

**EAST GOSHEN TOWNSHIP  
BOARD OF SUPERVISORS MEETING  
1580 PAOLI PIKE  
TUESDAY, DECEMBER 6, 2022  
FINAL MINUTES**

**Present:** Vice Chairman John Hertzog; Members: Mike Lynch, Cody Bright, David Shuey; Township Manager Derek Davis; Finance Director Dave Ware; Senior Staff Accountant Chris Boylan; Erich Meyer (Conservancy).

Chairman Michele Truitt via Zoom.

**Call to Order & Pledge of Allegiance:**

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

Cody requested a moment of silence for first responders, police, and all those in harms way. Mike wished Michele well.

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

**Chairman's Report:**

John announced:

- The Municipal Authority, 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.

**Public Hearings:** None

**Emergency Services Reports:** None

**Financial Report:** None

**Approval of Minutes:**

Cody made a motion to approve the minutes of November 1 & November 15, 2022.

Mike seconded.

Cody had one correction to November 1, 2022 that will be reflected in the final minutes.

Motion carried 5-0.

**Treasurer's Report:**

Dave Ware presented the December 1, 2022 Treasurer's Report.

Cody made a motion to accept the receipts and approve the expenditures as presented in the Expenditure Register and as summarized in the December 1, 2022 Treasurer's Report.

Mike seconded.

John asked about debt service. Dave responded a \$372K principal payment was made on the 2003 Notes.

Motion carried 5-0.

**Old Business:**

**Discussion of 2023 Budget & 2023 Millage Rate-Not up for passage.**

John explained this will come up for vote on 12/20.

Mike mentioned that following the last Board meeting, he asked Dave Ware, Director of Finance, four specific questions relative to the Township's financial condition and regarding the 2023 proposed .50 property tax millage increase. Mike read the following:

*In anticipation of continued budget review and discussion on 12-06 and leading toward 12-20 budget action, I plan to ask the following questions of Dave Ware; I will be attentive to his responses (Mike L).*

*1. Based upon the previous BOS discussions over the recent weeks and recent Public Comment, and, updated expense figures including 2023 budget revenue and expenditure estimates has your recommendation for a .5 mill property tax increase changed commencing January 2023?*

*It has not. While I believe it is possible to phase in a .5 mil property tax over 2023 and 2024, it would most likely draw on existing general fund balance of a minimum of \$400K. I believe my current revenue projections are moderately aggressive based on recent year actuals.*

*Conversely, I believe the projected expenses include known increases and could be even higher if inflation does not decrease and supply chain issues continue. Total 2023 expenses are a projected 7% increase over projected 2022. Revenue without a millage increase would project flat with 2022.*

*2. Based upon the current 10-year General Fund Projection has your recommendation for a .5 mill property tax increase commencing in 2023 changed?*

*No, it has not. I'm comfortable with forecasted revenue and expenses from 2023-2025, but the further out we project, the more uncertainty the numbers include. While this makes it difficult to say for certain when and how much a future millage increase may be needed, the existing expense forecast trends continually outpace revenue barring a windfall of EIT or RE Transfer*

*Tax, leading to the assumption that eventually another millage increase will be needed or a significant reduction in current services offered.*

*3. In the interim, since our last BOS meeting, have you prepared an alternative budget plan that might incrementally spread any indicated property tax millage and revenue increases over time (10-year forecast horizon) to address both the short-term and long-term indicated General Fund budget deficits?*

*Yes. I've run multiple alternative budget plans examining the impact of larger/infrequent vs. smaller/incremental millage increases. While we are past the point of the ability to slowly/incrementally address issues in 2023-2025, we could plan the future accordingly as the 10 year projections are revised annually. As a rule of thumb, smaller/incremental increases as needed address shortfalls more quickly in a more equitable manner, providing less risk to existing and projected fund balances while simultaneously avoiding burdensome large increases.*

*4. Are there any other authorized, realistic or practical options to balance the 2023 General Fund Budget without using Unappropriated Fund Balance?*

*Unfortunately, no. The current proposal to balance the 2023 General Fund Budget already utilizes alternative Funds (Bond, ARPA, Infrastructure Sustainability, Capital Reserve, Sewer Reserve and Liquid Fuels) in the manner permitted by the 2<sup>nd</sup> Class Township Code and relevant resolutions. A combination of police/Fire/EMS funding as well as inflation and multiple ongoing and upcoming projects is driving the large net budget shortfall we are looking to cover. By December 2024 (assuming all current projects are completed on time and cost projection w/out additional large projects), I believe EGT will have exhausted a minimum of the following (\$7.9M not including Liquid Fuel):*

*\$1.9M ARPA Fund – will be completely exhausted, not replenished.*

*\$2.3M Bond Fund – will be completely exhausted; only taking on additional debt will provide additional revenue.*

*\$2.0M Capital Reserve Fund – Year 2025 balance looks to be down to @ \$3.0M unless funded in excess of capital replacement.*

*\$1.2M Sewer Reserve Fund – Year 2025 balance looks to be down to @ \$1.1M unless funded additionally.*

*\$0.5M Infrastructure Sustainability Fund – Year 2025 balance looks to be down to @ \$1.1M.*

*\$1.5M Liquid Fuels Fund - @ \$500K received and spent each year in place of general funds.*

*Michele commented she is concerned that if we increase taxes by .5 mills, we will then raise expenses to meet the revenue, which Michele feels is not a prudent way to get ready for additional budget shortfalls in future. If we raise expenses to meet the income, we will need a tax increase prior to 2028. Michele understands the need for a balanced budget but Michele is asking*

the Board members to consider reducing expenditures throughout the year where we can and be more cautious next year when making purchases.

David was struck by the last paragraph of Dave's responses to Mike's questions regarding the exhausting of the Bond Fund, the ARPA Fund, half million out of Sustainability Fund. David knows we are not raising taxes so that we have more money to spend on things we are not spending money on now. David added that we are talking about a tax increase to meet the continued demands of inflation, fixed revenue, increasing expenses, and to be able to maintain the services that we provide to East Goshen Township residents. David agrees with Michele that it is up to the Board to manage the budget going forward.

Cody asked if the Board members come together as a uniformed Board to propose a .25 tax millage increase this year, use General Fund balance, increase tax millage .25 next year and move forward from there. Cody asked if John and Michele would be interested in .25 tax millage increase this year and .25 tax millage increase next year. Cody stated this would be meeting in the middle. John stated he would think about it but he is not leaning in that direction. Michele added that she is still undecided. Michele feels it could be less painful for our residents to do it in this manner. Michele stated that Hershey's Mill HOA fee is increasing, Summit House fees have increased, and she is just looking for a way for the Board to manage what we have more effectively. Michele added that if .25 mill tax increase would work, she is willing to consider it, but she is still unsure.

David commented the homeowner's associations increases proves the point that their expenses are going up too. David commented that he belongs to an HOA and their pool contract, tennis court resurfacing, and landscaping expenses are all going up and they are trying to balance their budget as well.

Dave added that he spoke to a Hershey's Mill resident who asked if they are being double hit on taxes with HOA fees, which includes communal property and private resident's parcel. The HOA portion of allocated tax on communal property to each resident is minimal. Mike elaborated.

Derek asked that the Board communicate any changes to Dave before 12/20.

Dave added that even though this is a net balanced budget, anything that would be shown as a surplus has been recorded as transfer to Capital Reserve. Dave explained further.

John commented that we are legally obligated to approve a balanced budget and John added that we do not have to spend all budgeted expenses. John would like to see the Infrastructure Reserve balance grow.

Dave added that we are always looking at cost savings, specifically he recently identified a phone savings of \$700/month. Derek thanked Dave for investigating this and obtaining better

service. Mike and Cody commended Dave. David added the ABC's could be great source of cost savings ideas.

Cody asked if we implement the .25 millage increase scenario, how much would be needed from the General Fund to balance the budget in 2023. Dave responded approximately \$150K, but then we would only have a transfer for capital replacement and wouldn't have anything extra to cover Milltown Dam. Cody clarified that with a .25 mill tax increase, we would need to dip into savings for up to \$200K.

**New Business:**

**Consider awarding pickleball/tennis court project to Keystone Sports Construction.**

Derek stated that Jason is online to answer any questions. Derek reviewed the project bids and stated that Keystone is a local company. Jason investigated local projects that Keystone completed and he received great reviews.

Mike asked what is budgeted for this project. Jason and Dave confirmed \$125K.

Michele suggested that we have a bid 'not to exceed amount' in the motion. Jason stated the contract is written for the exact figure. Derek stated any change orders would need to come before the Board.

Cody made a motion to authorize the Department Director to enter into a contract with Keystone Sports Construction for the pickleball/tennis court construction project at the cost of \$86,666.76.

David seconded.

John and Mike are happy that a local company is awarded this project.

Motion carried 5-0.

David asked if there is a cost to the Township for the scheduling app for the courts. Jason added this is a California software company and there will be an annual \$100 flat fee for township to use the software.

**Discussion of ordinance change to park rules to reflect necessary language for grant purposes.**

Derek explained that a minor language change is necessary to this ordinance per the County. This will be advertised and brought to Board at future meeting.

David made a motion to authorize the Township Manager and Township Solicitor to advertise an ordinance change to Section 163-3 of the Code of Ordinances, titled "Rules and Regulations", hereby deleting language in Subsection A that specifies the township parks are only open to residents and accompanying guests.

Cody seconded.

Motion carried 5-0.

**Discussion on the direction and future of the Historical Commission.**

Derek stated that, in January, a couple of the ABCs will have new members. The Historical Commission will only have one member as of January. Derek would like an open discussion with the Board about how to proceed. Derek presented two options; try to keep Historical Commission or disband and possibly roll their responsibilities into Conservancy. Either way, Zoning and SALDO will need revision.

Further discussion among the Board transpired. Attorney Christman added that the Historical Commission has two important roles; create historical resource inventory and review conditional use to use a historic resource and offer recommendation. Attorney Christman advised against delegating this to staff.

John asked what is status of Blacksmith Shop. Derek will investigate.

John gave direction on how to move forward. Attorney Christman recommended at the January reorganization meeting to advertise the Historical Commission will meet as needed. Michele asked Derek to find out where the historical registry is located.

No action taken.

**Standing Issues/Projects:**

Hershey's Mill Dam Project – Derek stated this is substantially done and work is being completed on punch list items. Derek is working on getting MS4 credit. Mike asked about construction signs and Derek will check with Mark Miller to see if they can be removed. Cody stated this looks beautiful. Dave said drone pictures will be posted on web soon.

Milltown Dam Project – Derek thanked Michele for contacting DCNR regarding bid documents. We should receive bid documents by mid-January. Michele will contact them again.

Hershey's Mill Estates -Sewer Line Replacement – Derek stated we are going out to bid this week. We can't sign agreements until grant is awarded. Requested \$600K in State grants. David added Public Works is preparing the site for construction.

Michele reached out to Michelle Kichline regarding ARPA awards that were to be awarded in November, now December.

**Any Other Matter:**

Cody inquired about the total Township debt. Dave responded total \$16.4M; \$6.5M General Fund and \$9.9M Sewer Fund.

Cody asked for a Portnoff update. Dave responded the total sent to collections was \$180K, total collected \$63K.

Dave added it's important to note that part of the reason we are looking at a budget increase now is the full debt service for the 2017 debt comes on in 2024. That is \$460K that we wouldn't otherwise have to pay annually out of the General Fund.

**Public Comment:**

Erich Meyer, Monte Vista, asked if street lighting can be considered for the crosswalk at the flashing light at the Park since it is difficult to see pedestrians crossing at night. Derek will look into it and will follow up.

**Liaison Reports:** None

**Correspondence, Reports of Interest:** None

**Adjournment:**

There being no further business, Cody made a motion to adjourn at 8:19PM.

Mike seconded.

Motion carried 5-0.

Respectfully submitted,  
*Chris Boylan*  
*Recording Secretary*

Attached: December 1, 2022 Treasurer's Report

| TREASURER'S REPORT  |                     | November 10, 2022 - December 1, 2022 |                     |
|---|---------------------|--------------------------------------|---------------------|
| <b>RECEIPTS AND BILLS</b>                                 |                     |                                      |                     |
| <b>GENERAL FUND</b>                                       |                     |                                      |                     |
| Real Estate Tax   | \$14,856.94         | Accounts Payable                     | \$317,012.49        |
| Earned Income Tax   | \$272,600.00        | Electronic Pmts:                     |                     |
| Local Service Tax   | \$60,800.00         | Debt Service                         | \$374,726.08        |
| EIT/LST Interest Earned                                   | \$0.00              | Payroll                              | \$220,971.53        |
| Transfer Tax  | \$0.00              |                                      |                     |
| General Fund Interest Earned                              | \$0.00              |                                      |                     |
| Total Other Revenue                                       | \$146,133.65        |                                      |                     |
| <b>Total General Fund Receipts:</b>                       | <b>\$494,390.59</b> | <b>Total Expenditures:</b>           | <b>\$912,710.10</b> |
| <b>STATE LIQUID FUELS FUND</b>                            |                     |                                      |                     |
| Receipts  | \$0.00              | Accounts Payable                     | \$0.00              |
| Interest Earned   | \$0.00              |                                      |                     |
| <b>Total State Liquid Fuels Receipts:</b>                 | <b>\$0.00</b>       | <b>Total Expenditures:</b>           | <b>\$0.00</b>       |
| <b>CAPITAL RESERVE FUND</b>                               |                     |                                      |                     |
| Receipts  | \$0.00              | Accounts Payable                     | \$22,291.11         |
| Interest Earned   | \$0.00              |                                      |                     |
| <b>Total Capital Reserve Fund Receipts:</b>               | <b>\$0.00</b>       | <b>Total Expenditures:</b>           | <b>\$22,291.11</b>  |
| <b>TRANSPORTATION FUND</b>                                |                     |                                      |                     |
| Receipts  | \$0.00              | Accounts Payable                     | \$0.00              |
| Interest Earned   | \$0.00              |                                      |                     |
| <b>Total Transportation Fund Receipts:</b>                | <b>\$0.00</b>       | <b>Total Expenditures:</b>           | <b>\$0.00</b>       |
| <b>SEWER OPERATING FUND</b>                               |                     |                                      |                     |
| Receipts  | \$383,152.50        | Accounts Payable                     | \$53,702.70         |
| Interest Earned   | \$0.00              | Electronic Pmts:                     |                     |
|   |                     | Debt Service                         | \$20,656.39         |
| <b>Total Sewer Operating Fund Receipts:</b>               | <b>\$383,152.50</b> | <b>Total Expenditures:</b>           | <b>\$74,359.09</b>  |
| <b>REFUSE FUND</b>  |                     |                                      |                     |
| Receipts  | \$131,117.94        | Accounts Payable                     | \$104,204.07        |
| Interest Earned   | \$0.00              |                                      |                     |
| <b>Total Refuse Fund Receipts:</b>                        | <b>\$131,117.94</b> | <b>Total Expenditures:</b>           | <b>\$104,204.07</b> |
| <b>BOND FUND</b>  |                     |                                      |                     |
| Receipts  | \$0.00              | Accounts Payable                     | \$0.00              |
| Interest Earned   | \$0.00              |                                      |                     |
| <b>Total Bond Fund Receipts:</b>                          | <b>\$0.00</b>       | <b>Total Expenditures:</b>           | <b>\$0.00</b>       |
| <b>SEWER CAPITAL RESERVE FUND</b>                         |                     |                                      |                     |
| Receipts  | \$0.00              | Accounts Payable                     | \$0.00              |
| Interest Earned   | \$0.00              |                                      |                     |
| <b>Total Sewer Capital Reserve Fund Receipts:</b>         | <b>\$0.00</b>       | <b>Total Expenditures:</b>           | <b>\$0.00</b>       |
| <b>OPERATING RESERVE FUND</b>                             |                     |                                      |                     |
| Receipts  | \$0.00              | Accounts Payable                     | \$0.00              |
| Interest Earned   | \$0.00              |                                      |                     |
| <b>Total Operating Reserve Fund Receipts:</b>             | <b>\$0.00</b>       | <b>Total Expenditures:</b>           | <b>\$0.00</b>       |
| <b>INFRASTRUCTURE SUSTAINABILITY FUND</b>                 |                     |                                      |                     |
| Receipts  | \$0.00              | Accounts Payable                     | \$0.00              |
| Interest Earned   | \$0.00              |                                      |                     |
| <b>Total Infrastructure Sustainability Fund Receipts:</b> | <b>\$0.00</b>       | <b>Total Expenditures:</b>           | <b>\$0.00</b>       |
| <b>ARPA - COVID RELIEF FUND</b>                           |                     |                                      |                     |
| Receipts  | \$0.00              | Accounts Payable                     | \$0.00              |
| Interest Earned   | \$0.00              |                                      |                     |
| <b>Total ARPA - COVID Relief Fund Receipts:</b>           | <b>\$0.00</b>       | <b>Total Expenditures:</b>           | <b>\$0.00</b>       |