

TOWNSHIP OF DERRY
BOARD OF SUPERVISORS BUDGET MEETING MINUTES
NOVEMBER 28, 2018

CALL TO ORDER

Chairman Marc A. Moyer, called the November 28, 2018, budget meeting of the Township of Derry Board of Supervisors to order at 5:34 p.m. in the meeting room of the Township of Derry Municipal Complex, 600 Clearwater Road, Hershey, PA. He advised that all public meetings are recorded for providing accurate notes. After the Pledge of Allegiance, a roll call was conducted.

IN ATTENDANCE: SUPERVISORS

Marc A. Moyer, Chairman
John W. Foley, Jr., Vice Chairman
Justin C. Engle, Secretary
Matthew A. Weir
Susan M. Cort

ALSO PRESENT:

Christopher S. Christman, Township Manager
Jill Henry, Assistant Township Manager
Chuck Emerick, Director of Community Development
Lauren Zumbrun, Economic Development Manager
Thomas Clark, Director of Public Works
Bob Piccolo, Assistant Director of Public Works
Garth Warner, Chief of Police
Scott Stein, Hershey Fire Company
Matthew Mandia, Director of Parks and Recreation
Laura O'Grady, Director of the Hershey Library
Brian Blahusch, Manager of IT
Jeff Cothren, Hershey Library
Terry Weinhold, Manager of Accounts Payable & Receivables
Cheryl L. Lontz, Manager of Payroll and Employee
Julie Echterling, Recorder

Public in Attendance:

The following were in attendance: Linda Eyer, Rich Gamble, and J Ziegler.

INTRODUCTION OF 2017 PROPOSED BUDGET:

Mrs. Henry introduced the 2019 draft budget to the Board. She stated the presentation tonight would be an overview of the anticipated expenditures, and options for balancing the budget for the Township's funds. This year's budget process included strategizing for long-range planning. The 2019 Budget continues to provide the high standard of services and public safety to the citizens of Derry Township. Public Financial Management (PFM) was brought in as a consultant in 2017 to assist the Township with planning for the future. A model, which PFM provided, enables the Township to enter projected revenue and expenditures for a five-year period, to provide a clear understanding of how changes affect the overall budget. The model was utilized to consider funding options for current and future capital projects.

REVENUE:

She stated the budgeted revenues for 2019 are \$18,148,720, an increase of \$324,346 or 1.82%. The following are the highlights of the increase in revenues:

- É Income Tax, Occupation Tax (Hershey Towne Center downtown development)
- É Real Estate Tax (based on \$2,073,318,350 assessed value ó first phase of West End project, and downtown development)
- É Licenses and Permits increased 22% to \$362,150 due to an anticipated higher number of building permits to be issued for Hersheypark and the West End project.

EXPENDITURES:

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General fund expenditures totaled \$18,098,336 an increase of 1.16 % over 2018. The following are the highlighted expenditures for 2019:

- É Wage increases are budgeted at 2.5%
- É Health Insurance - There was a 1.9% increase in administration fees for 2019.
- É Utilities - Comparative pricing for natural gas in 2018 will result in an approximate \$20,000 savings.
- É A new projector/television for the Board meeting room (\$4,800)
- É A platform for around the Administration generator for employee safety (\$4,000)
- É Repairs to the RTU for the Administration building (\$4,000)
- É New signs for the Administration Building, Tax Office, and Police Building (\$3,900)
- É Parks and Recreation will operate January through March. The budget was reduced by \$429,641 or 23%. She spoke about the proposed Community Recreation Center.

CAPITAL BUDGET:

The Capital Improvement Fund expenditures of the 2019 budget total \$3,115,904. Capital Fund Expenses for 2019 include the following:

- Debt Service \$2,162,120 - Amount to be paid in principal plus interest on the Township's debt.
- 2019 Community Center Debt Service \$302,113 - Amount to be paid in interest for the general obligation bond for the Community Center.
- Administrative Fees to ICDA \$32,000 - Annual payment to the ICDA for administering the bond for the Municipal Complex.
- Municipal Complex Land Lease \$24,000 - The Township leases the land to own for the Municipal Complex from the Derry Township Municipal Authority.
- Existing Vehicle and Equipment Lease/Own Payments \$347,472 - payments on 29 vehicles per year.
- Police Car Lease/Own \$19,500 - The department will lease two vehicles for primary patrol as planned in their fleet schedule.
- Public Works Vehicles and Equipment Lease \$186,111
 - Replace two leaf pickers at a cost of \$124,516. The cost was reduced by \$114,613 in grants
 - Replace 20-year-old Dump truck. It will be leased to own for five years for \$40,844 a year.
- 422 Streetscape (Phase 2) \$80,000
- A 48" Walk Behind Mower for \$6,300 will replace a 15-year-old mower and an Exmark mower for \$14,451 will replace an 11-year-old mower.
- \$321,118 in projects will be financed and include:
 - Software - Accounting, Police Records Management, and GIS Software = \$170,000
 - Police - The Cody records management system will cost \$78,000.
 - The GIS software will cost \$12,000.
 - Police Radios and Computer Equipment \$46,872
 - Replace four radios for \$24,325, purchase two in car video systems for \$13,107, and two Smart Tablets for \$9,440.
 - Street Scape Decorative Treatments \$35,000
 - Replacement of the Library Powerfloor \$55,000
 - Police Carpet Replacement \$14,246

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- The library will redesign the Tech Services area, Storytime Room, and Teen area for \$200,000 which will be funded through the Lescanec and Vanderwall Bequest funds.

She stated it is the Township's fiscal policy not to postpone needed capital expenditures to balance the budget, creating a dilemma for future budgets.

DEPARTMENT COMMENTS:

Police: Chief Warner stated he can answer any questions the Board has about the Cody records management system. He spoke about the benefits of the budgeted Cody system. One of the main benefits is having the Police on the street versus coming back to create their reports.

Public Works: Mr. Clark spoke about the 20-year-old dump truck and the replacing of it.

Library: Mrs. O'Grady stated the changes proposed for 2019 are in response to the users needs. She spoke about the floor being a safety issue and renovating the library at no cost to the Township.

Recreation: Mr. Mandia stated this is a unique budget with the closing the of the Center in 2019 for construction in March. He stated they are laying off staff for 14 months. He stated five staff members will be working on programming, manuals, safety procedures and events for the new Center. He stated based on the approval of the budget, they will be able to increase childcare with the School District.

Community Development: Mr. Emerick spoke about being busy with Hershey West End. He spoke about the fees proposed for 2019.

Economic Development: Mrs. Zumbrun spoke about the Streetscape and 322 projects. She spoke about the grants and donations in the budget to help with projects.

BOARD QUESTIONS

Chairman Moyer asked Mr. Mandia about the increase in staff costs. Mr. Mandia stated it is for the childcare increase and will be offset by the revenues from the program. Supervisor Engle asked about the increased worker's compensation costs for Police. Chief Warner spoke about some injuries in 2018. Supervisor Cort asked about the paving of Bullfrog Valley Road. Mr. Clark has received proposals this year but thought the cost was being financed. Supervisor Engle stated liquid fuels and borrowing would be used. Supervisor Zmuda asked about the mowers. Mr. Clark and Mr. Piccolo spoke about the mowers and how they are used for eight hours a day and how the commercial grade are needed for their work. Vice Chairman Weir asked about the 288 acres mowed in the Township and asked how much it costs to cut an acre. He spoke about trying to reduce mowing and stormwater. Mr. Clark spoke about the balance of mowing to ensure safety with ticks and expenses. Discussion ensued.

Chairman Moyer asked Chief Warner if he is satisfied that his department has been done everything possible to be cost effective without compromising public safety. He stated he received pressure about how large the Police Department budget is each year. Chief Warner stated they are always looking to increase revenue and decrease costs. He spoke about DUI blood testing which is \$100,000 and has been discussed with the DA's office in trying to receive reimbursement. He stated if they did a study, it would probably find they are low in personnel. He spoke about the four patrols they have, the hours, and the residential, working population and visitors for the Township. He spoke about a recent study done and how it measures police officers to population. He spoke about changes they made in manpower to help reduce expenses and overtime. He spoke about how the Cody system will help the officers with saving time.

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Chairman Moyer asked about overtime for the departments. Mr. Clark stated they can have it when there are snow storms for both Public Works and Recreation. Mr. Emerick stated he has overtime with Jenelle who covers public hearings and does the minutes. Mrs. O'Grady stated she doesn't have overtime in the Library.

Vice Chairman Weir asked about the electrical costs. Mrs. Henry stated the rates are going down and they have benefited. She spoke about the solar panel project including the savings of the costs with the roof top units.

Mrs. Henry thanked the staff for their budget and their effort. She thanked the Board for having PFM come in and helping with the budgeting.

She spoke about the landfill issue with DEP which will cost over \$900,000. Mr. Clark discussed the recapping/regrading that is required of the landfilling for the leeching as required by DEP. He spoke about top soil needed and how they have 15,000 of the 140,000. He is working around the community to receive as much soil as possible without purchasing it. He stated the landfill ceased operations in 1986 and was capped. Three years ago, DEP came in and decided it needed to be recapped. Supervisor Engle spoke about the process of trying to close this site with DEP. Discussion ensued.

Mr. Clark spoke about Sandhill and Bullfrog Valley Roads and liquid fuels. He spoke about the surfaces, reclamation, and paving. He spoke about the costs of the paving and the liquid fuel funds versus loans.

OPTIONS:

Mrs. Henry stated they worked with PFM on some options for 2019. She stated the following are for the Capital Budget:

- É Budgeted Revenue = \$3,115,901
- É Budgeted Expenditures = \$3,071,957
- É Budgeted Surplus(Deficit) = \$43,943

This budget includes a stated 0.30 tax millage increase is proposed for 2019 and a 0.25 mill increase should be considered in 2020. Financing \$321,118 of capital projects is proposed for 2019. The annual payment will be \$7,769. Undertaking these initiatives enables the Township to spend over \$1 million on capital projects, improving the Township and providing the equipment that the departments require. This option will allow the Township to continue to grow the General Fund balance and eliminate a balance transfer to the Capital Fund and eliminate a deficit for capital projects as projected through 2026. The Township has an AA Stable bond rating by Standard and Poor's. The general fund balance at the end of the year is estimated at \$2,866,955. The following tax options were discussed:

- É Option 1=0.30 tax millage increase is proposed for 2019 and a 0.25 mill increase should be considered in 2020. The 0.30 mill increase in 2019 would cost an additional \$30 per \$100,000 in assessed property value. The 0.25 mil increase in 2020 would cost an additional \$25 per \$100,000 in assessed property value.
- É Option 2= 0.432 mill increase and no capital projects financed funds the 2019 Capital Budget, but results in a deficit 2020 ó 2022.

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- É Option 3=0.192 mill increase in 2019, 2020, 2021, financing capital projects, and transferring \$176,600 from the general fund would balance the Capital Budget in 2019 but result in a deficit in 2020 ó 2022.
- É Option 3B = 0.192 mill increase in 2019, 2020, 2021, no capital projects financed, and transferring \$489,949 from the general fund would balance the Capital Budget in 2019 but result in a deficit in 2020 and 2021.

She stated Derry Township taxes are lower than the surrounding municipalities. She spoke about the last 30 years of tax rates. The Board asked for a copy of Mrs. Henry's presentation electronically. Vice Chairman Weir is impressed that the Township is looking five years into the future. He complemented the Staff on the job they did on the budget. Mrs. Henry thanked staff and Mrs. Lontz and Mrs. Weinhold for their work on the budget.

Mrs. Henry stated the Board went on display today and is required to be on display for 20 days. December 18th meeting would be 20 days and could be voted during this meeting. Chairman Moyer was concerned with it being exactly 20 days and asked Solicitor Yost to verify this is okay.

OTHER BUSINESS:

There was no other business offered before the Board.

ADJOURNMENT:

Supervisor Engle made a motion to adjourn the meeting at 7:04 p.m. Supervisor Zmuda seconded the motion. **Motion carried 5-0.**

SUBMITTED BY:

Justin C. Engle
Township Secretary