31st. and are seeing a higher amount of tax collection through the past two months.

Chairman Swomley inquired about the large jump in healthcare costs this year over the past two years. Ms. Sanchez-Bowser explained they were fortunate during the past three years not to have a significant increase, noting they had one year with a minus 1.3%. She noted that last year they only had an increase in dental; medical insurance did not change. This year they saw the increase. The vision insurance and life insurance did not change.

Mr. Wurster asked in regards to funding in filling the vacancies, as to the timing. Mr. Hodgkinson stated some positions will be staggered. The Community Development Director will be soon. The second position in Community Development is anticipated being staggered in early 2021. One of the police officer positions will be staggered to an April 1 start date. The positions for public works and for wastewater treatment (both will be wastewater treatment) are slated for early 2021.

Mr. Dvoryak inquired about the \$752,000 deficit as to whether there is no use of reserves included. Ms. Hummel confirmed that is correct.

Mr. Dvoryak asked about the sewer fund budget as it relates to the capacity bought from York City. He asked if the contractual agreement with them will run through next year.

Mr. Hodgkinson indicated the contract runs out at the end of 2022.

Mr. Dvoryak asked if there is money in this budget to fund any of the traffic improvements recommended by the consultant who did the traffic study. Ms. Hummel stated the ARLY Grant for Memory Lane and Industrial Highway is included with those improvements. The Green Light Go improvements have been put on hold because at the moment the state funding is on hold. The other traffic improvements which came from the consultant's study have not been addressed.

Mr. Bishop asked a question from the revenue noting a significant portion of revenue comes from mercantile and business privilege – primarily retail. With retail going online for the most part, as well as online purchases and pickup at a local store, is there a way the Township could benefit

with potential ordinance changes. This was discussed and it was considered advantageous to look into.

Ms. Hummel stated a big variable for this budget is the grant on the construction, noting she budgeted at the higher amount of interest for debt service - borrowing a larger amount of money. She indicated if they received a larger grant for the construction, that would make a difference in debt service, lowering those expenses which would help the budget for 2021. She confirmed she included the Davies Drive construction. She stated obtaining York County support and the grant support would be greatly appreciated to help the budget.

Discussion was held regarding reaching out to the County to provide information on Davies Drive and what is needed. Chairman Swomley suggested that Mr. Hodgkinson and Ms. Hummel create a document which outlines the talking points and provide this to the Board of Supervisors. The Board members will then reach out to their contacts to deliver a unified message to obtain help on this project.

Chairman Swomley indicated next steps for the budget will be meetings set up for November 2 and November 4.

The Board congratulated Ms. Hummel on her outstanding job with the budget.

4. PUBLIC COMMENT

There was no public comment.

5. ADJOURNMENT

CHAIRMAN SWOMLEY ADJOURNED THE MEETING AT 6:45 P.M.

Respectfully submitted,

Secretary

/ses