

I. OPENING

- A. Call to Order
- B. Roll Call
- C. Pledge of Allegiance
- D. Announcement of Executive Session (if applicable)
- E. Public Comment Procedure

II. PRESENTATIONS/HEARINGS

III. DEVELOPER ITEMS

IV. TOWNSHIP BUSINESS ITEMS

- A. Presentation of 2015 Draft Budget – Jack Cahalan, Township Manager & Department Heads
- B. Questions and Answers

V. MISCELLANEOUS BUSINESS ITEMS

VI. PUBLIC COMMENT ON NON-AGENDA ITEMS

VII. COUNCIL & STAFF REPORTS

- A. Township Manager
- B. Council/Jr. Council Member
- C. Solicitor

VIII. ADJOURNMENT

Next Saucon Rail Trail Oversight Commission Meeting: October 27, 2014 @ LST
Next Park & Rec Meeting: November 3, 2014
Next Council Meeting: November 5, 2014
Next EAC Meeting: November 11, 2014
Next Saucon Valley Partnership: November 12, 2014 @ SVSD
Next Zoning Hearing Board Meeting: November 17, 2014
Next Planning Commission Meeting: November 20, 2014

I. OPENING

CALL TO ORDER: The Budget meeting of Lower Saucon Township Council was called to order on Wednesday, October 22, 2014 at 6:00 P.M., at Lower Saucon Township, 3700 Old Philadelphia Pike, Bethlehem, PA with Mr. Ron Horiszny, presiding.

ROLL CALL: Present: Ron Horiszny, President; Tom Maxfield, Vice President; Dave Willard and Priscilla deLeon (arrived at 6:07 P.M.) Council members; Jack Cahalan, Township Manager; Leslie Huhn, Assistant Manager; Cathy Gorman, Director of Finance; Roger Rasich, Director of Public Works; Chief Guy Lesser, Police Chief; Linc Treadwell, Township Solicitor. Absent: Glenn Kern, Council member and Matt Smith, Jr. Council member.

PLEDGE OF ALLEGIANCE

ANNOUNCEMENT OF ANY EXECUTIVE SESSION (IF APPLICABLE)

Mr. Horiszny said Council did not meet in Executive Session since the last meeting.

PUBLIC COMMENT/CITIZEN AGENDA ITEMS

Mr. Horiszny said if you are on the agenda, you have Council and Staff's undivided attention. If you do choose to speak, we ask that you use one of the microphones. He asks that you give your fellow public the courtesy of the floor. We ask that you state your name for the record so the transcriptionist knows who is speaking in the minutes. If you are up at the table, please speak into the microphone.

II. PRESENTATIONS/HEARINGS – None

III. DEVELOPER ITEMS – None

IV. TOWNSHIP BUSINESS ITEMS

A. PRESENTATION OF 2015 DRAFT BUDGET – JACK CAHALAN, TOWNSHIP MANAGER & DEPARTMENT HEADS

Mr. Cahalan said this past year the Township Council authorized a review of our budget practices and there have been changes in the budget format for this year. He provided Council with the year in review and noted some key items. In September, Council authorized the refinancing of the Township's current debt of \$4.7 million and stated that over a 10-year period, that restructuring will reduce our annual amortization payments on these loans by \$317,000.00. In 2015, the Township plans on undertaking a major project to install storm sewers in the Fire Lane area to alleviate the ponding and icing along Black River Road. Funding was earmarked in the refinancing of the Township notes referenced above. Unfortunately, even with projected savings from the refinancing, our Township revenues will be severely impacted with an approximately \$850,000.00 decrease in landfill tipping fees due to the reduction in the daily tonnage at IESI. In order to restore this revenue, we are recommending the Township Council enact a tax increase. While it is possible to absorb this revenue loss with our 2015 fund balance, if the host fee continues to decline for several years, the net effect will be the need for additional tax increases in 2016 and beyond to maintain the same operation level of the Township services.

Ms. Cathy Gorman provided a snapshot of the assessed value of the Township from 1990 to 2014. She reviewed the revenues for the Township explaining that the three major categories are real estate tax, earned income and landfill host agreement fees and how the funding it used. She stated a one mill increase would equate to \$443,000.00 in revenue and a half a mill would equate to \$221,000.00.

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Ms. Gorman reviewed the Expenses for the 2015 budget, the first being Council expenses. The only increase in this would be \$3,000.00 for new chairs for the Council dais. Mrs. deLeon suggested just using black duct tape for repairs to the existing chairs.

Ms. Gorman said other expenses include services from the Administration department, Police and PW services and explained each service request. She said Finance needed \$35,700.00 for taxes for new open space acquisitions and Mr. Willard asked her to explain that. She said once Woodland Hills is acquired, we will file for an exemption which takes time, so the taxes for the County will be due in April 2015. School district taxes will be August to October. This amount of money is needed to pay those taxes and once the County grants the exemptions we get the money back. It will go back in as anticipated revenue. Attorney Treadwell said the open space properties acquired with open space funds are by statute exempt from Real Estate taxes. The County examines exemption requests very closely. Mr. Horiszny asked if open space funding can be used to pay taxes on open space land? Ms. Gorman said no.

Ms. Gorman reviewed Legal and IT-Computer in which Ms. Huhn said we are recommending \$3,968.00 for an upgrade to the content management system for the website which will allow us to export larger documents to the website. Ms. Gorman went over the requests for Engineering, which was \$191,500.00, an increase of \$30,000.00, which results from the expenses being merged together in the new format.

Ms. Gorman said for Building and Grounds we are requesting \$30,500.00 be carried over to 2015 for winterization of the sprinkler system in the attic of Town Hall and to replace the 2002 phone system and \$6,600.00 for upgrade to a fiber optic internet connection. Mr. Maxfield asked if we are going to be okay with the sprinkler system for early winter? Mr. Rasich said what we have been doing since the building was built, is moving ceiling tiles to allow heat to get up where the pipes are.

Ms. Gorman said in Fire there is an increase of \$26,000.00 for purchase of turn-out gear for the PW firefighters and a Gaming grant has been submitted for this purchase.

Ms. Gorman said the Police Department request is \$1,782,040.00. Chief Lesser reviewed the requested items and their costs. Mr. Maxfield asked the difference between body armor and riot gear that was being requested. Mrs. deLeon asked how often they needed the explosive storage cabinet being requested. Chief Lesser explained the armor and riot gear and the need for the storage cabinet. Mr. Maxfield asked Chief Lesser to explain the electronic citation system. Chief Lesser said it's additional equipment located in the cruiser, which contains a scanner and a printer and places all information into an electronic system eliminating Officers having to handwrite citations which improves accuracy and decreases time. Mr. Horiszny asked if any of these items can be submitted for a Gaming Grant? Chief Lesser said each year they look forward to attempting that.

Ms. Gorman said Planning/Zoning request is \$220,410.00, increase of \$11,083.00. Ms. Gorman said Dog Control request is \$9,000.00 with an increase of \$500.00 in the stipend. Ms. Gorman said the Recycling Compost Center request is \$10,000.00, the same as last year.

Ms. Gorman said Public Works request is \$846,687.00 which includes \$1,000.00 for required rain gear, \$6,200 for cleaning out the grit separator in the PW garage and \$6,000 for fog line painting for Township roads that are 22' in width. Mr. Maxfield asked if cleaning out the oil grit separator, included disposing of the waste? Mr. Rasich said the oil is recycled and the water discharges into the sanitary sewer.

Ms. Gorman said the Parks & Recreation request is \$237,967.00 and includes \$1,000.00 for contracted services; \$5,503.00 for an additional summer youth programs at Polk Valley Park; \$172,500.00 for library services.

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Ms. Gorman reviewed the Debt budget request and the decrease due to the proposed refinancing. It's being advertised and should be finalized by the end of the year. Ms. Gorman said Insurance requested is \$469,330.00, a decrease of \$4,820.00 from last year.

Ms. Gorman said Employee Benefits request is \$1,355,062.00. Health care premiums increased overall 4.3% for 2015.

Ms. Gorman reviewed the Special Taxes which includes your open space, fire tax and liquid fuels tax. Mrs. deLeon questioned whether the fire companies provided a list of their equipment? Mr. Cahalan said they had a meeting with the Fire Chief's and they asked them to come back with an updated inventory list. Mr. Maxfield said the inventory seems like something to do whether they consolidate or not. Mrs. deLeon asked when is the date for voting for this budget? Will it be before or after you meet with the fire companies? Mr. Cahalan said they expect to have the list November 11th.

Ms. Gorman reviewed the Capital Fund and the budget requested is \$1,452,953.00. She reviewed the list of projects in this fund including the Fire Lane improvements, roof replacement for Seidersville Hall and PW building. Mr. Horiszny asked if there was any thought for solar panels for Seidersville Hall roof? Mr. Cahalan said that they were not aware of any grant opportunities for this. There is \$57,000.00 for the Heller Homestead main roof and stair repairs, which they are waiting for a scope of work from the Conservancy. They are requesting \$379,953.00 to complete projects at Steel City Park, Easton Road Fields, and the composting restrooms at the Reading Drive Trailhead. Mr. Cahalan said they are still waiting for the permit for Steel City Park and that's why it's been pushed back until next year. PW is requesting to replace Truck 14 and purchase a plow for a Lower Saucon Authority vehicle. There is \$70,000.00 for cruisers for the PD.

Ms. Gorman said for Parks and Historical Structures the end of year fund balance is \$376,877.00 and for historical structures, the ending year balance is estimated at \$32,000.00. Mrs. deLeon said anything for the Lutz-Franklin Schoolhouse? Mr. Horiszny said they hope to re-point the schoolhouse and the Historical Society would provide some of the money. Mr. Cahalan said they met and told them they would get back with further information.

Ms. Gorman explained the lines for expenditures, debt payment, enabling tax fund, real estate tax. You are seeing landfill tipping fees which will drop down and that will require you to utilize more of your fund balance which would go down and that's something we are going to need to address.

Ms. Gorman said overall, the budget amount is a decrease of 4% at \$7,321,659.00. Primarily that is because the potential restructuring of our debt and also not moving the money we had budgeted to our savings accounts. For Second Class Township millage rates in Northampton County we are 13th.

Ms. Gorman said staff recommendations are the following: a minimum of a ½ mill increase to 4.89 which would require a draw of \$347,939.00 from your existing fund balance, examine our capital expenditures throughout the year as we have historically done, form a Budget Review Committee per recommendations from C. Bergvall, examine the use of our consultants and examine fee based services for next year.

Mr. Horiszny said what would be the effect of .61 mills to take it to an even 5 mills? Ms. Gorman said a one mill is \$443,000.00 so you would add another \$200,000.00 to that. Attorney Treadwell said if you went from 4.39 to 5 mills, it would be less than \$200,000.00.

Mr. Willard said a minimum half mill is being recommended, but the budget has been prepared based on one mill. Ms. Gorman said correct.

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Mr. Maxfield asked how set are we for any emergency things that could happen? Ms. Gorman said at the end of this year; the Government Finance Officers Association (GFOA) recommends you have two months reserved to continue operations into the next year. Based on last year, we'd need about \$1 to \$1.1 million for that. The budget does show your debt and landfill fees are in your general budget for next year. That revenue stream is going to go down as we move into the future years.

Mr. Maxfield said the one mill is not going to take care of our shortfall, so we'd be looking at an increase for next year. Ms. Gorman said if we look at the steps we are recommending, the outcome would be presented to you in a much better light so you'd have information that the public wants. Mr. Maxfield asked if the half mill gives us that kind of security? Ms. Gorman said that is the minimum. A mill is a conservative balanced approach.

Mr. Willard said he looked at the history of our budget through the years and stated the various millage rates and asked why they went up and down? He gathered part was building the infrastructure in the beginning. Ms. Gorman explained that in 1991 there was a reassessment done by the County and it reset everything. If you are at 12 mills and they reassess, you have to decrease your millage so the only windfall or revenue gain you would get is a 10% window. Mrs. deLeon said at the last phase of the landfill, the tipping fees increased as they did an increase in tonnage per day.

Mr. Willard said the landfill revenue is decreasing and regardless what happens in the future, we have to deal with it right now. As Tom indicated, we have one big item which is the Black River Road project. The restructuring of the debt is a good first step. Mr. Willard reviewed the loan amounts and dates they are due. He asked if there is a calculation we can do that leaves the \$1 million loan that's going to be satisfied in two year alone and just bundled the \$5 million plus the additional financing for Black River Road. He asked if Ms. Gorman looked at that calculation? Ms. Gorman said she did not, but she can look at and see what it comes in at. Whatever you decide to do, we can always take the option of that 20% prepayment of your principal throughout those ten years. If funding is available, we can knock it down a lot faster. Mr. Willard said even taking the most conservative approach of a fixed interest rate for 10 years, there was some savings on the total package. It seem it would be better to get rid of that \$1 million in two years rather than in 10 years. Mrs. deLeon said she'd like to see those numbers also. Ms. Gorman said the payment of that will lessen your fund balance. She will get that information to them.

Mr. Maxfield said most of the services we offer are for the people of the Township, and that's an important thing to keep in mind. We are in a changing time and he thinks we're changing because exterior things are changing, like when the casino came in. He does not want to see things decrease like Police services, fire services, driving down a road in LST and not have to worry about falling in a sinkhole. Those are the things that residents need to appreciate that we provide as a Township and that costs money, but that's what we have to do. If it requires a tax increase that we keep operating at this level, it's something we need to do.

Mr. Willard said the new presentation is very clear and a great improvement. The EIT for prior years is \$800,000.00 and he questioned the timing? Ms. Gorman said when she gives you the next draft for you to approve, she'll have a better idea of what the EIT will be at end of the year.

Mr. Willard questioned various line items including compensation, website maintenance, engineering services, police compensation, zoning, road signage, police department equipment.

Mrs. deLeon asked where the appendix is that references donations? Ms. Gorman said she has it and will incorporate it.

Mr. Gene Boyer, Saucon Avenue, questioned what the balance of the monies available is and how much would be required in the first two months? Ms. Gorman explained it's hypothetical what is

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presented to Council and she will update the figures as we get closer. Mr. Boyer asked where the reserve fund is? Ms. Gorman said it's in the General Fund. It has not been touched. Mr. Boyer questioned the anticipated host fees. Mr. Willard said it's an \$850,000.00 difference from this year's budget to next year. It could all change. Ms. Gorman said that will be presented to you at the following budget as that information will be available.

Mr. Boyer questioned a payment of taxes for open space acquisition. Attorney Treadwell explained based on timing, we may have to pay taxes on new properties. Mr. Boyer questioned the reduction in legal expenses. Ms. Gorman said that amount is based on the fact that some of our zoning matters have been resolved, and we are hoping by the end of next year the labor contracts will be settled.

Mr. Boyer questioned engineering and insurance expenses. Mr. Boyer asked about Right-to-Know requests for information for the new layout and details like parks and expenditures for individual areas? Ms. Gorman said we will post the budget for public inspection and it would be on our website. A hard copy will be available at our Township office. There was further discussion about various reports that could be generated and made available. Attorney Treadwell explained the Right-to-Know Act and said that the Township doesn't have to create a document that doesn't exist, but if Council directs the administration to create different reports, then those reports will also be available as they've been created.

Mr. Horiszny asked if we made a motion about a proposed tax increase, would that be binding or a recommendation for the next budget proposal? Attorney Treadwell said if you wanted to do that, he'd suggest you make a motion that the proposed budget be prepared using whatever tax increase it is you wish to vote for with the budget showing that number. It is not finalized until you adopt the budget and you adopt the final tax increase.

MOTION BY: Mr. Horiszny moved that the Draft Budget be prepared with a 0.61 mill tax increase and elimination of \$3,000.00 for chairs.

SECOND BY: Mrs. deLeon

Mr. Maxfield and Mr. Willard said they would like a 1 mill tax increase. Mr. Horiszny and Mrs. deLeon withdrew their motion and their second. Ms. Gorman said if someone's house is assessed at \$100,000.00 a 1 mill would be a \$100 tax increase and 0.61 would be a \$61 increase per year. Mr. Boyer if it's 1 mill, it's 22% increase to the residents. Mr. Maxfield said we don't have a choice.

ROLL CALL:

MOTION BY: Mr. Maxfield amended his motion and moved that Ms. Gorman prepare the Preliminary Budget with a 1 mill tax increase.

SECOND BY: Mr. Willard

ROLL CALL: 4-0 (Absent – Mr. Kern)

Mrs. deLeon said they can vote on the chairs at the next budget meeting.

V. MISCELLANEOUS BUSINESS ITEMS – None

VI. PUBLIC COMMENT/CITIZEN NON-AGENDA ITEMS – None

VII. COUNCIL & STAFF REPORTS

A. TOWNSHIP MANAGER – No report

B. COUNCIL/JR. COUNCIL

Mr. Maxfield

➤ He said the gas plant on Easton Road has been under construction for some time. It looks kind of major. There's not much E&S control going on. Do we have any knowledge of what's going on? Mr. Cahalan said he will have Chris give a report of what's going on. Mr. Maxfield said there's a port-a-john sitting at the pull-off by I-78 for a month now, is that connected to that project or future work by PennDOT? Mr. Cahalan said they will

look into it and give Council a report. Mr. Rasich said they were doing work on the I-78 overpass and he believes it was for their crew.

Matt Smith, Jr. Council – Absent

Mrs. deLeon

- She said Monday night she attended a meeting on the PennEast Pipeline. There was a lot of discussion on the website. If you don't do it in a certain time period, you won't be able to comment. She'd like to direct the Solicitor to look into that and make sure the Township is there as a landowner and as a municipality.

MOTION BY: Mrs. deLeon moved for approval to direct the Solicitor to look into the comment period for the PennEast Pipeline project as stated above.

SECOND BY: Mr. Maxfield

ROLL CALL: 4-0 (Absent – Mr. Kern)

Mr. Kern – Absent

Mr. Willard

- He said his neighborhood attempted to start a Neighborhood Watch and they have all the information they need and they ordered three signs which will be placed on Deer Run/Springwood/Meadows Ridge Roads. This need to be approved by Council and the PD has given their approval.

MOTION BY: Mr. Willard moved for approval of the Neighborhood Watch signs to be placed on three streets as stated above.

SECOND BY: Mr. Maxfield

ROLL CALL: 4-0 (Absent – Mr. Kern)

- He would like Jack to place the Economic Development Task Force report on the next agenda for comment and direction from Council. He contacted Diane Donaher from Northampton County who indicated her desire is to work with us. If you need more information, he'd would have to go to Judy and see how much this is going to cost

Mr. Horiszny – No report

C. SOLICITOR – No report

VIII. ADJOURNMENT

MOTION BY: Mr. Horiszny moved for adjournment. The time was 8:09 pm.

SECOND BY: Mr. Maxfield

Mr. Horiszny asked if anyone had any questions? No one raised their hand.

ROLL CALL: 4-0 (Absent - Mr. Kern)

Submitted by:

Jack Cahalan
Township Manager

Ron Horiszny
Council President