

**EAST GOSHEN TOWNSHIP
BOARD OF SUPERVISORS
ANNUAL PLANNING SESSION
June 5, 2013
Final Approved Minutes**

The East Goshen Township Board of Supervisors held an Annual Planning Session at the Township Building on Wednesday, June 5, 2013 at 10:00 a.m. Board of Supervisor members present were: Senya Isayeff, Chairman; Carmen Battavio, and E. Martin Shane. Others present were: Rick Smith, Township Manager; Jon Altshul, Chief Financial Officer; Mark Gordon, Director of Code Enforcement; Mark Miller, Director of Public Works; Frank Vattilano, Director of Recreation; and staff members Brian McCool, Barbara Phillips and Tia Piccolo. This public meeting was advertised in the Daily Local News on May 6, 2013.

Call to Order

Jon called the meeting to order at 10:00 am. He asked Brian McCool to lead the Pledge of Allegiance. Jon asked for a moment of silence to remember our troops here and abroad. Jon asked if anyone would be recording the meeting. There was no response.

Public Comment

Senya commented that it is remarkable that East Goshen Township is in such good financial condition. He mentioned that at the Community Visioning Session held for the residents Monday night, some of the residents that attended that meeting have been here as far back as 40-50 years. He thanked all the past board members for the great job they did in managing the Township.

Jon mentioned that a letter was received from PennDOT requesting that the Township's general fund reimburse the Township's state liquid fuels fund \$280,000.00 for blacktop materials for the years 2008-2010. Jon explained that this would make Public Works expenses appear high for the remainder of the year, but that the expense would be zeroed out at the end of the year when the funds are transferred back to the general fund. The \$280,000.00 has been moved into the State Liquid Fuels Fund.

Financial Outlook for 2014

Jon commented that compared to last year, anxiety over economic issues both local and national is easing. Interest rates for mortgages are starting to go up. He put all the projections together he could find which show most factors are positive. Inflation is the concern; 2% is projected. The township is on a sustainable projection for the next 10 years. The GFOA recommends a 2-month reserve for expenses which equals 17%. East Goshen is in an ideal position.

Jon explained the assumptions he used. The next WEGO MMO will be received this summer. Tom Anderson advised WEGO to keep this fund flat but Jon wondered if this was realistic. The current contribution to the police OPEB (medical retirement benefit) is \$335,000. Jon explained the required reporting for this. Rick mentioned that any current pension expenses are being paid from the operating account. Senya commented that at some point in the future, there will be more employees retiring, so the township needs to continue increasing funding. Rick mentioned that an actuarial study/assessment is being done to determine where the pension is at this point.

Revenue assumptions were discussed. Jon mentioned that permit fees were received from Mars Drinks and he anticipates some from Goshen Meadows in 2014. Health insurance premiums are projected to increase 18% in 2014. He used an 8% increase thereafter. The Township's insurance broker has recommended locking the health insurance in earlier – perhaps December 2013, to prevent the rate increase in 2014.

Jon reported that the Township's Workers Comp with SWIF for the volunteer firefighters may increase 14%. For Workers Comp covering non-firefighters with MRM, the increase is anticipated to be 20%.

For this report, Jon also included some anticipated one-time expenses such as improvements to the Township Website which doesn't represent the Township as well as it could. Carmen mentioned that he uses interns from West Chester University for his business website. Marty stated that, in the near future, all plans will have to be processed digitally. Mark Gordon commented that Township is working on this.

As a fire marshal-related issue, Carmen believes the Township is reactive, not proactive in the area of fire inspections. Some calls are coming in about fire exits and emergency lighting. Right now, since there are no yearly inspections of businesses, is there a liability? Mark Gordon answered that home based businesses are approved by the Township initially and thereafter only if a change in use is made. He will check with the Township solicitor. The new inspector that he just hired has a lot of fire background so a program could be developed at a cost.

Departmental "Wants & Needs"

Mark Miller would like to make the brine for next year. A brine tank could fit in the old salt bin area. Mark also has some people who would buy brine from us. Carmen commented that West Goshen is probably running the program to meet costs and make a profit. If we can recoup the cost, it would be worth considering. Marty wants a cost/benefit analysis.

Mark would like to purchase an Iron Worker which is a fabrication tool to cut steel. The cost is \$18,000 for a new machine.

Mark would like to purchase a vehicle code scanner for \$7,800, which would cover engines, transmissions and electrical systems.

Mark Gordon mentioned records management, which continues to grow. Some plans are old and we need to have an electronic record of them. We have most of the equipment, but last year an estimate for labor was \$25,000. Rick commented that the Township is still required to keep the paper copy on file. Mark mentioned that there is a backup procedure for the server.

Mark Miller asked for clarification on budget items. When the capital fund items are set up, they cover requests for replacement equipment. Should funds be allocated for unanticipated items. Marty would want justification for the need when it is an unanticipated request. The funds should come from the Capital Reserve Fund and that when assets that are either new or that are not currently being amortized are needed, an amount equal to cost of the new asset should be transferred from the general fund to the capital reserve fund. He would like to have this set up as a policy. Rick mentioned that in the past, funds were put in the capital fund for unanticipated

expenses. Per Marty, the reserve should be enough to replace anticipated replacements over the next 20 years. He wants an analysis to find out what that amount should be.

2014 Budget Schedule

Jon reviewed the timeframe for the 2014 budget with the final proposed budget advertised in November and adopted on December 3, 2013, with December 17 as a back-up date if there's any slippage in the schedule. Carmen made a motion to post the budget schedule on the Township website. Marty seconded the motion. The motion passed unanimously.

Municipal Authority

The Board considered an increase in the Sewer Capital Reserve Budget by \$230,000.00 for diversion projects. Bonds can be set for a 10-20 year payback. Carmen asked if, instead of bonds, funds could be borrowed from the General Fund and repaid. Marty said the Township should continue to use bonds. Interest rates are very low now. Rick mentioned that they will have the last bid in June and should have the total amount to borrow shortly thereafter. Jon and Rick met with a consultant from Janney Capital Markets to discuss the pros and cons of issuing general obligation bonds versus getting a loan from Delaware Valley Regional Finance Authority. Jon did an analysis which compares the yield on \$1.5 million loan/bond based on data as of May 13 – 14th. Also the closing costs for a loan would be about \$12,000 while bonds would have an issuance cost of \$40,000-50,000. In both cases, the Township would have to be formally rated by a credit rating agency such as S&P which could cost \$5,000-8,000. Carmen made a motion to amend the Sewer Capital Reserve Fund by \$230,000 as per the June 5, 2013 memo from Jon Altshul. Senya seconded the motion. The motion passed unanimously.

Farmers Market

Jon explained that there were no funds allocated for marketing the Farmers Market. However, \$5,000.00 was included for Amphitheater Events. Since the amphitheater won't be ready to use in 2013, he is recommending that the \$5,000 be transferred to the Farmers Market for marketing. Marty wants to know how the \$5,000 will be used. Carmen explained that people need to know about the market so communication needs to be increased. Senya made a motion to reallocate \$5,000 from the amphitheater to the Farmers Market. Marty seconded the motion. The motion passed unanimously.

Milltown Dam Spillway Repair

Marty made a motion to increase the Capital Reserve Fund Budget by \$33,220 for the Milltown Dam Spillway project. Carmen seconded the motion. The motion passed unanimously.

Reallocation of Capital Expenses

Jon explained that that given the change in the capital policy that had been discussed today, he wanted to hold off on discussing the proposal to reallocate the cost of the eight capital projects across individual line-items.

The Board approved a change in the date for the Township staff picnic to Friday June 14th because of anticipated bad weather on June 7th.

Senya complimented Jon on presenting the most comprehensive report he has seen in the past 4 years.

The meeting was adjourned at 11:45 am.

Respectfully submitted,

Ruth Kiefer, Recording Secretary