

**HILLTOWN TOWNSHIP BOARD OF SUPERVISORS  
FY2011 BUDGET WORKSESSION MEETING  
Tuesday, October 19, 2010 – 6:30PM**

The advertised FY2011 Budget Worksession Meeting was called to order by Chairman John B. McIlhinney at 6:35PM 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. Manager/Dir. of Parks, Recreation and Open Space

A. YEAR 2011 PROPOSED BUDGET: Mr. Christman's read highlights of his memo dated October 19, 2010, which included a revised and updated copy of the General Fund Budget.

The projected opening General Fund Balance in FY2011 is \$619,439.00, which is 33% higher than the opening fund balance of the prior year. Total projected revenue for FY2011 is \$4,409,221.00, which is 13% less than FY2010. The 13% reduction is explained as follows:

- Reduction in the value of 1 mill of tax (down 4% over FY2010 due to reassessments).
- Reduction in Real Estate Transfer Taxes (down 49% over FY2010).
- Reduction in Commonwealth of PA Recycling Performance Grant.
- Reduction in Escrow and Land Development Fees.
- Reduction in Employee Contributions to Medical/Dental Plans.

Revenue highlights are as follows:

- Earned Income Taxes continue to meet projections at \$1,900,000.00.
- Local Services Taxes continue to meet projections at \$175,000.00.
- Cable Franchise Fees continue at \$246,000.00 annually.
- Cellular Tower Rental Income should increase 14% to \$40,000.00.
- Silverdale Police Agreement will increase 5% to \$73,838.00.
- Building Permits will meet its projection at \$140,000.00.

B. DISCUSSION/QUESTIONS/COMMENTS:

1. Supervisor Salvadore questioned the \$12,000.00 difference in the revenue projections from the first draft budget the Board received on September 9th, and the draft budget received as of today. Mr. Christman replied that Mr. Wert has prepared a spreadsheet of the accounting of park maintenance time, and that this increase directly offsets those expenses.

2. As a result of the recent arbitration award, enrollment in the various medical and dental plans was opened to all employees which accounts for a reduction in employee co-pays, with varying percentages between 9%, 5%, and 4%. This is a reduction in revenue, and is characterized throughout the various departments in the proposed budget under Medical and Dental Insurance.

3. Both Chairman McIlhinney and Supervisor Groff have suggested that the Silverdale Police Coverage Agreement, which currently calls for a yearly 5% increase, be renegotiated. Discussion took place about the initial Silverdale Police Agreement and how it has evolved over the years, and the increase that should be considered due to the cost involved with the recent Police Arbitration Decision.

4. The current millage rate in Hilltown Township is 6.75 mills, and as noted by Mr. Christman, has remained unchanged for six consecutive years. The total assessed value of Hilltown Township is \$215,574,669.00. The value of 1 mill of tax, based on the aforementioned assessment value, is \$215,575.00, which is \$9,385.00 less than the previous year. Mr. Christman noted that this decline in millage value is directly related to the increased number of assessment appeals granted by Bucks County.

5. Total Proposed Expenditures are \$5,026,680.00, which is \$39,371.00 less than the year prior, with the major costs to include the following:

- 4.0% wage increase for Police Officers as per Arbitration Award (\$54,000.00)
- 2.0% VEBA contribution for Police Officers as per Arbitration Award (\$26,339.00)
- 3.0% wage increase for Public Works Employees as per contract (\$13,628.00)
- 3.0% wage increase for Non-Uniform Employees (\$13,000.00)
- 7.8% increase in Health Benefits (totaling health care cost: \$961,202.00)
- Increase in Legal/Special Legal Services (\$20,000.00)
- Increase in Engineering Services (\$3,000.00)

Due to the current legal issues before the Township, Mr. Christman suggested consideration be given to revising the totals for Legal Services. Discussion took place, and it was suggested that Solicitor Grabowski and Mr. Wynn be asked to estimate their expenses for the coming year, given the information they have at this time with respect to specific legal cases and/or Ordinances/plans before them.

6. Mr. Christman noted that the total shortfall of Revenues to Expenditures is \$617,459.00, and reiterated that the proposed budget does not include funding for ambulance services for the FY2011.

7. The draft Budget before the Board this evening takes into account the use of the General Fund balance projected at \$619,439.00 and by utilizing this fund balance, there would be an operating surplus of \$1,980.00. Mr. Christman provided four possible options for the Board's consideration:

Option #1 - Utilize entire General Fund Balance, which would result in a balanced budget. This option would leave the Operating Reserve Fund intact with a current balance as of September 30, 2010 of \$152,214.67. However, Mr. Christman noted that this is the only undesignated cash reserve available should there be an emergency need for funding. Further, if this option is

chosen, Debt Service millage would need to be increased to meet debt payment obligations early in 2011. This could precipitate the need for a Tax Anticipation Note to address any cash flow difficulties in the beginning of the year.

Option #2 - Current balance of Capital Projects Fund is \$328,002.69. In 2008, the Board moved \$500,000.00 from General Fund to Capital Projects Fund, and then in 2009, returned \$250,000.00 of that amount to General Fund to assist with the Budget. The Board could opt to move the remaining \$250,000.00 back to General Fund, thereby leaving a balance of \$78,002.69, which would result in the freezing of all Capital Projects within this fund. Mr. Christman advised that the Operating Reserve Fund has a total balance of \$152,214.67, which could also be transferred to the General Fund. In this option, if the \$250,000.00 and the \$152,214.67, which totals \$402,214.67 was transferred into the General Fund, and the difference made up with the General Fund Balance (\$215,244.33), the remaining General Fund balance available at the end of 2011 would be \$404,194.67.

Option #3 - Adjust the total millage rate for Hilltown Township accordingly. The current rate is 6.75 mills. At the present time, 0.80 mills are utilized for both the Park and Recreation Fund and the Road Equipment Fund respectively. If the option to move a portion or all of the millage from these funds to the General Fund is chosen, it would provide the following amounts:

- A. 0.4 mills = \$ 86,230.00
- B. 0.8 mills = \$172,460.00
- C. 1.6 mills = \$344,920.00

Option #4 - The Board could elect to raise the real estate tax rate. Mr. Christman cited an example that if the Board chose to raise real estate taxes to cover the shortfall of \$617,459.00 without utilizing funds from the Capital Projects Fund, the Operating Reserve Fund, or did not adjust any other rates, the total increase would be 3 mills. For the average homeowner with a \$36,000.00 assessment, their total tax bill would be \$351.00 or a \$108.00 increase over their FY2010 tax bill.

8. Chairman McIlhinney felt that the option of reducing the workforce, as previously discussed, should also have been presented. Mr. Christman advised that the net savings from workforce reduction would vary depending upon department. For instance, if the Police Department workforce were to be reduced, he would estimate a cost savings of approximately \$100,000.00 per individual, including salary, benefits and miscellaneous contributions to VEBA, etc. While she does not necessarily agree with reducing the Police workforce, Supervisor Salvadore suspects that the actual cost savings would be even greater than figure quoted.

Budget adoption timeline is as follows:

- 1) Budget Worksession Meeting – Oct. 19, 2010
- 2) Presentation of Proposed Budget – Nov. 8, 2010
- 3) Authorization to advertise – Nov. 8, 2010

- 4) Advertise on Nov. 10, 2010
- 5) 20-day waiting period
- 6) Adoption of Final Budget – Dec. 13, 2010


Supervisor Groff requested a copy of the spreadsheet Mr. Wert has prepared showing park maintenance time and cost by the Public Works Department. He wondered how much of the 0.80 Parks and Recreation millage would be needed to continue to maintain the parks. Mr. Wert replied that if the entire 0.80 millage is used, it would deplete the fund balance down to \$66,000.00 for the entire 2011 year. The cost for park maintenance per year is approximately \$300,000.00, which includes the current programming and Mr. Wert's salary.

Supervisor Groff asked what Public Works equipment, if any, is anticipated to be purchased in 2011. Mr. Christman replied that Mr. Buzby is hoping to purchase a larger roller at a cost of approximately \$104,000.00. He explained that due to the new paver that was put into use, the Public Works Department, with its own personnel, would be able to pave far more roadway for much less expense with a larger roller. Supervisor Groff suggested that perhaps a larger roller could be rented on an as-needed basis, rather than an outright purchase. It was noted that Mr. Christman and Mr. Buzby are currently working on a potential grant opportunity through PennDot, which may cover some guiderail expense and line striping to improve safety at intersections. Discussion occurred.

The Board of Supervisors agreed to discuss the FY2011 Budget further at the Oct. 25<sup>th</sup> meeting as suggested by Chairman McIlhinney.

C. ADJOURNMENT: Upon motion by Supervisor Salvadore, seconded by Supervisor Groff, and carried unanimously, the October 19, 2010 Hilltown Township Board of Supervisor's FY2011 Budget Worksession Meeting was adjourned at 7:27PM, in order for the Board to meet in Executive Session to discuss personnel issues.

Respectfully submitted,

  
Lynda Seimes  
Township Secretary

(\*These minutes were transcribed from recordings taken by Mr. William E. Wert, Asst. Manager/Director of Parks, Recreation and Open Space, and should not be considered official until approved by the Board of Supervisors at a public meeting).