

UPPER MERION TOWNSHIP BOARD OF SUPERVISORS
NOVEMBER 17, 2011

The Board of Supervisors of Upper Merion Township met for a Business Meeting on Thursday, November 17, 2011, in Freedom Hall, in the Township Building in King of Prussia. The meeting was called to order at 7:37 p.m., followed by a pledge to the flag.

ROLL CALL:

Supervisors present were: Greg Waks, Joseph Bartlett, Edward McBride, and Bill Jenaway. Also present were: Ron Wagenmann, Township Manager; Joseph Pizonka, Township Solicitor; Russ Benner, Township Engineer, Judith A. Vicchio, Assistant Township Manager and Angela Caramenico, Assistant to the Township Manager. Supervisor Spott was absent.

MEETING MINUTES:

It was moved by Mr. Waks, seconded by Mr. Bartlett, all voting "Aye" to approve the October 26, 2011 Budget Workshop Meeting Minutes, the October 27, 2011 Budget Workshop Meeting Minutes, and the November 1, 2011 Budget Workshop Meeting Minutes as submitted. None opposed. Motion approved 4-0.

CHAIRMAN'S COMMENTS:

Chairman McBride reported on an executive session dealing with litigation and real estate.

NEW BUSINESS

CONSENT AGENDA:

1. T&M Proposal re: 2012 Funding Administration & Coordination Services Proposal
2. Broker Services re: Brindlee Mountain Fire Apparatus
3. Approval of Transfer Agreement w/Central Montgomery Vocational Tech School re: Fire Truck - Resolution 2011-29
4. Approval of Waiver Request re: 164 Hughes Road
5. Budget Transfers re:
 - a. Equipment Maintenance - \$22,830 (Public Works)
 - b. Sludge Removal - \$4,000 (Public Works - Matsunk)
 - c. Vehicle Maintenance - \$30,000 (Police Department)
6. Resolution 2011-26 re: Homestead Exclusion Act
7. Franklin Maps Agreement (Township Newsletter)
8. Permission to Advertise re: Engineer Consultants

Board Action:

It was moved by Mr. Bartlett, seconded by Mr. Jenaway, all voting "Aye" to approve the Consent Agenda as submitted. None opposed. Motion approved 4-0.

Public Comment after the vote

As a member of the Central Montco Technical High School occupational advisory committee, Mr. David Camarda commented on Consent Agenda item #3. He expressed appreciation to everyone at the township who had a hand in the fire truck acquisition and said this apparatus will be a great inclusion into their program. The fire department personnel in this region are all enthusiastic about this acquisition and several fire chiefs have already lined up to provide equipment for the vehicle.

NEW BUSINESS

ORDINANCE RE: 2011 GO BONDS

Mr. Mike Wolf, Boenning and Scattergood, provided an overview of the bond purchase agreement and explained the refunding process that begins with a rating of the township. He reported that Moody's has reaffirmed the township's existing AAA rating which is the highest rating that can be obtained for a municipal bond transaction. Upper Merion is one of four municipalities in Pennsylvania that enjoys this singular AAA rating. Mr. Wolf quoted the following comments in the report, "Moody's highest rating reflects the township's strong financial operations characterized by ample reserves despite recent declines, a sizeable and affluent tax base with strong demographic indicators and low direct debt." Mr. Wolf pointed out a graph illustrating the interest rates paid on the old 2006 bond series; the new rates will allow the township to save \$234,789 net after all costs. He indicated that 5.28% of the principle is being refunded; the township has traditionally set a target of 3% which means the normal acceptable threshold of savings is being doubled. The bonds will be callable in June of 2017. Except under the most dire circumstances, Mr. Wolf noted the final maturity is not extended; therefore, the loan which originated in 2006 and was scheduled to end in 2031 will still end in 2031 as originally scheduled. The paying agent on the bonds remains with Bank of New York Mellon.

Mr. McBride expressed appreciation for Mr. Wolf's overview of the township position and recognized the hard work of the Township Manager, Finance Director and staff in maintaining the township's soundness and high financial status during these challenging economic times.

Mr. David Twaddell, bond counsel, from the law firm of Rhoads & Sinon, stated that he worked in cooperation with the Township Solicitor to handle the legal proceedings governing the incurrence of debt for the purchase of the bonds that Mr. Wolf has just outlined. By enacting Ordinance 2011-798, the Township accepts the proposal and would incur the debt to refund the bonds as Mr. Wolf has described and become a binding contract locking in the interest rates. For the record this ordinance has been advertised in accordance with the requirements of Pennsylvania Local Government Unit Debt Act at least three days prior to this meeting and a draft of the ordinance has been available in the office of the Secretary. Upon enactment of the ordinance there will be a subsequent advertisement which will let the residents of the township know the final terms and rates. The ordinance also authorizes the mechanics of the bonds to be issued and reappointment of the paying agent. While the 2006 bonds are not actually callable until June of next year, there is no guarantee that current rates will remain available as was mentioned. By accepting the proposal this evening, these rates will be locked in and settlement would occur with 30 days.

Board Action:

It was moved by Mr. Jenaway, seconded by Mr. Bartlett, all voting "Aye" to approve Ordinance No. 2011-798 as submitted. Roll Call Vote: Mr. Waks - Aye, Mr. Bartlett - Aye, Mr. Jenaway - Aye, Mr. McBride - Aye. None opposed. Motion approved 4-0. Ordinance No. 2011-798 was adopted and will be filed in Ordinance Book 15.

RESOLUTION 2011-27 RE: AUTHORIZING OFFER TO PURCHASE 431 W. VALLEY FORGE ROAD, KING OF PRUSSIA, PA

Board Comment:

Mr. Waks offered a clarification on an email he sent to residents earlier today about this purchase authorization.

Board Action:

It was moved by Mr. Jenaway, seconded by Mr. Bartlett, all voting "Aye" to approve Resolution 2011-27. None opposed. Motion approved 4-0.

POSTING OF PROPOSED 2012 BUDGETS

Mr. Ron Wagenmann, Township Manager, presented the 2012 Operating, Capital and Sewer Revenue budgets for Upper Merion Township. Mr. Wagenmann stated by law, the Second Class Township Code, the budget must be balanced and the full budget is available for public inspection at the Upper Merion administrative offices and the library for the next 20 days and it can be viewed on the township's website. The budget process concludes with the budget adoption that will occur at the December 8, 2011 business meeting of the Board of Supervisors.

Mr. Wagenmann stated department requests initially showed the budget \$3.2 million out of balance, but it was brought into balance with initiatives that were identified as a result of a series of budget workshops and meetings. During these sessions, budget guidelines were identified and set resulting in a balanced budget with no tax increase proposed. Highlights of initiatives that have contributed to the balanced budget include:

- Reallocation to the Operating Fund of approximately \$580,000 in real estate tax will be made to the Operating Fund originally set for capital project purposes
- Suspension of payments into equipment replacement program resulting in \$614,000 savings
- Deferral of building permit revenue of approximately \$315,000
- Projection of gaming revenue of \$600,000
- Carry over and reserve funds of approximately \$1.1 million

The budget reflects a total overall 5.7% increase over the 2011 adopted budget. Highlights include:

- The General Fund component is 1.92% increase
- The Library Fund component is .2% increase. The real estate tax pays for this entire budget and there is no subsidization from the General Fund
- The Liquid Fuel component is a 201.4% increase and is due to a transfer of \$1 million into the fund for road resurfacing

General Fund Operating Budget of \$27,856,393 highlights:

- Administration Department: \$2,704,353
- Police Department: \$11,815,852 representing almost 44% of the General Fund Operating Budget
- Fire and Rescue Services: \$1,155,653
- Safety/Codes Enforcement: \$1,233,489
- Public Works: \$3,996,613
- Park and Recreation: \$1,551,797
- Library: \$1,809,540 which is a stand alone budget in that it has its own taxes
- Transfer/Debt service: \$2,036,428
- Liquid Fuels: \$1,552,668

Additional highlights:

- Residential real estate tax: \$2,148,560 which represents approximately 7.71% of the Operating Budget

- Commercial real estate tax: \$2,848,092
- Act 511 taxes (municipal services or local services tax) that include the mercantile and the business privilege tax collected in Upper Merion: \$12,556,721 or that is 45.07% of the operating revenues of this township
- Permits, fees, interest and miscellaneous: \$4,691,400
- Grants-in-aids received from the Commonwealth of Pennsylvania: \$1,906,019
- Transfers and reserves: \$2,202,124
- Park and Recreation Department will take in \$950,200 in revenue and about 62% of their budget is paid for by the fees and charges that they collect for the various programs
- Miscellaneous fees for the library at \$5,800
- Liquid Fuels at \$552,668 from the Commonwealth of Pennsylvania which is the township's share of the gasoline tax

Overview of Real Estate tax dollar:

- Average home is assessed at about \$150,000
- Township's millage is 2.159 mills which represents about 9.79% of the real estate tax dollar that residents pay. For the average home that is about \$323 and with a Homestead Exclusion this nets out to \$162 to the Township
- The School District is 17.19 mills which represents almost 78% of the residents' real estate tax dollar or about \$2,685 to the school district
- Montgomery County is 2.695 mills which represents 12.23% or \$404 for the average home
- Total tax bill without the exclusion for a year in Upper Merion for the average home is approximately \$3,412 and with the Homestead Exclusion applied it is approximately \$3,250 for the homeowner
- Commercial assessed value is \$3,200,000. The average business pays about \$6,908 to the township, \$57,280 to the School District and \$8,624 to Montgomery County

Upper Merion Township Millage highlights:

- General Fund: 1.255 mills for operations or about \$188 of the total millage rate
- Open space: .095 mills or about \$14 - these are funds used to pay the bond issues that the Board of Supervisors refinanced at this meeting
- Debt Service on the Township Building: .205 mills or about \$30
- Fire capital equipment and operations: .096 mills or \$15 a year
This money is used to help support the operations of the volunteer fire companies, the ambulance corps and also their purchase of all fire equipment. Because Upper Merion Township has an entirely volunteer service it saves the township approximately \$8-9 million a year
- Library: .508 mills or \$76 a year

Administration Operating Budget highlights:

- Total budget represents a \$3.2% increase in the budget over 2011
- Administration services include personnel, accounting and finance, payables, management, legal, revenue collection, public information, and Sewer Revenue Account (SRA) Administration. The largest percentages go to management, legal, revenue collection and accounting and financing

Information Technology (IT) Operating highlights:

- Total budget is \$596,420 or about a 3.8% increase
- IT Department takes care of hardware, software, township website,

email and internet management, telephone systems, and user support for the various departments

- The IT budget is totally charged out to every department based on the services provided to the township

Police Services Operating highlights:

- Police Department has the largest budget at almost \$12 million with a 1.4% increase over last year
- Patrol Division represents the largest segment at 52% of that budget, followed by the support services at 14%, investigations at 10%, traffic at 8%

Fire Protection Operating highlights:

- Total budget is \$1,155,653 which represents a 1.2% over 2011 budget
- All volunteer fire companies in Upper Merion Township: King of Prussia Volunteer Fire Company, Swedeland Volunteer Fire Company, and Swedesburg Volunteer Fire Company. In addition, the Lafayette Ambulance squad provides the medical services to the township
- \$55,000 allocation in for the ambulance corps that basically covers their workers compensation insurance
- \$370,478 representing a 1.7% increase allocated among the three volunteer fire companies
- Fuel appropriation \$40,000 representing an 11.1% increase
- Largest item is the relief fund. There is a tax on foreign fire insurance policies that are sold in the state and by formula the township receives a share of that tax. This is a pass through that goes directly to the Relief Association of the fire departments and pays for life insurances, training, safety equipment, and premiums for workers compensation

Safety and Codes Operating highlights:

- Total budget is \$1,233,489 which represents a 1% increase. Enforcement Department is paid for entirely by fees collected for the various permits and covers building construction, property maintenance, fire marshal and risk management. The largest segment is building code enforcement of the building codes, next largest is fire marshal and the numbers are the same for the permitting and property maintenance

Public Works Operating highlights:

- Total budget is \$3,996,613 which represents .8% increase over the previous year. Last year the Board of Supervisors approved the offer of some retirement incentives and a number of personnel in this department retired and were not replaced
- Vehicle maintenance and building maintenance are charged out completely to the operating departments
- Transportation is the largest of segment in Public Works that is funded from the General Fund followed by Parks and Shade Tree

Public Works - Planning Operating highlights:

- Total Planning Budget is \$383,742 which represents a 22% decrease in that department's operating budget for the same reasons previously noted in the Public Works Transportation Division
- The planning department handles the long range planning of the township and provides plan reviews of subdivisions and land development plans, technical services, bid administration,

Geographic Information System (GIS) responsibility, inspections of the improvements that are done on subdivisions and land developments, administration of sewer access rights program

Public Works - Transportation Operating highlights:

- Total Transportation Budget is \$2,381,344 which represents a 1.2% increase. This department handles resurfacing, road maintenance, traffic control, snow and ice control, leaf collections, and storm water issues. Leaf collection is the most costly service that this department renders and takes 26% of their resources
- Traffic control is next costly service. There are 70 traffic signal systems owned, operated and maintained in the township

Public Works - Parks and Shade Tree Operating highlights:

- Total budget is \$1,231,527 which represents a 4.1% increase. This department handles parks maintenance, tree maintenance, composting and the NorView Farm. Park maintenance consumes the greatest portion at 43%, tree maintenance at 27% followed by composting and NorView Farm. There is some income that comes back to the township that covers the expenses for the operation of the NorView Farm.

Public Works Vehicle and Building Maintenance Operating highlights:

- Vehicle maintenance and building maintenance are charged back.
- Vehicle maintenance at \$371,649 for 2012 which represents a 1.8% decrease and building maintenance at \$605,660 is a .3% decrease from previous year.

Parks and Recreation Operating Budget highlights.

- Total budget is \$1,551,797 which represents a 2.6% increase. This department covers Adventure Day Camps, Concerts Under the Stars, instructional classes, excursions, special events, senior programs and the senior center.
- The classes represent the largest segment followed by the day camp, concerts, special events, senior programs and excursions. 62% of these programs are paid for by fees and charges that are collected.
- Major part of the increase in the budget this year is driven by some new programs and additional concerts which will be covered by the fees and charges that are collected.

Debt service and Transfers Operating highlights:

- Total budget at \$2,036,428
- Principle and interest represents 4.24% of the operating budget
- Transfers and miscellaneous include transfers for LST to other funds and expenses for the Residential Rambler, contingencies, and accrued expenses

Library Operating Budget highlights:

- Total budget at \$1,809,540 represents a .2 % increase
- Library programs include: adult services, children's services, reference services, children's programs and materials processing with adult service being the largest segment at 37% and children's second at about 31% of the budget.

Capital Budget highlights:

- Total budget at \$4,286,764 with the general government at

\$1,060,369 which includes Administration, Information, Technology, Parks and Recreation, Library, Police, Fire and Rescue Services, and Safety and Codes.

- Public Works has a \$9,000 item
- Sewer is the largest segment at \$3,217,395
- Major Capital projects next year include:
 - Info Technology Document Imaging
 - SRA-Trout Run Belt Press
 - SRA-Matsunk Belt Press
 - SRA-Matsunk trickling filter tower at \$467,395 (a state grant will cover approximately \$332,000 of this amount)
 - sewer line work at \$750,000
 - two fire/rescue vehicles for replacement (Lafayette Chief at \$48,000 and Swedeland Chief at \$51,000. Mr. Wagenmann noted that one of the advantages is replacement can be held off as long as possible until vehicles need to be replaced, but they are scheduled for replacement the year that they are fully depreciated.
 - Park and Recreation Trail System at \$557,869. Application has been made to Delaware Valley Regional Planning Commission and project will proceed if a grant is approved for the trails.

Sewer Revenue Operating Budget highlights:

- Upper Merion Township has 125 miles of sewer lines
- 6 million gallons of sewage treated daily at two wastewater treatment plants
- 12 pumping stations operating to move flow to those individual plants
- Total proposed operating budget at \$5,559,104 which represents a .2 % increase over the previous year
- Five divisions include: Trout Run Plant at \$1,385,107 (6 million gallons of capacity a day), Matsunk at \$1,239,618 (5 ½ million gallons of capacity a day), Collection Systems (responsible for the maintenance of 12 pump stations and 125 miles of sewer lines) at \$1,360,214, SRA Administration at \$408,237, Sewer Revenue Account/Authority miscellaneous/Municipal Industrial Pretreatment Program/Lease at \$1,165,928.
- Sewer rental rate being raised \$2 per quarter (from \$54 to \$56 per quarter) to establish a capital project fund for capital maintenance at the sewer plant facilities and collection system operation. (year 2 of 5 year phase-in of rate increase.
- Gradual phasing out over a five-year period of garbage grinder rate of \$46 a quarter and establishing an all residential rate of \$56 a quarter (also year 2 of 5-year phase in of rate increase.

Liquid Fuels Fund budget highlights:

- Township share of gasoline tax dollars from Commonwealth of Pennsylvania used for the maintenance and reconstruction of township roads.
- Total revenue at \$552,668. This allocation is up 7.3% or \$37,000 increase over 2011.
- Transfer of \$1 million from liquid fuel reserve account for resurfacing program.

Mr. Wagenmann posted the 2012 Budget that is scheduled for adoption on December 8, 2011.

Mr. Waks stated he received an email last week asking a question about the Liquid Fuels Revenue and for the benefit of other residents who might like more information asked for additional details. Mr. Wagenmann responded the gasoline tax is paid when fueling up at the gas pump. The amount of a

municipality's allocation is based on its population and miles of roads on the approved Liquid Fuels Inventory and specific conditions must be met. The Municipal Liquid Fuels Program funds a range of projects to support municipalities' construction, reconstruction, maintenance and repair of public roads or streets.

LIBERTY CELL TOWER AGREEMENT AND RESOLUTION 2011-28

Mr. Joseph Pizonka, Township Solicitor, stated this agreement involves two lease agreements with Liberty Cell Towers. Liberty proposes to erect and construct cell phone towers on a site located on township property and another site located at Heuser Park. The essential terms of the agreement are that Liberty will pay \$1,500 per month rent with an annual increase of 3%. The initial term is five years and there are four five-year renewal terms. The sites on township property and Heuser Park have yet to be precisely located. Liberty's engineers are working on that aspect now; therefore, this agreement, if approved by the Board of Supervisors, would be subject to final approval of the exact sites and locations of the two towers.

Board Action:

It was moved by Mr. Bartlett, seconded by Mr. Waks, all voting "Aye" to approve the agreement and Resolution 2011-28 as submitted. None opposed. Motion approved 4-0.

ACCOUNTS PAYABLE & PAYROLL:

Board Action:

It was moved by Mr. Jenaway, seconded by Mr. Waks, all voting "Aye" to approve the Accounts Payable for invoices processed from September 29, 2011 to November 3, 2011, in the amount of \$1,061,297.94 and the Payroll for October 14, 2011 and October 28, 2011 in the amount of \$1,182,871.91 for a total of \$2,244,169.85. None opposed. Motion passed 4-0.

ADDITIONAL BUSINESS

TAX COLLECTOR INCREASE IN CERTIFICATION FEES

Mr. McBride stated since 1998 there has been no increase in the Tax Collector's fee for retrieving and certifying tax bills. The Board of Supervisors has been asked to approve an increase to \$30 for the years 2012 through 2015 and increase to \$35 for the years 2016 through 2020.

Mr. Jenaway commented in comparison to communities of similar size these fees are lower than comparable municipalities.

Mr. Waks commented that this item was originally on the agenda a few weeks ago and it was set aside because some of the supervisors had legal questions about the fee increase and whether it was considered increase in compensation. Upon advice from counsel, it was determined that this was, in fact, an increase in fees. Mr. Waks noted if it had been viewed as an increase in compensation it would have to wait for another year or two before this could happen. Since the Solicitor provided information that this is viewed as being under the law, an increase in fees as opposed to an increase in compensation, the supervisors' concerns have been resolved.

Board Action:

It was moved by Mr. Jenaway, seconded by Mr. Bartlett, to approve an increase of tax collector certification fees to \$30 for the years 2012 through 2015 and an increase to \$35 for the years 2016 through 2020. None opposed. Motion approved 4-0.

UPPER MERION AREA SCHOOL BOARD

Mr. McBride urged residents to support the newly elected School Board in their efforts to administer their duties, particularly to bring more control to their finances and to hold their administration accountable. With regard to Upper Merion Township, Mr. McBride stated that the Township Manager and the Finance Director briefed the supervisors on the budget line by line so that they are aware of each number intimately. As a result of this attention to budget details, hard work and commitment, the Township enjoys a AAA bond rating and no tax increase. The new School Board, with the support of the public, can start to make and see changes in the administration of our other tax dollars. Mr. McBride reminded residents that the school taxes are the larger of the two taxes.

LIFE SAVING EFFORTS OF ALERT CITIZENS

Mr. Bartlett commented on a bike rider who last week suffered a heart attack in the township and was brought back to life by alert citizens and township staff who administered aid with a defibrillator.

TOWING CONTRACT

A tow truck operator complained that he was never given a reason for not winning the township's bid. He maintained his proposal was, in fact, complete. He, however, did not have a AAA contract, and he was advised of the reason he was not given the towing contract.

THANKSGIVING HOLIDAY

On behalf of the Board of Supervisors, township management and staff, Mr. Waks wished everyone a happy and safe Thanksgiving Holiday.

ADJOURNMENT:

There being no further business to come before the Board, the meeting was adjourned at 8:45 p.m.

RONALD G. WAGENMANN
SECRETARY-TREASURER
TOWNSHIP MANAGER

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Minutes Approved:
Minutes Entered: