

UPPER MERION TOWNSHIP BOARD OF SUPERVISORS  
BUDGET WORKSHOP MEETING  
NOVEMBER 8, 2012

The Board of Supervisors of Upper Merion Township met for a Budget Workshop Meeting on Thursday, November 8, 2012, in the Township Building. The meeting was called to order at 7:30 p.m., followed by a pledge of allegiance.

ROLL CALL:

Supervisors present were: Greg Waks, Greg Philips, and Carole Kenney. Also present were: Dave Kraynik, Township Manager Designee; Judith A. Vicchio, Assistant Township Manager; Nick Hiriak, Director of Finance. Supervisors Spott, and Jenaway were absent.

DISCUSSIONS:

PARK AND RECREATION DEPARTMENT OPERATING BUDGET

Mr. Dan Russell, Director, Park and Recreation, stated the total Park and Recreation operating budget for 2013 reflects a 5.8% increase due to the two main salary lines, office and seasonal staff. Highlights include:

- There is a new account, Recreation Center Expenses for \$69,500 which includes all of the utility costs and school tax payment due in calendar year 2013. Since part of the building will be rented out, it makes it a taxable entity otherwise it would be off the tax rolls.
- School bus use decreased due to allocations to individual programs and accounts. During a discussion it was noted that Upper Merion school buses have not been used for 8 or 9 years. A bid now goes out each year for “yellow” buses to keep costs as competitive as possible.
- There is a charge (with the exception of seniors and children) for every concert, except for the 4<sup>th</sup> of July celebration.
- Actual money taken in for “Concerts Under the Stars” this year was \$40,675, \$35,100 was brought in by sponsorships and \$5,575 was the gate. It is proposed to increase the gate fees next year unless a title sponsor is secured in time.
- An additional \$10,000 requested for special events due to some enhancements planned for Tricentennial, including the carnival planned for the Community Fair.
- An additional \$16,000 requested for discount ticket account due to the success of the program and a significant increase in the purchase of those tickets. It was noted that this is offset by revenue which is facilitated by the Pennsylvania Recreation and Park Society.
- \$16,000 requested for Farmers Market expense account for supplies, materials, advertising for special events, and other miscellaneous for market operation.

- the senior center requested an increase of about 45% in their budget. The 2012 budget not counting rent is \$54,280 and they requested \$96,880. Manager is going with a 5% increase for that particular request.

There was a brief discussion about the rationale for such a large increase and the Township Manager and Township Manager Designee will meet soon to go over this point and report back to the Board if there are any compelling circumstances.

## PARK AND RECREATION CAPITAL BUDGET

Mr. Russell discussed the capital budget and discussed costs for the architect design of the Upper Merion Recreation Center which is being funded out of the 2012 bond issue and the \$80,200 to update the Township's Park and Recreation Department Master Plan (Priority 1). He said the plan is now almost 15 years old and with the recent acquisitions of open space, the trail study, and the community center study, this plan needs to be updated. The Master Plan would include a facilities inventory of our park system, ADA audits, a needs assessment, community input, and major park system capital improvements which need to be addressed. It would be used for the management of the entire park system and would be driven by capital improvements, input from the community, and the facilities inventory would provide a plan on moving forward on how to fund capital improvements in the parks.

Mr. Kraynik explained it is basically a blueprint for five or ten years out as to how each park is going to be developed and what the changes would be.

A discussion followed wherein it was noted that in moving ahead on capital improvements that blueprint coupled with community input and facilities inventory is extremely important. The master plan would also make the township more competitive in grant applications.

Mrs. Kenney asked if grants could be used to fund the Master Plan. Mr. Russell responded it could be done in phases and the entire \$80,200 does not need to be done in one calendar year and is just reflected in the 2013 budget as the first priority.

Mr. Philips asked how the phasing would occur. Mr. Russell responded it would be done in two phases. The first phase is a facilities inventory, a needs assessment and survey, including the community input with public meetings, environmental issues and investigations looking at streams that run through the parks as well as a demographic analysis. The second phase would be to develop the park system capital improvement recommendations, capital funding and phasing, programming and implementation and final report preparation.

Mr. Philips stated he is most interested in Priority 2, the maintaining and updating of older equipment in various parks, including the playground safety surface. Mr. Russell responded this is the rubber matting that has been installed

in 90% of the parks. Most of the rubber matting was installed anywhere from ten to twelve years ago, except for Heuser Park and some of the newer parks. When it was first put in, it was the new and upcoming trend; however, the surface does tend to shrink. There are new recommendations for installation and the actual surface itself is better. Mr. Russell pointed out this is not something that will be done in one year because of the cost unless the Board wants to recommend not going back to a rubber surface and using wood carpet mulch which requires more maintenance and more fill.

A discussion followed about the cons associated with wood mulch.

Mr. Philips stated the older parks should be addressed in 2013 and suggested the option of phasing the master plan in half and spending some of that money on repair and maintenance. Mr. Russell stated the cost of replacing the rubber in all the parks needs to be explored.

Mrs. Kenney asked if the \$60,000 cost in Park Equipment is specifically just for the rubber matting or for other items as well. Mr. Russell responded it is for a combination of those things.

Mr. Kraynik stated his notes indicate that \$60,000 would cover whatever equipment is requested plus rubberized surface for two parks. Mr. Russell responded some parks are larger than others. He noted a park like Bill Wall Park is very small, but the rubber there is probably the worst.

Mrs. Kenney asked if the park surfaces are prioritized in order of which ones are the worst. Mr. Russell responded the park surfaces are prioritized; however, he does not have them budgeted as yet.

Mrs. Kenney asked how many parks have rubberized matting. Mr. Russell responded there are about 12 parks with the rubber surface.

Mrs. Kenney asked how many are in bad shape. Mr. Russell responded about half and the other half will start deteriorating in the next three to four years.

Mrs. Kenney asked if \$30,000 or \$40,000 were taken away from the master plan, how many additional rubberized surfaces could be installed with that amount. Mr. Russell responded it depends on the park and the pricing because it is a per square foot price. He said the Township Building park is probably going to be the most expensive because it is the largest area.

With regard to the community center business plan, Mr. Russell stated there was money in this year's budget for this which is why it was placed on the agenda.

A discussion followed with regard to the third party design review by Ballard King & Associates working with Buell Kratzer Powell in the design.

Mr. Waks asked if a recorded presentation would be made to township residents in Freedom Hall, and Mr. Russell responded in the affirmative.

A discussion ensued about ongoing negotiations between Ken Ballard and Paul French (Stixx) about the public/private partnership and the need to preserve the integrity of the community center model in order to maximize the facility for residents.

Mr. Waks summarized that Ballard King is being utilized because of their experience to help draw up the first operating plan, the first business plan and that in future years this would be handled by the Park and Recreation Department.

Mr. Philips asked if more Park and Recreation staff will be required. Mr. Russell responded potentially more staff would be required running a facility of this size as there are currently only two full-time staff.

Mr. Philips asked for clarification on the timeline. Mr. Russell responded according to his last conversation with Joe Powell, assuming everything goes smoothly, he was looking for mid to late summer 2013 to start construction.

Mr. Philips asked if the opening could occur sometime in November or December. Mr. Russell responded, "possibly."

Mr. Kraynik stated the proposed project would be placed on the Board of Supervisors agenda for next week.

Mrs. Kenney asked about the status of the multi-use recreation trails. Mr. Russell responded, despite some hurdles, this is moving forward and noted the deadline with regard to the capital grant four and a half years from now.

#### ADMINISTRATION OPERATING BUDGET

Mr. Nick Hiriak, Finance Director, stated overall the Administration Budget reflects a 8.7% increase. Highlights are as follows:

- professional salary/wages increased 7.8% because of some changes in the longevity for various employees
- clerical salaries increased 4.9%
- employee pension fund is down 28.2% and Worker's Compensation has gone up across the board.
- account 1810 down 29% since AM receptionist retired and position has not been filled.
- Office supplies down 18% and now seeing effects of going paperless.

A discussion followed about the compensation and office space for the Tax Collector.

Additional highlights:

- Zoning Hearing Board compensation increased 25% due to change in membership number.
- Management Consulting Services increased 78.6% increase. This account fluctuates from year to year. The Comparative Salary Analysis is consistent with one of the Board's Goals and Objectives.
- Legal budget for the 2012 was \$220,000 and year to date expense is \$518,000. Hankin/Realen matter was \$216,000 which accounts for a good portion of the overage.

A discussion ensued regarding the Township Solicitor's requested retainer and hourly rate increase.

Mr. Waks reiterated a request he made at a previous meeting to make the descriptions [in the budget document] clearer. For instance, he would like a specific line mentioning the approximate amount for resolution of the golf course matter so that anyone reviewing the document would understand the reason the figure was so inflated. Mr. Waks pointed out if this case had gone to trial it would have had damages in the hundreds of millions which would have resulted in massive tax increases across the board for every property owner. He believes ultimately these legal fees will more than pay for itself in regard to the future revenue to be realized from that development.

A discussion followed about professional consulting for contract negotiations and potential legal matters that might require attention in the coming year.

Mr. Hiriak continued with highlights:

- Other Legal Services which take care of all advertising and code updates are being consolidated with account 3400 which also covers advertising and printing costs.
- Other Professional Services decreased due to reduction in UMGA-TV consulting.
- Signs, mailing, postage down 35% (\$3,500)
- Public Information expenses reflect \$10,000 for the on air talent and other PIO initiatives so that there will be one concise place to track all these expenses, including postage.
- Conference Expenses increased - two national conferences (Government Finance Officers Training and MUNIS financial software) have been reinstated that were cut over the last four or five years.

Mr. Waks asked about budgeting for the PELRAS. Mr. Hiriak responded three or four attendees are being budgeted for PELRAS.

Mr. Waks stated in view of the labor negotiations next year, the Chair as well as the supervisor who sits in on labor negotiations should be budgeted to go to PELRAS in addition to the Township Manager and other selected administrative staff. Mr. Waks suggested four or five attendees as opposed to three or four.

Highlights continued:

- Miscellaneous Expense increased slightly. This is the account for appreciation luncheons, service awards, Goals and Objectives workshops, etc.
- Tax Collector's Expense - is the Township's share of real estate tax collector's expenses for printing, postage, envelopes, supplies.
- 2013 Budget is balanced without a property tax increase, almost half a million dollars will be added to the Equipment Maintenance Fund and approximately \$580,000 for Capital.

#### ADMINISTRATION CAPITAL BUDGET

Mr. Hiriak discussed the Administration Capital Budget. Highlights include:

- Carryover from 2012 for 511 software enhancement
- Equipment Replacement with largest increase for UMGA-TV equipment
- First half of 2013 a new franchise agreement with Comcast will have to be approved. This will result in a \$70,000 fee for the Township.

Mr. Hiriak stated he needed to cover one last area of expenses, Debt Miscellaneous, under the Library. He said this area accounts for a lot of miscellaneous items. With regard to the cost of the Residential Rambler, that service is not changing and is budgeted at \$217,292 for 2013. Also, some of the building maintenance expenses are shifted to the vacant office area (old Park and Recreation office).

A discussion followed about the TMA bus shelter contract (TMA inspects the shelters) and the new contract is being negotiated with Clear Channel, owner of the bus shelters.

Mr. Hiriak discussed two legal settlement cases reflecting a \$1,067,000 amount.

#### GENERAL FUND REVENUE

Mr. Hiriak discussed the General Fund Revenue. Highlights are as follows:

- real estate taxes basically flat
- real estate transfer tax projecting growth - \$700,000 with a \$250,000 gain

- projecting \$3.9 million for mercantile tax - mall projections for 2013 sales anticipated to go up 3%
- local services tax growth - \$130,000 - which is a positive sign for the economy
- business tax - \$5,360,000 was budgeted for 2012 and \$6,062 collected to date - good steady growth from previous years
- collection of delinquent 511 taxes showing some substantial amounts of money again due to auditing ventures
- Itinerant tax is down - with the change in the Convention Center

A discussion followed about various situations when the itinerant tax is waived and when it would apply.

Highlights continue:

- Cable TV income combines Verizon and Comcast and numbers continue to increase with subscriptions.
- Not much movement on fine accounts

A discussion followed about the nomenclature used to describe the NorView Farm Property Rental.

Highlights continue:

- State Grant funds to help offset the cost of the Residential Rambler from the Pennsylvania Lottery Fund and from the Pennsylvania General Fund for the State's Free Transit Program for Senior Citizens. The amount is an estimate based on ridership.
- Public Utilities Realty Tax is a fixed payment for tax exempt utility property located in the township.
- There are approximately 45 liquor licenses within the township and revenue is calculated from the state.
- Township receives revenue from the State to defray the cost of the township pension plans. The State bases the aid per the provisions of Act 205 of 1984. This amount fluctuates.
- Foreign Fire Insurance Tax is a pass-thru account. It is another state calculation payment that supports the Upper Merion Firemen's Relief Association by law.
- Gaming Revenue for 2013 projected at \$1,225,000
- Permit and Inspection fees of about \$1,750,000 - continuing to show permit and development activity for the coming year
- Stormwater permits flat.
- Projected recycling income for compost site - \$67,000 - seeing a decline in income because the Lower Merion site reopened.
- Concert Revenue year to date at \$40,000 and \$49,000 (including concert money) projected for 2013.
- Day Camp Revenue projecting \$275,000.
- Instructional Class Revenue at \$475,000

- Farmers Market budgeted at \$16,000
- Clear Channel Bus Shelter Advertising reflecting a 60% decrease in revenue - contract is up for renegotiation in 2013.
- Water and Feed sales at NorView Farm (most are water sales) and revenues go up and down.

Mr. Waks suggested reducing the price of water back to the original price two years ago to assist those on fixed incomes, and asked for an estimate of what this would involve. Mr. Kraynik indicated staff would look into this.

Highlights continue:

- Reimbursement Fire Relief Association pays a calculation of Workers Compensation.
- Reimbursement received from the Upper Merion Area School District for the crossing guards.
- Lafayette Ambulance is reimbursed for costs associated with their emergency response to the Borough of Bridgeport.
- Reimbursement Miscellaneous - includes such items as stipend from Commonwealth for snow removal on state roads amounting to \$75,000. Other items can go into this account if a dividend is received from Workers Compensation Insurance. This amount can be significant.
- The Fund balance is approximately \$15,000,000

A discussion followed about the Budgetary Reserve and how it is utilized in the budget process and assigned to some of the categories. Certain terminology changed with the Government Accounting Standards Board in 2009 and Mr. Hiriak explained how such things as “unreserved” became “unassigned.”

Library Fund Highlights:

- Library Fund has three large sources of income: the Real Estate Tax with a dedicated millage, Local Services Tax at about \$265,000 and State Aid at about \$83,000.
- Library currently has a deficit of \$66,000

A discussion ensued as to how to make up for the \$66,000 shortfall. Points were made during this discussion about the need to look at the cost drivers, doing a zero budget review for next year, and consider fundraising. It was agreed by the three present supervisors to have a \$66,000 transfer this year, but institute fundraising or zero budgeting for the future.

Sewer Fund Highlights:

- Sewer operating budget is balanced
- On the sewer commercial and residential rates it has the additional \$2 factored in the year.
- \$3 million bond issue entered into to cover new debt service



Liquid Fuels highlights:

- Fund Balance in Liquid Fuels Fund projects \$250,000 to be used for the 2013 resurfacing program
- Township receives an allocation from the Commonwealth based on the amount of road mileage and 2010 census - \$528,000

ADJOURNMENT:

There being no further business to come before the Board, the meeting was adjourned at 10:00 p.m.

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RONALD G. WAGENMANN  
SECRETARY-TREASURER/  
TOWNSHIP MANAGER

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Minutes Approved:  
Minutes Entered: