

**TOWNSHIP OF DERRY
BOARD OF SUPERVISORS**

PROPOSED BUDGET 2015 MEETING MINUTES

Wednesday, November 12, 2014

600 Clearwater Road, Hershey, Pennsylvania 17033

CALL TO ORDER

The November 12, 2014 Proposed Budget Meeting of the Township of Derry Board of Supervisors Meeting was called to order at 5:30 p.m. by Chairman, John Foley.

ROLL CALL

Supervisors Present:

Sandy A. Ballard
Justin C. Engle, Secretary
John W. Foley, Jr., Chairman
Marc A. Moyer, Vice-Chairman
Matthew A. Weir

Also Present:

Brian Blahusch, I.T. Manager
Thomas R. Clark, Director of Public Works
Barbara Ellis, Director of Hershey Public Library
Charles Emerick, Director of Community Development
Jill E. Henry, Assistant Township Manager
Cheryl L. Lontz, Manager of Payroll and Employee Benefits
Matthew J. Mandia, Director of Parks and Recreation
James N. Negley, Township Manager/Township Treasurer
Patrick O'Rourke, Chief of Police
Terry M. Weinhold, Manager of Accounts Payable & Accounts Receivable

Public Present: Charles Huth, Rob Graybill

INTRODUCTION OF 2015 PROPOSED BUDGET

James N. Negley - Township Manager/Township Treasurer, presented the Executive Summary for the proposed Township of Derry 2015 Budget.

The General Fund Operating portion of the budget for 2015 increases 6.92% from 2014 and requires no tax increase. The budget recommended for 2015 totals \$17,576,664; which is a \$1,136,820 increase from 2014.

Wage increases effective in 2015 have been estimated within each department's personnel expenditures. Non-Uniform employees (AFSCME) are scheduled to receive a wage increase of 2.75%. Derry Township Police Association members (sworn police officers) are scheduled to receive contractually a 3.00% increase in salaries plus an increase in longevity pay. Management employee salaries are budgeted at 3.00%.

It is estimated that the Cash Reserve in the General Fund Operating Budget of December 31, 2014 will be conservatively placed at \$2,169,658. A Cash Reserve in excess of \$1.5

million is recommended to meet expenditures for the first 90 days of the following year based on when we receive the taxes. The Township's internal policy establishes \$4 million as the desirable amount. In 2008, we had the economic crisis followed by Tropical Storm Lee and our reserve in 2010 was down to \$400,000. We raised taxes and started to build the reserve and watch the budget as well as we can.

We budgeted for maximum exposure in 2015 for health care and will be reimbursed for any reduction. It will go in our reserve account. The fund balance in 2014 is projected over \$2 million and the reimbursement of \$300,000 is accounted for in the 2015 budget. The auditors may say it should be 2014 revenue and then the 2014 reserve money will increase by that amount. This year our health care was so good, our rate was reduced.

The All Funds Operating Budget for 2015 comes to a total of \$23,325,404, an overall increase of \$1,359,494.

Our total Revenues were projected to be \$17,810,965. Expenditures are projected to be \$17,576,664.

Our biggest generator of revenue is earned income tax at \$4.8 million. Amusement tax and real estate tax are 24% of the revenue and charges for services is around 11%.

Expenditures – The largest expense is the Police Department at 37%. We are one of the few communities that spend so much for culture for the community.

The Township's real estate tax millage for 2015 is established at 1.4466 mills. It is a combined tax of both the real estate tax and the capital tax. .9964 mills for general operating proposed and .4502 mills for capital improvements. We do a good job compared to other municipalities of minimizing the tax burden as far as real estate tax goes. Out of every dollar that is received in real estate tax in Derry Township, 68% goes to the school district, 27% goes to the County and Derry Township gets 5%.

The staff has done a terrific job. They are truly devoted in serving the Township of Derry and providing the best service for the funds that the Township trusts in their behalf.

2015 GENERAL FUND OVERVIEW

	<u>2015 Budget</u>	<u>% Change</u>
Total Revenues	\$17,810,965	3.53%
Total Expenditures	\$17,576,664	6.92%

CAPITAL PROJECTS FUND

	<u>2015 Budget</u>	<u>% Change</u>
Total Revenues	\$2,489,850	-3%
Total Expenditures	\$2,649,850	4%

HERSHEY VOLUNTEER FIRE COMPANY

The proposed Hershey Volunteer Fire Company 2015 Budget.

	<u>2015 Budget</u>	<u>% Change</u>
Total Revenues	\$230,000	7%
Total Expenditures	\$479,400	7%

Total Department Capital Budget \$0

BOARD OF SUPERVISORS

Jill E. Henry, Assistant Township Manager, presented the Board of Supervisors proposed 2015 Budget.

	<u>2015 Budget</u>	<u>% Change</u>
Total Department Expenditures Budget	\$ 107,690	11%

The Board of Supervisors Budget totals \$107,690, an increase of 11% for 2015. The increase is due to a new laptop for presentations, memberships, an additional \$10,000 for special projects, and a \$200 increase for stenographer fees due to the length of the meetings.

ADMINISTRATION

Jill E. Henry, Assistant Township Manager, presented the Administration Department proposed 2015 Budget.

	<u>2015 Budget</u>	<u>% Change</u>
Total Department Expenditures Budget	\$966,775	21%

Total Department Capital Budget \$ 11,000

The Administration budget totals \$966,775 which is an increase of \$166,893 (21%). The majority of that increase is attributed mainly to personnel costs. It has been a long time since we added any new positions. Included in the personnel costs is \$70,000 for an economic development manager. A manager is necessary to advance the mission of the downtown Hershey development and to seek grant funding for the project. Also included is \$19,000 for a part-time IT assistant. The demands on the IT department have increased due to technology advances, new equipment and software capabilities. Wages were added for backup coverage at the front desk to cover vacations. Other miscellaneous increases included postage and mailing fees, property insurance, and maintenance service. There was a \$5,000 reduction in lowering funding for telephone/long distance services, heating expenses, and equipment costs.

The Capital Budget Requests for \$11,000 include:

- Building improvements/maintenance: paint trim around windows which are weathered and peeling = \$5,000
- Computer & equipment: replace color copier – service agreement is no longer offered on the copier and it is costly to repair and difficult to obtain ink cartridges = \$6,000

Vice-Chairman Moyer mentioned the 70,000 for the economic development manager and with benefits would be close to \$100,000. What is the average salary for a person in that position? Assistant Manager Henry said the planning consultant looked at the industry and made a recommendation. Vice-Chairman Moyer asked what benefits the Township will be deriving from. Asst. Manager Henry said in order to receive any grant money, there has to be a minimum amount hours of staff time involved in this activity.

Vice-Chairman Moyer said the Township is one of many stakeholders in main street project and he wondered what percentage the other stakeholders will be contributing to the manager in addition to the \$100,000 the Township is contributing. Supervisor Engle said at this point there are no other contributions. But there will be contributions from other

stakeholders for this organization in 2015. The 60% of this person's time will be spent on the main street organization which qualifies it for main street designation thru Keystone Communities which opens up funding sources through the Department of Community & Economic Development. So the hope is that in that 60% alone will create opportunities for vast funding sources for the downtown and the economic advancement in downtown will improve the tax base for the entire Township and the other 40% is spent on economic development for the entire Township.

Vice-Chairman Moyer stated that the Township budgeted \$100,000, but it doesn't mean we have to spend that full amount, we simply are earmarking that amount of money. The money could be offset from other stakeholders.

Supervisor Ballard asked if by voting on this does it mean we agree to hire a person. Vice-Chairman Moyer said we are just allocating that amount to be available. Chairman Foley said we are creating the funding for that position and then we make a decision later if we are going to proceed with this position. This position could possibly be self-funding through grants.

Vice-Chairman Moyer asked about the other increased personnel costs. Asst. Manager Henry said it also includes health care costs for management and other personnel compensation costs.

HERSHEY PUBLIC LIBRARY

Barbara Ellis, Director of Hershey Public Library, presented the proposed Hershey Public Library 2015 Budget. In 2014, the Library's Board of Directors created a new strategic plan to guide the Library through the next 3 years. In 2015, the library staff and board members plan to develop, distribute, collect and analyze a community survey. Grants will continue to be sought and applied for.

We currently have 25 staff. In order to continue this work in 2015, we are requesting to keep the number of staff, but would like 7 full-time and 18 part-time staff. This would increase a part-time person to full-time.

	<u>2015 Budget</u>	<u>% Change</u>
Total Department Revenue Budget	\$ 150,730	0%
Total Department Expenditures Budget	\$1,213,421	6%
 Total Department Capital Budget	 \$ 67,820	

The increase in expenditures is due mainly to personnel, unemployment compensation, insurance, and strategic planning expenses.

The Capital Budget Requests for \$67,820 include:

- 2nd year payment contracted for HVAC control system plus \$10,000 for new humidifiers
- Lescanec Library Legacy – continued work on redesign and upgrading Children/YA area and two small study rooms in the adult area.

Supervisor Ballard asked if we charge a fee to the people who come to the Library, but do not live in Derry Township. Ms. Ellis said there is a fee of \$5 for a card.

Vice-Chairman Moyer asked what an adult education coordinator does. Ms. Ellis said they conduct classes, coordinate programs, etc. He wants to assure our taxpayers are paying for services rendered to them and not to non-Township residents. He is concerned that we incur increased costs for the taxpayers by budgeting to include non-Township residents.

Manager Negley said in exploring this position he met with some members of the Friends of the Library and they think this position is very important for the residents and the library.

COMMUNITY DEVELOPMENT

Charles Emerick, Director of Community Development, presented the proposed Community Development 2015 Budget:

The department's revenue budget projects a 5.00% increase due to expected increase in building permit fees.

An 8.00% increase in expenditures is due mainly to insurance premiums, advertising costs, legal fees, wage adjustment and cost sharing with Dauphin County Conservation District for a specific program offset by some telephone savings.

	<u>2015 Budget</u>	<u>% Change</u>
Total Department Revenue Budget	\$629,756	5%
Total Department Expenditures Budget	\$719,103	8%
 Total Department Capital Budget	 \$ 90,400	

The capital budget requests include \$6,400 for a vehicle to be used for daily code enforcement/building inspections and \$84,000 to finish the revised comprehensive plan/zoning ordinance project that we began last year. \$50,000 is being carried over from the 2014 budget to help offset the costs of \$84,000 for the comprehensive plan project.

PARKS & RECREATION

Matthew J. Mandia, Director of Parks & Recreation, presented the proposed Parks & Recreation 2015 Budget. Their budget is based on striving to meet the recreational demands of the community while understanding the core responsibilities of the local government. In 2015, we are looking to establish a subcommittee to begin the process of future planning.

	<u>2015 Budget</u>	<u>% Change</u>
Total Department Revenue Budget	\$ 919,775	0%
Total Department Expenditures Budget	\$1,616,229	3%
 Total Granada Avenue Revenue Budget	 \$ 180,400	 -11%
Total Granada Avenue Expenditures Budget	\$ 265,504	1%
 Total Department Capital Budget	 \$ 341,400	

The increase in expenditures for the department is due mainly to wage adjustment, anticipated health related expense, unemployment compensation rate increase, vehicle maintenance, and legal fees. We continue to strive to maximize the Granada facility.

Supervisor Ballard asked about the school reimbursements. Mr. Mandia said he was being conservative with the numbers.

Vice-Chairman Moyer asked if the increase in expenditures is due to insurance costs beyond his control. Manger Negley said the numbers were given to Mr. Mandia. He does not have control over the insurance costs.

The Capital Budget Requests for \$341,400 include:

- Tennis court resurfacing = \$36,000
- Outdoor filtration system reconfiguration = \$20,000
- Utility vehicle for recreation center maintenance = \$4,700 lease
- Passenger Van for P/R use = \$5,700 five year lease
- Cocoa Castle renovation = \$275,000 (\$100,000 grant from state and \$175,000 to be paid from in-lieu funds)

Supervisor Ballard asked if we are still trying to sell the skate park. Mr. Mandia said they continue to try to market it. It will be opened in the summer if it is not sold.

Supervisor Engle asked about the plan to put together a subcommittee for the 50 year old Rec Center. Mr. Mandia said the idea is to keep the project moving and therefore, put \$10,000 in the budget so this group can work with a planner in 2015.

PUBLIC WORKS - RECYCLING

Thomas R. Clark, Director of Public Works, presented the Recycling proposed 2015 Budget.

	<u>2015 Budget</u>	<u>% Change</u>
Total Department Recycling Revenue	\$519,250	24%
Total Department Recycling Expenditures	\$625,822	3%

The increase in recycling expenditures includes purchase of bags for Pay as You Throw customers, and maintains lechate spray fields to DEP standards.

PUBLIC WORKS

Thomas R. Clark, Director of Public Works, presented the Public Works proposed 2015 Budget.

General Fund Budget: Revenue portion reflects no increase in Road Occupancy permits as a result of reduced activity. Increases to the snow removal contract paid to the Township by PennDOT are not expected and reimbursement for highway mowing has been eliminated. There has been a significant increase in the Curb and Sidewalk program.

	<u>2015 Budget</u>	<u>% Change</u>
Total Administration Budget	\$ 440,874	-2%
	<u>2015 Budget</u>	<u>% Change</u>
Total Department Revenue Budget	\$ 266,500	8%
Total Department Expenditures Budget	\$2,448,933	5%
Total Department Capital Budget	\$ 182,360	

The Capital Budget Request is to replace the card access system, 1 ton dump truck equipped for snow, Ferris IS3100, director's vehicle (lease), and assistant director's vehicle (lease).

Someone asked about the condition of the tub grinder. It is 20 years old and getting close to the end even with the great job the staff do to maintain it.

	<u>2015 Budget</u>	<u>% Change</u>
Total Liquid Fuels Revenue Budget	\$632,980	19%
Total Department Expenditures Budget	\$617,866	23%

Liquid Fuels Funding shows an increase in highway construction and rebuilding and snow and ice removal supplies. It is used for salt, pavement markings, and line painting.

Manager Negley added that it would also be used to pay for our debt service for the Homestead Road traffic signal. Manager Negley said he will add this as a separate line item.

Supervisor Ballard asked about the large increase in snow removal. Mr. Clark said it depends on the amount of salt inventory. We filled up the salt building prior to November 1st because we were still able to piggy back off the COG contract from last year, which was at about \$58 a ton. The COG contract that went into effect November 1 is \$75 a ton.

POLICE DEPARTMENT

Patrick O'Rourke, Chief of Police, presented the proposed 2015 Budget for the Police Department. The department's main focus for 2015 is to continue to explore cost saving measures and to seek additional grant funding for special projects.

	<u>2015 Budget</u>	<u>% Change</u>
Total Department Revenue Budget	\$ 573,839	2%
Total Department Expenditures Budget	\$6,582,143	8%

Supervisor Ballard asked about the Milton Hershey School reimbursement with no increase from 2012. Chief O'Rourke said that was the way the agreement was drafted. In the future an increase can be looked at.

Supervisor Ballard asked about the school district reimbursement decreasing from 2012. Chairman Foley said while there was a reduction and the school district has reverted back to the original agreement.

It was asked if the HMC reimburses in the event we are dispatched there. They do not, but it has been addressed in the past. Chairman Foley said they had a meeting about it today and the dialogue continues.

An increase in wages for a police officer would be used to increase manpower due to all the initiatives the department has put in place including foot patrol, citizen's academy, junior police academy, walking patrols, increased crosswalk patrols, motorcycle patrols, etc. It would increase the number of officers on patrol and increase officer safety. We could wait until June 1st if this position is granted to save a little bit of money.

Supervisor Ballard commented about the Humane Society/Animal Control and appreciates the police coordinating this. It looks like it saved us money.

Total Department Capital Budget \$ 111,819

The Capital Budget request for \$111,819 includes:

- SUV Utility (\$35,400) = \$7,500 annual lease payment
- Leasing payments = \$59,420
- Speed Trailer = \$5,020
- Computer Upgrades = 29,879
- Body Armor = \$4,000
- In Car Video System = \$6,000

PUBLIC COMMENT

Rob Graybill, President of the Derry Township Community Cats Program – Mr. Graybill updated the Board on the Derry Township Community Cats Program's part in helping control the feral cat population. In the past year, they were able to spay or neuter approximately 236 cats at a cost of \$14,230. They also had a grant through Pet Smart for a one year period. The grant gave us \$50/cat and we were then getting \$10 from the Township. This program has about 8 volunteers that have worked together over this past year to provide the service. They have the 501C3 – non-profit status that allows them to collect and request donations that will help fund the program this coming year to continue. They are seeing a decline in the number of people calling them. In the approximately 2 years they have been doing this, they have cared for about 600 cats. The Nobody's' Cat Foundation out of Mechanicsburg recognized Derry Township Community Cats with their first annual Marley Award which is given to groups in the area that are doing trap, neuter and return. We also had one of our members who was individually awarded for the work she has done. Mr. Graybill mentioned that they are in need of some space in a building to continue this program.

Manager Negley said there will be an addition of \$10,000 for miscellaneous contracted services for the aquatics club, a journal entry made for segregated account for liquid fuels for the debt service, and we plan to bring this to the Board for approval at the December 3, 2014 meeting. The budget will be on display for 20 days.

ADJOURNMENT

The budget hearing was adjourned at 7:30 p.m.

Respectfully submitted by:

Justin C. Engle
Township Secretary

Brenda Van Deursen
Recording Secretary