

**HILLTOWN TOWNSHIP BOARD OF SUPERVISORS
FIRST 2008 BUDGET WORKSESSION MEETING
Friday, October 5, 2007
11:30AM**

The first 2008 Budget Worksession meeting of the Hilltown Township Board of Supervisors was called to order by Chairman Richard J. Manfredi at 11:30AM and opened with the Pledge of Allegiance.

Also present were: John B. McIlhinney, Vice-Chairman
Barbara A. Salvatore, Supervisor
Kenneth B. Bennington, Township Manager
Lorraine E. Leslie, Township Treasurer

Chairman Manfredi announced that the Board met in Executive Session on the following dates for the following reasons:

- September 26, 2007 to discuss personnel issues
- October 2, 2007 to discuss personnel issues
- October 4, 2007 to discuss real estate matters
- October 5, 2007 to discuss personnel issues

A. PUBLIC COMMENT ON AGENDA ITEMS ONLY: No members of the public were present.

B. YEAR 2008 PROPOSED BUDGET: Mr. Bennington advised that the set cost budget with the latest actual figures as of the close of business on September 30th has been provided to the Board for review.

Budget Discussion:

1. Supervisor McIlhinney noted that last year certain funds from Debt Service had been transferred, however he does not see how it has been addressed to transfer those funds back into the budget. He recalls that the Supervisors goal was to insure that that money would be put back in. Mrs. Leslie advised that the funds are located in a separate account called "Operating Reserve." At present, the Operating Reserve Fund totals approximately \$303,000.00.

2. Supervisor Salvatore would like to see the proposed Budget presented differently in the future. She noted that the 2008 fixed cost budget is only .16% lower or approximately \$7,937.00 than the 2007 Budget. When looking at a fixed cost budget, Mrs. Leslie would assume that it would be less, however with contractual salary increases, that number would increase. Supervisor Salvatore was hoping that the way next year's budget was prepared would be much more rigid.

3. Supervisor Salvadore did not see the expenditures for the Township Planner shown. Mrs. Leslie replied that it could be found under account number 414-310 for Consulting Services. Supervisor Salvadore asked which consultants would be included in that \$30,000.00 figure. Mr. Bennington replied that it would include the Township Planner and the Township Traffic Engineer, assuming that the anticipated \$25,000.00 grant is awarded. DCED anticipates it will be another six to eight weeks until the grant funding is received.

4. Supervisor Salvadore recalls requested funding for small business equipment for Emergency Management in the amount of \$1,500.00. Mr. Bennington advised that he and Mrs. Leslie did not consider that a fixed cost at this time. Supervisor Salvadore directed that the funding be included.

5. Supervisor Salvadore noticed that the medical insurance for the legislative body is \$43,000.00, which covers two individuals, yet when comparing the remainder of the employees she did not find that same ratio. Mrs. Leslie explained that members of the Public Works are primarily covered under husband and wife policies or single policies; the Police Department includes more family coverage; and only one employee on the administrative staff takes the husband and wife medical policy coverage, while three employees take the medical buy-back. Supervisor Salvadore questioned the medical buy-back policy. Mrs. Leslie advised that over the years as outlined in the Human Resource Manual, employees could sell their medical benefit back to the Township for 35% of its value, which is added to and taxed through payroll. She noted that employees who take the buy-back save the Township roughly \$78,000.00 per year in medical insurance costs. Mrs. Leslie has also calculated the anticipated 15% increase in insurance rates, though a firm figure from the insurance carrier will not be available until May 1st. Supervisor Salvadore was unaware that there was a medical buy-back policy, and felt that the Board must carefully review the medical plan and pension plans for next year's budget.

Supervisor McIlhinney asked why the proposal for medical insurance went from \$36,000.00 to \$66,000.00 in the Administrative Department. Mrs. Leslie explained that it includes the new position of Assistant Manager, which was calculated using a full family policy. Mrs. Leslie advised that the budgeted cost of a family policy for 2008 is \$24,182.52, while the husband and wife policy for 2008 is budgeted at \$18,965.08. Supervisor McIlhinney asked what those rates were in 2007. Mrs. Leslie believes the family policy was approximately \$18,000.00, and the husband/wife policy was approximately \$16,000.00. She noted that the rates increased by 6% in May of 2007, and she is anticipating a 15% increase for 2008. Lengthy discussion occurred.

In the administrative department, a family medical policy buy-back of 35% is estimated at approximately \$8,463.00, versus the Township paying \$24,000.00 for the cost of a family medical policy. Chairman Manfredi asked the monthly cost for a family coverage

policy. Mrs. Leslie replied that the amount is approximately \$1,800.00+ per month for a family policy. The monthly cost for husband and wife coverage is approximately \$1,600.00+, and the cost for an individual policy is approximately \$600.00+ per month.

6. Personally, Supervisor Salvadore was disappointed with the fixed cost budget calculation sheet, where postage, office supplies, and meetings had been removed, commenting that the administration cannot function without those items. She felt that was an easy way not to pay a great deal of attention to the budget.

Supervisor Salvadore was also disappointed with the proposed Police Department budget. She had anticipated there would be more reductions proposed. She noticed that the Legislative Body budget was decreased by 3%, however the Police Department had only decreased by 0.64%, which is much less than Public Works or Administration. With the anticipation of a difficult year ahead, she believes that each department needs to share some of the burden.

7. Chairman Manfredi felt there was not enough information to move forward with the budget, and requested that Mr. Bennington provide the following information to the Board for their consideration by October 19, 2007:

- Complete detail of all revenue projections by category, justifying each line item, and how that specific number was arrived at.
- Complete detail of projected projects and related expenses for all consultants – i.e., Traffic Engineer and Township Planner, and how the projected \$30,000.00 amount was arrived at.
- Detailed narrative of fixed cost budget, including descriptions, detailed alternative analysis for landscaping and maintenance as discussed during last year's budget process.
- Detailed projections of stormwater projects, including impacts, costs, analysis of whether or not it should be done in-house or contracted out, and what the costs might be if the work is contracted out.
- Detail and fleet inventory on all road equipment and capital expenditure projections, as well as a complete asset list of all road equipment and capital expenditures over \$500.00 for all departments, along with projections and plan recommendations for all.
- Determine cost to produce an electronic four to six page newsletters produced in-house.

- Produce an annual "State of the Township Report" and the cost projections involved to prepare said report.
 - Detailed analysis of anticipated costs related to the Police Collective Bargaining/Act 111 for 2008.
 - Recommendations on dealing with emergency service matters as discussed with the Fire Prevention Bureau.
 - Costs for purchasing additional speed boards and more detailed signs welcoming motorists to Hilltown Township.
 - Investigate the cost of software to track customer services and determine the cost of software to manage zoning and building codes more effectively.
 - Prepare all of the above noted information in a Power Point presentation showing costs, as well as an analysis of most cost-effective alternatives, and charts or graphs showing to which taxing authority each dollar is allocated
 - Prepare budget worksheets and documentation with columns stretched across the top showing the projected 2008 budget, the 2007 year-to-date budget, projected 12/31/07 budget numbers, 2007 actual to date numbers, and then 2006 and 2005 actual budget numbers.
 - Prepare additional budgets with supporting documentation for years 2009, 2010, and 2011 with a projected spending plan based on past history.
 - Provide complete detail on all current dues, subscriptions and memberships to various organizations, including costs involved with seminars, lunches, breakfasts, etc.
8. Supervisor McIlhinney suggested that more detailed descriptions be added to the line items to be shown further out on the columns, and also asked that the pages of the proposed budget be numbered for ease during discussions.
9. Supervisor McIlhinney asked for clarification of "HOST fees." Mr. Bennington replied that they are fees received from Waste Management.

10. Supervisor McIlhinney questioned the line item for "Royalties." Mr. Bennington explained that it includes royalties received from the negotiated contract with Haines and Kibblehouse.
11. With respect to the 2007 budget to date, line item 173, Supervisor McIlhinney questioned the \$11,000.00 charge. Mrs. Leslie replied that funds were expended for furnishings in the boardroom, including filing cabinets, conference table, computer, etc. Supervisor McIlhinney further noted that no postage has been allocated in the 2008 budget for the legislative body.
12. Supervisor McIlhinney questioned the increase in cost for copy machine equipment rental in the amount of \$6,000.00 for 2007 versus \$9,000.00 for 2008. Mrs. Leslie explained that a new color copier is now being leased.
13. Supervisor McIlhinney noted a sharp increase from \$36,000.00 to \$98,000.00 in projected legal costs. Mr. Bennington stated that \$50,000.00 was included for possible arbitration and police negotiations for 2008.
14. Supervisor McIlhinney requested a breakdown of Police personnel – including the specific number of sergeants, police officers, clerical staff, be shown on the budget sheet.
15. Supervisor Salvadore was unhappy with the use of rounded numbers in the budget, and would prefer real cost numbers.
16. Supervisor Salvadore wished to reinforce Chairman Manfredi's request for more detailed information and history from past budgets – both projected and actual numbers. She commented that it is very difficult to review the proposed budget without history and projections.
17. If there is a line item that has not been utilized or is not projected to be utilized within the next year, Chairman Manfredi suggested it be removed. Mrs. Leslie hesitated to remove such line items because once she does, the history is lost in the Excel format. Discussion took place.
18. Chairman Manfredi asked that the human resource costs or time spent on each project be used to calculate the various Public Works project categories, such as stormwater, road maintenance, etc. Mrs. Leslie believes that could easily be determined by reviewing Mr. Buzby's state labor reports. Discussion took place.

19. Chairman Manfredi asked Mrs. Leslie to provide the specific millage rate under each fund, such as road equipment, etc. Supervisor McIlhinney felt that would be a good way to track what each item in the budget would cost by millage.
20. Supervisor Salvadore recalls that the Board previously asked Mr. Bennington to obtain rates for contracting out all snow and ice removal, however that figure has not been provided.
21. Supervisor Salvadore requested that Mrs. Leslie provide the Board with an electronic copy of the budget as well.
22. Chairman Manfredi requested that projected costs for the addition of two basketball courts with lights and two tennis courts with lights, and perhaps lights on the sand volleyball court at the Hilltown Civic Park, be provided for the Board's consideration. In conjunction with that, Supervisor McIlhinney suggested that consideration be given to relocating the entrance to the Civic Field parking lot so that it is located further from Mill Road.
23. Supervisor Salvadore suggested that the Township purchase an AED device to be available in the event of an emergency in the municipal building. Discussion took place.

C. OTHER BUSINESS: None.

D. PUBLIC COMMENT: None.

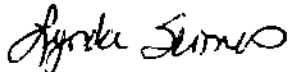
E. SUPERVISOR'S COMMENTS:

1. Chairman Manfredi asked if Mrs. Leslie intends to present a Resolution to the Board prior to the end of the year to consider budget adjustments or a supplemental appropriation for those line items which exceeded the budget for this year. Mrs. Leslie commented that it can be done, but typically has not been done in the past. Chairman Manfredi believes the Township is required to make public budget adjustments if line items exceed the budgeted figures by a certain percentage, according to the Second Class Township Code. Supervisor McIlhinney suggested that perhaps the Township has never exceeded the percentage requirement in the past.

F. PRESS CONFERENCE: No members of the press were in attendance.

G. ADJOURNMENT: Upon motion by Supervisor Salvadore, seconded by Supervisor McIlhinney, and carried unanimously, the first 2008 Budget Worksession Meeting of the Hilltown Township Board of Supervisors of October 5, 2007 was adjourned at 12:31PM.

Respectfully submitted,



Lynda Seimes
Township Secretary

(*These minutes were transcribed from tape and CD recordings taken by Mr. Ken Bennington, Township Manager, and should not be considered official until approved by the Board of Supervisors at a public meeting).