

UPPER MERION TOWNSHIP BOARD OF SUPERVISORS  
BUDGET WORKSHOP MEETING  
NOVEMBER 11, 2010

The Board of Supervisors of Upper Merion Township met for a Budget Workshop Meeting on Thursday, November 11, 2008, in the Township Building. The meeting was called to order at 7:10 p.m., followed by a pledge to the flag.

ROLL CALL:

Supervisors present were: Greg Waks, Joseph Bartlett, and Edward McBride. Also present were: Ron Wagenmann, Township Manager, Judith A. Vicchio, Assistant Township Manager, Nick Hiriak, Director of Finance, Fred Santoro, Human Resources Director. Supervisors Spott and Jenaway were absent.

PRESENTATION BY TANGENT ENERGY SOLUTIONS ON SOLAR ENERGY

Mr. Andy Meserve, VP, Solar Sales & Development, Tangent Energy Solutions, provided an overview of the company and offered a presentation regarding the feasibility of providing at least some of the Township's power needs via solar. The proposal involves three projects, one on the roof of the township building, one at the township garage, and one in Heuser Park. He cited the cost, the installation process/safeguards, how projects are financed and environmental and cost benefits.

Mr. McBride commented that the Public Information Officer should do some public relations outreach on the solar project and hopefully get other businesses on board with this.

Mr. McBride asked for clarification about the installation process. Mr. Meserve responded that the roof goes on first.

Mr. Waks asked for clarification about the timing/process of installation. Mr. Wagenmann responded that after the roof goes out for bid Tangent would coordinate with the roofer. Mr. Meserve stated that he would also send an email to the Board with detailed information on the work Tangent does with Duro-Last.

Mr. McBride asked if Duro-Last is a style of roof. Mr. Wagenmann responded that it is a membrane system that is used around sewer plants.

Mr. McBride asked if Duro-Last had to be installed by certain limited contractors. Mr. Wagenmann responded that the contractors are certified to install.

Mr. Waks asked if the roof had a 20 year life expectancy. Mr. Wagenmann responded in the affirmative.

Mr. Meserve commented that some roofing manufacturers require that a slip sheet be placed underneath the roof to protect the roof. He said that as Tangent would be the owner of the solar system for 20 years they make sure up front that they communicate adequately with the roofer.

Mr. Waks asked if there are adequate reserves to do the roof, Allendale Road Bridge, etc., for next year. Mr. Wagenmann responded that there is enough to do the Allendale Road Bridge out of the money saved from the Sumner Dam project. The bridge would cost about \$800,000; it will probably be an 80/20 grant so the township would receive \$600,000 back.

Mr. Meserve explained how the weight on the roof is distributed and that no metal actually touches the roof at all.

Mr. Wagenmann stated that the Township Solicitor has reviewed the agreement. The Township has a responsibility to make sure the building is maintained so that their systems stay well. There are buy back provisions, but the Township is not interested in buying back the systems, but these provisions are in the agreement so that the numbers are there. Mr. Wagenmann pointed out that the key element is that the Township has no investment in it. The agreement is that the Township buys the power that the system produces and Tangent has to produce it. Tangent guarantees that they are going to deliver 90% of what they are projecting; if they do not meet that goal, the Township does not have to buy the power.

Following Mr. Wagenmann's remarks about the goals Tangent must meet, Mr. Meserve said if Tangent does not meet that goal and there is a difference that the Township is purchasing from a utility, Tangent would have to pay for that difference.

Mr. Meserve stated that as long as there is a signed power purchase agreement for a solid project and the equipment ordering process has begun, a grant would be forthcoming as long as this is accomplished in 2010. He explained the difference between the tax credit that is available until 2016 and the grant option available now.

Mr. Waks asked for clarification about the guidelines. Mr. Meserve responded that the construction does not have to actually start just as long as it is underway with such items as ordering equipment and there are some very fine IRS guidelines.

Mr. Waks asked for additional information about the project. Mr. Meserve responded that it is hoped to have the project completed in the first half of 2011; however, January, February, and March are not ideal for roof work.

Mr. Wagenmann stated that a power purchase agreement will be brought forward next week with a request that the Board approve/authorize the signatures of that agreement. Once that is accomplished the project can proceed.

Mr. Bartlett asked for clarification about solar energy numbers. Mr. Meserve responded that the numbers calculated are calculated at the National Renewable Energy Lab and he explained that it is an historical look at the sun hours. He said that short term weather is very hard to predict, but long term weather is extremely stable.

Mr. McBride asked about the size range of Tangent's projects. Mr. Meserve responded his company only does distributive generation. He said that there are a lot of solar companies trying to do utility scale solar. Tangent's general range of solar is about 300 kilowatts to about 3 megawatts and they are all \$1,500,00 to \$15,000,000 dollar projects.

Mr. Waks asked if Tangent has done many school districts. Mr. Meserve responded in the affirmative.

Mr. Bartlett asked if the tax credit is assigned to the Township. Mr. Wagenmann responded in the negative. He pointed out that the Township would not be incurring any capital risk and would simply be signing a contract. The Township will buy the solar power from Tangent under the purchase/power agreement and they have to deliver.

Mr. Bartlett asked if it would be less expensive. Mr. Wagenmann responded in the affirmative and he explained how the savings would be achieved.

Mr. McBride commented that to the degree that the Township can assist in getting the word out or have Tangent get the word out about their turnkey operation it would help generate interest of other corporations in this Township along and near the corridor. Mr. Wagenmann suggested that he could provide an update with the BID and make presentations to such organizations as the Optimists. He also said that during the normal budget presentations he could indicate what the Township has done to stabilize and save costs.

Mr. Waks suggested that an assignment be given to the Environment Advisory Council to disseminate this information and also put information on the website.

## DISCUSSIONS:

### ADMINISTRATIVE DEPARTMENT OPERATING AND CAPITAL BUDGET

Mr. Nick Hiriak, Director of Finance, presented the Administration Department operating and capital budget. He indicated that the operating budget has a 1.8% overall increase for 2009. The highlights in individual line items are as follows:

- management consultant services are up \$28,000.
- two new items are being added for 2011 -- citizen survey of \$24,000 and an ICMA performance measurement task of \$9,550.

Mr. McBride expressed concern over spending \$24,000 for a citizen survey. A brief discussion followed regarding the survey's usefulness, type of questions, future potential, and benefit of performance standards. It was decided to remove the survey from the budget.

Mr. Waks commented that rates in the legal industry have not stabilized and are going down. He asked if consideration should be given to discussing a reduction in the Solicitor's rates. Mr. McBride said these discussions should also include other legal/consultant fees.

Mr. Hiriak discussed the capital budget. He indicated that two projects will be carried over from 2010 for a total of \$22,000 which represents \$11,000 for UMGA-TV equipment and phase one enhancements for the Act 511 business tax.

Mr. Ed Higgins, Public Information Officer, provided an update on TV services.

### REVENUE BUDGET

Mr. Wagenmann reviewed the revenue budget and stated that in accordance with the Board of Supervisors guidelines the general fund budget with the projected cash carryover results in a balanced budget that calls for no tax increase. He noted that assessment appeals of commercial properties and higher end homes are increasing.

Mr. Waks suggested that counter appeals be filed when opportune and this should be a topic of discussion when the Board of Supervisors meets with the Upper Merion Area School District Board.

Mr. McBride expressed his overall concern about potential bond issues for high school repairs, a bond issue for Caley Elementary School and a bond issue to offset the appraisal appeals. He said it is important to find out what their plan is.

Mr. Waks commented that his concern is not with the operational budget, but rather more of the capital expenses. He was pleased to hear that the savings on electricity will help finance the Allendale Bridge but he wanted to make sure the money was lined up for such expenses as the ADA sidewalk requirements.

A discussion followed regarding state responsibilities with regard to ADA requirements at certain intersections as well as certain instances when utilities and other companies can be held responsible for addressing the ramps when resurfacing the road.

Mr. Wagenmann noted that standards on traffic signal mast arm foundations have changed so that the cost at an intersection will increase \$50,000 to \$75,000.

Mr. Bartlett asked if signals already in place would have to be replaced. Mr. Wagenmann responded in the affirmative if a project is involved.

Mr. Wagenmann commented on the following items:

- real estate transfer did not rebound this year.
- mercantile and business privilege have increased approximately 3%
- cable TV income revenues are up based on quarterly payments
- fines are down slightly
- Interest income is down
- Slight increase in property rental

Mr. Bartlett asked for clarification on the foreign fire insurance tax. Mr. Wagenmann responded that it is the tax on insurance policies from out of state fire insurance companies that sell policies in Pennsylvania. He said there is a 2% tax on the premiums of those insurance policies and these funds go to the Fire Relief Association for equipment purchases.

Mr. Wagenmann's highlights continued:

- park and recreation concerts are down and budget numbers reflect what is anticipated in this particular budget for the revenues coming in from the various programs.
- bus shelter revenue remains the same.
- Slight increase in ridership on the residential Rambler.
- water at NorView is still down from what was anticipated with rate increase.

Mr. Waks asked about the potential of refinancing the open space bond issue next year. Mr. Hiriak responded that there would be the potential to refinance and that Mr. Wolf is always monitoring this. Mr. Wagenmann pointed out that as soon as it meets the 3% target Mr. Wolf comes in and makes the Board aware of it.

Mr. Waks asked for clarification about the reserves and whether \$1.9 million of it was spent. Mr. Hiriak responded that it has not been spent as yet. He said that there still remains a reserve for stabilization of \$2 million and the 15% unobligated balance.

Mr. Wagenmann's highlights continued:

- library budget is balanced
- SRA budget is balanced and recommendation made to consider a \$2 increase in quarterly rental to start building up the capital funds for sewer capital maintenance projects.
- IT will continue with E-government for the electronic records storage system. This will help with the increasing volume of right to know requests.

Mr. Waks asked if it will be possible to charge for right to know requests next year. Mr. Wagenmann it would be possible if the law is enacted.

Mr. Waks asked besides Sumner Dam, the Allendale Bridge, and ADA sidewalks, if there are any other major capital projects for next year that have not been mentioned. Mr. Hiriak responded that he does not believe that anything that has been deferred will place the township in jeopardy.

Mr. Wagenmann discussed the different capital projects in the wastewater Sewer Revenue Account.

Mr. Wagenmann reiterated on equipment replacement unless it is indicated that it is critical to be done in the first quarter it stays in the equipment replacement fund. As the year progresses, if it becomes evident that equipment needs to be replaced a supplemental budget adjustment would be presented to the Board of Supervisors and it would be placed into the capital budget. Mr. Wagenmann noted that one major piece of equipment to be replaced is the tub grinder that burned up at the compost site. This equipment will cost close to \$400,000 and an insurance claim is currently pending.

Mr. Wagenmann stated painting projects at the wastewater treatment plants are needed since it is important to keep the metals properly coated to prevent rust buildup. Where needed, painting will be done in the Township building.

Mr. Waks commented that he wants to look at the surveys and have further discussions on attorneys' fees.

Mr. Wagenmann stated that that starting next Thursday the budget will be posted as the law requires for public review for 20 days and adoption of the budget is scheduled for December 9.

With regard to sewer rentals, Mr. Wagenmann stated that there has been a difference with the people with garbage grinders and without. He said that 60% of the residents have the full rate with the grinders and about 40% do not. Mr. Wagenmann recommended looking to phase out the difference so that there is a uniform rate.

#### PERSONNEL BUDGET

Discussed in executive session.

ADJOURNMENT:

There being no further business to come before the Board, the meeting was adjourned at 8:38 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.