

UPPER MERION TOWNSHIP BOARD OF SUPERVISORS  
BUDGET WORKSHOP MEETING  
NOVEMBER 2, 2010

The Board of Supervisors of Upper Merion Township met for a Budget Workshop Meeting on Tuesday, November 2, 2010, in the Township Building. The meeting was called to order at 7:10 p.m.

ROLL CALL:

Supervisors present were: Greg Waks, Bill Jenaway, and Edward McBride. Also present were: Ronald Wagenmann, Township Manager; Judith A. Vicchio, Assistant Township Manager; Nick Hiriak, Director of Finance; John Waters, Director of Safety & Codes, Steve Roskos, Executive Director, Lafayette Ambulance; Karl Helicher, Library Director.

DISCUSSIONS:

FIRE & RESCUE

John Waters, Director of Safety & Codes, provided an overview of the fire and rescue budget.

Highlights of his presentation included noting:

- that township accounts for volunteer fire personnel costs are zero.
- the cost to career the fire department would be approximately \$9,249,000.
- The township fuel allocation comes out of the general fund, not out of the fire tax fund
- The Fire Relief Association distribution is an amount that comes from the Commonwealth of Pennsylvania. The same amount is reflected in revenue and is basically a pass-thru transaction in the budget.
- Approximately 53% of the fire companies operating funds come from the township, about 10% come out of Fire Relief Association and the remaining are from commercial and residential fund drives.
- The ambulance revenues mainly come from billing.

Utilizing a graph, Mr. Waters pointed out the disappointing results when he reviewed the commercial and residential drive fund.

Mr. Waks asked for specifics in dollar values. Mr. Waters did not have that information readily available.

A brief discussion followed as to possible reasons that donations are off. These include: those coming from the City of Philadelphia may not know it is a volunteer system, some companies (particularly large ones) will assume it is paid to the township in taxes.

Additional highlights include a \$6,000 increase in fuel based on current usage, a \$10,000 increase for the accreditation costs with a total increase of \$159,205 for a total requested increase of 15.4%.

Mr. Waters discussed the requests to replace a 7-year old ambulance, replace digital pagers, and add a small gator for EMS.

Steve Roskos, Executive Officer, Lafayette Ambulance, provided additional information about the gator equipment which is a specialized unit that would be used for rapid access and rapid egress for patients. He provided the examples of how it could be used at Valley Forge National Historical Park and getting through to areas to assist firefighters who may go down in the line of service.

Mr. McBride asked where it would be stored. Mr. Roskos responded at Lafayette's facility.

Mr. McBride asked how the gator would get to the park. Mr. Roskos responded that they could either trailer it or drive it.

Mr. McBride asked if it would be a licensed vehicle. Mr. Roskos responded that it would not be a licensed road vehicle, but the trailer would have a license. Mr. Wagenmann said that the maximum speed would be about 20-25 miles an hour.

Mr. Roskos pointed out that the gator would also be made available to fire companies as needed.

Mr. Jenaway commented that this vehicle is also useful during special events such as parades if it is necessary to drive on the sidewalk.

Mr. Waks asked if this is basically an ATV. Mr. Wagenmann responded that this is the same as the gator type vehicle that the Park and Recreation Department has. Mr. Jenaway pointed out that this one is specifically capable of transporting a patient.

Mr. McBride asked how much the add on would cost if the vehicle was not equipped for the intended purpose. Mr. Rosko responded that the actual add on to make it transport capable is approximately \$5,000.

Mr. Wagenmann reminded the group that with the austerity program that the Board has asked the township to follow just because an item is not purchased does not mean that the amount of money is available for use on another item. He pointed out that the apparatus fund is not earning the interest as originally projected. It is way down. If there is major maintenance on fire trucks the Board has agreed that the fund could be tapped for that purpose. He said that the relief fund provides flexible money. State money cannot be spent for the incentive program or for certification. By paying for the equipment that it can on our emergency response vehicles that allows the fire fund dollars to be spent for some of these other purposes. Mr. Wagenmann suggested if something could be designed to slide into the back of it [the one at the garage]. We could then see how it is utilized and if it is worth buying one later on.

Mr. McBride asked if the one in the garage has a trailer. Mr. Wagenmann responded that it does have a trailer -- a bed in the back and if needed a beacon light could be obtained.

Mr. Roskos stated that considerably less is being spent since moving to van type ambulances instead of the great big boxes. The vans are more efficient and economical. Mr. Roskos explained some adjustments that were made so that they were under budget and the idea was would it be feasible to take some of those funds, put it into this project and still come in well over \$20,000 under budget. That was the initial thought.

Mr. Wagenmann reiterated that if savings can be realized on any piece of equipment it gives flexibility to do those other things. Mr. Wagenmann stated that his recommendation to the Board will be to crawl before we walk and then there would be a record of utilization and if the numbers work then come back to the Board.

Unidentified member of the group said research would have to be done on how those metal backs would fit on those units that we have through the township and how heavy they are. Mr. Wagenmann said the gater that was purchased is pretty heavy because it is used in the park and stone can be hauled.

Unidentified member of the group said he does not know the feasibility of something that is a transitional piece. Mr. Wagenmann said the Board will have to make the decision when they make the final budget decisions and it is their vote.

Mr. Jenaway asked if the dollar amount was a Costars dollar number or obtained from a vendor. Mr. Roskos responded that it was obtained from a vendor.

Mr. Jenaway said then it might be cheaper.

Mr. McBride asked for the status of ambulance fees. Mr. Roskos responded that there have not been any big changes with collections right now. He indicated that there was concern about health care reform and how that is going to have an impact as all of the patient care setting businesses in the area are in a panic mode about losses because of the sense of the unknown.

Mr. McBride asked if there is any sense of panic about collections. Mr. Roskos responded, "not yet."

During this discussion it was pointed out that some other ambulance squads are \$2,000 to \$3,000 in a hole due to slow payers and that a legislative request is needed. Mr. Wagenmann suggested that a resolution can be presented at MCATO's spring conference. If PSATS does not already have a resolution, staff can come up with wording of a resolution, have MCATO adopt it and forward to PSATS. If it is adopted at the state level it becomes one of the goals of the state association to get that legislation adopted.

Mr. McBride asked for clarification about reimbursement. Mr. Roskos responded that the way it works now is Blue Cross Blue Shield would reimburse the patient, then the patient would pay the ambulance squad.

Mr. McBride asked if there is any assistance the Board can provide relative to the commercial collections, such as programming on Channel 22 and 33 or maybe a mailing with tax bills.

Mr. Waters said this is the first time he did an analysis of the commercial and residential drive fund. He suggested that the chamber get involved.

Mr. McBride asked if there is something that we need to communicate to the commercial customers letting them know that it is not all covered in taxes. Mr. Waters said he is willing to try anything.

Mr. Wagenmann said the local managers do not have control over those types of budgets. The decision-makers are at corporate headquarters and removed from Upper Merion. This has become evident with the experience of the BID.

Mr. McBride suggested doing something with the BID to get the word out. Mr. Waters agreed.

Mr. Waters predicted that sooner or later we are going to tax to support fire companies if voluntary contributions are not forthcoming.

Mr. McBride said maybe that is the message and someone can be interviewed on Channel 22 and 33. Mr. Wagenmann suggested working with TV Services to produce one whole segment and have it aired.

Mr. Waters asked if our commercial property owners view Channel 22. Mr. McBride said he would not think that they do, but a video could be packaged with a letter and sent to them. Mr. Wagenmann said there are other things that could be done since a fair number of local business people are members of the Rotary and Optimists Club they could be approached by this route.

Mr. McBride said after a communication plan would be developed a township benefactor would be approached to see if they are willing to fund and put their name on it.

Mr. Wagenmann discussed the volunteer incentive/pension program. It is still a work in progress since the term active volunteer must still be defined. Mr. Wagenmann explained that the term is slightly different for each organization and the idea is to come up with a definition that will be all encompassing so that volunteers can earn points for responding to emergencies, for their required training/readings and certifications they obtain. There would be a total number of points that would be earned by those individuals that would be divided into budgeted dollars out of the fire fund to determine the value of each point and take the value times the points earned. A system would be set up so that the firefighters themselves would police this and no one would get points who has not earned points. Mr. Wagenmann had discussions with ICMA and it can be set up as a 401A. Similar to township employees, the individual firefighters can direct its investment and it would be held in trust by the township. They would have to meet the vesting schedule before the money is actually theirs. Under the 401A there is no age limit. Once they are vested if they separate from the active fire fighting service then these funds are theirs. If they take the money then they are going to be subject to taxes like any other personnel who take it out. Another option is that it could be rolled over into an IRA so that if in the future this fund were changed to pick up some of the administrative personnel then they could still have this continue to grow as a volunteer provider here in Upper Merion Township. If adopted by the Board it would go into effect next year with the first funds to be paid out in 2012. It is Mr. Wagenmann's recommendation that it would be funded from the fire fund. He said that in looking at what some others

have done, \$40,000 would be a good number because there are a couple hundred emergency volunteers out there who could earn this money.

Mr. Waks asked if it was \$40,000 for the first year. Mr. Wagenmann responded in the affirmative and he said that budgeting would occur each year thereafter and as part of the budgetary process the Board could decide how much that would be.

Mr. Jenaway commented that \$40,000 would be about half the cost of one person.

Mr. Waks said it incentivizes volunteer services and volunteer fire companies.

Mr. McBride asked about the vesting time and requested clarification on the numbers. Mr. Wagenmann responded that this was worked out with the members of the Emergency Services Committee and a draft was prepared. Mr. Wagenmann then tweaked the draft to what was ultimately presented to the Board of Supervisors. He said that the idea was that time frame is such that no one is going to sign up for a year or two to be a volunteer and then resign to grab the money. They are looking for some commitment on the part of the volunteers to spend some time in the volunteer service.

Mr. McBride commented that it seems a little high and he would lower it, but if there are numbers that back it up that indicate lowering it would be detrimental that he could understand. Mr. Wagenmann recommended that we stay with that until we go through it. He pointed out that the money comes back if they are not vested and that was one of the changes he made in the fund is that it goes back into the fire fund. Mr. Wagenmann said when it was originally proposed it was going to be split up among the remaining members. Mr. Wagenmann indicated that he vetoed that idea and explained why.

Mr. Waks asked the starting age for joining the volunteer services. Mr. Wagenmann responded 15 years of age and active at 18 years of age.

Mr. McBride indicated that he liked the meeting and other requirements. Mr. Wagenmann said that volunteers must remain for so long and it also helps them because the money will remain invested and they could end up with a fair amount of money after having spent that time in the emergency services.

SAFETY AND CODES BUDGET

Mr. Waters, Director, Safety & Codes, began his presentation by answering Mr. Jenaway's question if it is mandated to have code enforcement. Mr. Waters responded that it is not; however, the township opted to do so rather than the state. He noted that the state does not do local amendments to the building code, does not do any fire/zoning code enforcement, or property maintenance code enforcement. While there are alternatives, third parties generally enforce the national codes not the local amendments. Third parties generally enforce permit related, that is dollar generating work only, and past studies have shown that the township can do it better and cheaper. Mr. Waters pointed out that since 2003 revenues for Safety and Codes have been about \$11 million and expenditures about \$7 million. He said the question is do you want that to go to the state, a third party agency, or the township's general fund.

Mr. McBride asked why a third party would not enforce what they were asked to enforce. Mr. Waters explained some of the complications with a third party enforcers.

Mr. McBride followed up and said if the third party were not enforcing township regulations and doing it right, they would not be in business long.

Mr. Jenaway said his observation and experience on this is that when you get local codes and ordinances that go beyond the state standards then you end up with your own department doing the work. He said that those firms that do third party municipal work do not get into expanded codes.

Mr. Waters stated in 2010 there are fewer permits, but the projects are larger. Utilizing a graph he pointed out the significant drop in number of requests in 2008 and the rebound in 2009 and 2010 and the positive relationship of expected expenditures versus expected revenues for next year. He pointed out that it is manpower staffing intensive.

Mr. Jenaway asked if more revenue is projected than expense next year without any rollover of funding from this year. Mr. Wagenmann stated that there will be a rollover of funding.

Utilizing the graph, Mr. Waters pointed out was is expected in expenditures and revenues for next year in raw numbers without the rollover.

Mr. Wagenmann pointed out that another 10-12% would have to be added to those numbers for township overhead.

Mr. Waters discussed the 4.76% increase for personnel.

Mr. Jenaway asked if this is driven by increase in workload. Mr. Waters responded that it is mainly for catch up for salaries and additional staff are not requested.

Mr. Jenaway commented that there are potential projects that could be very labor intensive, including the potential school project. Mr. Wagenmann explained that while the township staff does sporadic checks, they are not in there day in and day out. The township requires them to hire a firm for inspection and certification.

Mr. Jenaway asked if the unanticipated work that was beyond what was planned would go to a third party. Mr. Waters responded in the affirmative. Mr. Wagenmann said a third party would be required for that month or that project just as with land development.

Mr. Waters stated that the capital budget is zero funded. Mr. Wagenmann said that such items as radios fall under equipment replacement. They are not budgeted at the beginning of the year, but if the need arises a supplemental appropriation is made.

Mr. McBride asked for clarification about the vehicles listed. Mr. Waters responded that unit 330 is a small Chevrolet Cavalier, unit 321 is a pick up truck and unit 326 is an Expedition.

Mr. McBride asked if there any reason why township inspectors cannot use their own cars and get reimbursed for the mileage. Mr. Waters responded that he is not in favor of that idea. He said that township inspectors showing up in a township vehicle with a township seal gives them more credibility. Mr. Wagenmann commented that in the case of property maintenance that could be reviewed; however, the building inspectors often need to load items in the pickup when they are out on the road.

Mr. McBride said he believes there is good reason to reduce a couple lighter vehicles and their gas usage history might provide some help in identifying these vehicles.

With regard to potential mileage reimbursement, Mr. McBride suggested that if the IRS number is 50 cents per mile, the township should reimburse at 60 cents a mile. Mr. Wagenmann pointed out that staff would then have to report this as income.



Mr. Jenaway asked if pool cars make more sense. Mr. Waters said that cars are already pooled when possible. He pointed out that different trades ask for different inspections at different times and these cars are on the road constantly.

#### MEMORANDUM OF UNDERSTANDING RE: FAMILY RELIEF ASSOCIATION

Mr. Hiriak discussed the draft copy of a Memorandum of Understanding in relation to the Fire Relief Association. He said that during an audit by the Auditor General, one of the items mentioned was the need for an understanding between the township and the relief association on how reimbursement of equipment is handled when the township purchases a fire truck and the relief association pays some amount toward the purchase price. When that vehicle is sold at a later date, a proportionate share would be refunded back to the relief association. If the association paid 5% of the vehicle price, they should receive 5% from the cash sale. Mr. Wagenmann said that the calculation needs to be done when the vehicle is sold.

Mr. Jenaway asked for clarification about the circumstances of the recommendation and whether it was from the audit or a copy of the audit. Mr. Hiriak responded that the audit is not completed as yet; he has a copy of the exit conference.

Mr. Jenaway said it was his understanding that Upper Merion is the only municipality this will affect and he questions whether this will actually show up in the audit.

#### LIBRARY BUDGET

Mr. Wagenmann stated basically this is a balanced budget. There are no general fund dollars to subsidize the library as the library is financed with library tax funds. The capital budget reflects no new projects. Any projects deemed equipment replacement will be presented to the Board of Supervisors on an as needed basis next year.

Mr. Helicher said in terms of the library there is no mandate for public library service in Pennsylvania. He said this is an institution for public good where the recreational and informational needs of the public are served. Mr. Helicher noted that the library is more and more becoming a community center where more joint programs are offered along with the Park and Recreation Department. He said that libraries tend to be very cost effective and that for every one dollar library tax, \$5.50 is received back in benefits.

Mr. McBride asked what goes into the \$5.50 cents in benefits. Mr. Helicher responded when people borrow materials instead of buy them, there is a ripple effect in that people coming to the library often go elsewhere as well. Mr. Wagenmann said there are also benefits just from a quality of life standpoint. During this discussion it was also mentioned that libraries provide services and positive activities for the youth of the community. During the downturn in the economy more people are coming to the library to do job searches and work on their resumes.

There was a brief discussion regarding possible loss of revenue regarding real estate assessment appeals.

Mr. Jenaway asked at what point will expansion and/or modification of computer use have to be made. Mr. Helicher responded that he did not anticipate anything dramatic as far as computers, but future needs will be for more people space as libraries become more and more social centers.

Mr. Jenaway commented that during the community center tours one of the amenities they had was a snack shop. Mr. Wagenmann said the only place for snack machines is underneath the steps in the atrium. However, the problem is that people would bring snacks and soda into the library, soiling carpeting, etc.

Mr. Waks asked the square footage of the library. Mr. Helicher responded 15,700 square feet.

Mr. Waks asked about the projected needs. Mr. Helicher responded about another 8,000 square feet. Mr. Wagenmann commented that the architect's study is in the 8-10,000 square foot range. He said that during previous discussions about the community center and combining the senior center with the library to free up space, it takes away from the concept that started this building as being the community service center for Upper Merion Township.

Mr. Jenaway asked if the high school kids come in with their computers and spend time here. Mr. Helicher responded that he does not see that many high school kids although there are more adults and college age patrons. The younger children use township computers.

Mr. Jenaway commented that he did not know whether the fact that not all high school kids have their own computer assigned by the high school has had any impact on usage here or visibility of that age group.

ADJOURNMENT:

There being no further business to come before the Board, the meeting was adjourned at 8:30 p.m.

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RONALD G. WAGENMANN  
SECRETARY-TREASURER/  
TOWNSHIP MANAGER

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Minutes Approved:

Minutes Entered:

The entire proceedings of the business transacted at this Informational 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 meeting, as the tape is the official record and is available for that purpose.