

I. OPENING

**CALL TO ORDER:** The Budget Hearing meeting of Lower Saucon Township Council was called to order on Wednesday, October 28, 2009 at 6:04 P.M., at 3700 Old Philadelphia Pike, Bethlehem, PA, with Mr. Glenn Kern, Council President, presiding.

**ROLL CALL:** Present – Glenn Kern, President; Tom Maxfield, Vice President; Sandra Yerger and Ron Horiszny, Council members; Jack Cahalan, Township Manager; Leslie Huhn, Assistant Township Manager; Director of Public Works, Roger Rasich; Director of Finances, Cathy Gorman and Chief of Police, Guy Lesser. Priscilla deLeon arrived at 6:06 PM.

PLEDGE OF ALLEGIANCE

II. BUDGET MESSAGE TO COUNCIL

Mr. Cahalan said Council was given the budget on a disk. The following is the budget message given to Council by Mr. Cahalan: Thank you. I'm here tonight with the Township Finance Director Cathy Gorman and Departments Heads: Assistant Manager Leslie Huhn, Police Chief Guy Lesser, Director of Public Works Roger Rasich to present and review the proposed 2010 Township budget with you.

We have streamlined some things with our budget presentation tonight in order to save on paper and enable us to post this information for the public on our website. I'll try to be very brief in this introduction.

First, let me briefly review what was accomplished during the 2009 budget year:

- We continued to work on the acquisition of open space interests through the Open Space Preservation Program and to date we have added a total of 108 acres to this program.
- We are very proud that our Saucon Valley Multi-Municipal Comprehensive Plan with Hellertown Borough and the Saucon Valley School District was officially adopted this past summer.
- The Saucon Valley Compost Center, the joint yard waste facility for residents of the Township and Hellertown Borough is finishing its third year of operation and has seen increases in the number of residents from both municipalities dropping off yard waste.
- At Polk Valley Park, development continued this year with the completion of the pervious concrete walking trails by our Public Works Department. The Dog Park was opened this fall and has become an attractive destination for pet owners. Additional landscaping features that were approved for the Phase III development will begin shortly. We were able to reach an agreement to have Public Works remove the barn addition on Polk Valley Road which will allow us to begin working on the connector trail between the park and the SVSD campus as soon as the DEP permit for the pedestrian bridge is obtained. The park's multi-purpose fields are being utilized by our local youth soccer and lacrosse teams for the second season and we have put in place a Park Maintenance Policy and Council has authorized the services of an agronomist to ensure that the park grounds and athletic fields are properly groomed and maintained. In our other parks, the final design plan for the Kingston Park has been approved by Council and Public Works was able to demolish the maintenance garage at the Heller Homestead Park. Several scout volunteers worked on projects at Polk Valley Park and on the Native Plant Garden at Town Hall.
- The 30-year lease on the SEPTA rail trail should be finalized by next month after several years of negotiations, and the Township and our other partners should be able to open the 8-mile pedestrian & bike trail sometime in 2010. To advise and make recommendations on the development and the ongoing operation of the trail, the Township is in the process of forming a multi-municipal trail advisory committee.

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- Our Public Works Department was busy this year on a variety of parks construction and demolition projects and also worked with Hellertown Borough Public Works on paving projects in the Borough that resulted in savings to Borough taxpayers.
- We have continued to expand the content on the Township website and have continued working toward a paperless operation with email distribution of materials and through the Council notebook PCs for meetings and, by reducing reports and other data received in the Township to a digital format.
- We continued with our green initiatives in 2009 by working with the Alliance for Sustainable Communities - Lehigh Valley on a PA Conservation Works grant application for funding for energy conservation retrofits in our Town Hall complex.

Last year at this time we were facing a very unstable financial situation nationwide which has only slightly improved:

- The near collapse of the banking industry and the resulting drop in the stock market did have a negative effect on our two employee pension funds but due to the diversification of our investments these losses were limited, and since May of this year our returns have all been positive and we have been steadily recouping these losses.

There was an article in the local papers, you may have seen it, this past week about pension losses in the municipal pension plans in the Lehigh Valley. It also mentioned Act 44 which we don't need to take advantage of. It said on January 1, 2008, the combined value of Allentown, Bethlehem and Easton's pension funds were \$305 million. By the end of 2008, the declining stock market and other investments dropped that to \$223 million, a 27% decrease. Compared to that, our two pension plans during 2008, the non-uniformed plan lost a total of 11.3%. The uniformed plan lost 15%. With the way our plan is diversified, we have several money managers so we don't have everything in one type of equity. Since May of 2009, the stock market has been going back up. During that time, through September, our non-uniformed plan has gained 15.8% and the uniformed plan has gained 15.6%. We've already recouped the losses that were suffered in 2008. Again, that had to do with the position our stocks were in so that when the market rebounded, we were poised to regain the losses. That's an important point we want to point out to you.

- The downturn in the real estate housing market has decreased our revenues from new development, real estate taxes, fees associated with new construction, etc.
- Energy and fuel prices have continued to be very volatile and have increased our energy and materials costs.

Due to these issues, in putting together this proposed budget for 2010, we have had to deal with several challenges:

**Projected Revenue Losses**

- Real Estate Taxes – continued to decrease during this year as we anticipated. We are projecting another slight decrease in 2010.
- Interim Tax – also decreased in 2009 due to decline in building and home sales. Based on this we are estimating much lower receipts again in 2010.

Real Estate Transfer Tax –new home sales and building permits remained down during 2009. There have been some recent signs of improvements but we are not counting on increased revenues from this source in 2010.

There was an article in the paper today, new homes sales were on the rise since March, and for some unexplained reason, they took a dive down 3.6% in the last month. There's nothing steady in that to look forward to.

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- Interest –interest rates remained low in 2009, therefore we have lowered our expectations for this income in 2010.
- Tax Certifications –tax certifications did spike upward briefly in 2009 due to mortgage refinancing, but long-term, we anticipate that there will be a long recovery period in the real estate market.
- Subdivision Fees – continued to decline in 2009 due to slowdown in local housing market
- Permits – all permits remained flat during 2009 (with the exception of zoning permits/fees) due to the slowdown in the building and home sales market

**Projected Revenue Increases** - Due to our being very conservative this past year and only approving essential spending, our fund balance going into 2010 is projected at \$1.1 million:

- Earned Income Tax – Despite the poor economy, the earned income tax has held steady and increased slightly.
- Zoning Permits/Fees –permits for home remodeling and repairs have continued to hold steady.

**New Budget Expenses** - We are proposing a budget with an increase of just 1.46% in expenditures so this is very lean, bare-bones budget. There are only a few new expenses and they are primarily in mandatory costs:

- \$10,000 - new expenses for the Township's share of the anticipated Act 32 TCC expenses in 2010.

The tax collection committee has to hire staff and we have to pay our share of that. We are budgeting \$10,000 for that. Also, for the continued remediation of fuel spill at PW garage gas dispenser system of \$42,000. We hope to recoup the majority of these funds from the Underground Storage Tank Indemnification Fund (USTIF).

**Budget Increases**

- Energy Expense – we are prepared for electric deregulation in 2010 and the expected increase in the cost of electricity. To lessen these costs, the Township has secured a fixed price for three (3) years through the Mutual Utility Alliance (MUA) from Constellation NewEnergy.
- Road Materials & Supplies – Up by \$25,000 in 2010 as road projects for 2009 were deferred so that park improvements could be completed.
- Real Estate Taxes Property Acquired by Township – We are responsible for paying the taxes owed on any property acquired by the Township in the first year until a tax exemption is obtained.
- Workers Compensation premiums - increase of \$36,000 based on our experience this past year. We have had several on the job injuries that have increased our experience factor with the insurer.
- Employee Benefits – Health insurance benefits continue to increase by about 10% although we hope to achieve some savings by having all employees on a less expensive policy by the end of this year, if negotiations with the non-uniformed union can be concluded by then. The Township continues to make sizable contributions (over \$270,000) annually to the two pension funds due to the 2009 valuation of the funds. The police union is now contributing toward this cost and we hope to reach a similar agreement with the non-uniformed union shortly.

**Conclusion and Recommendations**

- While there have been some faint signs that the down indicators in the banking and stock markets may be turning upward, with no activity in the real estate market and with unemployment rates still running very high, it is still too soon to predict when we will be emerging from this economic downturn, therefore, our goal again with this budget was to (1.) maintain the current level of service we have been providing to residents; (2.) avoid any tax increases on already financially

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stressed taxpayers; (3.) continue to approve only essential expenditures next year and (4.) provide a financial cushion going forward into 2011.

- With this in mind, we closely reviewed all budget needs and requests and, beyond funding those items that are considered mandatory due to a legal/contractual obligation, we are recommending approval of only a handful of new (or continued) expense items that we consider priorities:
  - ✓ Document Imaging Funding - \$10,000
  - ✓ Upgrading ten (10) workstations to MS 2007 - \$3,500; replacement of Sgt./Cpl. PCs in PD - \$1,000; upgrade to 2007 Exchange Server - \$8,500
  - ✓ To complete the phasing-in of Digital In-Car Camera System in police cruisers by adding a wireless data transfer system and installation of a Vehicle Repeater System in three (3) additional police vehicles - \$16,860
  - ✓ Replacement of Police Defensive Tactics Equipment - \$2,500 (which was carried over from 2009)
  - ✓ New Digital Camera for Zoning - \$400; new laminator- \$100.
- We have allocated a total of \$703,292 to the Contingency Account to provide a cushion for unanticipated expenses in 2010 and to build up our fund balance going into 2011 as we did this past year.
- We are again recommending and ask that Council direct that, other than mandatory expenses, all other discretionary spending for the Township be deferred until after July 1, 2010.
- We have or will be shortly submitting grant applications for energy savings retrofits to the Township buildings that will, if approved, save considerably on our future expenditures for heat and electricity.
- I think that we have to be very prudent and cautious again in the coming year and continue to hold the line on any non-essential discretionary spending so that we can weather this downturn and be able to emerge from this recession with a solid base of policies and programs that will carry us forward into the future and enable us to address challenges and meet needs of our citizens.

Thank you and now let's move on to a review of the budget document.

Mr. Maxfield said going back to page 4, under new budget expenses, the \$33,202 was changed? Mr. Cahalan said yes, it was changed to \$10,000 and we'll go over that when we get to the finance section.

Mr. Cahalan said we have the whole budget on a Power Point presentation. The intent would be if we have to make any changes after the preliminary budget is adopted by you, that version would be available to the public on the website, so they can go and see that right away. It has all of the same budget items that used to be in the book. If you have any questions, we can stop and go into an explanation.

Mr. Cahalan said the first page is Revenue. It just explains what we deal with. We can jump to the pie chart, which breaks down where the revenue comes from. This is the line chart on each of the revenue items. We'll get into an explanation on what all of them are. Ms. Gorman said all of our revenue is either flat or lowered in some respects to what we had last year. Our assessment value has grown slightly. However, not significantly, and the possibility of those unable to pay their taxes or paying in the prior year accounts for the prior and delinquent amounts that you have been seeing, which is steadily increasing year by year. Mr. Kern said how significant is that to us? Ms. Gorman said from the last reading she had, our assessment went up approximately about \$400,000 which may be about \$10,000 to \$11,000 total. Mr. Kern said we will not be getting that? Ms. Gorman said the amount we will be getting more; however, the possibility of those people who have not paid their taxes or who may not be able to afford their taxes will go to the county for delinquencies. If you look historically on both line item 01.301.200 and 400, they've significantly increased somewhat over the years, so people are delaying their payments. She tries not to budget exactly what our assessment value is because we're not going to get that. Real estate transfer tax is going to go down. She's hoping that the federal government will continue with their rebate program or

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their tax incentive program for new housing. Whether they do or not, she thinks that comes up in November. We're hoping on that, so she's counting on \$240,000. If that doesn't materialize, then we may have to revisit that again, but so far, that seems to be a good solid number receiving about \$20,000 a month.

Ms. Gorman said Earned Income Tax is flat toward what we are projecting for this year. She doesn't anticipate any employment growth. She doesn't anticipate anybody getting huge bonuses or salary that would dictate that to go up any more than it already is. Most of the other revenue line items in this budget are pretty much the same. There has been some increase in fines, but they aren't necessarily a projected consistency. They fluctuate year to year.

Mr. Cahalan said this is the section on Business License and Permits, and that is the same. We're showing a slight increase in the Cable TV franchise tax. Mrs. deLeon said aren't we still missing the boat? She knows Linc has been talking to the cable companies, but the areas of the Township that don't have choices and just have to deal with one provider, they are not providing the services they are supposed to or paying us. She doesn't want to raise the rates the resident has to pay. Right now we have to pay 3%. She thinks they should be providing more. When they have to come to your house and repair something, it takes five days. That's unacceptable. Mr. Cahalan said the Solicitor was asked to put together some options and choices that you can make and that was distributed to Council. He indicated we could ask for higher fees. Mrs. deLeon said they should be providing more to us. Who provides the cable here? Mr. Cahalan said Service Electric. Mrs. deLeon said are they giving the township anything for free? Mr. Cahalan said the TV out in the lobby. Mrs. deLeon said who is doing the wireless internet? Mr. Rasich said ProLog. Mrs. deLeon said do we have to pay for that and what is the cost of that? Mr. Rasich said about \$40 per month. It's a single fiber optic that is hooked up to the server. The internet is not part of the franchise agreement from Service Electric. Mrs. deLeon said then we're not getting money from the Internet. Mr. Cahalan said it's not subject to this tax, it's strictly television service. Mrs. deLeon said when she goes to conferences and hears what other municipalities are getting, free services from their cable companies, we're not getting it, so why shouldn't we be getting it. Last time they were hard to deal with because of Council changes, but we haven't changed Council's for the last five years. Mr. Cahalan said would you like us to contact RCN and Service Electric and ask if they can have a representative come and meet with Township Council and talk to you or would you like to have a meeting set up so we can talk to them about some of the issues? Mrs. deLeon said before we get to that point, we need some more background information from Linc so we know what to ask. It's a waste of time to talk to them cold. Let's see what we're entitled to. There are certain things that are realistic. We need to identify those and see from there. Maybe that's in the future, but for right now, we need more information. Mr. Kern said the only thing we can ask is what are we not getting now that we could be getting. That's the main question as far as the Township perspective goes. As far as the service perspective to the community, there's nothing the Township can do regarding that. That's a free market decision by the cable companies. If you can tell him what the Township can do to intervene, he would be glad to do it. If they are providing terrible choices, there are choices for the consumer to go to Dish Network or something other than cable. If the service is that bad, they shouldn't get it and the cable company will go out of business. Mrs. deLeon said that's not the attitude in the cable industry. It shouldn't be from a public official.

Ms. Huhn said are you saying that there are cable companies in other townships that are providing free services to the residents? Mrs. deLeon said no, to the municipality. Ms. Huhn said we have that already. We have the cable and the fire stations get it free. Mr. Kern said which gets back to the question, what aren't we getting that we could get? If we're getting everything, then that's an answer too. Mr. Maxfield said as far as bargaining with them, it's like dealing with the utility. They kind of lay it out to you and that's what you get. Mr. Kern said the only advantage to cable is, unlike PPL, you have an option. Mr. Maxfield said true, but we don't have that many options. That's probably why the service is not up to snuff. He can understand that too because we're thinking of getting cable now, and we're waiting five days to hear back from a representative. Mrs. deLeon said it's unacceptable. Mr. Kern said he agrees, but what will a Township do about that. Mrs. deLeon said if you went to these meetings, you would have heard that we do have a say in that. Mr. Kern said he hasn't heard what that is. Mrs. deLeon said it's in the contract. She doesn't have the documents in front of her that they handed out at the conference. They are supposed

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to be more responsive to the customer. Mr. Kern said from a Township perspective, what would you have us do to intervene? Mrs. deLeon said we can send letters. Linc has a lot of that information that he researched, and that's one of them. Be more responsive to the residents. Our residents are paying 3% of their bill, to the cable company, we get that money. They are supposed to be more responsive to the needs. Mr. Kern said if they are not, what are we expected to do as a Township? What is our role in this? Is there a punishment we can give them for not providing service? Mr. Maxfield said as a Township, are we a clearinghouse at all for complaints? If we had a catalogue of complaints, then it would kind of be our obligation, as a Council, to forward those to the companies. He doesn't think we are the clearinghouse. Mrs. deLeon said we are a municipality. We need the cable companies to put the lines in. Didn't the FCC change the cable lines not too long ago and municipalities can ask for certain things in a contract. Linc was looking into that. Her area where she lives has one cable choice. Other areas have two. There's a majority of areas that have one only. They know that so they aren't going to come and they are going to tell you five days. They need to be more responsive. A municipality has the right to criticize them for that. We need to do that. That's part of our right. Mr. Kern said he'd be glad to do that if that did something. Mrs. deLeon said let's put this on the agenda for the meeting and we can ask Linc. Mr. Cahalan said he did do a memo to Council and he was waiting for Council to get back with some direction. Mrs. deLeon said during the budget meeting, it's not a good time to go over the cable thing. It should be at a Council meeting. Mr. Maxfield said if we do, we can ask Linc questions directly what he is recommending. Also, if we put it on the agenda, if there are people that are unhappy, they will show up at the meeting.

Mr. Cahalan said we'll go to the fines under Revenues. That is actually showing a slight increase and that is in the area of the Motor Vehicle Code violations. Chief Lesser said what we did was an average of the past three years. Ms. Gorman said the estimate for 2009 is a definite spike and we shouldn't be anticipating that kind of revenue every year. Chief Lesser said the officers are out there doing their jobs and some years are more productive than other years.

Mr. Cahalan said under Interest Earnings, we indicated that was due to the interest rate, we aren't projecting any increases. We're projecting a decrease in our interest from investments. That is down for 2010.

Mr. Cahalan said intergovernmental revenues, those are some grant funds. Ms. Gorman said the intergovernmental revenues are actually revenues that we receive from other entities, such as the fire department, the Authority for the purchase of fuel as they fill up their tanks at our fuel dispensers. This is just a DCED requirement to show whatever local government transfer money that comes in so you are not offsetting it against the normal expense.

Mr. Cahalan said under state capital and operating grants, we're showing a decrease in grants in that area. The big one would be the other grants, which is line item 354. Ms. Gorman said they are just miscellaneous grants that we applied for, for any particular reason which may offset something we expended in the General Fund. Other than the programs that are already out there, and are currently funded so far by the state, she doesn't think they are going to give out too much more money for any future projects. She has heard from DCED that for the applications that have already been submitted, they do have funding for them. She just doesn't anticipate anything new coming down the line. The applications we filed for, like the alternative fuels grant, she double-checked with their department and they said there is still funding available for that and it wasn't cut. She's hoping that still holds true for the other grants that we have. Mr. Horiszny said what about the \$250,000 that we were going towards for energy savings? Ms. Gorman said that funding is still there. They still have the money in there. She doesn't account for that funding unless she knows she doesn't have it. She would hate to anticipate \$250,000 in grant revenue and then not get it. Most of those expenses are in projects that we're already earmarked in capital, so anything that we would get if were granted, and would just lower the amount of money we would have to spend out of that fund. Mr. Cahalan said they are going to try to make some corrections. There is the state grant, the recycling grant and other grants. 354.130 and 354.150, the amounts should be flipped. The recycling grant is projected to go from \$23,000 to \$20,000 and the other state grants projected to go from \$10,000 to \$5,000. We'll correct that.

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Mrs. deLeon said we never figured out how we can make little notes in our program, do we have the software? Mr. Cahalan said we are using Power Point and the budget given to you was a pdf. Ms. Huhn said they are still looking into that.

Mr. Cahalan said under State Shared Revenue and Entitlement, we are showing decreases. Ms. Gorman said the decrease is in the fund from the state for fire insurance. Historically, what we have always done is we budget whatever the amount we received the previous year. Obviously with the pension state aid we're going to be expending more which is under the expense line item. This amount just offsets whatever amount we need to spend on both plans. The Fire Insurance Tax, when we get into the fire expenses, the same amount will be listed as an expense to be given to the Firemen's Relief Fund, so whatever amount we get from the state is exactly the amount we send to the Firemen's Relief Fund. Mr. Cahalan said the only thing going up here is the Pension State Aid went up slightly and everything else stayed the same. Beverage licenses, we still have eleven and that income is the same.

Mr. Cahalan said on General Government, we're showing some decreases here. This is related to the downturn in the housing market, so we're not projecting any increases here. This is the same for people who are buying or building homes. The revenue from that we are projecting it's going to decrease slightly for 2010.

Mr. Cahalan said Public Safety, more decreases. Police Services, we can have the Chief add some information on that. The PD used to do extra duty assignments at the theatre and they have gone away, so that has decreased. Chief Lesser said the school district has reduced some of the requests for manpower and police services. We didn't discuss their reasons. He had presumed it was for budgetary reasons to cut costs. That's the only reason or information than they received in the past, why they reduced the amount of officers they used in the past. For instance, at a sporting event, they now utilize teachers or staff and have reduced the amount of officers they need.

Mrs. deLeon said up above on the pension line, under state aid, the actuary said to use the same amount, so we're anticipating the same from last year? Ms. Gorman said yes. It's usually not too much of a fluctuation. It could be a little bit more, but it's usually pretty consistent and they try to stay at the same amount unless for some reason they get more funding from it. If they do, it's probably going to go to the communities more distressed than ours.

Mr. Cahalan said under Highway and Health Charges, any billable medical charges, retiree payments that are made by the Authority, from retirees receiving health insurance and Cobra payments would be charged to this revenue account.

Mr. Cahalan said Recreation and Other Services is showing a slight increase in recreation fees. We are renting out pavilions and athletic fields and that income that is received from those rentals is reflected here. Ms. Gorman said Miscellaneous Income is any income we receive that we don't have any other area that it's budgeted for. A lot of the times what spikes the increases is insurance payments from either heart and lung on worker's compensation. If for whatever reason we file a worker's comp claim and get money back for some reason, it cannot be attributed to the actual expense. It needs to be isolated as income or revenue. That's pretty much why, historically in the last couple of years, when the Auditors made that recommendation, that's why it spiked so high. We're not using that money to offset the expense like we used to do. Mr. Kern said when insurance is paid, the money that comes in goes there. Ms. Gorman said instead of putting it against the actual bill that we pay, it goes under that line item. Mr. Cahalan said we have other contributions from private sources such as for DARE, police miscellaneous donations, crime prevention donations and those are donations that private citizens and organizations make to the PD during the year in recognition of their services. There are miscellaneous township donations and contributions of \$100.00.

Mr. Cahalan said under Sale of Fixed General Assets, we usually keep that at about \$1,000 a year. There's an auction every year of any surplus township assets and that's generally what we realize from the sales at

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those auctions. We have transfers from the landfill revenue fund. We have a refund from prior year expenses and at the bottom of the 2010 column, we're showing \$6,581,545.00 as the projected revenues in this budget. Any questions? Mrs. deLeon said you didn't put anything in here from the gaming money? Mr. Cahalan said we are putting some of this money in, and we'll get to that under Fire Equipment Replacement Fund. Mrs. deLeon said why wouldn't that be in Revenue? Ms. Gorman said it's in Revenue under the Fire Equipment Fund.

Mr. Cahalan said for Township Expenses, we're going to go through and itemize those. They are based on historic payments as well as forecasting the increases based on the economic climate. Going to the pie chart, it shows you how the expenses are broken down. You can see insurance benefits take up a good chunk of those expenses. He'll bring to your attention that the expenses they are showing for 2010, there is a chart of a comparison of 2009 and 2010 and cost. We're only increasing expenses a total of 1.46% over 2009. Mrs. deLeon said that was a nice chart.

Mr. Cahalan said General Government, you are going to see increases in here, and the reason is that Cathy broke out an account that had the Medicare and social security taxes that was in one account. She applied it to each one of these departments so that the Executive, Finance, everybody is going to show a slight increase, but it's just moving money. Ms. Gorman said historically, we had always budgeted social security and Medicare costs, all lumped together under Employee Benefits. Every December, in the audit, she'd transfer it back over and she felt no reason to do that when they can do it throughout the year. The estimated social security and Medicare taxes are attributed to each department instead of being lumped together.

Mr. Cahalan said the General Government is just about the same, with a little increase in those taxes. The Executive has gone up because of the addition of the social security tax and Medicare tax of about \$15,000. Everything else is just about the same. Just some increases in supplies, advertising, but no salary increases are shown for the Manager, Assistant Manager or for the Administrative Assistant.

Mr. Cahalan said the Contributions/Grants/Gifts, is a total that is the same for last year and Council would have to make a motion to increase that as those are historically the amounts we've been giving to those organizations and we are proposing to stay the same for 2010 under the Council Contribution Policy. We did add last year the amount of money for the Volunteer Appreciation Dinner of \$500.00.

Mr. Cahalan said under General Expense, we also have the expenses for the conferences. That is down from last year and that is for the PSATS membership, PSATS convention. There's money for Council members attendance at seminars, newspaper subscriptions, local piggy back purchasing program, and other miscellaneous items.

Mr. Cahalan said Financial Administration, the two things that hit here are the addition of the Medicare and social security tax. Also some increases in the services to collect taxes, Berkheimer and so on. Slight increases as those fees go up as the amount of money collected goes up. This is where you'll see the \$10,000 for the TCC under Act 32. Those are the expenses we had to kick in for our share of a Solicitor, an Auditor and any outsourced clerical work. Mrs. deLeon said it's \$10,000 more than we paid last year? Ms. Gorman said we're budgeting \$10,000 more, it's not what is attributed to us currently. Mr. Cahalan said this is additional money you have to come up with. Ms. Gorman said it is start up money. From the information she has, we are not going to be expending the full \$10,000; however, at these meetings, they did say the preliminary budget is \$50,000 but it can go up. She'd feel more comfortable leaving a little bit more money in there. Mrs. deLeon said she's not in support of the whole thing. In some areas of the state, this tax collection system was broken, and some areas needed it. It's going to cost us more money. Ms. Gorman said it definitely will.

Mr. Cahalan said under Law, there are some increases in the consultant's cost but the big decrease is we're anticipating cutting the cost for Special Counsel for Labor way down drastically because we hope the negotiations will be concluded, so we're showing a big drop in that. There are some increases in legal

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services and our legal services in planning and zoning is showing a decrease. Overall, that section is showing a decrease of about \$40,000 over what we budgeted in 2009. Mr. Horiszny said the fees are for zoning hearing board appeals or trials, is that where we hire somebody? Ms. Gorman said they are for arbitration hearings.

Mr. Cahalan said the next line item is Other General Government Administration and that is mainly for office supplies and computer supplies. We are showing anticipated purchases of computer supplies for ink cartridges, disks and other computer related items. Data processing, this is bumped up because of increases. We have some costs in here which he touched on in Major Equipment Purchases. That is for the purchase of computers, replacement of the Sgt./Cpl. PC's and to upgrade our service to 2007 Exchange Service. Everything else is just about the same as it was last year to renew licenses and to pay stipends to the two coordinators, Roger and Kal, who maintain our IT systems. Roger said when he did the upgrade to 2007, he forgot to include Council's laptops in that upgrade. He also forgot that Jack's, Leslie's and Diane's PC's also had been upgraded, so he needs to add an additional three licenses, so it's an additional \$1,050.00 to that line item which will be \$27,550.00. This is to upgrade to 2007 and he strongly recommends it be done. It's a software update and we are eligible for the upgrade version. Mr. Cahalan said if we are going to go digital and send Council documents, you would need the upgrade your laptops to open them up.

Mr. Cahalan said under Engineering, we're showing some decreases in here because of projects completed and reduced services that are needed. There is a decrease in SEO inspections. It's a decrease from last year and that's related to the housing slump, fewer new houses and fewer SEO inspections. Mr. Maxfield said what happened there between 2008 and 2009 that we had such an increase in Engineering costs. Did we go through an ordinance redo? Mr. Cahalan said there were some special projects that they were working on that pushed that up a little bit. Ms. Gorman said there were several projects they were finishing up in 2006, and we just haven't been giving them as much to do since then. Mr. Maxfield said 2008 to 2009, it was a pretty inactive year in subdivisions and most of the engineering was pretty much done on the parks already. Mr. Cahalan said this would be billings on projects they were working on and again, we scrutinize that pretty carefully on their bills. These are projects that Council assigned them to work on. Mr. Maxfield said your projection for 2010 is still relatively high compared to two years ago. Are those projects ongoing or how do we get that figure? Ms. Gorman said engineering did increase their fees. It was by 3%. She's hoping that we don't spend that amount of money, but just in case something does come up where we need their services. She'd like to keep a little cushion in there in case something does come up which would require their services. Mr. Horiszny said Hanover and Boucher & James and other consultants would all be in there? Mr. Cahalan said this is just strictly engineering projects. For example, this would be for work on the traffic signal at Polk Valley Road, traffic studies, etc.

Mr. Cahalan said in General Government Buildings, we are showing a decrease here. This is where the heating oil and other oils and gas and lubricants are, and also electricity and we are showing a bump up in there as we obtained a fixed price from Constellation New Energy. We hope we'll be able to keep that under the level we project here. We are showing some other decreases in the capital. The capital outlay was for the project with the sprinkler system upstairs. It's in unheated portions of the upstairs and it was prone to freezing. We have put that on hold as we believe if we get the grant from PA Conservation Works!, there will be some additional insulation we are calling for in the unheated portions of the building that could take care of that issue. We put this on hold for now. Mr. Horiszny said on 01.409.360, Water, Sewer, a whole bunch of zeros and then we went to \$3,248, now to \$5,000. Ms. Gorman said historically, everything was billed under utilities, whether it be electric, water, waste, now it's all separated out so they can identify what costs are for what service. Mr. Horiszny said in the explanation, it says expense for water and sewer service from the City of Bethlehem, is that accurate or did we go through LSA? Did we pay the LSA or directly pay Bethlehem and why? Mr. Cahalan said our water is purchased from Bethlehem. The bills come from the City of Bethlehem. Mr. Horiszny said all our other water customers go through the LSA. Mr. Rasich said it depends on which line it is. Mr. Horiszny said everyone on Old Philadelphia Pike is directly to Bethlehem? Mr. Rasich said if there's a water break, the City of Bethlehem responds, LSA does not. Mr. Horiszny said he'd like to know what our quarterly rate is for sewer and also what we pay

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for water. Mr. Cahalan said everything else is explained what the cost is. This covers everything from fuels, pest control, the sprinkler system, fire alarm system maintenance, the elevator in Town Hall, under this section in the budget.

Mr. Cahalan said for the Police Department, Chief Lesser can give some highlights. Chief Lesser said the budget for this year is consistent with last years. Last year's contractual increases are relative to employees. Equipment costs have not increased dramatically for any particular reason. We have maintenance costs that have been consistent with other years. Maintenance for our records management system, our laptop connections, etc., and that's consistent with previous years under Maintenance and Repair of Equipment. We do have some items under Major Equipment Purchase which may be the most noteworthy. If you recall from previous years, we've been including installation of a computer system in our cruisers to enhance our communication. It's a very vital piece of equipment for certain circumstances and certain types of incidents. The budget this year would complete that process of installing computer systems in every cruiser. They purchased one through the county and obtained one free of charge and obtained several others through a grant, so they've been very fortunate to install a large number of our cruisers at a minimal cost for the Township. They don't foresee acquiring any through a grant, so this would complete the process. They've also moved to a digital mobile vision in their cruisers over the last several years. They were able to acquire four of those through grants. This would complete that project and enable a more extensive searching of that data. The soft body armor is another item that you'll see. We use a five year industry standard for replacement of those items.

Mr. Cahalan said under Fire Services, this is showing a decrease primarily for two things, the Firemen's Relief fund money was less than anticipated last year, so Cathy is showing that amount, \$91,160.00 and that's a pass through where money comes from the state and is passed to the Firemen's Relief Association which they use it for training and for physical exams and such for their members. They also reduced the contributions for EMS services. Previously, Council was giving money to Dewey Ambulance who was providing basic life support (BLS) ambulance services, and the Bethlehem Township Volunteer Fire Company Ambulance was providing advance life support services (ALS). You'd see two ambulances out on the road whenever there was a call. Dewey Ambulance is projecting that they will also be able to provide advanced life support services, so it will all be wrapped in one. There will be someone in the vehicle who will be ALS and BLS certified. We would not have to call on the Bethlehem Township Volunteer Fire Company to come in and respond to those calls. This was a contribution we made towards their fire companies and we will not be utilizing their services any more. We're projecting there is no need. We'll just be dealing directly with Dewey. It was \$5,000 in the past. Ms. Gorman said Dewey requested \$12,500 last year and they requested \$15,000 this year so they could get their equipment for the Advanced Life Support (ALS), so we're not proposing to give Bethlehem Township the \$5,000. Mrs. deLeon said do they know we are not going to be needing them as of January 1? Mr. Cahalan said he believes they know they are not going to be providing the ALS services. That donation was in recognition of them providing service to township residents. Mrs. deLeon said then Dewey will be the only one, there's no backup. Mr. Cahalan said Dewey would cover both services for the Township. They do 24-7 all of Hellertown and all of Lower Saucon. Mrs. deLeon said they split it with Bethlehem Township. Mr. Horiszny said it wasn't split like that, for advanced life support, cardiac stuff, we would call Bethlehem Township and they would come, and Dewey would be there for basic support. Mrs. deLeon said we wouldn't need them at all unless there would be mutual aid.

Mr. Cahalan said under Planning and Zoning, we are showing some increases, about \$7,000 to \$8,000 due to the social security and Medicare taxes being added in there. That's the reason for the bump up there. The only purchases for them is a new camera for Chris Garges and laminating machine so that his postings can be laminated which is \$500.00.

Mr. Cahalan said we do have in that section, are Open Space Expense which we did budget last year and that's actually down. That would cover the cost for expenses related to the acquisition of open space properties such as appraisals, and so on.

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Mr. Cahalan said the Township newsletter we are continuing with the three issues per year as we did last year, two are mailed out and one is posted electronically on the website and emailed to people we have email addresses on.

Mr. Cahalan said under Emergency Management, this is about the same except we mentioned the continued remediation of the spill at the PW fuel dispenser and we have put additional monies in the hazmat cleanup section for this, so we are seeing a bump up of about \$42,000 from what was budgeted last year. Otherwise, everything is the same as it was in 2009.

Mr. Cahalan said under Public Safety, we will continue the agreement with Hellertown and the school district to share the cost of the crossing guards, and that's reflected by the \$4,500.00.

Mr. Cahalan said under Recycling, we have continued to show the \$4,000.00 cost for Hough Associates to collect the Act 101 recycling data. Our compost center appropriation is in there for \$15,000.00. Mr. Maxfield said whatever happened with the Coordinator position? Mr. Cahalan said that is still there. We have carried over the stipend for that position. Ms. Gorman said we have a special fund for recycling. These are strictly costs that are associated with the Township whereas the recycling fund which is 07 shows combined Hellertown and Lower Saucon revenue in the expenses that are shared between the two of us.

Mr. Cahalan said under Public Works, Roger will give us the highlights on that. Mr. Rasich said it's pretty much the same as last year with the exception of the social security and Medicare tax being added into there. There was an increase in road materials and supplies and that was primarily due to the smaller amount of road work we did in 2009 to concentrate more on park issues. For next year, we want to try to increase a little bit of the road work that was missed out on this year. That highlights the increases. Mr. Maxfield said when we did the park, we were told with the pervious concrete, we actually saved money over the macadam, so how does that price compare to regular concrete? Mr. Rasich said it's actually cheaper. He doesn't have a good answer why. The reason he doesn't, is if you would order it as a homeowner, it's going to cost you as much or more than regular concrete. The only thing he could possibly think of is that it's because of the bulk quantities they got and the method they had it delivered. Typically, whenever you have concrete delivered, it comes in a cement mixer truck which dispenses it fairly slowly. They generally allow about ten minutes per yard and a normal mixer carries about ten yards. They were getting the material bulk loaded in a tri-axle dump truck. They were getting eleven yards per load and they were emptying it in three to five minutes. They were laying 100 to 150 yards of concrete in a day which is pretty much unheard of in the concrete world. They gave us a fabulous price. Mr. Maxfield said thank you for doing that investigation. That was really a great addition to the park.

Mr. Cahalan said under Participant Recreation, that is showing basically the same expenses as last year, just a small increase in the general expense if needed for recreation supplies. The only new expense on there is under the Minor Equipment Purchase that's up by about \$5,000.00 and \$4,900 of that is to purchase fourteen outdoor recycling bins for our parks. Council reminded us that we are not recycling out at the parks so we are going to get bins that are suitable and able to withstand the wear and tear and everybody can recycle and it will be brought back here and then will be picked up. It will be up by the pavilions. Mrs. deLeon said great, she will pass that on.

Mr. Cahalan said the Library Contribution, as we all know, that amount is remaining the same for 2010. We will be bringing the contract to you at the next meeting for renewal. It has to be done by November 15 and the Solicitor will be preparing a letter to the library about the recommendations he made about renewing it but notifying them of your intention to opt out of that and to make some changes in that contract.

Mr. Cahalan said Conservation and Natural Resources is just about the same. We've put money in there for some dues, subscriptions and that is basically the same amount as it was last year.

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Mr. Cahalan said under Intergovernmental Expenses, this is amount of money received from the state for the DUI checkpoints by the Police and they run those checkpoints cooperatively with the Boroughs of Hellertown and Freemansburg and this money is passed on to them for their services.

Mr. Cahalan said under the Insurance section, we will see some mandatory expenses and see some increase in this primarily in the area of Workers Comp. We are showing a bump up there from \$93,000 to \$116,414.00. Our business insurance has increased. We just projected a 4% increase in those costs. The big one is the Workers Comp. That is something that is subject to the amount of injuries our workers have, and unfortunately, we have had several and they have been lengthy, and that drives up the experience factor.

Mr. Cahalan said under Employee Benefits, we are showing increases of about 10% in the hospitalization and health insurance. You'll see there that the social security taxes took a big dive because as Cathy explained, they have all been distributed to the other accounts, so that's no longer being done in bulk in that account. The MMO's are listed here. Just for the non-uniformed, it went down \$2,000 and for the police it went up from \$162,000 to \$177,000. Overall, this account is showing a decrease because we removed and distributed those social security taxes out of here. Otherwise, everything else, the dental and vision insurance and group life insurance is not showing any increases; either is the short term disability or income protection insurance. We always carry an amount of money for the need for matching grant allocation and we reduced that from \$10,000 to \$5,000 to save a few dollars.

Mr. Cahalan said under Transfers, this just reflects some unpaid bills. Cathy carries this in case there are some bills that are unpaid going into the next year. That's usually the same amount of money and then the transfers are showing a transfer to other funds and also to the park funds we transfer \$5,000 to each of the park funds.

Mr. Cahalan said we have the contingency amount and as you can see it's higher than it was last year, \$703,292.00.

Mrs. deLeon said when the Workers Comp insurance audits every year and there may be a refund depending on what they determine, does that offset the number of premiums paid? Mr. Cahalan said it doesn't go specifically right into that line item but it does offset your cost of the insurance. Mrs. deLeon said it won't be in that other reimbursement category? Mr. Cahalan said it will be in an account where Cathy has to deposit that money. Mrs. deLeon said we said there was another account where they would put insurance reimbursements in, it's not going into that account? Mr. Cahalan said for more information on that, in the back of your packet we prepared a breakdown of all of those costs and it's under workers comp and insurance review. She charted that out over two pages and there's a health, workers compensation and liability insurance costs. That shows what the expenses are and what the refunds are. We're projecting the refunds for health insurance, there's none in that because of the plan we're in. The workers compensation insurance she's projecting a refund of about \$30,000.00 and the liability insurance of \$10,000.

Mr. Cahalan said under Special Funds, there's an explanation of what the accounts are. The first one is the Operating Reserve Fund. This is the fund that Council approved the creation of 2007, and actually it's a rainy day fund. We try to put as much as we can spare into this. This year we didn't meet the \$225,000.00 goal, but the fund is growing and is projected to be at \$588,526.00 for 2010.

Mr. Cahalan said the Landfill Revenue Fund shows the breakdown of what the balance is. The host municipal fee for solid waste based on the increases which that shows of an annual increase of 4% projected to a total of \$1,763,000.00 in 2010. Below that in expenditures, there are transfers from that to pay some principal and interest payments on the township building, and also township parks. We are not transferring any money to the Fire Equipment Fund this year or to the Polk Valley Park Fund or the Land Acquisition and Parks Fund. Mrs. deLeon said on the BRE fees, shouldn't that be host fee monies? Would that be a better way of saying it? Mr. Cahalan said its gas royalties is how it is explained. Mrs. deLeon

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said it says BRE fees, is that the revenue we're getting from the gas plant? Mr. Cahalan said yes, it's a gas royalty. Mrs. deLeon said to her, fees is not a good work. Mr. Cahalan said they changed it to Gas Royalties. Mr. Horiszny asked why was nothing allocated to the Fire Equipment Fund this year? Mr. Cahalan said primarily because there is not going to be any requests for any replacement fire equipment coming in 2010, so we have monies that we are projecting, but not counting on, such as casino impact fees and if they are received, they will go into that fund. The fire companies will not be making any requests for any equipment in 2010. Mrs. deLeon said have they submitted their new list? Mr. Cahalan said no, they haven't received a list yet. Mrs. deLeon said when you have your next meeting, make sure they show up with a list. Mr. Cahalan said they will probably have a meeting in December.

Mr. Cahalan said Cathy usually gives you some pages on the debt review. It shows you what is owed on the Township building and the Polk Valley Park loan, and also the land and acquisition fund.

Mr. Cahalan said the Open Space Preservation Fund, the balance is \$961,793.00. We're showing that we're receiving close to the \$800,000.00 that was projected. That will give you a balance of about \$2 million in 2010 for open space purposes. She has targeted there, \$1,044,000.00 for purchases during the year just for planning purposes and there's some engineering and planning in there, which is the Heritage Conservancy consulting fees which we pay to them for work they do on open space acquisitions. That's the only thing that comes out of that fund. Council approved that and directed that all other expenses come out of the General Fund. Mr. Maxfield said what about legal fees for outside consultants? Mr. Cahalan said Terry Clemons is charged to the General Fund. Mrs. deLeon said we still have part of the year left to acquire additional open space properties, which will change the actual number in here, and that would change the opening money into next year if we do or don't. You don't really update these numbers when you start 2010. Ms. Gorman said when she puts together the 2009 estimate, she went over numbers with Leslie as to what possibly could go this year. That's what the \$650,000 is. Whether or not that's the amount, that happens, we're just going to have to amend it. Basically, it's just going from one year to the next. Mrs. deLeon said she's just trying to get a realistic picture. Ms. Gorman said we barely spent any money in open space. Mrs. Yerger said all of the pending projects are all kind of running at the same time.

Mr. Cahalan said in the Recycling Fund, this is where we are carrying a proposed stipend if we do appoint a Recycling Coordinator. This is money to operate the Saucon Valley Compost Center. This is for materials and supplies, tools that are needed up there, telephone, advertising and printing, utilities and we have the port-a-john up there for the staff. We put in \$15,000.00 for grinding up the yard waste which usually covers our share of the cost with Hellertown. We put some money in there for equipment and it is our goal to acquire equipment up there that we can use to turn the windrows and so on. That again is subject to us being in compliance with Act 10, which is an issue we'll discuss another day. That is there in case we need it.

Mr. Cahalan said Storm Sewer Capital Fund is an amount of money that has been sitting there and Roger does use that to purchase plastic storm sewer pipe during the year as needed for his road projects.

Mr. Cahalan said under Fire Equipment Replacement Fund, as we indicated, no contribution is going into this. It was somewhat depleted because of allocations to Steel City, Leithsville, and Se-Wy-Co for fire equipment. They completed the first list of equipment and we'll be looking for the next list. We are projecting again for planning purchases, some casino impact fees. If they come in, that will be very good for us. Priscilla is the representative on the Gaming Authority and we're hoping the criteria for those grants will be such that we can get money every year for equipment for fire, police, and other emergency types of things we need. Mr. Horiszny said so far we got nothing from the casino? Mrs. deLeon said so far they've had two meetings. Right now they are on an unofficial committee as their terms don't start until January 1, 2010. We're just trying to get ready and are working on by-laws and criteria. We're reviewing all the other authorities in the state to see how they are operating. She asked what was the budget handout, what was the magic number from the County? Mr. Cahalan said he thinks by the end of this year, they will be getting two full quarters and one half quarter of revenue. The casino opened in May. He thinks it will be \$500,000 or \$600,000 in funds coming into the County. Mrs. deLeon said they just found out they've

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taking out \$23,000 for administrative fees for the County. They are looking into that as an unofficial committee. They are trying to establish the criteria and she's just guessing that somehow they will define the criteria for the grant applications and they'll be a deadline of probably mid-year and then they will be awarded. Right now, the money that's in there, has been there. We are trying to get a legal opinion from the Solicitors as we don't want that money reverting to uncommitted funds for the County and we want it rolled over to next year. She's a little disappointed that we can't spend it. We have no authority to spend it. There's almost \$581,000.00 minus the \$23,000.00. It is in a fund. It will not be distributed this year. There is no authority in place to do so, so we questioned why our authority board didn't start in October and the County for whatever reason, assigned us to January 1. Mr. Horiszny said does anyone recall if any of the people on the County Council voted against that authority? John Stoffa said we don't need this, we have other ways to handle this in place, and none of them voted for it, right? That tells him to not vote for incumbents, but that's a side issue. Mrs. deLeon said what's she's learning from this review is it's either handled by DCED or it's an authority. The authorities in place have done it several different ways, so they are trying to review it, and fortunately for our Authority, we have municipal people on it with experience in government, and no offense to a lay person, we kind of know how the wheels work or not work. She feels more comfortable knowing we have all these other people there, and she doesn't know how to answer Ron's question. She did hear a comment at the meeting and she has to look up the Articles of Incorporation for our authority, do we make a recommendation that has to be finalized by County Council or does it end at the Gaming Authority for distribution of funds? Mr. Cahalan said the way Dauphin County did it was they made recommendations which were acted upon by the County Council. Mrs. Yerger said they are not going to relinquish that final authority. Mr. Cahalan said the Erie County Authority did it a little bit different, they made the final decision. Mrs. deLeon said they had tons of emails and information to review. Jack has been very helpful in sharing information as with the other representatives.

Mr. Cahalan said the Landfill Closure Fund is a fund that was built up over the past several years. It has reached a balance of \$297,339.00 and we feel that is sufficient if the landfill was to close and there would be unanticipated expenses the Township would have to cover.

Mr. Cahalan said the Capital Fund is next. Ms. Gorman said on this fund there is money that was appropriated to different projects that we're not anticipating spending. There's also money that we are intending on spending, but we've also applied for grants for them, so we might not need to spend the entire amount. Basically, our balance is \$1,340,000. We're requesting a transfer of \$200,000 from the Landfill Fund. Expenses that will be considered this year are the \$370,000 for the Polk Valley and Main Street traffic light and possible funding for the drainage improvements on Meadows Road Bridge area. Boucher & James estimated that it would cost about \$60,000 to handle the drainage problems. Mr. Maxfield said did we spend everything in the tree fund? Ms. Gorman said there's \$2,210 left. Mr. Maxfield said what is the other tree fund then? It's 33,481.602. Ms. Gorman said that's what she's saying. The auditors want to see what the planned budget expense is. Every year we used to just itemize each line item and said this is what we are intending on spending this year. They want to see what the actual planned projects are. If you go into the detail on each line item, it explains the money that Council has appropriated or money that we received from developers for certain items, and either she shows it as being expended in 2010 or not to be expended in 2010. That's why it's a zero balance as that money is going to be in the contingency and it's already listed in contingency as appropriated to a project. Mr. Cahalan said did you point out where the tree money is. Ms. Gorman said if you go into the description, there's \$2,210 that is appropriated to that line item, but not budgeted to be expended. Mr. Horiszny said under item .827 in the physical fitness equipment, you are going to replace \$10,000 worth? Ms. Gorman said that was a request from the PD. Chief Lesser said that figure actually dates back to when this building was planned, there was a meeting of the PD and the Manager and the intent was to create a facility that would be available to all employees. We put that in what we called the Five Year Plan, and then it became the Ten Year Plan, now it's the Capital Plan. This was something from years ago that we kind of projected that out to the future, not knowing what the financial situation would be. To answer your question, yes, quite a few police officers use it regularly. We used to have other employees from the Township who used it, but he doesn't know if they do any longer. It's not a passionate plea to invest thousands of dollars. It's there for good reasons that were planned years ago, but the financial situation of the Township has changed over the years. Mr. Cahalan

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said it is an important item for two reasons. From a wellness standpoint, we do need to focus on the physical fitness of our employees so people can stay healthier and be fit coming to work. Secondly, it's not good to have equipment that's not new and not working properly. We want to prevent any injuries, so it is something that, while we don't have it down for action in 2010, it is a priority and we are trying to work in some sort of a program that we can use this equipment, not only for the PD, but for other Township employees. Chief Lesser said we have seriously promoted fitness in the PD over the years and that's in a number of ways, pushing people to quit habits such as smoking, encouraging fitness and having new employees participate in the fitness program. That was a protocol that we adopted many years ago. If you could see the transformation of the PD over the past ten years and see it today, you would see a tremendous difference in the overall fitness in our current officers as compared to years past. That's not at all pushing to spend the money on fitness equipment under the current condition at all, but it does have tremendous benefits, and we fortunately, have just seen that in the PD over the years. Quite a few of our officers use it now and a couple have memberships in nice facilities outside, so they don't use ours too often.

Mr. Cahalan said Cathy mentioned that there is money in there for some of the energy retrofits and if we do get the grant, there is some funding in there that Council has agreed to commit towards those energy retrofits. It would be almost \$350,000.00 worth of improvements and that would result in some tremendous savings down the road in energy cost. The other items are explained in there. Included in those energy retrofits are LED lights. We hope to get that with the grant money. Solar panels, we are still trying. We got shot down on the Energy Harvest Grant. There's another grant opportunity that came out from DCED and that looks like it's way over our head. It's \$5 million and it would have gotten us into selling electricity to some of our residents, and we don't want to get into the energy business, so we are going to have to pass on that.

Mr. Cahalan said we did put money in for the SEPTA Rail Trail. The goal with that is to get grant money so we can use it for the improvements on the Rail Trail. The focus from the Capital Fund this year is if we do get the permit from PennDOT, for the traffic signal at Polk Valley Road and Route 412. The other projects, if the grant comes in, we'll be poised to do those retrofits.

Mr. Cahalan said under Detention Pond Maintenance Fund, that balance has stayed around \$30,000.00. There are no changes or expenditures planned for that.

Mr. Cahalan said State Aid Fund, this is where Roger in PW uses this fund. It comes in from liquid fuel taxes and this is used to purchase equipment and supplies for PW operations during the years.

Mr. Cahalan said under Park Funds, the Town Hall Park Fund, we do bring in monies from the General Fund. In this case, we brought in \$10,000.00 instead of \$5,000.00. We did somewhat deplete this fund based on the cost of the rubber mulch installed. That's something we would like to move forward with. Council did approve that in the 2009 budget. Roger would like to go ahead and purchase that. He will be doing that in Town Hall Park and Southeastern Park which is a rubber mulch carpet, and it will be ADA accessible. The mulch will be put in and also the paving of the parking lot going up to the pavilion which is a little worn so we are going to focus on getting that fixed for next year.

Mr. Cahalan said in the Heller Homestead Park Fund, we have the carryover of money for repair of the main house. We did get the painting and the repair of the windows completed. We did get the demolition of the maintenance garage done. That leaves us with the concrete pad. We have to focus on getting that removed in 2010. We do need to keep track of the ruins of the saw mill and make sure that's not compromised. We do have a landscape plan that the Planner put together for that area. That will focus on the house down to the creek and connect people from the parking lot to the paved walking trail. We'll also make some recommendations for the screening for the port-a-john as he doesn't think you want to see that port-a-john as you pull in to the site. We'll be coming back to Council with those recommendations. We have money in here to cover that. The other one is the Solicitor is close to concluding the agreement with Society Hill to gain that piece of park property that we thought we owned, but actually it belonged to Society Hill. That will give us a full park area where we can locate the gazebo that we discussed. We'll be

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coming back for those discussions at a Council meeting in the near future. There's funding in here to cover all of that. Mrs. deLeon said it says in here about the water lines in the kitchen. We have to make sure that it's not destroying some of the historical aspects on the floor. That's in here, and that's fine. When did you finish the windows because the last time she looked, there were still black holes in the windowsill? Mr. Cahalan said the repair of the windows for the rot is something that we still have to get completed. We can purchase the product from the current budget. Mrs. deLeon asked if that will happen before winter? Mr. Cahalan said Council volunteered some people to do that. Mrs. deLeon said she's sure we are losing heat through those windows. Mr. Cahalan said he doesn't know if it's temperature sensitive. Mr. Kern said it's just aesthetic, we're not losing heat through there. Mrs. deLeon said she'd like to review the proposed landscaping work ahead of time. She thinks there is an electrical line running under the parking lot, so if they could have some kind of outlet there that we're able to turn on and off and take advantage of the electrical line that is there. With the gazebo, the reason she was supporting it was because we were going to have park programs there. That's no longer going to happen as they are not going to be using the park for that. At this time, she'd like to ask to put that on hold. She doesn't see the real need for it because they were going to use it for the park program. She still thinks the lot line needed to be done so it's more of a direct line. Over the weekend, thank you for whoever designed the map with the underground utilities. Mr. Cahalan said Roger did. Mrs. deLeon said when you look behind the kitchen, the property line is very close to the kitchen. She doesn't think that is right. Mr. Rasich said it isn't right. That was done using the GIS software and the property boundaries are what they are from the County. They very well know it and it's not something that can be corrected. It tells you the lines are not accurate. Everything is shifted to the east. Mrs. deLeon said is there any way you can take that map and go off the site plan map that was approved so when we are looking at an event, it is correct. Right now the property line is pretty much near the kitchen window. If Roger could redo it, they could get a better idea of the site. Mr. Maxfield said should we just stake it? Mrs. deLeon said the stakes would be in the woods, so we'd have to tromp in the woods. Mr. Maxfield said eventually we'll want some sort of marker there than the one that is buried there. There are pins in the ground, but we need something more visible. Mrs. deLeon said we needed to make sure the re-enactors didn't pitch a tent over the electrical lines, so we needed to have the lines depicted on a map. The western boundary is kind of goofy. Mr. Horiszny said if we have power there and don't need a gazebo there, should we consider a composting toilet for that area to complete the park. Even though you have restroom facilities in the house, it's not always open and the park is open a lot more hours. Mrs. deLeon said instead of the port-a-john? Mr. Horiszny said yes. Mr. Cahalan said we can look into that. Mr. Horiszny said if we have power, we could do that. Mr. Rasich said the power was just for the lights in the garage. Mrs. deLeon said she'd just like an outdoor plug so whoever would be able to use it. Mr. Horiszny said you should put a post up to recognize it. Mr. Rasich said currently it's on the foundation of the old garage structure. Until that goes away, it's on the side of it. Mr. Cahalan said the pad is going to go away eventually. Mr. Horiszny said is it a fair question to ask Boucher & James if a composting toilet would be okay for that site and what it would cost, whether it's worth it, and can it be that close to the creek. Mr. Cahalan said the problem is that's the only flat area and most of the flat area is in the floodplain. If you move it up any further, then you get into ADA accessibility problems. Mr. Maxfield said it's not going to be a permanent structure, so hopefully it would be mobile. It's something to look into. Mr. Horiszny said it would be good to know that information for other park uses in the future. Mr. Cahalan said okay, we'll do that. Mrs. deLeon said also with the Rails to Trail, more people will be using Water Street Park and the Heller Homestead Park. Mr. Cahalan said with the Leithsville 537 plan, Water Street Park will have a better restroom than we will have as they'll be hooked up to the sewer line.

Mr. Cahalan said for the Southeastern Park Fund, there are not many changes here. We are continuing the cost for the general maintenance. We do that under Maintenance and Repairs, the decrease was we no longer need to replace the mulch. The new item is the water purifier. If anyone has used the water in the bathhouses, it's pretty dark and murky, so we'd like to do that in 2010. Mr. Maxfield said are there high maintenance costs for that system? Mr. Rasich said no, it's a self-regeneration system. It's an iron removal system. The water is not used that often up there and the iron lies in the pipes. Mr. Cahalan said we are continuing to carry the money for the installation of the walking trails and the improvements to the meadow out there. We have the approved plan, but we need someone to oversee that project. We are hoping we can get it done in 2010.

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Mrs. deLeon said jumping back to Heller Homestead, the masonry work, on the main house, does that mean that sidewalks and steps going up to the house will get fixed? Mr. Cahalan said yes, PW did replace one of the stepping stones. That was done but there were some other things. We had hoped we had a mason lined up for it, but when we took away the work from the maintenance garage to replace the cinder block wall and reduced the work on the steps, they said forget it, so we have to go back out and get somebody. Mrs. deLeon said the sidewalk, the broken pieces, when you step on them, they move. The part under the step is still crumbling. We have the rocks in the back for the side. She said the guys did a really good job when they took down the garage. She was there taking pictures and she was very impressed.

Mr. Cahalan said for Steel City Park, we have the plan for that just about finalized, at least the concept plan. We spent some time on that and will be bringing it back to finalize it. We do have money in here that we are carrying that into 2010 to do that. That would consist of the pervious walking trails, some work on the fields, parking area, reducing the large asphalt area, and putting in a basketball court, similar to the one at Town Hall and making other improvements. If we can get the Kingston Park improvements under way and finished in 2010, we hope we can get something moving on Steel City Park. The funding is in there to do that.

Mr. Cahalan said for Polk Valley Park Development, we're winding that up and we are into Phase II of the landscape improvements. We have enough funding in here to carry that through. We also have enough funding for the construction of the connector trail between the park and the school property. It includes the purchase of the pedestrian bridge over Polk Valley Run, so we're in good shape with Polk Valle Park for what's been planned and approved by Council.

Mr. Cahalan said the Historic Structure Fund, the one thing we are focusing on in 2010, is the Old Mill Bridge. He had a meeting the other day with Lehigh University ATLSS Center. The two professors there agreed to work with us in getting some of the analysis and some of the work that needs to be done as far as load capacities on that bridge. He's pretty sure we can get that done by the summer and once that's done we can move ahead and talk about doing some actual repairs and rehab on that bridge. That's a priority for 2010. He'll be bringing Council more information on that. That's also critical because if the Rail Trail opens up, that's an access for pedestrians and bikers coming from Reading Road. Mrs. deLeon said any interest from Lehigh regarding the Meadows Road Bridge? Mr. Cahalan said no, he was following up on some contacts that Jim Birdsall has made several years ago with the ATLSS Center, and that's where he's going. On the Meadows Road Bridge, he hasn't focused on any work on that primarily because it's a county owned bridge. Mrs. deLeon said did you see anything in the County budget, what is their date? Mr. Cahalan said they do have money for bridge reconstruction, but he believes with the way the list reads, the Meadows Bridge was number eleven on the replacement list and it's probably moved down to ten or nine and they are only focusing on their number one, two or three priority bridges.

Mr. Cahalan said Lutz-Franklin, nothing major in there. There is some money for normal maintenance and repairs as needed.

Mr. Cahalan said the Land Acquisition and Parks, this money has been moved out as we purchased the park properties, so that's winding down. When it's spent, that will be closed unless Council decides to purchase another park and then we'll have to find the funding for that. Mrs. deLeon said back to Lutz-Franklin, wasn't there some issue with some paint on the cupola, was that resolved? Mrs. Yerger said it wasn't resolved. Mr. Cahalan said that was painting that was done by the LST Historical Society, so they will have to look into it. Mrs. deLeon said if it needs attention, we want to have somebody look at it.

Mr. Cahalan said Kingston Park, we just had some more discussions on the plan on that. You approved the plan for Roger to start some of the construction on the trails and the parking lot and the garden, and he's going to get going at least on the earth moving this year. The pervious trails will be put in 2010. That's the major construction out there. We had held up on any additional things like the pavilion. There would be

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funding in there if need be. Beyond that, that would do it for Kingston Park, and it would be built out per the plan.

Mrs. deLeon said you are going to try to do some things this year yet? Mr. Cahalan said Roger will be doing the earth moving on the trails and the parking lot and the actual paving of the trails will be done in the Spring of next year. When that's completed, per Boucher & James's recommendations, the planting of Ella's Garden would be done in late fall of 2010.

Mr. Cahalan said Special Funds for Roeder's Glen, this is funding that we took from a developer to complete the improvements that PW will complete out there, nothing major.

Mr. Cahalan said we want to draw your attention to some material in the tabs in the back of the budget such as the workers compensation and insurance review. We do want to point out under grant activity, there's a tab and we did a comparison between 2009 grant activity and 2010. It's substantially larger if we get the grants that we applied for. We would go from a total of about \$30,000 this year to about \$853,000 next year. We are always looking for grants funds and if we can get some of that money, it would really work out well for the Township. We did give you some material on the PA Conservation Works! Application we discussed with you. We gave you material on the rubber mulch that we will be moving ahead with. One of the things we gave you as an FYI, was an RFQ and an RFP process that is used by government periodically. If you would like to go through an RFQ or request for qualifications process on consultants, it's merely just putting an advertisement out and asking for them to submit qualifications. If you are interested in pursuing it further, you'd put out a detailed RFP. It would be a good thing to do periodically just to benchmark and see what services and costs would be available and that's there for your information. The rest is a chart that Cathy does every year of the Township consultant's payments that's running from 2006 all the way to 2009. Then we have the inventories that we give you. That's the budget. No tax increase, an increase in expenses of only 1.46%, and we will maintain services and have a cushion to go forward for next year.

Mr. Kern said well done. Thank you for a great job.

**V. PUBLIC COMMENT/NON-AGENDA ITEMS**

- Melody Weisman asked that the Township contribute again to the homeless like you did last year. They would request \$8,000 for this year based on per capita. Mrs. Yerger asked if that amount was still in the budget? Ms. Gorman said we budgeted \$2,000 for this purpose.

**VI. COUNCIL AND STAFF REPORTS - None**

**VII. ADJOURNMENT**

**MOTION BY:** Mr. Horiszny moved for adjournment. The time was 8:42p.m.  
**SECOND BY:** Mr. Maxfield  
Mr. Kern asked if anyone had any questions? No one raised their hand.  
**ROLL CALL:** 5-0

Submitted by:

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Jack Cahalan  
Township Manager

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Glenn Kern  
President of Council