

**EAST GOSHEN TOWNSHIP
BOARD OF SUPERVISORS MEETING
1580 PAOLI PIKE
TUESDAY, OCTOBER 18, 2022
FINAL MINUTES**

Present: Chairman Michele Truitt; Vice Chairman John Hertzog; Members: Mike Lynch, Cody Bright, David Shuey; Township Manager Derek Davis; Finance Director Dave Ware; Public Works Director Mark Miller; Senior Staff Accountant Chris Boylan; WEGO Chief Brenda Bernot; Goshen Fire Executive Director Grant Everhart; Erich Meyer (Conservancy).

Call to Order & Pledge of Allegiance:

Michele Truitt called the meeting to order at 7:00 p.m. and led the Pledge of Allegiance.

Michele announced that October is Breast Cancer Awareness and requested a moment of silence to remember breast cancer patients, survivors, their families, and all of those affected by this disease, as well as our first responders.

Michele stated this hybrid meeting is being recorded via Zoom and will be available on the Township website.

Chairman's Report:

Michele announced:

- The Board met in executive session prior to tonight's meeting to discuss legal and personnel matters.
- The Pipeline Task Force, Conservancy Board, and Futurist Committee are all looking for new members. Please reach out to Township Manager Derek Davis directly if interested or fill out the "ABC Volunteer" form on our website located on the "Forms & Applications" page.
- Township offices will be closed on Friday, November 11th in recognition of Veterans Day.

Public Hearings: None

Emergency Services Reports:

Chief Bernot presented WEGO September 2022 activities in East Goshen Township. WEGO will participate in Blue Beards for Charity and residents can purchase a \$20 yard sign to support this initiative. Donations are accepted via check as well. There is also a local coffee company who is creating a special coffee just for this charity. Contact WEGO if interested. David asked about 988 Suicide and Mental Health Line. Chief responded that this puts a person directly in touch with a Mental Health resource. Cody asked about the number of calls for service. Chief compared Sept 2022 calls at 1,689 vs. Sept 2019 calls at 926. Michele asked the Chief to place a Toys for Tots box at the Township building.

Grant Everhart presented the Goshen Fire Company September 2022 monthly report.

Derek presented Malvern Fire Company and Good Fellowship September 2022 reports. Michele asked who is handling Fire Marshall duties while Carmen is unavailable. Derek responded Duane Brady assumed this role.

Financial Report:

Dave Ware presented the September, 2022 financial report.

Approval of Minutes:

Cody made a motion to approve the minutes of September 6th, 13th, 20th 2022.

John seconded.

Motion carried 5-0.

Treasurer's Report:

Dave Ware presented the October 13, 2022 Treasurer's Report.

David asked about the high tree removal costs. Mark Miller responded this is driven by the ash tree issue. John asked who we pay this to. Mark stated typically Knight Tree Service but he is also looking at another vendor to provide this service. David stated this is a trend to be aware of for future budgets.

Cody made a motion to accept the receipts and approve the expenditures as presented in the Expenditure Register and as summarized in the October 13, 2022 Treasurer's Report.

David seconded.

Motion carried 5-0.

New Business:

Consider recycling toter grant program.

Derek explained this was discussed last year but the Board, at that time, was not interested. Derek stated the grant would pay 90% of the cost of 65 gallon toters. David added this is budgeted for this year and the expense can be covered by the refuse fund. He feels this is prudent use of refuse fund balance. John agrees but questioned who would assemble the toters. Dave replied this is part of Otto's quote. Cody asked if distribution would be directly to homes. Dave responded affirmatively. Dave explained tipping charges should be lower with cleaner recycling.

David made a motion to authorize staff to apply for the \$168,000 DCED 902 grant for the Township's Wheeled Toter Recycling program and, if approved, up to \$18,940 in matching funds.

Cody seconded.

Joe Buonanno, 1606 Herron, asked what size toter is required in the hauler contract. Michele responded 65 gallon toters.

Russ Frank, 451 Gateswood, asked about David's earlier comment regarding cleaner recycling. David responded. Russ asked about the cost of recycling. Dave responded. Derek thanked Jason and Dave for their work on this project.

Motion carried 5-0.

Consider stop signs at Baldwin Drive and Margaret Lane.

Derek explained a resident raised concern about the site distance at this intersection. Public Works Director Mark Miller and WEGO Sgt. Ted Lewis looked at this intersection and agreed, due to line of site issues, a three-way stop is warranted.

Cody made a motion to authorize the installation of three-way stop signs at the intersection of Baldwin Drive and Margaret Lane.

John seconded.

David asked if bushes or trees can be removed to help with site distance. This can be requested of the homeowner, but Mr. Christman responded that trees are outside of the right of way. Michele asked if a letter could be sent to the homeowner requesting removal of a tree that hinders site distance. Mark Miller stated it would be very expensive to remove. Mr. Christman stated an ordinance will be needed in order to place the stop signs and he will have this ready for an upcoming meeting.

Motion carried 5-0.

Consider replacement of two pickup trucks.

Derek explained that Mark Miller would like to get into COSTARS and order the trucks as soon as possible. They are scheduled to be replaced in 2023.

Michele clarified that this motion is purely to authorize the ordering of two vehicles, but if delivery time came and we have constraints, she questioned whether we would be obligated to purchase one or both of the vehicles. Mark Miller responded. David feels this is already depreciated and budgeted. John is opposed to this motion at a time when we are working on balancing a budget. David responded both trucks have high miles and have had repairs. Michele asked how old the trucks are and Mark responded 10-11 years old. Cody is in favor of replacing them and feels the need is there. He worries if we wait, it will be 20 months before we get the new truck. Michele would like to consider purchasing one of the trucks.

Cody made a motion to authorize the ordering of two replacement pickup trucks, from a vendor to be determined.

Cody accepted Mike's friendly amendment to add 'for a decision on the actual expenditures to be determined at such time'.

David seconded.

Motion carried 4-1, with John opposed.

Consider replacement of rooftop HVAC unit.

Derek explained the rooftop HVAC unit above the Public Works garage has failed throughout the year, it has been in place for 29 years, and is fully depreciated. Mark added that there was a repairman here yesterday.

Michele asked about delivery time on this unit. Dave added that a large portion of this cost is because of a crane needed to place the unit.

Cody made a motion to approve the replacement of the Public Works garage building roof top HVAC Unit, in the amount of 15,952.00, and to purchase this unit from Precision Mechanical Services.

David seconded.

Motion carried 5-0.

Consider approval of Pipeline Task Force letter to elected representatives.

Derek explained this was a request from the last Pipeline Task Force meeting. David commented that FEMA provides resources on emergency response, including very specific policies and procedures, but pipelines are excluded.

David made a motion to authorize the Township Manager to send a letter to our United States Senators, as well as our Congresswoman, on behalf of the Pipeline Task Force.

John seconded.

David accepted Mike's friendly amendment to have the letter sent from Board of Supervisors and Pipeline Task Force.

Cody asked David about the County's status on this. David replied that the County prepared an RFP and received no responses. They reissued a second RFP and received two responses. David explained that the County recognized an all-hazard approach to a NGL pipeline explosion in a densely populated area is not adequate. The County is interested in developing a Hazard Mitigation and Emergency Response Plan for NGL for the County, along with a unique program for each municipality, within the context of the hazard mitigation program. The County has reviewed both RFP's and referred them to their Procurement Department. David feels this letter is important to support this effort. John requested that the County be copied on this letter.

Motion carried 5-0.

Standing Issues/Projects:

Hershey's Mill Dam Project – Derek stated that we are waiting on the maintenance list and as-builts.

Milltown Dam Project – Derek commented that he sent letter to residents last week informing them that the bid documents were submitted to DCNR. The bids will be conducted through PennBid and engineering has already been completed by Gannett Fleming. Derek is hoping to

get contractor identified by the end of year and would like to conduct a Town Hall in January/February 2023 with contractor and residents. DCED and DEP will need to approve the bid documents.

John asked for this information to be posted on the website. Michele requested that a copy of Derek's letter be sent to Planning Commission.

John requested a regular update on Hershey Mill Estates sewer project. Mark responded that we pre-purchased the pipe and we are waiting for the State Gaming Grants that we should hear by November. John would like to communicate updates with residents.

Old Business:

Continued 2023 Budget discussion/Q&A session.

Dave gave an update on General Fund and Capital. Fee Schedule changes will be presented at the January reorganization meeting.

Michele thanked Dave for putting together all of these budget figures. Michele cautions that we should consider people who cannot afford a tax increase.

Mike read the following statement regarding his perspective:

“Upon review and detailed discussions with East Goshen Township Director of Finance and Township Manager of the 2023 Preliminary Budget, the General Fund Long-term Projections (10 –year); Capital Reserve Fund funding; historical trend/looking back data going back nearly 20 years; and, recommendations from the Township professional staff, **a tax revenue enhancement in the form of a property (Real Estate) tax millage increase is warranted commencing with the 2023 Budget and effective 01-01-2023.**

For the following reasons:

Inflation / COL; Built-out Suburban Municipality / Aging Population – Flat revenue vs Increasing Costs

Since 2004 (last tax increase in East Goshen Township), the aggregate inflation rate has increased 47.27%. This does not include the projected 2022 inflation index of 8.2% (the SSA announced 10-14-22 an 8.7% benefit increase for 2023).

From 2012 through 2021, Township General Fund revenue has increased an aggregate of 7.0% while expenditures have increased 31.6% during the same aggregate period (cumulative inflation during this period 25%).

East Goshen Township now for practical purposes of financial planning is a fully built-out / developed suburban municipality with an aging population and aging infrastructure.

East Goshen Township population 2010 was 18,007 and 2020 population 18,162; 41% age 60 and older. Median age is 52.8 years (1.3 times higher than both Chester County and PA median age).

The General Fund Long Range Plan – this 10-year projection (October 2022) forecasts an annual operating deficit every year through 2033 at an increasing amount commencing in 2023 at

-\$402,500 (preliminarily and prior to BOS consensus adjusted down from -\$740k from first preliminary budget version) to -\$3.533M in 2033. The projection, in my opinion, has utilized reasonable assumptions for inflation and related revenue and expense estimates. The 10-year projection does not include any substantial increases in Capital Reserve funding.

Projected total revenues and also just Local Enabling Taxes (Real Estate Tax, EIT, Real Estate Transfer Tax and LST), each, estimates an annual average increase of 0.4% while averaged annual Expenditures are projected to increase 2.7%.

The Capital Reserve Fund Projection indicates that with the continued contribution (via Interfund Transfer from the General Fund) of \$385K, the Capital Reserve Fund is projected to decrease to between \$1.2M to \$1.5M by the end of 2024 or an approximate 75% decrease in the fund balance over 10 years (with assumption of no added General Fund transfer funding or grants (unknown/unpredictable)).

The Capital Reserve Fund is dependent solely on contributions from the General Fund. The current Capital Reserve Fund is based primarily on a Schedule of funding existing wasting or depreciating assets (buildings, fleet, major facility components), NOT new projects or major improvements or added assets.

The Capital Reserve Fund Balance trend since 2012 shows an annual decline from \$6.59M to \$4.37M in 2022. The Capital Reserve Fund does not have funds available to support the Milltown Dam Park rehabilitation (possible cost \$5M+/-, nor the completion of the Paoli Pike Trail (Sec. B Alt) (possible estimated cost \$2.5M) as examples of just two major projects deemed beneficial by many Township residents.

About Existing Fund Balances and Use of General Fund ‘Equity’ to Balance the Budget

At a recent BOS meeting (09-27-22), during presentation of the 2023 Preliminary Budget, there were lots of numbers discussed that circled back to the projected budget deficit and how to close the gap in the short-term including use of existing fund balances. There was public comment with references to current fund balances and a ‘large pot of money the Township is holding’.

Municipal governments utilize multi-fund financial and accounting management. Except for the General Fund and the Operating Reserve Fund, each of the 10 +/- East Goshen Township funds is ‘earmarked’ for particular uses other than General Fund expenses and as authorized and provided for in the Second Class PA Township Code. The General Fund is the principal operating budget fund in municipal government and there is Township policy to regulate the minimum maintenance amounts before governing body action is required. Again, the Capital Reserve Fund is sustained by the General Fund and all of its funds are based on the Capital Replacement Schedule or specifically defined projects.

The Liquid Fuels Fund is a state-regulated (and audited) restricted use fund and annually is transferred into General Fund at year end to cover expenses.

The Transportation Fund is used to support the General Fund for certain limited project expenses, such as the recent Boot Road (Wilson Drive to Rt. 202 interchange) lane-gain and restriping. This fund accreted in the 1980's and 1990's from new development impact fees imposed on developers and has no current revenue source and ergo is a 'dying' fund.

The Sewer Operating and Sewer Reserve Funds are enterprise funds independent from the General Fund supported by the resident customers on public sewer through user fees and related charges.

The Refuse Fund, also an enterprise fund, is independent from General Fund and supported exclusively from resident user fees for the service.

Use of Unappropriated General Fund Balance to Balance the Annual Operating Fund Budget

It is permitted under Second Class Township Code to use unappropriated Fund balance but the Second Class Township code does require, in any event, an annual balanced budget. However, the 10-Year General Fund Projection illustrates this is neither a best financial practice nor a sustainable one.

According to the East Goshen Township Director of Finance, ALL Fund balances are projected to decrease a total of over \$7M from 2021 through the end of 2023. The Township is utilizing the funds from Capital Reserve, Sewer Operating & Reserve, Bond, and ARPA for a variety of projects highlighted at the public meeting 09-27-22 to offset otherwise funding by the General Fund.

Past surpluses, expense monitoring, borrowing, and prudent investment has allowed East Goshen Township to avoid a tax millage increase for 20 years even with the multitude of projects undertaken during these years. However, without a new revenue source or increased revenue from an existing source, the Township cannot sustain its current operations and service profile inclusive of provision for the increasing expense demands of exceptional police/fire/first responder services expected by residents (taxpayers) and their lifestyles in a prosperous suburban municipality without draconian expenditure cuts and reduction of services.

Using Public Safety as an example -

Public Safety expenses currently comprise 40% of General Fund expenditures; a 10% increase in Police, Fire and EMS from 2022 to 2023 make up 60% (\$440k) of the current \$740k budget deficit.

The General Fund Long Range Plan - 10-year Projection estimates Public Safety budget expense to increase from \$4.632M in 2022 to \$7.05M by 2033 or 52.2% (an average annual increase of 3.4% while revenue is projected to increase 0.4% for the same period; an annual gap in excess of \$200K).

Debt Obligations

East Goshen Township incurred over \$8M in 2017 of debt (for both general and sewer projects) which \$5.6M (70%) has been expended and which needs to be repaid by 2037. The public sewer

operations and system also has further independent debt obligations in excess of \$10M through 2037.

Again, the Township infrastructure is aging and sound, long-term planning with measured funding is necessary and, in my opinion, essential to maintain, sustain and in some instances enhance and improve the quality of life of the 18,162 residents of East Goshen Township (and even if some of the residents do not use some of the services or facilities – it is about community and community requires a holistic approach and sensibility).

And, with aging infrastructure and despite best efforts to capture replacement costs, there is a reasonable probability that unplanned infrastructure failure will occur. The sewer main collapse in Hershey’s Mill Estates (2021) is a recent example with a price tag in excess of \$1.5M.

If Township funds are not available to address the infrastructure needs (and grants are an unreliable revenue source), more debt and borrowing will be necessary.

Support / Basis for Revenue Enhancement Commencing in 2023 with Real Estate Tax Millage Increase(s)

I am supporting a .50 mill property tax increase for 2023 to be followed by annual careful assessments by the Director of Finance and Township Manager, in consort with the Board of Supervisors, to determine the need for future tax or new source Township revenues. And through this annual due diligence provide transparent, accessible and accountable interaction and outreach to the residents and thereby undertake timely and effective financial response management (and thereby avoid reactive tumult) and avoid the pedestrian expression of ‘kicking the can down the road’ due to political optics or other unsound procrastinations.

And to be realistic it should be stated that, additional ‘revenue enhancements’ via property tax millage increases will be necessary before the end of this decade and into the future. The inevitability of increasing costs for government, business and households is inescapable and local government cannot be orphaned, ignored or kicked down the road.

Other local government property tax millage rates (as of 2022) (EGT 1.25 mills since 2004)

- East Bradford Township – 1.75 mills
- West Goshen Township – 2.00 mills
- Westtown Township – 3.50 mills
- Kennett Township – 2.50 mills
- West Vincent Township – 2.090 mills
- Willistown Township – 0.28 mills why, because Willistown collects and keeps full 1.0% EIT – Great Valley School District does not collect EIT currently.
- Tredyffrin Township – 2.569 mills
- West Chester Borough – 7.70 mills, more than five times what it is here.
- Chester County – 4.551 mills
- West Chester Area School District – 22.4364 mills (lowest property tax millage in Chester County)

They have all increased their millage over time, and it’s time here based on the projections”.

David commented that limited revenue sources collected do not come near the liability. David added that the township infrastructure is beginning to show its age and current accumulated reserve won't be enough to sustain the necessary repairs. There has been no tax increase since 2004, despite cumulative inflation of 47-48% over this time. David has confidence in our Finance Director's projections so he supports a real estate tax increase in 2023.

Michele commented that no good tax ever goes away. In 2003, residents were forced to accept a tax to pay for open space but residents were promised by the Board of Supervisors at that time that the real estate tax would go away in about 2019. Michele feels the impact fees collected and in reserves should have been utilized well before now to take care of the aging infrastructure. Michele stated that we need to look at department budgets and see if there is anything to consider for elimination and cut back on large unneeded projects. Grants that might be received could mean less obligation for East Goshen Township when considering the WEGO budget. Michele added that we need to tighten our belts, we already raised sewer rates, and some residents have no reserves. Michele feels there is still work to do before considering a tax increase and we need to look at each budget year individually as well as long term projections. Michele stated there will be a tax increase at some point, but she cannot support a tax increase at this time.

Cody echoed thanks to the Derek, Dave and staff and fellow Board members and stated that we all have the same goal. He is unsure where he stands at the moment but feels a tax increase is imminent. Cody stated that Dave presented ten years of projected revenues and expenses. Supervisors have already touched on the inflation rate of expenses at 47% aggregate since the tax was implemented. The 2023 budget includes 60% of the increase for emergency services and Cody stated this is a priority to him and residents to ensure that when there is an emergency, that emergency services such as Police and Fire Department shows up. Dave presented options for expense decrease, but Cody's concern is that most of these are services that would have to be cut. Regarding cutting items like a snow budget, Cody stated, if it snows, we are still obligated to pay the bill. Cody mentioned that EIT will always be impacted in East Goshen Township due to aging population and the high retirement in the Township. Cody feels that the proposed increase of .5 mill equates to an average of just over \$2 per week. Cody understand residents are struggling but \$2.62 per week is what we would be facing to ensure that our services don't get cut and we don't kick the can any further.

John is against a tax increase and feels we have a lot of work to do on the budget.

Any Other Matter: None

Public Comment:

Russ Frank, 451 Gateswood, thanked Dave and Chris for responding to his sewer/trash bill questions. Mr. Frank defined the difference between a tax and a fee and feels the sewer fee should be considered a tax. Mike responded the nomenclature has been used by municipal government for decades and disagrees that sewer or refuse fees are taxes. Mr. Frank also inquired if Hershey's Mill retirement community receives any extra benefits. Mike responded. Mr. Frank questioned Dave's projections with millage going up every year, and asked if projection costs happen to lower, would millage go down. Dave responded.

Joe Buonanno, 1606 Herron, asked about our property liability insurance and pipeline vibration. Derek and David responded.

Liaison Reports: None

Correspondence, Reports of Interest: None

Adjournment:

There being no further business, Cody made a motion to adjourn at 8:47PM.

John seconded.

Motion carried 5-0.

Respectfully submitted,

Chris Boylan

Recording Secretary

Attached: October 13, 2022 Treasurer's Report

TREASURER'S REPORT		September 15, 2022 - October 13, 2022	
RECEIPTS AND BILLS			
GENERAL FUND			
Real Estate Tax	\$7,255.61	Accounts Payable	\$1,010,023.37
Earned Income Tax	\$71,444.89	Electronic Pmts:	
Local Service Tax	\$1,605.09	Debt Service	\$2,726.08
<i>EIT/LST Interest Earned</i>	\$6,812.22	Payroll	\$324,810.98
Transfer Tax	\$59,595.27		
<i>General Fund Interest Earned</i>	\$7,069.24		
Total Other Revenue	\$1,281,465.41		
Total General Fund Receipts:	\$1,435,247.73	Total Expenditures:	\$1,337,560.43
STATE LIQUID FUELS FUND			
Receipts	\$0.00	Accounts Payable	\$0.00
<i>Interest Earned</i>	\$1.18		
Total State Liquid Fuels Receipts:	\$1.18	Total Expenditures:	\$0.00
CAPITAL RESERVE FUND			
Receipts	\$0.00	Accounts Payable	\$78,562.00
<i>Interest Earned</i>	\$544.75		
Total Capital Reserve Fund Receipts:	\$544.75	Total Expenditures:	\$78,562.00
TRANSPORTATION FUND			
Receipts	\$0.00	Accounts Payable	\$0.00
<i>Interest Earned</i>	\$0.74		
Total Transportation Fund Receipts:	\$0.74	Total Expenditures:	\$0.00
SEWER OPERATING FUND			
Receipts	\$50,348.39	Accounts Payable	\$264,445.06
<i>Interest Earned</i>	\$809.75	Electronic Pmts:	
		Debt Service	\$137,953.66
Total Sewer Operating Fund Receipts:	\$51,158.14	Total Expenditures:	\$402,398.72
REFUSE FUND			
Receipts	\$20,800.17	Accounts Payable	\$214,149.86
<i>Interest Earned</i>	\$327.71		
Total Refuse Fund Receipts:	\$21,127.88	Total Expenditures:	\$214,149.86
BOND FUND			
Receipts	\$0.00	Accounts Payable	\$5,199.21
<i>Interest Earned</i>	\$758.33		
Total Bond Fund Receipts:	\$758.33	Total Expenditures:	\$5,199.21
SEWER CAPITAL RESERVE FUND			
Receipts	\$0.00	Accounts Payable	\$0.00
<i>Interest Earned</i>	\$45.23		
Total Sewer Capital Reserve Fund Receipts:	\$45.23	Total Expenditures:	\$0.00
OPERATING RESERVE FUND			
Receipts	\$0.00	Accounts Payable	\$0.00
<i>Interest Earned</i>	\$0.44		
Total Operating Reserve Fund Receipts:	\$0.44	Total Expenditures:	\$0.00
INFRASTRUCTURE SUSTAINABILITY FUND			
Receipts	\$0.00	Accounts Payable	\$0.00
<i>Interest Earned</i>	\$0.38		
Total Infrastructure Sustainability Fund Receipts:	\$0.38	Total Expenditures:	\$0.00
ARPA - COVID RELIEF FUND			
Receipts	\$0.00	Accounts Payable	\$0.00
<i>Interest Earned</i>	\$478.07		
Total ARPA - COVID Relief Fund Receipts:	\$478.07	Total Expenditures:	\$0.00