

**HILLTOWN TOWNSHIP BOARD OF SUPERVISORS
REGULARLY SCHEDULED MEETING
Monday, Oct. 25, 2010, 7:00PM**

The regularly scheduled meeting of the Hilltown Township Board of Supervisors was called to order by Chairman John B. McIlhinney at 7:02PM and opened with the Pledge of Allegiance.

Also present: Barbara A. Salvadore, Vice-Chairperson
 James C. Groff, Supervisor
 Christopher S. Christman, Township Manager
 William E. Wert, Asst. Mgr./Dir. of Parks, Recreation & Open Space
 Christopher E. Engelhart, Chief of Police
 Francis X. Grabowski, Township Solicitor
 C. Robert Wynn, Township Engineer
 Lynda S. Seimes, Township Secretary

A. ANNOUNCEMENTS:

- 1) The Board met in Executive Session on October 19, 2010 to discuss personnel issues.
- 2) The Board conducted a Facilities Tour on Saturday, October 23, 2010.
- 3) A moment of silence was observed due to the recent passing of Township Auditor, Harry Mason.
- 4) Two separate Conditional Use Hearings will be held during the November 8th Supervisors meeting:
 - 7:30PM – New Cingular Wireless PCS to construct a telecommunications tower on 6.24 acres owned by PECO on Diamond Street.
 - 7:45PM – Liberty Towers, LLC (T-Mobile) to construct a telecommunications tower on 11.49 acres owned by Hilltown Township on Keystone Drive.

B. PUBLIC COMMENT ON AGENDA ITEMS ONLY: None.

C. CONSENT CALENDAR:

- Minutes of September 27, 2010 Meeting
- Minutes of October 19, 2010 Budget Worksession Meeting
- Bills List dated October 26, 2010
- Financial Statement for month of September 2010.

Motion was made by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously to approve and accept the Consent Calendar items as listed above. There was no public comment.

D. CONFIRMED APPOINTMENTS:

1. Dr. Patricia Guth – Pennridge Senior Center Funding Request for FY2011 – Dr. Guth, Advisory Board Secretary, was in attendance to present the Pennridge Senior Center Municipal Financial Report and Budget. Dr. Guth noted that as of the printing of their report, membership consisted of 695 individuals, of which 193 are Hilltown residents. She thanked the Township for its previous donation during the construction of the building, and asked the Board to consider providing additional funding in its FY2011 Budget.

2. Mr. Robert Showalter – Our Lady of Sacred Heart Church Escrow Reduction Request for Petition for Rezoning – Mr. Showalter and Mr. Mark Fazio, of Our Lady of Sacred Heart Church, were present to seek the Board's consideration of reducing the required \$5,000.00 escrow to \$1,000.00 for the church's request for rezoning of its presently split-zoned property to Village Center for the entire Church complex. Chairman McIlhinney noted that a total of \$1890.38 currently exists in the Church's escrow account. Discussion took place.

Motion was made by Chairman McIlhinney, seconded by Supervisor Groff, and carried unanimously to maintain the Our Lady of Sacred Heart Church escrow at a minimum balance of \$1,000.00, with the caveat that if the escrow should drop below that amount, the Church will replenish the escrow with an additional \$1,000.00. There was no public comment.

E. LEGAL – Mr. Francis X. Grabowski, Township Solicitor –

1. Chrzanowski Tract Cash Escrow Subdivision Agreement and Stormwater Facilities Maintenance and Monitoring Agreement – Motion was made by Supervisor Salvatore, seconded by Supervisor Groff, and carried unanimously to approve and accept the Chrzanowski Tract Cash Escrow Subdivision Agreement and Stormwater Facilities Maintenance and Monitoring Agreement. There was no public comment.

F. ENGINEER'S REPORT – Mr. C. Robert Wynn, Township Engineer –

1. HTWSA Land Development Waiver Request – At their meeting of October 18, 2010, the Planning Commission recommended approval of the HTWSA Well #1 Land Development submission waiver request for construction of a 1,200 sq. ft. addition to the Authority's existing well building located within the Pleasant Meadows Subdivision. In addition to the request for waiver of land development submission, Mr. Wynn's review notes that the Township received a request for stormwater management exemption pursuant to Section 105 of the Stormwater Management Ordinance #2003-2. While the proposed installation of 1,200 sq. ft. building addition is administratively exempt pursuant to Section 105, HTWSA would be responsible for a payment of \$750.00 to the Stormwater Management Capital Fund pursuant to the Township's Fee Schedule, unless waived by the Supervisors.

Motion was made by Supervisor Salvadore and seconded by Chairman McIlhinney to waive land development submission for the HTWSA Well #1 expansion project as noted above, pending completion of all outstanding items as noted in Mr. Wynn's memo dated October 19, 2010. Supervisor Groff abstained from the vote. Motion carried.

G. UNFINISHED BUSINESS:

1. Berkheimer Agreements for FY2011 – At the Sept. 27th meeting, Mr. Christman was directed to prepare the necessary paperwork to appoint Berkheimer as the Townships tax collector for EIT and LST collections for FY2011.

Motion was made by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously to **adopt Resolution #2010-24 – to appoint Berkheimer Associates as Hilltown Township Tax Hearing Officer for EIT services; and to adopt Resolution #2010-25 – authorizing and empowering Berkheimer Associates to impose and retain costs of collection of EIT services delinquent taxes.**

Motion was made by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously to authorize the Township Manager to execute an Agreement with Berkheimer Associates for Local Services Tax Collection. There was no public comment.

Motion was made by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously to **adopt Resolution #2010-26 to authorize execution of an Agreement with Berkheimer to be retained as Tax Officer for the collection, administration, receipt and enforcement of the Local Services Tax for the term defined; and to adopt Resolution #2010-27 appointing the Township Treasurer as the liaison between Hilltown Township and Berkheimer Associates, the appointed collector of Local Services Tax, for the sharing of confidential tax information for official purposes.** There was no public comment.

Motion was made by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously to authorize the Township Manager to execute an Agreement with Berkheimer Associates for Local Services Tax Collection. There was no public comment.

2. Discussion of Auditing Services – At the Reorganization meeting, Supervisor Groff requested that this issue be revisited in October. Mr. Christman noted that the Township's current auditing firm is Dunlap and Associates, and the Township recently completed the first year of a three-year Agreement. If the Board is so inclined to change auditing firms, Mr. Christman advised that a Termination Clause within the Agreement would require an additional \$3,000.00 above the three-year auditing quote rate. Discussion occurred.

When the most recent three-year Agreement was adopted last year, Supervisor Groff understands that Supervisor Salvadore was not present and therefore, had not been a part of that discussion

and ultimate decision. Historically, the Supervisors appoint an independent Auditing firm for a three-year cycle however an annual appointment is officially made at the Reorganization meeting every January. If the Board intends to change auditors, Mr. Christman would appreciate knowing this evening so that Request for Proposals could be advertised. He also noted that the Auditors should be in place via contract prior to the start of the year so that once appointed at the Reorganization meeting, they can begin the prior year's audit that first week of January. Supervisor Groff does not believe that soliciting RFP's is necessary or required since Auditors are considered "Professional Services."

Chairman McIlhinney noted that Dunlap's rates for auditing service have only increased by 10% during the past five years, and he feels the firm has been very professional in their duties. Chairman McIlhinney feels that Dunlap has done an excellent job auditing the Township's accounts for the past 18 years, providing a complete audit including thorough yearly management letters outlining any deficiencies and offering immediate corrective solutions if necessary. Further, he noted that Dunlap Associates is owned by two Hilltown Township residents.

Supervisor Salvadore feels strongly that as membership of a Board changes, so should the independent auditors. She is concerned because the industry standard is to change every three years, or at the very least to change the specific individuals who review the Township's accounts every three years. Personally, Supervisor Salvadore felt the management letter provided by Dunlap the first year she was on the Board was totally unacceptable, and unfortunately, she was not present and did not have the opportunity to express her opposition last year when Chairman McIlhinney and former Supervisor Manfredi entered into an additional three-year Agreement with Dunlap and Associates.

There was no further discussion.

3. Discussion of Professional Services – Chairman McIlhinney suggested that perhaps RFP's should be advertised for the other Professional Service providers as well. Supervisor Groff disagreed, noting that in the case of the Engineer and Solicitor in particular, the history and longevity that both have with the Township is a benefit that is invaluable. He would not be willing to consider replacing either the Solicitor or the Engineer for those reasons alone. Supervisor Salvadore agreed and commented that she would not even consider a change in the positions of Solicitor and Engineer.

4. Discussion of FY2011 Budget – The current scenario for the FY2011 General Fund Budget following discussions at the October 19, 2010 Budget Worksession meeting is as follows:

- Opening General Fund Balance – FY2011 - \$619,439.00
- Total Revenue - \$4,409,221.00

- Total Expenses - \$5,004,421.00
- Operating Shortfall - \$595,200.00

Each Board member provided their individual recommendations for consideration.

Supervisor Salvadore's Recommendations:

- (a) Preserve the General Fund balance at \$619,439.00.
- (b) Transfer 0.30 mills from Park and Rec. Fund and 0.30 mills from Road Equipment Fund for a total of 0.60 mills to the General Fund. Total transfer equals \$129,345.00.
- (c) Create a new Emergency Services Fund with 0.20 mills being dedicated to strictly to that fund. If fund is created, \$43,115.00 would be available to be allocated to the squads.
- (d) Utilize 0.40 mills in the General Fund to transfer at the end of the fiscal year to the Operating Reserve Fund. Total transfer out to Operating Reserve equals \$86,230.00.
- (e) Transfer \$152,000.00 from the Operating Reserve Fund to the General Fund. This would leave a shortfall balance of \$443,200.00
- (f) Transfer \$200,000.00 from the Capital Projects Fund to the General Fund. This would leave a shortfall balance of \$243,200.00.
- (g) Add 1.00 mill to the General Fund. This would generate an additional \$215,575.00 in the General Fund, but leave a total operating shortfall of \$27,625.00.

Supervisor Groff's Recommendations:

- (a) Transfer 0.30 mills from Park and Recreation Fund and 0.30 mills from Road Equipment Fund for a total of 0.60 mills to the General Fund. Total transfer equals \$129,345.00. This would leave a shortfall balance of \$465,855.00.
- (b) Utilize 0.20 mills in General Fund for EMS Services.
- (c) Transfer \$152,000.00 from the Operating Reserve Fund to the General Fund. This would leave a shortfall balance of \$313,855.00.
- (d) Tax increase - add 2.50 mills to the General Fund to cover the remaining shortfall. 2.50 mills would generate an additional \$538,938.00
- (e) Total year-end General Fund Balance is projected at \$801,405.00.

Chairman McIlhinney's Recommendations:

- (a) Reduce employee compliment in the Police Department by two (2) officers. PBA contract stipulates that compliment reductions begin with the lowest seniority employees. Total savings would be \$268,631.00. Elimination of two (2) officers would leave an operating shortfall of \$326,569.00 in the General Fund.
- (b) Transfer \$152,000.00 from the Operating Reserve Fund to the General Fund. This would leave an operating shortfall of \$174,569.00.
- (c) Transfer \$174,569.00 from the Capital Projects Fund to the General Fund. This would leave a Capital Projects Fund balance of \$153,433.69 for FY2011.
- (d) Retain Real Estate Tax Millage rate at 6.75 mills.
- (e) Total year-end General Fund Balance is projected at \$619,439.00.

Supervisor's Comments/Discussion:

- 1) Supervisor Salvadore proposed that a dedicated EMS fund be created in the budget, since providing emergency services such as police, fire, and EMS, as well as road maintenance issues are paramount in her opinion.
- 2) Supervisor Salvadore's recommendation does not propose a tax increase, however she is not certain there would be any other way to retain the funds in the Township's Reserve, which is very important.
- 3) Supervisor Groff commented that the current value of one mill has dropped by 4.24% since January of 2010. This results in a loss of \$9,300.00 per mill and is a result of a high number of property reassessments. Because of this significant devaluation of a mill, he recommended a 2.50 mill tax increase for 2011, noting that it has been six years since Hilltown residents have experienced a tax increase. With the average assessment at \$30,000.00, a 2.50 mill tax increase would result in an additional \$108.00 per property, which translates to an additional \$.30 per day.
- 4) Supervisor Groff agrees with the reestablishment of an Emergency Services Fund in the amount of 0.20 mills, however he would be opposed to making that a "dedicated fund" and would prefer the freedom to hold that funding in the General Fund.
- 5) Chairman McIlhinney's recommendation directly correlates to the recent Police Arbitration award, which calls for a 27% increase in police salaries comprised of a series of 6% increases compounded. He explained that when the Board entered into negotiations with the PBA offering 3% increases, the PBA's response was that 3% was insufficient and requested arbitration. Chairman McIlhinney recalled that the PBA also unreasonably requested lifetime medical benefits for themselves and their spouses, at a calculated cost of approximately \$13 million dollars. After 18 months, the arbitrator rendered his decision of a 27% increase, which translates into roughly \$552,000.00 of increased costs to the taxpayers for a 4-year police contract, including benefits. Once the decision was rendered, the Township was then forced to immediately pay 18 months of back salary and benefits, which totaled almost \$200,000.00. Therefore, Chairman McIlhinney fully supports a staff reduction via the elimination of two of the lowest seniority officers, which would result in a total savings of \$268,631.00. He would be opposed to a tax increase of any kind. Lengthy discussion occurred.
- 6) Supervisors Groff would not consider a reduction in police employees. Further, he does not agree with Chairman McIlhinney's recollection of the scenario that the Township initially offered 3% increases to the PBA and was rejected.

- 7) In the four years Supervisor Salvadore has been a member of the Board, the police force was reduced by two officers. While she was disappointed with the arbitrator's final outcome, she too is unwilling to support any further reduction of the police force.
- 8) The Legislative Budget figures for 2011 were discussed. Mr. Christman explained that under the Second Class Township Code, each Supervisor is entitled to a \$3250.00 per year stipend, and is also entitled to any ancillary benefits offered to employees, such as health insurance and life insurance benefits.
- 9) Supervisor Groff intends to forgo his Supervisor salary in 2011 and through the remainder of his term. Further, he has never taken, nor does he intend to take, the life insurance or medical insurance benefits through the Township.
- 10) Unlike his fellow Supervisors, Chairman McIlhinney advised that he is retired and does not have a weekly income or the benefits that others may get, and therefore does avail himself of the health insurance benefits as permitted by the Second Class Township Code. Chairman McIlhinney further commented that most of his \$3250.00 per year salary is reimbursed to the Township for his health insurance premium costs.
- 11) Supervisor Salvadore does not take the Township's health insurance benefits, and she has not yet decided whether she will continue to accept the Supervisor salary in 2011.

Conclusions:

- The Board unanimously agreed with transferring \$152,000.00 from the Operating Reserve Fund to the General Fund.
- Supervisors Salvadore and Groff agreed with transferring 0.30 mills from the Park and Recreation Fund and 0.30 mills from the Road Equipment Fund for a total of 0.60 mills to the General Fund for a total of \$129,345.00.
- Supervisor Salvadore was agreeable to Supervisor Groff's proposal to utilize 0.20 mills for EMS Services in the General Fund rather than as a dedicated fund as she had initially proposed.
- Both Chairman McIlhinney and Supervisor Salvadore's recommendations propose the transfer of varying amounts from the Capital Projects Fund to the General Fund. Supervisor Groff is not convinced that funds should be moved from the Capital Projects Fund and reserves judgment until he has additional time for review of what is currently proposed in that fund.

- Supervisor Groff has proposed a 2.5 mill tax increase, while Supervisor Salvadore has given thought to a 1.00 mill tax increase. Chairman McIlhinney remains opposed to any tax increase.

Public Comment:

1. Mr. Jim Kelly of South Perkasio Road stated that unless there is immediate and urgent justification for a specific Capital Project, he believes those funds should be moved to the General Fund in order to avoid a tax increase.

It was determined that the Board would schedule an additional Budget Worksession to be held prior to the November 8, 2010 Supervisor's meeting to continue discussion of the FY2011 Budget.

H. NEW BUSINESS:

1. Bid Awards – Bid #2010-5 – Diesel Fuel and Bid #2010-6 – Heating Oil – Motion was made by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously to award Bid #2010-5 for Diesel Fuel to the lone bidder, Inergy Propane, LLC (aka: Farm and Home Oil Company) in the amount of \$2.8260/gallon for 8,000 gallons of Ultra Low Sulfur Diesel (Picked Up) and \$3.0660/gallon for 3,000 gallons of Ultra Low Sulfur Diesel (Delivered); and to award Bid #2010-6 for Heating Oil to the lone bidder, Inergy Propane, LLC (aka: Farm and Home Oil Company) in the amount of \$2.7935/gallon for 14,000 gallons of heating oil delivered to various municipal sites and facilities. There was no public comment.

2. Amendments to Human Resources Manual – Motion was made by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously to **adopt Resolution #2010-28, to update the Human Resources Manual to address how health benefits are administered for employees and to update the health benefit plan to reflect changes made through the police arbitration award.** There was no public comment.

3. Discussion of Board of Auditor's Vacancies – Mr. Edgar Bolton has expressed interest in being appointed to the Board of Auditors. Due to Mr. Harry Mason's recent passing, and the fact that Mr. Anthony Rapp moved out of the Township in recent years, there are now two vacancies on the Board of Auditors. One position is for the remainder of a 4-year term, and one position is for the remainder of a 2-year term. Any individuals appointed to either vacancy would be required to run for office in 2011.

Motion was made by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously to appoint Mr. Edgar Bolton to the remainder of a 4-year term to the Hilltown Township Board of Auditors. There was no public comment.

At Supervisor Salvadore's suggestion, the Board directed Mr. Christman to contact the other two recent applicants for various volunteer advisory boards to ask if they would be interested in being appointed to the remaining vacancy on the Board of Auditors.

I. ZONING HEARING BOARD ADVISORIES:

1. Fadil Dermaku, 742 Rt. 113 – The applicant requests a variance to convert the lower level of a building to a residential space with the upstairs (grade level) to be utilized as a seamstress shop – Use E-3, Personal Services.

J. SUPERVISOR'S COMMENTS:

1. Supervisor Groff requested an Executive Session be held following this meeting to discuss personnel issues.

2. A request was received late this afternoon from Haines and Kibblehouse for the extension of hours for delivery of asphalt millings between 6:30PM this evening through 3:00AM on October 26, 2010, and to extend asphalt operations hours with on-road truck deliveries between the hours of 6:30PM on October 26, 2010 through 6:30AM on October 27, 2010.

Motion was made by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously to approve the extension of hours of operation for H & K Quarry as noted above. There was no public comment.

K. PUBLIC COMMENT: None.

L. PRESS CONFERENCE: There were no questions from those reporters present.

M. ADJOURNMENT: Upon motion by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously, the October 25, 2010 Hilltown Township Board of Supervisors meeting was adjourned at 8:38PM.

Respectfully submitted,



Lynda Seimes
Township Secretary

(*These minutes were transcribed from recordings and should not be considered official until approved by the Board of Supervisors at a public meeting).