

UPPER MERION TOWNSHIP BOARD OF SUPERVISORS
BUDGET WORKSHOP MEETING
OCTOBER 26, 2011

The Board of Supervisors of Upper Merion Township met for a Budget Workshop Meeting on Wednesday, October 26, 2010, in the Township Building. The meeting was called to order at 7:05 p.m.

ROLL CALL:

Supervisors present were: Greg Waks, Edward McBride, Bill Jenaway, and Erika Spott. Also present were: Ronald Wagenmann, Township Manager; Judith A. Vicchio, Assistant Township Manager; Nick Hiriak, Director of Finance; Scott Widenhofer, Director Information Technology Department; Ed O'Brien, Director, Public Works.

OPENING REMARKS:

Mr. Wagenmann stated the operating departments will present their capital budgets, but he will provide the final recommendation once it is known what capital is available at which time priorities can be set. Mr. Wagenmann referenced the budget guidelines set by the Board of Supervisors in the personnel area and indicated there is a commitment of the increases and all departments have held the line on most of the other items and also some decreases. He pointed out that the retirement incentives were not targeted for 2011, but were intended to help in 2012 and they have. An 8% increase was projected in health care cost and it is basically neutral with an increase of \$892 as a result of these retirements.

OVERVIEW OF VARIOUS BUDGETS

Mr. Hiriak provided an overview of the various budgets and categories that are spread throughout the other departments.

With regard to Workers Compensation Insurance, Mr. Hiriak stated each year through the management of the Delaware Valley Insurance Trust (DVIT) a rate stabilization figure is provided that can be used to deduct the premium. A brief discussion followed wherein the benefit of the Rate Stabilization Fund was discussed as well as the advantage of being part of the DVIT pool. The discussion then centered on ways to incentivize the township's good safety experience. Mr. Wagenmann pointed out the Safety Committee was established to do this among other things. He also noted that the safety experience factor is driven more on the volunteer fire side and the injuries that occur there. Their premium is set, but their experience factor not only affects their premium, but it affects the township's premium. In response to a question, Mr. Wagenmann said

new firefighters require physicals and eventually current firefighters will be encouraged to do so as well. It is a preventative that will identify some potentially costly issues.

Mr. Hiriak discussed the liability insurance that covers such things as property liability, flood and collision. There is a crime policy, a separate policy for the Lafayette Ambulance vehicles, and a fiduciary policy that covers the pension committee. A question was asked about the principles of property and liability insurance for wastewater treatment plants. Mr. Wagenmann responded that any damage would be based on the value of what is invested at the particular plants. Premiums are based on the exposure that they have.

Mr. Hiriak then discussed various drivers of the 5 ½% increase on insurances. He noted that the VFIS policy for Lafayette Ambulance is the biggest driver with a 12% increase. Property went up 3% and it was emphasized that every member of the DVIT pool increased 3% as well as a 2% increase on liability. An unexpected event occurred when the tub grinder burned up. Pollution insurance increased 13% and flood increased about 11%.

With regard to equipment depreciation, the numbers are listed in every department's operating budget. Mr. Hiriak indicated that this money has not been budgeted or deposited for three years and explained the theory behind this approach.

INFORMATION TECHNOLOGY BUDGET

Scott Widenhofer, Director, Information Technology Department, provided an overview of the Information Technology budget. There was not much of a change on the operating budget. Following are highlights:

- Access maintenance increased slightly.
- Park and Recreation software will be included.
- Equipment maintenance has not changed much
- Hardware maintenance is even
- Progress made on document imaging – selection of actual hardware anticipated before the end of the year for purchase in 2012
- Looking to add another server to work in tandem with the server purchase last year

PUBLIC WORKS BUDGETS

Mr. Wagenmann prefaced by stated that Public Works includes the General Fund, but also includes the Sewer Revenue Account (SRA) for the wastewater plants and collection system.

Mr. Ed O'Brien, Director, Public Works, discussed various aspects of the Public Works budget. Highlights include:

- operating supplies increased \$500
- professional services increased 3.1% with largest drivers being utilities and building maintenance
- Information technology maintenance increased 17.6%.
- miscellaneous category reflects reduction in all three accounts of over 15% in expenditures

Mr. Wagenmann noted that personnel accounts for 70% of most of these budgets and with the two retired employees that were not replaced, taking into account their salaries and benefits results in a significant savings.

Mr. O'Brien discussed the Transportation Division and reported a net decrease of 2.3% for personnel expenditures due to an unfilled vacancy. A brief discussion followed about the workload and productivity that have resulted due to the vacant positions in public works. Staff have been cross trained to assume other additional duties.

A question was asked if the four-day work week is having a positive or negative effect. Mr. Wagenmann responded that it has helped productivity since there is one less start up and gearing up and down for lunch.

As an aside, Mr. Wagenmann discussed taking advantage of a recycling performance grant in order to purchase a new leaf collection machine that requires fewer personnel to operate. Mr. Wagenmann noted that the environmental grant could also be used for the 10-wheel dump truck that needs to be replaced.

Mr. Hiriak pointed out keeping in mind the positions that were vacated in public works and the ones that were split; it will reflect different percentages across different lines depending on their involvement in that division, e.g., health insurance and salaries. That will explain the up and down for percentages.

With regard to operating supplies, Mr. O'Brien indicated that the increase in the street supply category is due to poll inspections and replacements. In response to a question regarding the typical life span of a poll, Mr. O'Brien indicated that it depends on how the wood was treated, the environment it is in and the kinds of extenuating environmental factors.

Additional highlights Mr. O'Brien provided:

- big percentage decrease in repair maintenance material
- miscellaneous is up \$100
- total operating supply impact is a plus 3.8%.

- significant savings of 21% realized in telephone equipment charges due to IT Director's efforts with the telephone system and additional savings are anticipated.
- Information Technology increased by 17.6%
- vehicle maintenance is up 9.8% based on usage during 2011.

With regard to vehicle maintenance, Mr. O'Brien indicated that each department pays for the services they use. Since new vehicles have not been purchased over the last three years, this is an ongoing expense that has been increasing on an annual basis.

- professional services increased 6.2%.
- in miscellaneous section a line painting request reflects a 42.9% increase. No resurfacing done this year; however, more will be done next year.

With regard to liquid fuels, Mr. Wagenmann pointed out if there is a mild winter there is some catching up to do. There will be about \$1 million in liquid fuels and it is projected that a strong resurfacing program will have to be done. This will mean line markings for crosswalks will have to be done. In response to a question, Mr. Wagenmann indicated that the Liquid Fuels budget is the township's share of the gasoline tax. Mr. Hiriak pointed out that the \$25,000 item reflects engineering and inspection costs the General Fund pays for the resurfacing program.

Mr. 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.

- net 2% decrease in personnel section
- operating supply section reflects a 4.3% decrease.
- Net 12.2% increase in professional services section, the bulk of which is info technology maintenance and insurance.
- miscellaneous portion of that division is for education and training and reflects a large increase of 400%.

Mr. O'Brien provided highlights for Park and Shade Tree:

- 6.7% increase for operating supplies.
- P1 vehicles increased by a third based on usage and cost of fuel.
- professional services increased by an additional \$15,000 over 2011 due to flower plantings.
- decrease in the telephone expense

- Building maintenance is down 50%.
- 9.8% increase in equipment maintenance.
- equipment rental down 50%.
- net increase of 11.8% in Information Technology

A discussion followed about the possibility of bringing the goats back to Bob White Park. Mr. Wagenmann suggested getting someone on a contractual basis to bring the goats in and control them. He indicated that this would come under contractual services and a test could be done to see if it works. If a contract is signed in this regard a letter should go out to residents in the area in early spring to explain what is happening.

In discussing personnel, Mr. Wagenmann stated that he and Mr. Hiriak are hoping to come to the Board of Supervisors at the end of the year to pay off the furloughs. This will save the township another \$32,000 next year by paying it off a year early.

Mr. O'Brien provided highlights on Building Maintenance:

- increase of \$500 in repair maintenance supplies
- significant savings as a result of the telephone system over the past year
- 5.9% increase in utilities
- 8.6% in office service maintenance contracts

Mr. O'Brien discussed the Sewer Revenue Account (SRA). Following are the highlights for Trout Run:

- net decrease of 7.7% for personnel section. Part of salaries were charged back to SRA.
- office supplies asking for \$25 more.
- fuel oil vehicles 20% higher
- safety items 16.7% increase. Looking into possibility of getting testing done for employees that wear respirators.
- professional services section reflects a 400% increase over 2011. Consulting engineer needed to do Chapter 94 report to the state. This will also be required for Matsunk.
- Miscellaneous reflects a net decrease of 5% for Trout Run.

Mr. O'Brien provided highlights for Matsunk.

- 5.5% decrease in personnel section

- maintenance is up since aging equipment needs more attention
- increase of \$10,000 in lab expenses account in anticipation of new NPDES permits in 2012. Trout Run also has a \$10,000 request in this category.
- Maintenance account increased to \$1,000 from last year for testing
- Professional services increased for Chapter 94 report.
- Landfill will have slight cost increase next year anticipating another weather driver.
- Telephone expense increased as these older telephones are not as interrelated as the other sites and require repair at time.

There was a brief discussion about the telephone setup at Matsunk. Mr. O'Brien noted that there are auto dialers at the two plants as well as all the pumping stations.

- Utilities are up almost the same percentage as Trout Run, but it represents less than 1% increase.
- miscellaneous section contains a \$50 request for dues and subscriptions. The total miscellaneous represents a 1.2% increase.
- Net decrease overall is 1.4%.

Mr. O'Brien provided an overview of the Collection system budget. He noted overtime is up from \$30,000 to \$40,000 due to weather conditions. Personnel section shows a net decrease of .2%. The operating supply section (fuel and oil) is \$20,000. Mr. O'Brien provided summaries of uniform rentals, professional services, maintenance contracts, information technology maintenance, and vehicle maintenance. He noted that the vehicles are aging and the overall impact of that section is 1.1% increase.

SRA/ADMINISTRATIVE BUDGET

Mr. Hiriak reviewed the SRA/Administrative budget and indicated that the first section shows the payroll of the administration staff. He pointed out that the sewer billing is included in this section and some of the overlapping work that is accounted for the Municipal Utility Authority. Mr. Hiriak noted that is all reimbursed on the back side and the revenue side. One line item shows the transfers to and from when we get to the revenue side of the budget. Under salaries and wages, a big portion of that was for the Project Coordinator; this position was not filled. A secretary was also booked in there as well. Overall personnel is down 18% in that section. The next small section is for the expense processing residential and commercial sewer billings. Bids have gone out for a new five-year printing contract of printing and this section reflects the two vendors that were respondents. Work is still being done on the Request for Proposal for auditing. All the data is in and a final analysis will be done of the proposed fee schedule. No major changes other than technology is charged to this section. The 17.6% driver in that department is the depreciation number

\$71,000. This section reflects a \$10,000 increase for the industrial pre-treat program to do some of the testing to administer the program. In the sewer revenue budget there are revenue items that account for what income comes in from that program and reimbursed to the General Fund. This is down \$15,000. With some of the staff leaving, they are not there to bill for any more so the money exchanged between the funds actually goes down as well. There has not been a need in the last couple of years to use the contingency expenses. There is a new \$140,000 item in the SRA account.

Mr. Hiriak stated that in 2011 there were two additional dollars added to the sewer billing to save for future capital expenses. It is on the revenue side, but it will have to go out so that it does not get included with the operating budget. This will be done over the next five years.

Mr. Wagenmann stated that the Matsunk expansion is 25 years old and there will be some major capital maintenance expenses which are SRA's responsibility; not the utility authorities. The utility authority has the responsibility for expansions and upgrades, but for equipment replacement that would be SRA's responsibility.

Mr. Hiriak discussed the liquid fuels item totaling \$1.5 million to pay for work to be contracting out. Mr. Wagenmann indicated that Mr. O'Brien will work with Pennoni to do the evaluation and prioritization of the streets that need to be resurfaced. He said about \$1 million a year should be expended a year taking into consideration a life expectancy of about 12 years for a resurfaced road. On heavily used roads this would be down around eight years; on the lighter traveled road it could push toward 15 years, especially if they are in well shaded areas. On average there should be about 12% or 85 miles of roadway done on an annual basis.

Mr. O'Brien stated that the capital budget for Planning remains the same with regard to requests for the information technology section. Mr. Wagenmann emphasized that equipment replacement will not necessarily show up in the capital budget. It is indicated as being scheduled for replacement, but only equipment that absolutely needs to be replaced in the first quarter of the year will show up in the capital budget because under state law supplemental budget changes cannot be done until the second quarter of the year. All other equipment remains in use until it needs to be replaced. At that time, the request will come before the Board of Supervisors to do a supplemental budget adjustment moving money out of equipment replacement and into the capital fund.

Mr. O'Brien discussed a major component request of \$100,000 for Trout Run. He pointed out that the Trout Run expansion is already 15 years old. Mr. Wagenmann pointed out that the buildings and some components are over 50 years old. He stated that a major component account was established some

years ago at \$50,000 and every year it is bumped up about \$5,000. Mr. O'Brien stated the environment paint does not last very much past the five year mark. It is now at a point where something has to be done. Approval has been granted to do an evaluation phase for the painting project and next year to do the construction. Mr. O'Brien discussed other Trout Run construction needs for the roof window and replacement of roofs out of warranty. There is also a need for a major rebuild on a pump amounting to \$15,000. Other items in need of repair or replacement were discussed. A phase one evaluation for sludge processing equipment was done this year and a rotary press was recommended for both Trout Run and Matsunk. Based on the engineer's assessment as well as the vendor's cost it is estimated to cost about \$1 million for each facility. Other items in need of repair or replacement were discussed.

Mr. O'Brien discussed the capital budget for Matsunk and described the various major components and planned improvements to maintain the existing operation. Some of the major component needs are similar to Trout Run. A \$300,000 grant from the Pennsylvania H2° program was received that is valid until June 2013. Mr. O'Brien described an unusual situation with snail shells that wash out of the trickling filter towers as a result of a design defect in the tank which is now 7/8ths full of sand. A snail shell removal engineer evaluation will be made to find a way to remediate this problem so hydraulics are not lost. A brief discussion followed and a suggestion was made to contact one of the trade associations for some ideas. Mr. O'Brien also discussed a problem with the sludge thickener at Matsunk.

Mr. O'Brien provided an overview of the Collection systems budget. He outlined some projects in the capital budget for GIS information technology, miscellaneous equipment, updating of the sanitary sewer maps, replacing sanitary sewer lines.

Mr. O'Brien discussed the Abrams pumping station and stated that the flow meter requires replacement. He explained that the flow meter helps to meter the flow between Trout Run and Matsunk. Currently it is necessary to manually switch direction.

With regard to the DeKalb/Ross Road station, Mr. O'Brien explained some improvements that are needed to upsize the pumps because of additional flows.

At King Manor \$25,000 is requested to replace the worn out pumps.

Mr. O'Brien noted that a \$250,000 account is maintained for sinkholes and efforts are made to increase up to \$25,000 a year. Other items he highlighted:

- transportation equipment - a request for \$27,600.
- generator for \$7,600

- painting street light metal for \$20,000 for the Town Center street lights.
- future plans call for looking into the possibility of putting GPS into township trucks and eventually tie them in with a real time leaf collection board so that the truck can be viewed on the internet as it goes down the street.
- \$100,000 every year through 2017 will be set aside for bridge maintenance to do any recommended repairs based on state inspections of our bridges.
- Budget contains \$10,000 every year for concrete services and guard rails.
- The traffic control devices backup programs have \$11,000 which is carried out for the next several years to take into account different intersections in the system.

Mr. O'Brien discussed specific stormwater projects for Red Oak Terrace, Bob White Road, Sharon Court, Diane Court and a basin bank stabilization at Shoemaker and Henderson. He noted that Sharon Court was reviewed in the spring by the engineer and highway superintendent and it was determined that something needs to be done to alleviate the stormwater issues there as well as Diane Court which has the same issues. A lengthy discussion was held about some of these stormwater issues and a concern was raised as to why more recent developments were having these problems and why the township is responsible for remedial work. Mr. Wagenmann responded that it will be determined where the problem is and he will have this examined.

Mr. O'Brien indicated that the rollup doors in township garage need to be replaced as well as the roof on the salt dome which is currently in disrepair.

Mr. Wagenmann noted there is one 10-wheel dump truck that will wait until the second quarter of the year for replacement. Part leaf recycling money and part equipment money will be used.

A \$10,000 evaporated cooler is requested for staff in Vehicle Maintenance. Painting project in transportation should be rolled back a year and focus on evaporated cooler. It is possible DVIT may have a grant to do that next year. Also in equipment replacement is a car lift. Mr. O'Brien noted that over the last couple of years the garage staff has started doing ambulance inspections.

Under Park and Shade Division, \$11,000 for gutters on Church Road building is required.

At Norview Farm \$25,000 for pole testing is requested as well as fencing and retaining wall replacement for next year.

At the Compost site \$75,000 is requested to replace the wildcat loader.

As far as building maintenance the interior lighting upgrade to continue. Also looking at carpet replacement in common areas as well as painting and wallpaper.

Next listed is HVAC to replace the five boilers that were not replaced. It is also time to clean the HVAC duct work. This work has been done every five years. We are also looking at recaulking windows and sealing the area especially around the Township Manager's Office where there has been water penetration. The driveway also needs to be seal coated.

Mr. Wagenmann reported that mold has been found in his office, further testing is being done and remedial action is being taken to resolve the problem.

Mr. Wagenmann said he was pleased with the cooperation of the department heads in following the budget guidelines and the direction they were provided during the budget process.

ADJOURNMENT:

There being no further business to come before the Board, the meeting was adjourned at 9:15 p.m.

RONALD G. WAGENMANN
SECRETARY-TREASURER/
TOWNSHIP MANAGER

rap
Minutes Approved:
Minutes Entered: