

A Workshop Meeting of the Upper Pottsgrove Township Board of Commissioners was held on Monday, October 1, 2018, at the Upper Pottsgrove Township Administrative Office, 1409 Farmington Avenue, with Commissioners Trace Slinkerd, France Krazalkovich, Elwood Taylor, Martin Schreiber and Renee Spaide present. Also present were Township Solicitor Matthew Hovey, Township Manager Carol R. Lewis, Township Secretary Michelle Reddick, Public Works Director Justin Bean, Chief Francis Wheatley and Sewer and Water Chairman John Bealer.

**PLEDGE OF ALLEGIANCE** – Those present pledged allegiance to the flag.

**OPENING COMMENTS** – There were no opening comments.

**BUILDING STUDY (ALLOY 5) IN PROCESS REVIEW** – Randy Galiotto of Alloy 5 was present to discuss the progress of the study. He reported their staff has been meeting with Township staff every two (2) weeks regarding the progress. He further reported they surveyed the buildings and existing facilities and met with staff. He noted they also met with John Bealer who has a great history of the existing facilities and has provided some useful information. He further noted they have completed the site, architectural and structural evaluations, and are currently working on the mechanical, electrical and plumbing. He provided a general overview for the preliminary report of the fire department and administration along with the police and public works facilities. He reported there are no building wide control systems for the fire and administration or police and public works. He explained that since the fire and police are essential facilities, the Code makes you look at them differently. He further explained they will be taking some roof samples in the near future. In response to a question from T. Slinkerd, R. Galiotto advised he could provide the preliminary report electronically. T. Slinkerd requested C. Lewis to provide an electronic copy of the preliminary report via email to the Board once it is received. In response to another question from T. Slinkerd, R. Galiotto advised information and costs on priority items will be provided in the final report. In response to a question from M. Schreiber, R. Galiotto advised they study will also cover the needs of all the departments in relation to space.

**AUDIT REVIEW - MAILLIE** – Greg Shank and Tony Rapp of Maillie were present to review and answer questions related to the 2017 audit report. G. Shank provided a quick summary of the audit and outlined the different information contained within the audit. He noted the Township uses the modified cash basis of accounting. He explained the full accrual basis of accounting would require the Township to look at all their assets and liabilities including the pension liabilities. T. Slinkerd referenced page 16, and noted it outlines the costs to operate the Township on an annual basis. G. Shank referenced page 17 which contains the Township’s government fund (general fund), and noted the general fund balance at the end of 2017 was liquid at \$502,040. He explained the fund balance should be more than two months of expenses. He referenced page 18 which contains the revenue and expenses for the year, and noted the township maintained a good fund balance in the general fund after transfers. T. Slinkerd noted the real estate and earned income taxes are the majority of the Township’s revenues. In response to a question from T. Slinkerd, G. Shank explained the transfer taxes are tough to budget. G. Shank referenced page 19 which contains the Township’s proprietary fund (sewer fund), and noted there is a \$137,700 transfer which is sitting as a liability. He explained he is not sure how that happened, but it could be due to having a combined cash account. He further explained he is unable to determine whether the transfer was actually made as it may have been done and recorded as a journal entry. He suggested the Township research this matter and take the necessary steps to remove this liability. G. Shank referenced page 20 which contains your revenues, expenses and debt service, and noted the revenues exceeded expenses in 2017. He referenced page 34 which contains the Township’s total debt. In response to a question from F. Krazalkovich, G. Shank explained the total debt is \$5.1 million. E. Taylor explained the majority of the debt is sewer and open space which both have dedicated monies to pay the debt (i.e., user fees pay sewer

debt and earned income taxes pay open space debt). G. Shank referenced page 18 which breaks out the debt service and page 20 which contains the principal and interest for sewer debt. G. Shank recommends the Board consider having a five-year plan for capital projects and pension. T. Slinkerd referenced page 56 which contains the Township's return on investments as it relates to the pension plan. In response to a question from T. Slinkerd, G. Shank explained the revised letter provided this evening is the 114 letter which is the audit comment letter, and it does not affect the audit report. T. Slinkerd advised the Board he will be working with Maillie to see what can be done to receive the audit report sooner. G. Shank explained he will meet with Township staff in the near future to develop a plan and timeline for the 2018 audit. In response to a question from J. Bealer, G. Shank advised they do look at the total assessed value in the Township.

### **BUDGET PROCESS – BUDGET OVERVIEW**

**Road Overview** – C. Lewis noted a list of roads along with recommendations and conditions of the roads was included in the budget packet. J. Bean advised the highlighted roads are those highly traveled, and he is recommending doing those roads in 2019. He further advised the roads listed as #1 and #2 roads are low volume roads, and he is recommending oil and chip and then overlay. In response to a question from T. Slinkerd, J. Bean advised he has not taken any traffic counts on the roads. In response to a question from T. Slinkerd, Chief Wheatley advised he had previously obtained a road counter from North Coventry Township, and will inquire if we can borrow it again. T. Slinkerd requested J. Bean provided traffic counts on the roads he is recommended for 2019 along with the #1 and #2 roads, and then eventually all the roads. C. Lewis advised storm water, sewer and other infrastructure will be added to the report.

R. Spaide advised someone had recommended the Township see whether they can obtain millings from projects in other townships to use on our roads. In response to a concern expressed by E. Taylor concerning the millings used on Kummerer Road, J. Bean advised the Township didn't get to seal the road after so that's why the millings didn't work as well. J. Bean also advised it is hard to obtain millings since they are in high demand.

**Grant Status** – C. Lewis briefly reviewed the grant listing which was included in the packet. She noted the Township along with the Borough of Pottstown will be reapplying for the PennDOT multi-modal grant and adding sidewalks to the project. M. Schreiber suggested possibly adding Lower Pottsgrove Township to the grant for Mervine Street.

**Budget Presentation Order and Financial Document Review** – T. Slinkerd outlined the different documents included in the budget workbook. T. Slinkerd noted the proposed 2019 budget was one of the documents included. In response to a question from T. Slinkerd, C. Lewis advised we obtain our bond rating from Moody's, but we do not pay for it. She explained our financial statements are submitted every year, and they provide us with a bond rating. E. Taylor expressed concern regarding the transfer from sewer fund to general fund which wasn't completed. He noted the general fund depended on the transfer and suggested the matter be investigated. T. Slinkerd suggested the headers be included on each page of the proposed 2019 budget and the year-to-date figures also be included.

**Police Budget** – C. Lewis explained she met with Chief Wheatley concerning his wants and needs for the 2019 budget, and the Chief would like to review them with the Board. Chief Wheatley explained their fleet does not currently include a four-wheel drive vehicle, and he is proposing to purchase a four-wheel drive Expedition in 2019 at an approximate cost of \$45,000.00. In response to a recommendation from M. Schreiber, Chief Wheatley advised a four-wheel drive pick-up truck might be a possibility. In response to a question from T. Slinkerd, Chief Wheatley advised the police budget was cut by \$100,000 due to replacing senior officers with rookie officers. Chief Wheatley explained he had budgeted for two

Watch Guard cameras for the vehicles in 2018, but had to hold off on purchasing them due to having to purchase a new server. He further explained he will now need to budget for the purchase of the cameras in 2019. Chief Wheatley also reported the department needs an electronic door entry system for security purposes. He further reported there is a need for an increase in the police training budget as Corporal Werner and Officer Millard have expressed an interest in obtaining a Master's Degree. T. Slinkerd suggested C. Lewis check the collective bargaining agreement as it relates to the requirements for education reimbursement. Chief Wheatley reported he will need to increase the uniform budget and the equipment budget for new computer monitors as the current ones do not show the entire new ALEIS system. Chief Wheatley advised their office space is not being utilized effectively, and he is proposing \$15,000 in office renovations so the department can have a training room and interview room. Chief Wheatley explained they will need to increase their budget to include monies for replacement of service revolvers. Finally, Chief Wheatley explained the Board will need to consider budgeting in the future for a full-time investigator for the department. Chief Wheatley noted the current pension plan is not sustainable and is recommending changing the policy so that any new employees be outside Act 600. He also suggested looking at other alternatives such as 401K plans or 457 plans. T. Slinkerd requested C. Lewis provide salary projections to the end of the contract and pension obligations. E. Taylor noted our pension fund is in good shape. In response to a question from F. Krazalkovich, Chief Wheatley advised the police pension is not sustainable as most officers are staying long term. C. Lewis advised the Township is fully funding their minimum municipal obligation. F. Krazalkovich suggested double checking the police pension figure in the proposed 2019 budget as it is much lower than the year-to-date budget figure for 2018.

**Debt Schedule** – C. Lewis reported the debt schedule was included in the budget workbook. There were no questions at this time. T. Slinkerd requested the current leases be added to the debt schedule.

**F. Krazalkovich** noted the proposed 2019 budget puts \$612,000 revenues over expenses. He suggested the Board consider putting this money into a separate capital reserve account. C. Lewis noted we have not had to obtain a tax anticipation note in three years since we have had this extra money in general fund, and suggested the money remain in general fund. In response to a question from F. Krazalkovich, C. Lewis advised the proposed 2019 budget does not provide any increase in taxes, and the millage rate for general fund would stay at 3.4 mills.

**M. Schreiber** questioned whether the unrestricted open space money is accounted for in the spreadsheet. He also questioned whether the proposed budget includes the \$100,000 owed to general fund. C. Lewis explained the unrestricted open space money is shown separately, and noted she would make sure the \$100,000 owed to general fund is accounted for in the budget.

**EXECUTIVE SESSION** – The Board adjourned into executive session at 9:10 p.m. to discuss personnel and litigation with no action to follow. They reconvened at 9:50 p.m.

**ADJOURNMENT** – The Board adjourned by the consent of those present at 9:51 p.m.

Submitted,

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Michelle L. Reddick, Township Secretary