

**SPRINGETTSBURY TOWNSHIP
BUDGET WORK SESSION #4**

**NOVEMBER 14, 2013
APPROVED**

The Board of Supervisors of Springettsbury Township held a Budget Work Session on Wednesday, November 14, 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
George Dvoryak
Julie Landis (arrived 7:10 a.m.)

ALSO IN

ATTENDANCE: John Holman, Township Manager
Jack Hadge, Finance Director
Robert McCoy, YAUFRR Chief
Betty Speicher, Director of Human Resources
Dori Bowders, Manager of Administrative Operations
Jean Abreght, Stenographer

A. Call to Order

SCHENCK Chairman Schenck called the meeting to order 7 a.m. He determined that a Quorum was present.

B. 2014 Budget

1. Appropriation Changes from Budget as Proposed

HOLMAN Mr. Holman continued the discussion surrounding the proposed budget, which involved an increase of \$275,947.00. He reviewed specific areas of increase:

- Police Department – Increase of \$164,200 due to purchase of two police vehicles, salary/wages and ammunition.
- Fire Department – Increase of \$203,772, a reduction from the Manager; proposed budget of \$160,500 due to 83% salaries and wages, plus an increase in Workers Comp as well as increases in health insurance. Increase is based upon reduction in surplus from the 2013 budget. Cost percentage share of 60% Springettsbury and 40% Spring Garden Townships.
- Fixed Sundry Insurances – Increase proposed of \$45,000 based upon review with Risk Management. Rate quotes being solicited.
- Fixed Sundry Employee Benefits – Workers Compensation has an increase of \$25,000. Cost based upon the Volunteer Firemen Presumption Act. Other areas include \$15,000 increase in the Police Pension to cover the Affordable Health Care Act Tax.

- Revenues in Excess of \$100,000 – Projected at \$13,276,000 including use of surplus number of \$1,200,000. Revenue gap to support the appropriation side of the budget is \$184,000.
 - a) Real Estate Taxes – Property Tax bills: .87 millage would provide \$1,750; .95 millage \$1,922; 1.0 millage \$2,023,296.
 - b) Other Taxes: Business Mercantile, Real Estate Transfers, Local Service Tax was increased by \$180,000.
 - c) Licenses and Permits – CATV Franchise increased by \$5,000.
 - d) Violations and Fines – Reduced by \$28,000 based on history.
 - e) Intergovernmental Revenues – Increased by \$48,000; growth oriented.
 - f) Community Development – Amount anticipated reduced by \$36,000.
 - g) Waste Collection – No changes.
 - h) Fire Department – Increased by \$73,000 due to increased ambulance fees and contributions.

MCCOY Chief McCoy provided additional discussion with regard to EMS. He noted that an assessment of the billing rates for the EMS agency had been done. An overall county average is \$700. He noted that there are multiple areas where a service was provided, but no money will be collected. Those areas include a death, a prisoner, Medicare/Medicaid. He presented three recommendations, summarized:

- Raise fees for 2014 from \$550 to \$700 which would provide a projected increase of \$32,250.
- Raise mileage fee from \$11.00 to \$12.00 per mile which would provide a projected increase of \$11,678 in billable mileage.
- Add “Refusal” Fee – County average charge is \$100.00; billed directly to the citizen; first party call. During 2012 there were 306 refusals which would equal approximately \$30,000 in projected revenue, if paid.

LANDIS Ms. Landis expressed some concern with regard to the person-to-person refusal. She had researched the immediate family option and thought there might be other resources or protocols

MCCOY Chief McCoy responded that for every refusal there will be a necessary investigation as to whether or not to bill an individual and determine who the calling party was. He noted that was the reason they had not implemented this.

LANDIS Ms. Landis questioned whether there were certain medical supplies for which the individual was not billed.

MCCOY Chief McCoy responded that when Springettsbury began its EMS, a flat fee was chosen for charges. He had discussed this with Cornerstone, a billing agent for a number of EMS services. Their recommendation was that if supplies had not been billed before it should not be included now as the billings would be more critically scrutinized.

- LANDIS** Ms. Landis commented that it would be the insurance companies doing the scrutinizing.
- MCCOY** Chief McCoy stated that it was amazing to him that the EMS had transported 2015 people but only collected the total cost for service from 215 calls.
- LANDIS** Ms. Landis commented that she had heard that there are people who use the system as a vehicle of income. The EMS bills insurance and the check is sent to the individual. She asked how that could be rectified.
- MCCOY** Chief McCoy responded that there is a bill pending in the House that specifically deals with the Highmark/Blue insurances. The money did not go to the EMS but rather went straight to the patient. That legislation would require the insurances to pay the township or the provider.
- BISHOP** Mr. Bishop commented that municipalities do not have a mechanism to know what the insurance company has paid to the insured in order to know when to go after the individuals.
- HOLMAN** Mr. Holman added that the Explanation of Benefits goes to the individual and no copy is sent to the provider.
- LANDIS** Ms. Landis questioned whether an individual would be billed if they had signed up for an ambulance membership.
- MCCOY** Chief McCoy responded that they would not be billed. He noted the current membership rate is \$30.00.
- LANDIS** Ms. Landis noted that she had proposed a variety of family plans and individual plans with different rates. She asked whether any changes in that were coming.
- MCCOY** Chief McCoy responded that he was reviewing an increase of that, but there are other versions available. Some business memberships are being offered for \$1,000 which covers all the employees. Since EMS always had been a volunteer ambulance club, they can set their fees, and they've tried to keep them low. He wanted to sit down with them to discuss a minor increase.
- HOLMAN** Mr. Holman noted that a Refusal Policy would be needed.
- MCCOY** Chief McCoy added that within that policy there would be the matter of a lift assist for an individual who fell out of a chair or someone who falls in a bathtub. They end up as a refusal.
- HOLMAN** Mr. Holman noted that, with the board's approval, the revenue can be adjusted by \$25,000.

- BISHOP** Mr. Bishop stated that he was in favor of all three recommendations.
- DVORYAK** Mr. Dvoryak stated that he was in favor of bringing the low priced provider and highest cost provider into alignment. He added that, if it wouldn't cost more to pursue the collection of refusals the individual should be billed for the service.
- MCCOY** Chief McCoy stated that he would move forward with a policy for refusals.
- LANDIS** Ms. Landis asked that Chief McCoy respond back to the board with regard to the volunteer fire company changing the membership rates. She would like to see a variation package where people could choose their options. She thought that would generate additional revenues.
- BISHOP** Mr. Bishop commented that neither the Chief nor the township controls any of that. It is all decided by the volunteers, and the board could not dictate to them.
- LANDIS** Ms. Landis responded that she would not understand why they would not entertain at least looking into additional opportunities for a variety of services and rendering additional income if possible.
- BISHOP** Mr. Bishop suggested that she attend one of their meetings and suggest it to them.
- LANDIS** Ms. Landis stated that perhaps she would do so.
- BOWMAN** Mr. Bowman commented that the individual is given an option to pay additional money.
- SPEICHER** Mrs. Speicher noted that an individual can make a donation.
- MCCOY** Chief McCoy added that the individual gets a membership fee down through the history of the fire company. In addition, they send out a mailer, and they receive almost \$70,000 in donations. To his knowledge that membership covered the entire family.

2. Revenue Review

- Parks and Recreation – No significant changes.
- Insurance Proceeds – Includes refunds from prior year health and Workers Compensation joint billing. Revenue will continue to decrease due to the Volunteer Firemen Presumption Act.
- Fund Balance – Amount budgeted for 2013, \$1,200,000; suggested maximum of \$400,000 is anticipated to be utilized in 2013..

- SCHENCK** Chairman Schenck stated that the board made a very good strategic decision to ride out the worst economy since the Great Depression. It is the taxpayer's money in the fund balance, and it was used to get over that economic downturn.

He thought it had been a wise decision; however, at this time he was comfortable to have a millage rate increase. Unfortunately, it is the only tax that the township could legislatively affect.

BOWMAN Mr. Bowman stated his agreement.

DVORYAK Mr. Dvoryak stated his opposition to a tax increase.

LANDIS Ms. Landis stated she was absolutely not in favor of a tax increase. She stated that they have control over other fees. There are ways that they are cherry picking numbers and increasing revenues by increasing fees in different areas, and it is generating additional revenues, and they had already done that this past year in two areas.

SCHENCK Chairman Schenck asked Ms. Landis which ones.

LANDIS Ms. Landis responded the administrative fee for the trash was increased.

SCHENCK Chairman Schenck indicated that she had stated there were additional ones.

LANDIS Ms. Landis responded that was what she was talking about, that there are additional things that could be cut.

SCHENCK Chairman Schenck questioned which ones for 2014 she was suggesting, as the board should discuss it.

LANDIS Ms. Landis responded that she was not suggesting an increase in any of the fees as that had already been done. She indicated that Chairman Schenck had commented that there were only certain things that the board could touch and basically increase. Her comment was that she understood what he was saying, but there had been increases in fees, not taxes, but a fee is a tax; a tax is a fee.

BISHOP Mr. Bishop asked if she was suggesting more use of fund balance.

LANDIS Ms. Landis responded that she believed more in cutting costs, cutting spending.

SCHENCK Chairman Schenck asked where she would suggest cutting.

LANDIS Ms. Landis responded that they could start at a lot of different places, but she hadn't really compiled a report as of today. She offered to share her ideas with the board with respect to the monies being used in different areas of costs that could be cut.

BISHOP Mr. Bishop stated that the budget meeting is the place to cut the budget and bring specific ideas forward.

LANDIS Ms. Landis responded that she concurred and would email all the members of the board with respect to the areas that could be cut and spending reduced.

BISHOP Mr. Bishop noted that this date is the last scheduled budget meeting.

HOLMAN Mr. Holman stated that if the board wanted to have an additional budget meeting it will have to be advertised this date.

DVORYAK Mr. Dvoryak apologized that he may have missed the meeting where the pay increases were discussed. He asked what was built into the budget for the pay increase.

HOLMAN Mr. Holman responded that the pay increase built in is diminimus. The salary and wage Cost Of Living is around 1.2%; overall it's a 2% increase.

C. Capital Fund Budget

HOLMAN Mr. Holman provided an overview of requested on-going standard line items which included: total \$4.5:

- Fire building construction
- Sidewalks @\$40,000
- Public Works Mower \$35,000
- Concord Road Rail Crossing \$5,000
- Fayfield Park sidewalks @\$20,000*
- Springettsbury Park Improvements @\$1.5 million*
- YAUFRR Vehicle Pumper Purchase*
- Police Building and Administration Building Renovations – engineering/schematic design @\$77,000 and total of \$7 million*

*Items not included in the Capital Fund Budget; held for board approval.

DVORYAK Mr. Dvoryak asked what the thought process would be as far as selecting Fayfield Park for the sidewalk versus other areas in the township where sidewalk is missing and public safety could be improved with sidewalks.

HOLMAN Mr. Holman responded that the thought process involved bringing all the parks up to ADA standards. He will continue to review the timing when township personnel could provide the labor rather than an outside contractor, which would lower the cost.

DVORYAK Mr. Dvoryak asked about the annual maintenance cost of the sidewalks to remove snow, etc.

HOLMAN Mr. Holman responded that the sidewalks and trails inside the parks are all part of the township's program. He added that the priority involves roads, and when the roads are done, they will do the sidewalks.

SCHENCK Chairman Schenck commented on the \$1.5 for Springetts Park in 2014. He did not see that as a possibility even with the community build idea.

HOLMAN Mr. Holman responded that his recommendation is to move that to 2015 when the refinancing will take place. He noted that as far as the fire vehicle, the documentation provided an idea of the costs on a lease/purchase over 15 years.

SCHENCK Chairman Schenck asked whether that is the final recommendation and what Spring Garden's position is at this point. He commented that a down payment might be expected in 2014.

MCCOY Chief McCoy noted that he is still researching the numbers. He had not received a response from Spring Garden to date. He noted that he would live with the board's decision; however, they should understand that it takes a year to build a fire truck.

LANDIS Police/Administration Renovation
Ms. Landis questioned the proposal from Basco with respect to the Design Development for \$115,000 and construction documents for \$240,000.

HOLMAN Mr. Holman responded that if the board decided to move forward with the project, the proposed costs were for design and development and construction documents, but that phase would not be until 2015.

HADGE Mr. Hadge noted that YAUFRR will pay that down payment out of its cash.

BISHOP Mr. Bishop commented that YAUFRR would not proceed unless the municipalities indicate their approval.

SCHENCK Chairman Schenck's recommendation included:

- Moving forward with Buchart-Horn work to stay on task with the building program.
- Pumper Purchase – Needs additional information.
- Creative Playground - Existing wooden structure replacement – community build potential.

DVORYAK Mr. Dvoryak questioned whether there had been any priority established for park upgrades.

HOLMAN Mr. Holman responded that there was not priority; however, the safety factors and ADA compliance were the main priority.

LANDIS Ms. Landis referred to Mr. Wendel's presentation of the need for maintenance at the Creative Playground. She had requested a report with respect to any injuries which had been sustained at the park but she had not received one.

HOLMAN Mr. Holman responded that he would review any reportable injury accidents that may have occurred.

BISHOP Mr. Bishop stated that with all these Capital items, it would be short sighted to neglect Capital spending. It always ends up costing more both in quality and actual dollars. He noted that would apply to the three areas under review:

- Fire Pumper – Long lead time to provide pumper in 2015.
- Police Building – Move forward with positive maintenance information or increase maintenance costs.
- Creative Playground – End of its life requires a decision to do what is necessary.

HOLMAN Mr. Holman stated that he would present a Resolution for recommendation in December, if the board decision is to move forward with the Buchart-Horn proposal at \$77,000.

SCHENCK Chairman Schenck agreed with Mr. Bishop to move forward with improvements that are proposed in the Capital budget.

DVORYAK Mr. Dvoryak stated his approval of:

- Fire Pumper – Public Safety Item; endorsed purchase.
- Fayfield Park Sidewalks – Public Safety Item; support that spending.
- Creative Playground – Support the improvements.

He did not support the Long-Term Forecast of larger Capital items citing the need for more funding in place without tax increase.

BISHOP Mr. Bishop commented that moving forward with the police building, funding of the engineering is not giving a blank check.

DVORYAK Mr. Dvoryak noted that if the engineering is done and then a decision is made not to move forward, then \$80,000 is wasted.

BISHOP Mr. Bishop added that there would be much better information from which to make a decision.

HOLMAN Mr. Holman stated that he and Mr. Hadge are working on the funding for the Capital Projects. He noted that the debt on the current bond would be retired in 2015. They have some documentation on the condition and problems of the administration building.

SCHENCK Chairman Schenck indicated that it would be necessary to go through the process to determine the need, the size, and the cost. He asked Mr. Hadge what the current number is for the debt service.

- HADGE** Mr. Hadge responded that the debt service is \$266,800 for 2013.
- SCHENCK** Chairman Schenck questioned what the debt service would be with everything that's been discussed.
- DVORYAK** Mr. Dvoryak indicated that had been done for the projections though and it was rather bleak.
- HOLMAN** Mr. Holman responded that it was around \$850,000 for \$12 million.
- DVORYAK** Mr. Dvoryak commented that the proposed tax increase would not come anywhere close to covering any of that.
- SCHENCK** Chairman Schenck responded that Mr. Dvoryak was right. The township has grown and the growth is slowing down in a natural progression. A 1 mill tax on a \$100,000 house or even on a \$200,000 house would not come close, but is not too much to ask a resident to pay.
- LANDIS** Ms. Landis asked about the \$77,000 figure for the study. She commented that if the square footage were cut in half, that would affect the \$77,000 amount spent.
- HADGE** Mr. Hadge responded that the \$77,000 is payment for the study. Whatever that study reveals, the money still would be owed to Buchart-Horn.
- LANDIS** Ms. Landis noted that if they were given direction up front for not that large of a square footage, that number would be affected.
- HADGE** Mr. Hadge responded that it would then revert back to Buchart-Horn's August proposal and revise that based upon the criteria being established. It might come down lower.
- HOLMAN** Mr. Holman explained that the process of reviewing schematics is to come to the board periodically with the plan to see what is acceptable. He explained some of the concepts with regard to a main entrance for everybody, but a separate entrance for the police department, the officers and the salary employees. There would be a centralized receptionist. The original HVAC study that was done some time ago for both buildings enabled a savings of \$300,000 by combining the two HVAC systems and doing one geothermal system for the entire facility, and that helped with the cost of roof and other repairs.
- LANDIS** Ms. Landis had two concerns with regard to the police building. She noted that it began with needing roof repairs and the air conditioning. Then it became a development and building another alternative. She stated she wanted to study that. Along with that she indicated she was concerned with respect to the administration building and asked for confirmation that the building was built in

2000. She stated her concern with, in only 13 years, there are HVAC issues and water coming down behind the walls.

HOLMAN Mr. Holman responded that an entire section had collapsed, and rain had been coming down through the roof. There are problems with the windows, and the entire building needed work. The windows are rotting.

DVORYAK Mr. Dvoryak asked whether Buchart-Horn had been the engineer at that time?

HOLMAN Mr. Holman responded that they were not.

SCHENCK Chairman Schenck responded that back then the feeling was that the same architect/engineers were used for everything, and it was suggested using somebody different. He stated it had been somewhat of an experiment.

DVORYAK Mr. Dvoryak asked who was involved in the experiment.

SCHENCK Chairman Schenck responded Frank Diffenhafer. He was a horrible architect for this application. It is important to work with people with whom the township has a confidence level and know the needs of the township to build things that last. Charlie Lauer had commented to him that all the windows are wooden windows and should have been aluminum in a commercial building.

HOLMAN Mr. Holman added that a closer look at the pillars will reveal rust between the bolts and the filler; it's corroding.

SCHENCK Chairman Schenck stated that the work was bad. The heating systems were all placed over there, and it's trying to pump refrigerant all across. No one would do that, but that was what was done. He stated his lesson learned is that there is value in dealing with people you trust.

LANDIS Ms. Landis asked if they have to go with the lowest bidder.

SCHENCK Chairman Schenck responded that the law requires us to go with the lowest bidder for the contractor.

BISHOP Mr. Bishop commented the architect is the board's choice.

HOLMAN Mr. Holman noted that for the fire building, an on-site building project manager was hired to be sure the work is done right in accordance with the specifications.

BISHOP Mr. Bishop noted that the on-site work was handled by an employee as project manager when the administration building was built. He was an employee with no building experience.

SCHENCK Chairman Schenck noted that when you try to save money it bites you in the butt.

BOWMAN Mr. Bowman noted that he was convinced.

SCHENCK Chairman Schenck asked whether there was any direction for the Capital Budget. Or did the board want to continue the discussion with the items Ms. Landis brought forward. He noted the board was scheduled for an Executive Session immediately following adjournment.

HOLMAN Mr. Holman summarized his understanding of the direction from the board:

- Pumper Apparatus – Good, based on the current information.
- Fayfield Park project – Good to move forward; see if township personnel could provide labor.
- Parks and Recreation – Handle minor costs from proposal.
- Buchart-Horn proposal – Move forward with the \$77,000

Consensus to move forward: Messrs. Schenck, Bishop and Bowman (3) in favor; Mr. Dvoryak and Ms. Landis (2) opposed.

SCHENCK Chairman Schenck raised the question as to having an additional budget meeting for the items Ms. Landis proposed. He noted the decision must be made this date.

LANDIS Ms. Landis stated that she did not need another budget meeting. She stated she would send an email with respect to the areas where she thought some money could be saved; however, she was not looking for that to be implemented.

E. Public Comment: Budget

SCHENCK Chairman Schenck called for public comment. There were no comments.

F. Adjournment

SCHENCK Chairman Schenck adjourned the meeting at 8:50 a.m.

Respectfully submitted,

John Holman
Secretary

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