

**Minutes - Board of Commissioners
Upper Pottsgrove Township**

May 2, 2005

A special meeting of the Board of Commissioners was held on Monday, May 2, 2005, at the Upper Pottsgrove Township Administrative Offices, 1409 Farmington Avenue, with Commissioners Gallisdorfer, Noll, Schaeffer and Taylor present. Also present were Township Solicitor Charles D. Garner, Jr., Township Manager Michael A. Cotter and Township Secretary Cynthia Saylor. Mr. Taylor called the meeting to order at 6:33 P.M. There were 15 people and a Mercury reporter present in the audience. Commissioner Reeves was absent.

MOMENT OF SILENCE - Mr. Taylor requested a moment of silent prayer in honor of the men and women serving the United States in the armed forces.

PLEDGE OF ALLEGIANCE - Those assembled pledged allegiance to the flag.

OLD BUSINESS

REVIEW OF CAPITAL INFRASTRUCTURE BORROWING PROPOSAL - Township Manager Michael Cotter explained the borrowing is for a series of capital infrastructure projects and provided the following outline: **Farmington Avenue West Sewage Conveyance Project** - \$2.392 million, **Capacity Purchase from the Borough of Pottstown Municipal Authority Treatment Plant** - \$660,000; **Renovations to the Fire State Upstairs** - \$206,000; **Open Space Purchase** - \$200,000; **Networking Computers** - \$67,000. Total proposed borrowing which includes the fees and contingencies associated with the borrowing - \$3.685 million. Mr. Cotter advised the Township is borrowing the money from the Delaware Valley Regional Finance Authority at an interest rate of 3.4%. He further advised the Township will be borrowing in two (2) stages: the first phase of borrowing will be for \$2.3 million in June 2005 and the remaining balance of the money will be from a second loan that will be executed at the end of August 2005.

When **COMMISSIONER GALLISDORFER** questioned why the Township did not borrow the money from PennVest; Mr. Cotter explained that PennVest has lower interest rates up front; however, they have much higher compliance costs and noted there is more flexibility with Delaware Valley Regional Finance Authority.

Mr. Cotter reported the Township will be borrowing most of the money to accomplish sewer projects and since the Township has a Sewer Fund that basically generates revenues for sewer projects the borrowing for sewer purposes (\$3.052 million) it is considered a self-liquidating debt. Mr. Cotter explained the resident who are currently hooked into the public sewer system and those who will have it installed in the future will be paying the debt service as well as the operation and maintenance expenses involved with providing public sewer to the residents. The balance (\$633,000) will be paid back out of the Township's general revenues i.e. property taxes, income taxes and real estate transfers. The debt service from the General Fund will average \$45,000/per year for the first twelve (12) years.

The Township expects to make payments for the debt service from the General Fund revenues with anticipated increases in the earned income tax collection. Mr. Cotter reported there is no tax increase necessary in order to meet the debt service payments.

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COMMISSIONER SCHAEFFER - Referenced the "no need to increase taxes" and questioned the projected dollar amount with regards to increased revenues and the payback of the debt. Mr. Cotter stated there would not be a significant increase in property tax collection; however, there would be an estimated 15% increase in earned income taxes due to the steady increase in growth within the Township over the five (5) years.

Mr. Cotter provided a clarification of **COMMISSIONER NOLL'S** question regarding the final borrowing figures.

There was a brief discussion between the Board members with regards to the amount of money being borrowed for open space acquisition. Mr. Cotter stated Montgomery County is holding \$780,000 in grant monies for Upper Pottsgrove Township to purchase open space. He further stated in order to obtain the \$780,000 the Township has to provide a 20% match in funds or \$200,000.

ROBERT SLOSS - 2097 Needhammer Road - Stated he does not pay into the Sewer Fund. Mr. Sloss questioned the amount of money the Township is currently in debt with regards to the General Fund and the Sewer Fund. Mr. Sloss also questioned the length of the long term note. Mr. Cotter explained there are two notes; Series A would be through the year 2017 and Series B would be through the year 2028. When Mr. Sloss questioned whether the Board is planning to increase sewer rates; Mr. Cotter stated the sewer rates have not been increase in the last fifteen (15) years and he will be recommending an increase during next year's budget preparation. Mr. Sloss referenced the \$660,000 for sewer capacity and questioned if the Township will recapture the money back from the developers. Attorney Chuck Garner stated the developers will be charges every cent the Township pays per gallon plus a little more to cover overhead costs. Mr. Sloss further questioned whether the money being paid back will be used to decrease the amount of principal and pay off the sewer or will the money be transferred in the General Fund. Mr. Cotter explained the \$660,000 is specifically for sewage treatment capacity purchase and the Township will pay down the debt with money from the developers. Mr. Sloss expressed his concern and noted someone should have an itemized bill regarding the amount of money owed to the Sewer Fund from the General Fund. Mr. Taylor addressed Mr. Sloss's concern and noted this is an internal transfer of money between funds. With regards to the \$206,000 proposed for renovations to the firehouse; Mr. Sloss questioned how the fire tax monies are being utilized. Mr. Cotter explained the fire tax covers the Fire Company's operating expenses. When Mr. Sloss questioned the amount of money originally borrowed for firehouse renovations; Mr. Taylor explained that money was used to remodel the downstairs and the administrative offices; the upstairs received a minimal amount of work in order to keep it compliant and noted there is additional work needed as well as the parking lot. Mr. Sloss suggested raising the fire tax rather than borrowing additional money for the firehouse. Commissioner Schaeffer stated the fire tax can only be used for operating expenses and not building repairs. Mr. Sloss questioned the amount of money being borrowed for open space and stated he is against it. With regards to borrowing money on new computer; Mr. Cotter explained the new computers and the installation of the voice mail system were purchased with money that was already budgeted for this year. He further explained the \$67,000 will be used to network the two building together; providing a single server to run most of the software applications and purchasing additional software programs that will improve the way we do business in the Township.

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ROBERT SLOSS CONT'D - Mr. Sloss expressed concern regarding the life space of the new computers and the fact that the Township will still be paying for them. Mr. Cotter explained with all the growth the Township will be experiencing over the next few years we need to get ahead administratively. Mr. Sloss expressed concern regarding the condition of the roads and the amount of water run-off throughout the Township and noted without roads residents can't drive to the open space parcels. Commissioner Taylor stated the Township is experiencing "growing pains" and right now the Board is looking at an enormous amount of money for sewer systems and infrastructure systems.

COMMISSIONER SCHAEFFER - Referenced a web page from Salsbury Township and used them as an example of the importance of open space acquisition. Mr. Schaeffer explained in Salsbury Township in order for them to borrow one million dollars' the average homeowner paid less than \$16/per year for the term of the loan; that's per million dollars/per household for the purchase of open space land. If that million dollars worth of land was developed it would cost the average homeowner \$41/per year in increased taxes. Mr. Schaeffer stated if we preserve open space it does limit what the developers can do; however, the Township cannot limit or stop development, we do thing to mange it or control is such as having an open space plan in place and utilizing the open space we already have in a manner that is conducive to all the residents within the Township whether it's a park, a playground, a walking trail or whether it's just a fallow filed for water recharge. Mr. Schaeffer addressed Mr. Sloss's concern regarding the roads and stated the reason there is so much water run off is because of the amount of developments we have; the more development we have the more water run off we will incur and the more damage to the roadbeds we're going to have. Mr. Schaeffer referenced the water run off and stated the Township is charged for whatever groundwater leaks into the public sewer system. If we can have that groundwater leak into a wooded area or a filed the Township will save on the amount of flows going into the Pottstown Treatment Plant. He further stated open space isn't just buying a property; we need to have a plan in place and look into how it can benefit the Township.

HENRY BEALER - 1382 Farmington Avenue - Expressed his concern regarding a property located on Maugers Mill Road that the Board is currently considering purchasing for open space and stated it is a "swamp area" and is unbuildable. Commissioner Taylor stated the Board is discussing open space acquisition throughout the Township not just one particular property. When Mr. Bealer requested the phone number in order to discuss open space with a representative from Montgomery County; Mr. Cotter advised him to call the Administrative Office.

JEAN HOLLENBACH - 1373 North Hanover Street - Referenced unresolved issues with the Fire Company and suggested the "borrowing" be placed on a referendum in the November election in order to give the residents a better concept as the importance of open space acquisition. When Mrs. Hollenbach questioned a time limit regarding the grant money available from the County; Mr. Cotter replied April of 2007. He further stated the window for borrowing is now. Mr. Cotter further stated if the Township does not utilize the grant money that been allocated it reverts back into the "pool" and the money becomes available to any community within Montgomery County. Mr. Cotter noted the key issues with open space is that the borrowing being discussed tonight is only for leveraging the \$780,000.

JEAN HOLLENBACH CONT'D - The Township has every intention of putting any additional borrowing for open space acquisition out for referendum this time next year.

DENNIS ELLIOTT - 576 Evans Road - Referenced the \$206,000 for renovations to the firehouse and stated he was originally against borrowing money for this building and he is still against it. Mr. Elliott stated if the Township is going to double in size over the next five years; there is no way this facility will be adequate. Mr. Elliott suggested expanding the original Township building since there is a level parking lot already there and room for expansion. With regards to open space; Mr. Elliott stated the subject was on a county referendum about two years ago and the residents of Upper Pottsgrove Township overwhelmingly approved it almost 2 - 1. Mr. Elliott stated some long time residents have attended the Open Space committee meetings and have expressed their desire to have their land stay the way it is.

CATHERINE LEHMAN - 1395 Chestnut Grove Road - Referenced the amount of money allocated for sewer installation and questioned if it pertains only to Farmington Avenue. Mr. Cotter explained the Farmington Avenue West sewer project incorporates properties along Evans Road, Farmington Avenue, west of Route 100, Chestnut Grove Road, State Street, Primrose Lane and some properties on Heather Place. Mrs. Lehman expressed concern regarding the deplorable condition of Chestnut Grove road. Mr. Taylor reported the entire length of Chestnut Grove Road from Pineford Road to Primrose Lane will be reconstructed and expanded as the new developments are completed. Mr. Taylor advised the developers have contributed to the reconstruction of Chestnut Grove Road.

CHARLES LEHMAN - 1395 Chestnut Grove Road - Noted the excessive amount of truck traffic utilizing Chestnut Grove Road and questioned the legality of having only one access road open.

HENRY BEALER -1382 Farmington Avenue - Stated in his opinion we need to allow business to come into the Township.

COMMISSIONER NOLL - Stated that Upper Pottsgrove is in a position where we need to borrow money prudently in order to help the Township grow. Mr. Noll said he is still a huge supporter of open space; however, he expressed his concern with borrowing more than the \$200,000 for acquisition and noted he is in favor of the referendum on the 2006 ballot in order to allow the residents have their say. Mr. Noll stated in his opinion it wouldn't hurt the Township to wait until 2006 to borrow additional funds for open space acquisition.

COMMISSIONER GALLISDORFER - Stated she totally supports the \$350,000 for open space acquisition. Mrs. Gallisdorfer gave an example of just how little land can be purchased for the amount the Township wants to borrow and noted that currently there is a 24 acre parcel for sale at a cost of \$1.2 million. Mrs. Gallisdorfer stated the money that we're borrowing wouldn't put a dent in that parcel. She further stated she would prefer to have larger parcels in the Township than try to purchase an acre here and an acre there and noted in 2006 that's what is going to be left because the developers are purchasing it "right and left." Mrs. Gallisdorfer questioned why the Regal Oaks project is no longer under consideration for borrowing. Mr. Cotter explained that the \$1.5 million

COMMISSIONER GALLISDORFER CONT'D - dollars projected for Regal Oaks would cost those residents approximately \$16,000/per house for tapping fees. Mrs. Gallisdorfer stated she wanted a clarification for the record because she felt there was a misconception that the Regal Oaks project was voted down by the members of the Board and that is not what occurred.

COMMISSIONER SCHAEFFER - Referenced the potential costs of administrative fees, legal fees and environmental fees at an approximate cost of \$30,000 per property. Mr. Schaeffer explained - if that's the case the additional \$150,000 would allow the Township the potential to "fee simple purchase" approximately five (5) open space properties; however, that does not include any administrative costs. He further explained if the Township borrows \$200,000 and can leverage the other \$780,000 from the County - it we don't have \$150,000 budgeted in the General Fund to cover the administrative costs, then what's the purpose of purchasing the property. Mr. Schaeffer agreed with Commissioner Noll with regards to the 2006 referendum in order to purchase future land. Mr. Schaeffer stated as part of the Open Space Committee he would like to convey some of their strategy with regards to open space and noted there are some properties that we need to react to right away and there are others that we can react to going forward. Mr. Schaeffer explained that not every municipality in Montgomery County is going through the process of creating an Open Space Board and developing an Open Space Plan in order to garner those funds. He further explained that there are at least six or seven municipalities that feel they don't need to do anything regarding open space so the funding that was allocated to them goes back into the "pot." If we then use the referendum funding to leverage some of the additional money going back into the "pot" we can get "more bang for our buck."

ROBERT SLOSS - 2097 Needhammer Road - Requested a clarification with regards to fair market value vs assessed value of land.

COMMISSIONER TAYLOR - Stated that he is in agreement with all the issues concerning the borrowing. With regards to the Open Space Funding - Mr. Taylor reported he was of a similar commentary as Commissioner Noll; however, upon realizing that the additional money could be and should be used for administrative aspects, to protect the total amount of the borrowing and the matching of the grant money; he is in agreement with the \$350,000 figures for open space acquisition. Mr. Taylor stated the total amount of borrowing the Board is acting on tonight is - \$3,685,000 which includes the \$350,000 for open space acquisition.

A motion by Gallisdorfer, seconded by Schaeffer, to enact an Ordinance to authorize the issuance of non-electoral debt in the amount of \$3,685,000 as the award of a qualified interest rate management agreement. Roll call vote: Schaeffer - aye; Gallisdorfer - aye; Noll - aye; Taylor - aye. Motion carried.

When Commissioner Noll questioned whether Mr. Cotter addressed Mr. Sloss's question with regards to the Township's total amount of debt; Gordon Walker, Delaware Valley Regional Finance Authority, provided the following breakdown: \$400,000 from the 2004 refinancing; \$47,000 - 1999 Infrastructure Loan with Montgomery County; \$41,040 - 1996 loan with Montgomery county and a balance of \$247,368 from the Firehouse Renovations loan.

COMMISSIONER NOLL CONT'D - Total tax supported debt prior to tonight's borrowing - \$735,408.

TCE CONTAMINATION UPDATE - Mr. Cotter reported he spoke with representatives from the DEP and stated the Township is expecting that the Statement of Decision regarding the ultimate solution for the contamination of Wolf Run will be released in the next two weeks. Mr. Cotter stated he hoped to have additional information at the May 11 meeting. He further stated if the Growing Greener II is voted upon favorably the Township expects to have funding by early Fall 2005. Mr. Taylor noted the Township has had commitment from several developers who are willing to contribute to the TCE remediation.

COMMISSIONER GALLISDORFER - Requested a clarification that the TCE funding isn't just for Farmington Avenue properties; it includes residents along Heather Place and in the vicinity of Mervine Street.

ROBERT SLOSS - 2097 Needhammer Road - Requested clarification with regards to DEP funding the TCE remediation one hundred percent and developer's contributions. Mr. Cotter explained that DEP has always factored in the developer's contributions to the Wolf Run project.

ADJOURNMENT - There being no further business, a motion by Gallisdorfer, seconded by Schaeffer, to adjourn the meeting at 8:02 P.M. All aye votes.

Respectfully submitted,



Cynthia H. Saylor
Township Secretary

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