

UPPER MERION TOWNSHIP BOARD OF SUPERVISORS
BUDGET WORKSHOP MEETING
OCTOBER 27, 2010

The Board of Supervisors of Upper Merion Township met for a Budget Workshop Meeting on Wednesday, October 27, 2010, in the Township Building. The meeting was called to order at 7:00 p.m.

ROLL CALL:

Supervisors present were: Greg Waks, Bill Jenaway, Joseph Bartlett, Edward McBride (arrived 8 pm). Also present were: Ronald Wagenmann, Township Manager; Judith A. Vicchio, Assistant Township Manager; Nick Hiriak, Director of Finance; Scott Widenhofer, Director Information Technology Department; Bob Norman, Director, Public Works; Edward O'Brien, Deputy Director, Wastewater Management.

OVERVIEW OF VARIOUS BUDGETS

Mr. Hiriak provided an overview of the various budgets and categories that are spread throughout the other departments. He began with health and accident insurance costs and pointed out that the difference from last year is due mainly to the change in the township's health insurance provider. It is now possible to know what the fixed dollar amounts are which facilitates budgeting and planning. Overall there is a \$700,000 decrease in budget from last year to this year.

With regard to Workers Compensation Insurance, there was not much of a change in premium but due to the increase in the Rate Stabilization Fund, the premium is actually less this year than it was in 2010 and this can be seen throughout the budget.

Mr. Bartlett asked for clarification about the Rate Stabilization Fund. Mr. Wagenmann responded that this is the fund that the Delaware Valley Insurance Trust creates to provide a reserve that can be utilized to pay for unanticipated changes in budgeted costs.

Mr. Hiriak discussed the liability insurance and noted that total premiums for 2011 are \$551,871 which is down slightly from \$566,000 in 2010. This covers such things as property, liability, flood, and pollution liability. Mr. Hiriak pointed out that pollution liability was a three-year policy and because of another pool the township is involved in with other municipalities we are able to realize premiums that do not drastically increase at this point too much.

Mr. Bartlett commented that we seem to be budgeting less in all categories for this year and asked if there is a generic overall reason for this. Mr. Wagenmann responded that with the insurance programs as part of the Trust our rates have been able to stay down and as additional members join it helps us as members of the Trust to help keep the rates down.

Mr. Waks asked about the Allendale Road bridge and if it has to be done next year. Mr. Wagenmann responded that it has to get done. He noted that we might be able to advance the fund because there is a bridge grant program that staff is working on with Senator Leach and Representative Briggs to have the bridge listed. Mr. Wagenmann explained that reimbursement can be pursued even after the fact. He said that this is one of the grant programs where money can be spent before the grant is approved so that the project can proceed. Some money can be taken out of the reserve to pay for the project and then it can be replenished when the grant is approved.

Mr. Bartlett asked if there is certainty that the grant will be approved. Mr. Wagenmann said while we cannot guarantee it, the Montgomery County Planning Commission staff expressed comfort about it since it is money that is set aside for local bridges.

INFORMATION TECHNOLOGY BUDGET

Scott Widenhofer, Director, Information Technology Department, provided an overview of the Information Technology budget. He stated that the overall budget was increased 5.4%. He attributed the increase to total personnel services and maintenance of the new township website.

Mr. Widenhofer commented on the capital budget and pointed out that the pricing of the wireless connections depends on what kind of plan is selected.

Mr. Waks commented that if the decision is made to go with an electronic agenda, the cost of the first year will be significantly higher than the second and succeeding years; however, he pointed out that it would not be a one year purchase. He would like to see some type of economic cost benefit analysis as to how much it actually costs to print and mail paper communications and, other than environmental savings, how much money the township would actually save in the process.

Mr. Widenhofer said the price of paper and printing can be determined, but the unknown cost is the time involved. Mr. Wagenmann pointed out that most packets for the Board are either provided on a Thursday meeting day or are delivered by staff.

Mr. Waks pointed out that it would be beneficial to explain that the laptops are provided for two reasons: environment and cost savings.

Mr. Wagenmann commented that the savings could also be included for the time it takes for staff to organize and assemble the agenda packets and the efficiency of being able to send the latest information as the agenda changes.

Mr. Waks said it would also give the supervisors the added benefit of more time to read information since everything would not be sent at the same time.

Mr. Jenaway noted that he is aware of municipal clients who use these devices and he explained additional benefits they have realized.

Mr. Wagenmann offered other suggestions for mitigating the cost of the laptops and additional benefits, particularly with regard to right-to-know requests.

Mr. Widenhofer discussed other capital improvements and highlights include:

- document management has been carried over for a couple years
- some replacement of network equipment has been done
- updating financial software to a sequel server
- a second virtualization server will provide more redundancy

Mr. Jenaway asked if the township's servers do the interfacing for the police department's ability to access the NCIC information or if that is a separate process. Mr. Widenhofer responded there is no server involved and the network accomplishes this with a firewall. He pointed out that a second day firewall might be necessary for redundancy.

Mr. Wagenmann stated that document imaging is a priority of the Board and will be helpful with the volume of right-to-know requests that are coming in.

Mr. Widenhofer discussed what support is required from the IT Department and the importance of keeping the network up and running for both the computer and phone systems as well as protecting the users from the outside world.

Mr. Jenaway asked about the allocations and if this is a people based allocation process. Mr. Widenhofer responded that it is one device, not one person and that a police car might have one PC but 10 officers use it. Mr. Wagenmann said it is the number of phones, numbers of computers.

Mr. Hiriak pointed out that this is one of the numbers that will be seen in every department's budget as we go through that process.

Mr. Wagenmann provided an explanation of how budget changes have to be reallocate back out to the departments and how this provides a good picture of what it is costing to operate a particular department.

PUBLIC WORKS BUDGETS

Mr. Wagenmann prefaced by stating that wastewater budgets, while divisions of the Public Works Department, are not funded by the General Fund, but are funded by the Sewer Revenue Account.

Mr. Bob Norman, Director, Public works, began his presentation with a review of the Planning Division budget with a 3.2% increase the majority of which is due to personnel income changes for next year.

A brief discussion ensued concerning the furlough buy back.

Mr. Norman discussed the capital budget with specific comments on the implementation of the GIS program. Mr. Wagenmann noted that for any critical equipment replacement there would be a supplemental budget submitted to the Board of Supervisors. He pointed out that this year even though there were a number of pieces of equipment that could have been replaced they did not come up for replacement as their life is extended as long as possible.

Mr. Norman discussed the Transportation Division and reported that the numbers are pretty much in line with what is being spent this year. He offered specific comments about anticipated fuel needs for such activities as leaf collection and snow removal.

Mr. Waks prompted a brief discussion about the use of hybrids. Mr. Norman pointed out that hybrid trucks are very expensive and that a cost analysis would have to be done to determine whether it would be feasible to go with hybrid. Mr. Waks asked if such a cost analysis could be done and Mr. Norman replied in the affirmative.

Mr. Jenaway commented about what he has learned about hybrid vehicles and that if vehicles just have to go from point A to point B they are valuable, but where there is a performance requirement they are not as successful in the marketplace. He also said that the hybrids have a much higher maintenance rate.

Mr. Wagenmann pointed out that the hybrid electrical system will not support all the extra equipment required on a police vehicle. He said that hybrids would be considered for inspector's vehicles and that potential grants would be explored.

Mr. Norman also discussed traffic signal equipment, wheel chair ramp requirements, and Sumner Dam restoration.

Mr. Waks prompted a brief discussion about the single trash hauler issue and a neighboring municipality's decision to opt for this approach.

Mr. Norman discussed the Park/Shade Tree Division and indicated that the budget reflects a 1.2% increase over last year. While maintaining the workload progress was made in reducing overtime both in the Transportation Division and Park/Shade Tree.

Mr. Jenaway indicated that he received inquiries asking why outside services are hired for such items as grass cutting and maintenance around township facilities when staff is available from various departments. Mr. Wagenmann responded that sufficient staff is not available to do this work and another consideration is that the township would then have to buy the equipment, own the equipment and maintain it.

Mr. Jenaway said he is assuming that somewhere along the line this issue has been analyzed and determined to be more cost effective to contract out for such services.

Mr. Wagenmann commented that because we are not carrying those employees for the full year and paying benefits it is cost effective. He explained that in the fall and winter four or five parks maintenance people are doing leaf collection on the roadways, snow removal and working that in between certain maintenance work in the parks.

Mr. Norman indicated that he has not heard any complaints now that the mowing has been cut back.

Mr. Norman discussed the capital need for replacement of the tub grinder that was lost. Discussions are continuing with the insurance company for additional funds. This equipment was purchased in 2000 for \$275,000 and the same equipment today costs \$450,000.

Mr. Norman explained that the Liquid Fuels funding has been going down the last three or four years since people are not driving as much. Mr. Wagenmann stated that a study is being conducted to determine the financial

needs of counties and municipalities. He noted that the Liquid Fuels budget is used mainly for resurfacing and pointed out that it is also a safety valve for snow removal during a particularly bad winter.

Mr. Norman said that Liquid Fuels is also used for sink holes repair.

Mr. Jenaway asked how many sink holes were found this year. Mr. Wagenmann responded at least three.

Mr. Edward O'Brien reviewed the Vehicle Maintenance budget and noted that this is one divisional budget that is spread out through all the departments and divisions that utilize their services. Vehicle maintenance for 2011 shows a net decrease of a 3.2% from 2010.

Mr. Jenaway asked if allocations are based on actual usage/expense. Mr. O'Brien responded in the affirmative. Mr. Wagenmann said the only place where there is a variance would be for parts and supplies because that is an estimate.

Mr. O'Brien stated that the capital budget reflects a request for \$10,000 for an evaporated cooler in order to make the township garage temperatures more tolerable during the summer. One other item under equipment replacement in 2011 is to replace a car lift. The current one is over 20 years old.

Mr. Waks asked if the typical life of a lift is twenty years. Mr. O'Brien responded in the affirmative and noted that it is a passenger car, light duty lift.

Mr. Edward O'Brien reviewed Building Maintenance budgets which are split out to all the operating departments and divisions that maintain some space in the township facilities. Building Maintenance overall budget is down 1.4%.

Mr. O'Brien noted capital improvements to include painting, carpet replacement in Freedom Hall and some of the common areas and meeting rooms, duct cleaning and township rest room renovations.

Mr. Jenaway asked about the current generator and what it handles. Mr. Wagenmann responded that it operates the emergency lighting, telephone system, the police radio system and certain lights in some of the offices. It does not operate heating and air conditioning systems. Mr. Wagenmann noted that this may be one of the projects to discuss with the solar people to determine whether they would be willing to front the capital money and the township would simply pay them a rental fee to have the emergency generator for our use when needed.

Mr. Jenaway suggested that because of the size of the township and the number of terrorist related sites it might be possible to apply for some DHS grant money. Mr. Wagenmann said that would be worth exploring.

Mr. McBride asked if there has been a review of rental agreements for generators. Mr. O'Brien responded that this was discussed prior to Y2K, but he pointed out that generally when there is an emergency it is more than just one entity involved and for that reason it is difficult to get a commitment without paying up front money such as a retainer.

Mr. McBride said he is not in favor of putting capital dollars into a generator. He pointed out that 20 years from now the generator would be obsolete and subject to additional EPA restrictions for the test.

Mr. McBride indicated that before plans for a new generator go forward he would want to see it.

Mr. Waks expressed concern that the township proceeds with the aesthetic improvements in the township while still in difficult economic times and that these should be delayed.

Mr. Wagenmann said certain items will probably be strung out a little more. He pointed out that the carpeting would be replaced where it is a safety issue and the rest room improvements would fulfill an ADA requirement.

Mr. O'Brien reviewed the sewer fund budgets of Trout Run, Matsunk & Collections. He noted that overall it is a reduced budget and represents a .7% decrease over the 2010 figures. Mr. O'Brien pointed out that specialized capacitors have been installed at the major pumping station areas and the last three electric bills reflect a 10% decrease. If this trend continues it will be tried at Matsunk.

Highlights of Mr. O'Brien's presentation on Trout Run include:

- \$300,000 for belt press replacement, a piece of equipment to dewater the sludge. The current equipment is 30 years old and the metal is too far gone.
- replace major components for \$25,000 - an auto dialer for emergency response, a chlorine leak detector, and chlorine analyzer.

Mr. Jenaway asked if any portion of the General Fund is used for any of these facilities. Mr. Wagenmann responded these all come out of the enterprise fund through the SRA account. He noted that when the sewer personnel are the

second shift on plowing they are paid out of the snow budget of the General Fund.

Highlights of Mr. O'Brien's presentation on Matsunk's include:

- Budget shows a net 2.2% increase over last year.
- If the capacitor experience at Trout Run is successful this will be done at Matsunk where additional savings may be realized.

Mr. O'Brien discussed the capital budget for Matsunk and described the various major components and planned improvements to maintain the existing operation.

Mr. Waks asked for clarification about the funding of capital improvements. Mr. Wagenmann explained that if it is a replacement due to wear and tear, that is a maintenance responsibility and funded from the SRA fund. In the case of an enlarging or expanding project, that would go back to the Utility Authority with a funding request.

Mr. O'Brien stated that an Authority engineer comes in from time to time and inspects all of these water facilities and generates a report on his findings. Much of what is seen in the wastewater capital budget is based on the engineer's recommendations and coordinated with the staff work so that everyone is in agreement when these projects come before the Board.

Mr. O'Brien stated the overall Collection systems budget reflects a .1% increase. He outlined some projects in the capital budget for information technology, miscellaneous equipment, and updating of the sanitary sewer maps that was tabled by the Board earlier this year.

A brief discussion followed about the process involved in updating the maps and the need for a clear concise modern format.

Mr. O'Brien discussed sanitary sewer interceptor upgrades and a request for sink hole repairs.

Mr. O'Brien noted the equipment replacement for Truck 722, a 14-year old heavy duty utility truck, and replacement of Truck 727, a 17-year old TV inspection vehicle. He pointed out that replacement of the TV inspection vehicle is more critical since the technology is outdated and it is difficult to get parts.

Mr. McBride questioned the need for Truck 721 and suggested that the person have their own vehicle and be reimbursed for mileage. Mr. O'Brien

responded that this particular person is out on the road six to eight hours a day checking on crews, doing individual meetings and the vehicle gets a lot of use.

Mr. McBride asked if it is a pick up truck light duty vehicle. Mr. O'Brien responded in the affirmative.

Mr. Waks asked about the yearly mileage for these trucks. Mr. O'Brien that it is over 5,000 miles a year.

Mr. Waks offered the hypothetical scenario of 10,000 miles a year at 50 cents per mile which would amount to \$5,000 a year which might be a better alternative. Mr. Wagenmann pointed out that it is often necessary to haul material or equipment parts out to job site. He said if vehicles can be cut back they would be.

Mr. McBride said especially the light weight ones. Mr. O'Brien commented that a plow is also placed on these trucks from time to time to help plow out the pumping stations. Mr. McBride noted that there are other pick up trucks to do the same thing.

Mr. Wagenmann indicated that was a point well taken and that when it is time for replacement it will be evaluated.

SRA/ADMINISTRATIVE BUDGET

Mr. Nick Hiriak, Director of Finance, reviewed the SRA/Administrative budget and reported that this budget is up 2.6% over last year. He explained that this budget consists of 75% of the SRA's share of the various payroll costs for the Administrative and Public Works administrative personnel. Mr. Hiriak outlined the various items such as the cost to actually prepare the bills and the administrative function on the sewer bill process, supplies and postage. He noted that this budget also pays for a share of the audit.

Mr. McBride questioned the \$3,000 figure for office supplies. Mr. Hiriak responded that this represents the increase in processing costs. The township contracts with a company that prints and mails the bills out, both residential and commercial, and there is an escalator with 2011 and is the last year of the five-year contract.

Mr. Waks asked how much is in capital reserves. Mr. Hiriak responded that it is over \$1 million for the General Fund and closer to \$2 million for the Sewer Fund.

Mr. Waks commented that despite the 5.5% raises the operating budgets are low and at times actually decrease and that this is much appreciated especially in this economy. Mr. Wagenmann responded that one of the contributing factors was the saving realized with the change in health insurance that actually absorbed much of the wage costs.

PUBLIC WORKS (continued)

Mr. Norman discussed the priorities of the Public Works Department. Under transportation he listed bridge maintenance, sewer, storm sewer, inlet maintenance, traffic signal, sign maintenance, street maintenance, PA one call responses and street sweeping. Mr. Norman explained the importance of street sweeping in obtaining the NPDES permit for stormwater in order to remain in compliance with a requirement that the township meet certain codes for clean stormwater.

Mr. Jenaway commented that the street sweeping activity would be a good article for the township newsletter because not many people are aware that there is a requirement or expectation that street sweeping be done.

Continuing with his discussion of Public Works activities, Mr. Norman noted the leaf collection and yard waste program. He pointed out that it is necessary to have a yard waste program in order to get state recycling grants from DEP. There is also roadside cleanup and similar activities on state owned roadways that are done to enhance the quality of life that residents expect.

Under Park and Shade Tree Division, mowing, tree care, repairing broken or damaged park equipment and assisting with snow removal are required. Other operations include: Norview Farm, the compost site, maintenance of the Moore House and the Gold's Gym property.

Mr. Waks asked about the progress of discussions with the King of Prussia Players. Mr. Wagenmann responded that the Township Solicitor sent his comments back to the attorney for the Players and a meeting will be scheduled to work out the final issues on the Memorandum of Understanding.

Mr. Waks said under those circumstances it clearly makes sense to maintain those grounds.

Mr. Wagenmann stated that we should really take a look at starting to build the capital budget aspect as to what we need to do to some of those maintenance projects. A dollar or two or quarterly rental increase to try to increase the capital funds because DEP is more apt to issue fines now.

Mr. Waks commented that there are many capital requests. Mr. Wagenmann explained the importance of having an equipment replacement fund.

Mr. Norman outlined primary activities required by law such as state inspections required by law and documentation of equipment repairs.

A brief discussion was held about the goat experiment and it was generally agreed that it did not accomplish the desired result.

ADJOURNMENT:

There being no further business to come before the Board, the meeting was adjourned at 9:30 p.m.

RONALD G. WAGENMANN
SECRETARY-TREASURER/
TOWNSHIP MANAGER

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Minutes Approved:

Minutes Entered:

The entire proceedings of the business transacted by the Board at this Business Meeting were fully recorded on audio tape, and all documents submitted in connection thereto are on file and available for public inspection. This is not a verbatim account of the minutes, as the tape is the official record and is available for that purpose.