

I. OPENING

CALL TO ORDER: The Budget Meeting of Lower Saucon Township Council was called to order on Wednesday, October 24, 2018 at 6:01 p.m., at Lower Saucon Township, 3700 Old Philadelphia Pike, Bethlehem, PA with Mrs. Sandra Yerger, presiding.

ROLL CALL: Present: Sandra Yerger, President; Donna Louder and Ryan Stauffer, Council Members; Leslie Huhn, Township Manager; Cathy Gorman, Director of Finance; Roger Rasich, Director of Public Works; Tom Barndt, Chief of Police. Absent: Priscilla deLeon, Council Vice President; Judy Stern Goldstein, Township Planner; Brien Kocher, Township Engineer; and Linc Treadwell, Solicitor (all with prior notification); Glenn Kern, Council member.

PLEDGE OF ALLEGIANCE

ANNOUNCEMENT OF ANY EXECUTIVE SESSION (IF APPLICABLE)

Mrs. Yerger said Council did not meet in Executive Session this evening.

PUBLIC COMMENT/CITIZEN AGENDA ITEMS

Mrs. Yerger 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 and state your name for the record. She asks that you give your fellow public the courtesy of the floor.

II. PRESENTATIONS/HEARINGS – None

III. DEVELOPER ITEMS – None

IV. TOWNSHIP BUSINESS ITEMS

A. PRESENTATION OF 2019 DRAFT BUDGET – LESLIE HUHN, TOWNSHIP MANAGER & DEPARTMENT HEADS (6:03 p.m.)

Mrs. Huhn said Mrs. deLeon is not able to attend tonight because her mother is seriously ill and Zoning Officer Jim Young is not able to attend as he's at a seminar in Harrisburg. She read her budget message which will be put on the website. The 2019 budget is balanced at \$11,888,298; the General Fund at \$8,627,199; Capital Fund at \$790,523; and the Special Fund at \$2,470,576. We are estimating that going into 2019 the balance in all funds will be \$17,100,000. The Township will continue to make the same prudent decisions in 2019 as we have done in 2018. She thanked all department heads and Cathy Gorman who oversees the entire budget process.

Mrs. Gorman provided a slide presentation regarding the budget which began with a history of the Township's assessed value from 1990 through 2018 and stated nothing substantial is on the horizon which would affect the assessment value. The major sources of revenue the Township receives are Real Estate Tax, Enabling Tax, and Landfill Host Fees. There's a steady growth in enabling taxes, which is based on the wages of people who live in LST. Regarding Host Fees, there was a dip prior to the point of the Southeast Expansion, but expect to be increased until the landfill closes. Real Estate tax has leveled off as we raised taxes, specifically for the Fire Fund last year. The use of the landfill funding has changed over the years and we have made a conscious effort of reporting those funds in the savings of the Township for future use.

The tax rate is 5.89 mills, which between the Fire and General Fund brings in approximately \$2.6 million; one mill equals \$452,439 in revenue. Enabling taxes include the deed transfer tax, earned income tax and local services tax, which bring in approximately \$3.2 million. We increased the Local Services Tax last year to \$52.00 to address additional expenditures needed in the Fire Departments. Other major sources of revenue are Business and Non-Business Licenses, Fines, Interest Income, and Intergovernmental Revenue; many of these items have not increased substantially. We invest excess reserve funds in CD's pursuant to the Budget Advisory Report.

State Shared Revenue includes Fire Relief Funds, Pension State Aid and the Public Utility Realty Tax which will be at \$310,986. General Government includes charges assessed by the Finance

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Office and Zoning items, and Public Safety which includes building permits, alarms fees, and police services which is revenue we received for billed services. Highway Charges are strictly for the governmental entity 501c3's that use our fuel. We have donated \$12,000 worth of fuel to the fire departments, and anything in excess of that is then billed to the appropriate entities and then received back as a receipt.

Regarding the Landfill Fund, we are estimating \$2,035,500. Bethlehem Renewal Energy fees are included in that category as are revenues for the Compost Center, which is reported in this as required by the Dept. of General Services. Health Charges are \$170,000 as we handle the LSA's insurance coverage through our small group and they piggyback on our policy and reimburse us for the expense. Recreation Fees increased slightly due to Steel City Park opening and Polk Valley Park becoming a popular pavilion rental location. Miscellaneous revenue includes monies we receive during the course of the year which do not fit in a particular line item. Donations received are mostly for the Police Department's K-9 Program, National Night Out, and Community Day. Refund of Prior Year Expenses is \$100,000, which is an estimate of the potential amount we are going to be receiving from Worker's Comp and our health insurance that are self-insured. When the amount is not utilized over a period of time, actuaries determine how much funds we get back.

Regarding expenses, Council's expenses are itemized toward legal, engineering and planning representation, Council's stipend, and donations that Council appropriates over the years, which remain the same as last year. A potential new donation that Mrs. deLeon asked to be on this particular budget is for the Lehigh Valley Homeless Veteran Task Force. The Council supported this request and recommended a \$1,500 donation.

The Administration budget is \$476,682 inclusive of the Manager's salary and three staff members: Assistant to the Manager, Administrative Assistant, and Receptionist. The major increases in this department are health care costs, contractual increase for the Receptionist, and a \$2,000 increase for items that we offer the community jointly with Hellertown Borough, such as a paper shredding event.

The Finance budget is \$255,207, inclusive of Mrs. Gorman and her assistant; health care costs is the only item that has increased to any level that is reportable. Regarding Legal Services, we budgeted \$122,500, which includes Council's Solicitor, the ZHB Solicitor and Special Counsel as needed for contract negotiations coming up. We also provide for a court stenographer if required. IT is budgeted at \$25,100; we completed a lot of upgrades last year on our servers and the PD had recently purchased computers, so the budget is for website design, general maintenance and some funding if a computer system fails.

The Engineering budget is \$174,500. There was a budget amendment made in 2018, at \$225,000 due to the Zoning Officer switch. We are requesting more in engineering next year for MS4 requirements and for the Lower Saucon Road Bridge. Mrs. Louder asked if the Landfill engineering was included in this? Mrs. Gorman said yes as it includes the engineer that completes site inspections and for the landfill committee. When the landfill closes, we will still be requiring those services, and there is \$300,000 in the Environmental Reserve which would pay for the consultants to monitor post-closure.

Buildings and Grounds is budgeted at \$334,515, which is a decrease of \$7,816 from last year. The fuel cost has lowered as we moved it to the Fire budget, where it's easier to track. Capital Outlay is \$42,000 – we would like to upgrade our Security System and LED lights in the building, which is a significant cost at the onset, but over time we will recognize savings on utility costs. Funding is also included for the demolition of the Blair House for the disposal of the remnants.

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The Police Department budget is \$2,979,676, an increase of \$141,843 from the previous year. Other than operational costs, major expenses requested are for bulletproof vests, which are partially offset by a Federal grant; rifle plates, which are needed for the new rifles that we just purchased; and new lightbars for the cruisers. There is also funding that would be available for restructuring if Council chooses to do so. Mrs. Louder asked when the restructuring was coming up? Mrs. Huhn said she and the Chief have been working on the implementation and development of it and are hopeful they can bring it to Council before the end of the year, but no later than January.

Mrs. Gorman said in the Building budget, we are looking at security cameras, the expense for which is partially in the Parks budget. We have a \$30,000 grant pending. These are expenses for which we have applied to the Gaming Authority at one time and were denied, and it's a reasonable expense to offset that grant money so we can close that grant out next year. There are no vehicles on the schedule for next year.

The Fire budget is \$389,415, which is an increase as we moved the fuel expense to this department. We have the \$50,000 donation plus \$5,000, which was granted to the Fire Departments for their retention program. There is also funding for the Fire Marshal who requested specific items, and for the EMS which we give \$15,000 annually and are requesting some upgrades to their radio system.

The Planning/Zoning budget request is \$267,353. There is no major expense increase other than health care costs and for the Planner. Emergency Management Coordinator and Crossing Guard expenses are the same as last year; we share equally the Crossing Guard expense with Hellertown Borough, who manages the program through their PD, and the SVSD. The Dog Control Officer budget is \$6,000 and no increase is requested; the program has been working very well. For the Recycling/Compost Center, the Township contribution is \$10,500, which is coming out of the General Fund. They are planning to build a pole barn to house some of the equipment.

The Public Works budget is \$1,308,538, which is similar to last year. There is a heavy commitment in road maintenance both in the General and State Funds. Mrs. Louder said the PW Department is going through contract negotiations, is there any pay increase included in the budget? Mrs. Gorman said there is an assumption provided. The PW is also requesting the replacement of two vehicles – Truck #7 and the Street Sweeper.

The Parks and Recreation budget is \$242,047, which includes maintenance for all parks. As requested by Mrs. Louder, the EAC was agreeable to utilizing \$35,000 of Open Space funds, which covered expenses for the open space properties. Hellertown Library is not asking for any increase.

Also included is our final debt payment of \$551,703. Insurance, which covers general liability, auto, and bonding, is \$228,000. Since transitioning to our new agent, we could have realized a little more in savings last year, but we instead opted for higher amounts of coverage, which he felt was more appropriate. We still had a savings but increased our coverage.

Employee Benefits include costs we are billing the LSA for as well as COBRA for any potential employee who might be eligible for benefits. In our Special Tax Fund, we are only utilizing the fund balance in our State Liquid Fuels funding. In Open Space we have funding set aside for open space purchases of \$1 million and an additional \$100,000, which \$35,000 will be for maintenance. Legal, engineering, and planning fees as well as appraisal costs are also included.

We are estimating that if all expenses run true, we will be putting \$255,675 into the Fund balance. The Fire Tax is also included and we are projecting \$216,000 in revenue going into that fund; by 2020 we should have \$460,000. Also included is \$5,000 in the event we contract with a grant writer to help in assistance in purchasing a vehicle.

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Mrs. Louder said she would like two separate preliminary budgets presented, one with a 100% increase in the fire tax, or 0.5 mills, and one without it. Her reasoning is that the Township is changing as well as industry that is coming on the borders of our Township which our fire companies are going to end up being responsible for. If it should pass, we can discuss how it would be given to the fire companies. The other reasoning, is it would alleviate some stress from the General Fund as far as taking money from it and giving it to the fire companies. She asked if she was correct in stating that? Mrs. Gorman said if you are choosing to use what we typically budget for the fire department to be encompassed in that tax, then yes.

The Special Tax includes \$529,014 in state liquid fuels funding. We are anticipating using approximately \$300,000 of the fund balance. Some of the bigger items are our road projects, which we are looking at another eight miles, funding that PennDOT has already approved for us to use toward the Lower Saucon Bridge replacement, and the Rapid Rectangular Flashing Beacons at the Heller Homestead site, which Council had approved.

In Capital Funds, requested is \$790,523; of this, \$184,623 will be utilized for Seidersville Hall. We had appropriated certain funds already to complete the window replacement and received funding from the County to help with interior modifications. We've applied for another grant for other modifications to Seidersville Hall as well. If all approved, most of the project will be paid for by grant funding, then we can reallocate the budgeted amount to something else. Also planned is the replacement of the water line behind the PW building, for which we have been awarded a grant.

Also included in the General Fund are funds for Truck No. 7 and the street sweeper, \$150,000 of which will come out of the Capital Fund and the rest from of the liquid fuels funding. We've previously discussed the need to replace the street sweeper, and Truck No. 7 is eleven years old and starting to give us problems. Mrs. Gorman said of the \$509,000 we have in our Capital Plan we are budgeting \$75,000 of that to be used in the event that everything is fine with Fire Lane and if we are required to do something that would necessitate some work in getting MS4 started. There is bridge work we are hoping to get a grant toward, and Hanover Engineering is handling all the permits and engineering. The next step outside of applying for grant funding is to get the bid specs ready once the permits are ready.

Budgeted in the Capital Fund are projects at Polk Valley Park, including overlay of the parking area, repair of the pervious trail around the park, and funding for the alternate Dog Park which we received grant money toward. That will complete the actual major construction work for our parks. Mrs. Louder asked if open space money can be used for the repair? Mrs. Gorman said she has not spoken to our solicitor about this and if it's something we can do, we could use the \$60,000 in the maintenance line item perhaps for the pervious trail. Mrs. Yerger said she thought because it wasn't purchased with open space money, it couldn't be used, per state law. Mrs. Gorman said that's the caveat. Mrs. Gorman said she's not sure how that applies as there's a portion of it not for the development of the property but for the purchase of the property, it's a fine line. Mrs. Louder asked her to double-check and also that she'd like to see another swing set at Steel City Park.

Mrs. Gorman said our expenditures are only increasing by 1% overall in the General Fund, and that revenue over expenditure line item from one budget to the other is significantly increased due to anticipating more revenue coming in. That will go into the Capital or Reserves automatically. Regarding millage rates, we are at 5.89 mills and requesting no tax increase. We are forwarding a little over \$900,000 to Reserves and are going to continue to examine consulting work and RFP when appropriate for new items. We are constantly looking for and evaluating services for the residents and monitoring the fee-based services, which is a priority for next year, and are going to continue to adhere to the policy that Council adopted for the Budget Advisory Report and we'll come to Council if the policy needs to be amended at some time.

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Mrs. Gorman will prepare two budgets for Council, one with a fire tax increase, and one without, and Council would then make a motion to approve one of them which will be advertised for public inspection and then adopted at a December meeting. Mrs. Louder said regarding the fire tax, it would be for fire truck purchases, etc. Mrs. Yerger said if that is the case, staff would need to help in crafting a policy for acquisition and the use of purchases. Mrs. Yerger said she's very pleased to see paying off our debt and saving a couple hundred thousand dollars. Mrs. Louder said she's pleased also and the only thing she would like to see is more money put into the environmental fund for post-closure of the landfill as engineering fees are going to be going up. Mrs. Gorman said we renamed the Landfill Closure Fund to Environmental Reserve Fund as it's not necessarily just landfill related. For the most part, it is, but if something should come up where you need a reserve for environmental purposes, you have it. Funding more money is not out of the norm.

Mr. Stauffer asked Mrs. Gorman to explain the debt. Mrs. Gorman said the debt has been with the Township for several years; initially there were three, one for the construction of this building, one for Polk Valley Park development, and the third loan was to assist in some of the Polk Valley Park expenses, but also for open space as it was right before the beginning phases of the EIT coming into place and there were some properties available to the Township at that time. When Fire Lane presented a problem, we negotiated a fixed rate ten-year loan and increased our debt amount to provide us some funding to complete that project. Now we're at a position that we may not have to go much further with that.

Mrs. Louder said regarding the health insurance for Administration, is it different across the board or the same? Mrs. Gorman said everybody has the same plan; it's just the health care for all the employees in that department. Two years ago she started isolating things like pension and medical to their respective departments, which made it easier because when asked how much a department costs, such as the PD, it is easier to answer and not have to explain that some expenses were in other line items. Mr. Stauffer said breaking it down by departments, have we looked at other townships as far as levels of spending? Mrs. Gorman said it's hard to say as we are a lot different than others and in the middle as a Township. Mrs. Huhn said they may have more of a commercial tax base. Mrs. Gorman said Hanover Township has a very low millage rate because they have a high commercial and their local services and business tax, we don't even come close. Some areas have very big PD's. Mrs. Louder said when she started coming in 2012, when you sat here and listened to the budget, it was nothing like this. There was a very different agenda for landfill money and spending habits; Leslie and Cathy have really pulled it together and they present to the residents that we are trying to save money and keep the taxes where they need to be. Mrs. Huhn said we really do try to keep a tight rein on spending.

Mrs. Louder said regarding changes with the summer recreation program, last year in the Steel City Park she was extremely disappointed what happened. She talked to the teachers that were there and the kids weren't given supplies that they were supposed to have so the teachers were doing the same crafts over and over and the kids were dropping out. She sat down with the new Program Director at the Community Center who promised her that won't happen this year. The new director has a lot of fresh ideas going into next year.

B. QUESTIONS & ANSWERS (7:00 p.m.) – No questions

C. RESOLUTION #84-2018 – AUTHORIZING THE SUBMISSION OF A GRANT APPLICATION FOR NORTHAMPTON AND LEHIGH COUNTY LOCAL SHARE ACCOUNT FUNDING FOR INTERIOR MODIFICATIONS TO SEIDERSVILLE HALL (7:01 p.m.)

Mrs. Gorman stated that we are also applying to this grant opportunity for the Lower Saucon Road Bridge, and should we be denied that one, perhaps we would be approved for this. These funds are part of the local share funding which was previously received through the Northampton County

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Gaming Commission. If we do receive this grant, combined with the other grants we have applied for, they would completely pay for the renovations in Seidersville Hall.

MOTION BY: Mrs. Louder moved for approval of Resolution #84-2018.
SECOND BY: Mr. Stauffer
ROLL CALL: 3-0 (Mrs. deLeon and Mr. Kern – Absent)

V. MISCELLANEOUS BUSINESS ITEMS (7:05 p.m.) – None

VI. PUBLIC COMMENT/CITIZEN NON-AGENDA ITEMS (7:05 p.m.) – None

VII. COUNCIL & STAFF REPORTS

A. TOWNSHIP MANAGER (7:05 p.m.) – No report

B. COUNCIL

Mrs. Yerger – No report

Mrs. Louder – No report

➤ She was at the Halloween Parade and walked the entire route, and thinks we need two trucks next year. Mrs. Huhn said they will make sure next year everyone has a seat.

Mrs. deLeon – Absent

Mr. Stauffer – No report

➤ He took part in the Halloween Parade over the weekend, and he wishes everyone a Happy Trick-or-Treat.

Mr. Kern – Absent

C. SOLICITOR – Absent with prior notification

D. PLANNER – Absent with prior notification

E. ENGINEER – Absent with prior notification

VIII. ADJOURNMENT

MOTION BY: Mr. Stauffer moved for adjournment. The time was 7:06 p.m.

SECOND BY: Mrs. Louder

ROLL CALL: 4-0 (Mrs. deLeon and Mr. Kern – Absent)

Submitted by:

Leslie Huhn
Township Manager

Sandra B. Yerger
Council President