

TOWNSHIP OF DERRY
BOARD OF SUPERVISORS BUDGET HEARING
NOVEMBER 16, 2021 MEETING MINUTES

CALL TO ORDER

Chairman Abruzzo called the November 16, 2021 Budget Hearing of the Township of Derry Board of Supervisors to order at 5:30 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 performed.

IN ATTENDANCE:

SUPERVISORS

E. Christopher Abruzzo, Chairman
Natalie L. Nutt, Vice Chairwoman
Carter E. Wyckoff, Secretary
Richard D. Zmuda
Susan M. Cort

ALSO PRESENT:

Christopher Christman, Township Manager
Chuck Emerick, Director of Community Development
Thomas Clark, Director of Public Works
Robert Piccolo, Assistant Director of Public Works
Chief Garth Warner, Police Department
Zachary Jackson, Director of Parks and Recreation
Cheryl Lontz, Manager of Payroll & Employee Benefits
Alison Trautmann, Director of Hershey Public Library
Brian Blahusch, IT Manager
Julie Echterling, Recorder

Public in Attendance:

The following were in attendance: Linda Eyer, Michael Corado

PUBLIC COMMENTS:

There were no public comments offered.

BUDGET

Mr. Christman stated he would be providing an overview of the 2022 budget tonight. He stated they have not received the 2020 audit containing finalized journal entries which could have a minor impact on the budget. He stated this is the best estimate for the 2022 budget and for the Fund balances. As we approach the end of 2021, Covid-19, while still an issue for most of America, Derry Township in particular is beginning to see signs of a recovery period. While that is promising news, the Township needs to continue to prepare for a three to five-year recovery period before there is a return to normal financial projections. He discussed the 11 funds set-up for the Township.

He stated Administration would like permission to advertise the proposed budget making it available for public inspection for twenty (20) calendar days. After the 20 days, the Board could approve the budget at the December 21 meeting. He went over the following 2022 budget highlights:

- **No Tax Increase Budget –Real Estate Taxes remain at 2.5381 mills**
- The budget format maintains consistency with the DCED Chart of Accounts and is in conformance with the annual Township Audit.
- General Fund Balance is projected to end FY2022 at \$1,207,748 with an additional \$2,932,150 in General fund Operation Reserve for a combined balance of \$4,139,898. He noted, as this increases, it will help the Township with their bond rating.
- Maintains all Township services at current levels even with decreased revenues.

**TOWNSHIP OF DERRY
BOARD OF SUPERVISORS BUDGET HEARING
NOVEMBER 16, 2021 MEETING MINUTES**

- Anticipates \$608,698 of capital projects to address various capital needs throughout the Township. There is a combined \$10 million from our RACP funds and bond proceeds to complete the Community Center project.
- Wage increases for Uniform Employees, Non-Uniform Bargaining Unit Employees and Management Employees are set at 2.50% as per the current collective bargaining agreements.
- Health Care costs are increasing by 1.4%.
- All other Insurance lines were conservatively estimated with a 5% increase. The renewals have not been received; however, they should be less than 5%.

He stated the 2022 budget is broken up into eight operating funds and three capital funds.

General Fund:

- Below are budgeted numbers for 2021 compared with 2022:

<u>Total</u>	<u>2021</u>	<u>2022</u>	<u>% Change</u>
General Fund Revenues	\$22,982,936	\$23,825,660	3.67%
General Fund Expenses	\$19,169,776	\$22,617,910	17.99%
General Fund Personnel Costs	\$11,366,380	\$13,205,127	16.18%

- He spoke about the Act 511 (amusement and parking) revenues. Real estate and Act 511 taxes account for 87% of the Township's revenues.

Street Light Fund:

- FY2022 is projecting a total of \$381,800 available for appropriations with a net \$0 ending fund balance December 2022.

Community Center Fund:

- He noted this account became necessary in 2020 to separate these services and to better track revenue and expenditures as they relate to the new Community Center.
- For FY2022, total revenues and expenses are anticipated at \$2,508,030 leaving a fund balance of \$0. The new Community Center is projected to open in the Spring/Summer of 2022.
- He spoke of the Board's desire that the Center run without requiring a tax increase from residents. He noted that they will have a better estimate for budgeting once the Center has run for a year.

Solid Waste Fund:

- He noted it became necessary to separate these funds from the General Fund to demonstrate Derry Township's commitment to responsible solid waste and recycling services. Moreover, the Township can sustain these services in a concise manner within a separate fund and it may provide for additional opportunities with PA DEP Recycling Performance Grant initiatives.
- For FY2022, total revenues are anticipated at \$1,221,891 and total expenditures at \$756,267 leaving an approximate fund balance of \$465,624.

Library Fund:

- This fund accounts for revenues and expenditures related to the Hershey Public Library. The library has three distinct funding streams: Derry Township, the Friends of the Hershey Public Library, and the Endowment.

TOWNSHIP OF DERRY
BOARD OF SUPERVISORS BUDGET HEARING
NOVEMBER 16, 2021 MEETING MINUTES

- Total available funds for FY2022 are \$1,013,221. Total expenses are budgeted at \$1,013,221 leaving a fund balance of \$0. In FY2022, it is anticipated that state grants for the library will be \$74,056.

Debt Service Fund

- This account is for tax revenues and expenditures used to meet debt obligations for the Township.
- The total debt service payment, including both principal and interest, for FY2022 is \$2,426,729. The year-end fund balance is projected at \$0.
- Administration will continue to monitor refunding opportunities in FY2022 to assist with long term debt strategies and take advantage of favorable interest rate environments.

Capital Reserve Fund

- He discussed the need for a vehicle and apparatus replacement schedule. Further discussion is needed to learn the needs and evaluations of the timing of these replacements.
- Anticipate \$10,628,697 of expenditures for the 2022 budget are outlined below:

Information Technology	\$3,200	
General Government Buildings	\$10,000	
Police Services	\$195,734	
Fire Protection	\$216,763	
Community Development	\$42,500	
Participant Recreation	\$10,040,500	<i>Center</i>
Parks	\$60,000	<i>Tennis Courts</i>
Library	\$60,000	<i>Building Maintenance</i>

Community Center Reserve Fund

- This Fund is for all capital needs of the Derry Township Community Center.
- The fund is anticipated to have \$0 available for appropriation in FY2021. He said as the new Community Center comes online, funding sources should be identified to begin building reserve balances to cover capital improvement costs for the physical plant. He noted that the first five years of maintenance should be covered by warranty for the Center.

Road Equipment Fund

- This Fund finances capital equipment purchases for the Public Works Department. This budget does not allocate specific millage of real estate tax revenue; however, a transfer of \$229,557 is being made to provide for the lease payments of Public Works equipment. He spoke about a future discussion that could take place about assigning a millage for this funding.

Liquid Fuels Fund

- This fund is subsidized completely by the Commonwealth of Pennsylvania’s Department of Transportation -Bureau of Municipal Services –Liquid Fuels Funding. Fuel taxes are based on the total miles of locally owned roads and streets in Derry Township plus the most recent Census figures on record (2010).
- Total anticipated revenue for the Highway Aid Fund in FY2022 is projected at \$757,109 with a total of \$1,721,778 available for appropriation. Expenditures within this fund are limited to

TOWNSHIP OF DERRY
BOARD OF SUPERVISORS BUDGET HEARING
NOVEMBER 16, 2021 MEETING MINUTES

equipment purchase; snow and ice removal; signs and road striping; road repair and road resurfacing. Total anticipated expenditures are \$757,109.

General Operating Reserve Fund

- This account was created for the sole purpose of beginning the process of creating a true operating reserve for the Township. It will provide a source of funds for unforeseen emergencies that arise in our community. The FY2022 budget anticipated a transfer from the general fund in the amount of \$1,800,000 with the projected fund balance of \$2,932,150.

Supervisor's Comments/Questions:

Chairman Abruzzo thanked Mr. Christman and Staff for their hard work on the budget. Supervisor Zmuda asked about the ICDA and PILOT payments. Chairman Abruzzo stated they are having a meeting on Thursday and hope to get some answers. Mr. Christman noted the 2022 budget does not anticipate a PILOT payment from HE&R. Supervisor Cort thanked everyone for their work and for the long-range planning. Mr. Christman praised the Staff for their work on the budget and keeping costs down. Chairman Abruzzo asked about office expenses. Mr. Emerick stated they are looking to scan documents with the COVID money versus storing them in file cabinets. Mr. Christman spoke about IT update options with COVID money including improving remote operating options. Supervisor Zmuda asked about meeting with the School District about money for the Center. Mr. Christman suggested waiting for the Board change in January. Mr. Jackson spoke about the only charges for the swimming is lane charges right now for the school district. Chairman Abruzzo noted that the discussions of a contribution were derailed by COVID.

Supervisor Wyckoff spoke about a municipality in New Jersey that used "fees in lieu of" to pay for their Recreation Center. Mr. Christman stated the "fees in lieu of" can be used for it. Chairman Abruzzo asked that as they look at apparatus and vehicle purchases that it be a "needs" versus a "wants" focus. He spoke about the gaming grant and money available for large purchases. Supervisor Zmuda noted as the West End gets developed the needs for Public Safety will change in the next 10 years.

Supervisor Cort made a motion to advertise the 2022 budget as presented tonight. Supervisor Zmuda seconded the motion. **Motion carried 5-0**

VISITOR COMMENTS:

There were no visitor comments offered.

ADJOURNMENT:

Supervisor Zmuda made a motion to adjourn the Budget meeting at 6:35 p.m. Vice Chairwoman Nutt seconded the motion. **Motion carried 5-0.**

SUBMITTED BY:

Carter E. Wyckoff
Township Secretary