

- I. OPENING**
  - A.** Call to Order
  - B.** Roll Call
  - C.** Pledge of Allegiance
  - D.** Announcement of Executive Session (if applicable)
  - E.** Public Comment Procedure
  
- II. PRESENTATIONS/HEARINGS**
  
- III. DEVELOPER ITEMS**
  
- IV. TOWNSHIP BUSINESS ITEMS**
  - A.** Presentation of 2016 Draft Budget – Jack Cahalan, Township Manager & Department Heads
  - B.** Questions and Answers
  
- V. MISCELLANEOUS BUSINESS ITEMS**
  
- VI. PUBLIC COMMENT ON NON-AGENDA ITEMS**
  
- VII. COUNCIL & STAFF REPORTS**
  - A.** Township Manager
  - B.** Council
  - C.** Solicitor
  - D.** Engineer
  - E.** Planner
  
- VIII. ADJOURNMENT**

Next Park & Rec Meeting: November 2, 2015  
Next Council Meeting: November 4, 2015  
Next EAC Meeting: November 10, 2015  
Next Saucon Valley Partnership: November 11, 2015 @ LST  
Next Zoning Hearing Board Meeting: November 16, 2015  
Next Planning Commission Meeting: November 19, 2015  
Next Saucon Rail Trail Oversight Commission Meeting: November 23, 2015 @ UST

**I. OPENING**

**CALL TO ORDER:** The Budget meeting of Lower Saucon Township Council was called to order on Wednesday, October 28, 2015 at 6:00 P.M., at Lower Saucon Township, 3700 Old Philadelphia Pike, Bethlehem, PA with Mr. Ron Horiszny, presiding.

**ROLL CALL:** Ron Horiszny, President; Thomas Maxfield, Vice President; Dave Willard and Priscilla deLeon, Council members; Jack Cahalan, Township Manager; Leslie Huhn, Assistant Manager; Linc Treadwell, Township Solicitor; Cathy Gorman, Director of Finance; Chris Garges, Zoning Officer; Roger Rasich, Director of Public Works; and Police Chief Guy Lesser. **Absent:** Glenn Kern, Council Member.

**PLEDGE OF ALLEGIANCE**

**ANNOUNCEMENT OF ANY EXECUTIVE SESSION (IF APPLICABLE)** – None

**PUBLIC COMMENT/CITIZEN AGENDA ITEMS**

Mr. Horiszny said there will probably be chances for public comment. He asks that you give your fellow public the courtesy of the floor. We ask that you state your name for the record so the transcriptionist knows who is speaking in the minutes. If you are up at the table, please speak into the microphone.

**II. PRESENTATIONS/HEARINGS**

**III. DEVELOPER ITEMS**

**IV. TOWNSHIP BUSINESS ITEMS**

**A. PRESENTATION OF 2016 DRAFT BUDGET – JACK CAHALAN, TOWNSHIP MANAGER & DEPARTMENT HEADS**

Mr. Cahalan said he is submitting to Council the budget for 2016 which the Finance Director has prepared. He reviewed the current status of the Township. We have been diligent in limiting our spending and have taken advantage of grant funding, as well as utilizing our PW Department whenever possible which has enabled the Township to balance its budget during this period. We will present a spending plan which is only increased by .9% from last year's budget with no tax increase needed. He further reviewed the pension plans, uniform and non-uniform contracts, the funding for fire equipment, improvements at various Township parks and fields, acquisition of open space, library funding and upgrades and projected projects for 2016, which includes the project on Black River Road. He stated that Township revenues in the near future will continue to be impacted by the uncertain level of the landfill tipping fees. This is the final budget he will be presenting to Council in his 12 years as Township Manager. He stated that in his opinion he is leaving a well-run, efficient and productive Township administration with a parks infrastructure that is superior to our neighboring municipalities.

Mrs. deLeon asked about a date for the finalizing of the plans for the Black River Road project. Mr. Cahalan said he asked the Engineer to give him an update on Friday, October 30<sup>th</sup>.

Ms. Gorman said the three major sources of funding are real estate taxes (\$2,305,000.00), enabling taxes (\$2,587,000.00) and host fees (\$700,000.00). She reviewed other funding received from the State for pension plans, Firefighters Relief Fund, PURTA, and Liquor Licenses.

Ms. Gorman gave an overview of the various departments and funds starting with the administration budget which is \$290,912.00 which includes additional funding for the non-uniform contract increases. The Finance Department budget is \$148,948.00. The legal budget request is \$137,000.00. Ms. Gorman said the IT budget is \$66,039.00. Server upgrades were completed in 2015 and zoning is anticipating upgrades to its GIS software. The Engineering budget request is \$150,500.00, the Engineer has asked for a 2% increase in their fees. The Black River Road storm water project is covered under the Capital Plan.

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Our building budget request is \$439,455.00. There is \$65,000.00 projected for the Town Hall sprinkler system and replacement of the obsolete phone system. There is an increase for electricity for 2016.

The Police budget request is \$1,830,592.00. Funding is needed for police services and operating expenses. This includes \$7,050.00 for a portable weight scale and bullet proof vests. Grants will be submitted for any additional items requested.

The Fire budget request is \$353,565.00. The Township purchased the turn out gear for PW firefighters who are released to respond to fires during work hours in 2015. The Planning/Zoning budget is \$224,886.00, with an increase for non-uniform contractual increases. Emergency Management budget request is \$6,500.00. \$5,300.00 is budgeted for our Crossing Guards which we share with, Hellertown and SVSD each pay one-third of the cost. The Dog Control budget is \$9,000.00. The Recycling budget request is \$10,500.00.

The Public Works budget request is \$838,154.00 with an increase of \$9,312.00 for additional funding for non-uniform contract increases; installation of an A/C unit in the PW building office, and GIS equipment to be installed on PW vehicles. The Parks and Recreation budget request is \$265,359.00. The budget request includes contracted services for maintenance of the fields; an additional summer youth program at Polk Valley Park; library services; and additional picnic tables for the at Polk Valley Park pavilion and trash cans along the Saucon Rail Trail.

Ms. Gorman said the debt budget request is \$551,703.00. The Insurance budget request is \$271,189.00. Business insurance increased due to the addition of cyber insurance coverage. The employee benefits budget request is \$1,447,105.00, an overall increase of 6.7%. The employee health care premiums are due to increase 10% for 2016.

Ms. Gorman said the EIT for the open space fund is projected to be \$1,061,300.00. Fire Tax revenue is \$116,250.00. A debt payment for the fire vehicles is scheduled in 2016 leaving a projected balance for 2017 of \$84,100.00. State Liquid Fuels is anticipated at \$428,500.00. The Capital budget request is \$1,210,717.00.

Last year's budget was passed at \$7,340,224.00 and this year's budget is \$7,402,390.00, which a .9% increase.

Mr. Willard asked Ms. Gorman to review the statement of cash balances. She said at the beginning of 2015 we had a fund balance of \$2.9 million in the General Fund budget. With the budget she provided to you, she is anticipating total revenues of \$7,408,149.00 to be received this year. Our projected expenditure for this year are \$6,879,289.00 in the General Fund budget which will leave the beginning balance for 2016 at \$3.5 million. If you take out your fund balance on the revenue side, we're expecting revenue to come in next year at \$6,693,857.00. Our expenditures are \$7,260,390.00 and we're requesting \$100,000.00 to be transferred to the Capital Fund. By the end of next year, we will have \$2.8 million as a starting balance for the next year. In your General Fund you'll have \$4,070,947.17.

Mr. Willard asked about the environmental reserve fund. Ms. Gorman said the environmental reserve was historically known as the landfill closure fund. That was to pay for the consultants when the landfill closed. Those funds are sitting in a bank account and not being touched until Council directs to do so.

Mr. Willard asked Ms. Gorman to review the Special Funds and Capital Fund. Ms. Gorman said the estimated fund balance going into December 2016 in the Open Space Fund is \$4,428,600.00. The Fire Equipment Fund will have \$84,119.00. The State Liquid Fuels Fund in the beginning of next year will have \$612,976.00. Mrs. deLeon said we had talked about using open space money

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for maintenance of parks. Attorney Treadwell said the Open Space Act allows a municipality to spend money derived from the open space EIT portion tax for maintenance, but Council has to specifically pick which option you want to use to accomplish that. Any expenses would be going forward and can only be used on the parcels purchased with open space funds. Mr. Maxfield said when Council first thought about this, we sent it to the EAC and they came back and said they would not recommend using the money but they thought we could examine particular projects. Mrs. deLeon said she appreciates their recommendation but looking for available money, she'd like to make a motion to direct the Manager to look into the specifics and put it on the next Council agenda.

Mr. Maxfield said would that require a new line item as it would be restricted funds. Ms. Gorman said if next year's receipts are projected at \$1 million, and you approve 25% of that, she could modify it to show \$750,000.00 for purchases and \$250,000.00 for maintenance. Mr. Willard said many of the open space properties require limited or no maintenance. He thinks it was pointed out to us by residents that the acquisition of the Woodland Hills Golf Course and turning that into a preserve is a different situation and we should be thinking ahead on how to maintain that property. Mr. Maxfield said Woodland Hills might not be a good example as, other than maintaining the parking lot, it's just all mow and trim. Mrs. deLeon said she disagrees and it's a lot of hours for our road crew. Mr. Maxfield said Woodland Hills is not a park, it's a preserve and a different classification. Mr. Cahalan said there are four properties where the funds could be used, Woodland Hills, Easton Road ballfields, Reading Drive Trailhead and the Benner Whitmore property.

**MOTION BY:** Mrs. deLeon moved to direct the staff to provide information regarding the options for the use of the open space monies for maintenance of these properties.

**SECOND BY:** Mr. Willard

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

Mrs. deLeon asked when you look at the line items, how do you set the number for the projected budget? Ms. Gorman said she takes the actual and then she takes last year's information and any deviation, and that's what she plugs in for year-end. It's a projection based on what is outstanding and what our fixed expenses are. Ms. Gorman said the Legislative Branch is zero. Executive Branch is an increase of about \$6,000.00. Finance Department was decreased by \$30,000.00. Legal dropped, IT remained the same. Mr. Garges said they were audited for compliance for MS4 regulations and they recommended an upgrade the GIS system.

Ms. Gorman said buildings increased because of fuel costs and electric charges. Mr. Rasich explained the need for the upgrades to the sprinkler system and the phone systems.

Mrs. deLeon asked about the Heller Homestead building. Ms. Gorman said the general maintenance of those properties are considered Township properties and anything that may need to be done there, comes under your building maintenance in the General Fund. Mrs. deLeon asked about the insulation in the attic. Ms. Gorman said that's under your capital plan and in Fund 3 under Historical. Mrs. deLeon said how do they prioritize those items, she doesn't understand why the Township isn't addressing repairs to the historic buildings as there should be a priority list.

Mrs. deLeon asked the Chief to explain the need for a second weight scale and how many times you have used the first one. Chief Lesser said there are officers who are trained in weights and measures, and scales are available to them when they are on duty if they have reason to believe there is a violation they can use a scale. In addition, when manpower is available, an additional officer will be scheduled to handle patrol for the certified weight officers and they are then able to focus their time on efforts to develop probable cause for overweight vehicles and target certain roadways. They also station them at IESI. Mrs. deLeon would like him to prepare a report on how often the scale was used. She asked how much the second one would cost and Chief Lesser said it's a little over \$5,000.00.

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Mrs. deLeon had requested a comparison of the non-uniform contract costs. Ms. Gorman said the Workers Comp premium cost decreased based on compensation and a performance ratio. Mrs. deLeon said we approved a uniform contract and a non-uniform contract with raises, she doesn't understand how it could have decreased. Mrs. deLeon said another source of revenue we should be looking at are the rec fees that would be coming to the Township from the Silver Creek proposal.

Mr. Willard said last year we put in \$25,000.00 for the economic development efforts. Our costs this year was planning work which was paid for by a grant from Northampton County. Ms. Gorman said she did budget a small amount in planning for next year.

Mrs. deLeon spoke about the loan we just financed last year and if we have money in there that's not spent yet? Ms. Gorman said yes, in the capital fund which is \$540,000.00 for the storm water repairs. Mrs. deLeon questioned a police cruiser and Ms. Gorman said that's the cruiser from the Gaming Authority money. She estimated the cost per mile to operate the Police cruisers at about 65 cents a mile.

Mr. Willard asked about landfill revenue. Mr. Willard said the peak year was 2013 at \$2 million and was 30% of the budget. This current year we are projecting it 21% of the budget. Mr. Willard spoke about the fire company consolidation and possible ways to assist them with insurance, maintenance, fuel costs, unfortunately we haven't been able to get there from here, but as a first step, we said we would take on the fuel expense in 2016 and that was about \$15,000.00. Mr. Maxfield asked if the fire companies still use our pumps? Ms. Gorman they do and we bill the fire companies. Mr. Maxfield asked if we are talking about taking that on? Ms. Gorman said they asked at the last fire chief's meeting if Council would absorb that cost for them. Mr. Horiszny asked Ms. Gorman to put this in the final budget, and not in the \$200,000.00.

Mrs. deLeon asked why she put in 21% for the landfill? Ms. Gorman said because the payments changed. When people start comparing one budget to another, it's very difficult as these are estimates, which are subject to change during the course of the year, and sometimes there is a deviation. Mrs. deLeon asked for year-end numbers, which Ms. Gorman said are in your audits.

Mr. Willard asked Ms. Gorman to explain health costs for this year. Ms. Gorman said when we go through a budget process, they tell her to estimate for a 10% increase. This year it was because of the Affordable Care Act (ACA). Mr. Maxfield asked her to explain the ACA. Ms. Gorman said we are self-insured and how it works is they take our demographics for everyone who is in the plan and look at our claim exposure; the actuaries crunch in a figure and estimate a percentage based on items that are outside of our control. She said in the Finance budget the ACA requires the employer to report the list of dependents who are actually covered under your plan and the easiest way to do this is through our payroll processor and she needs Council's permission to execute that agreement.

Mrs. deLeon asked if the budget has a decrease in any funding to our emergency services. Ms. Gorman said there are decreases in certain line items. Fire services dropped strictly because of the one-time purchase of the turnout gear we made in 2015 and the relief association funding.

Mr. Willard said our biggest expenses are personnel expenses and he's sure it's that way in every Township. The hospitalization line was troubling to him because if you put a 10% projection on that every year, we're going to end up with \$1.5 million worth of health insurance for the number of employees we have. We have to keep that in our sight going forward. Ms. Gorman said our employment contracts do have a stipulation in there for 2018 when the Cadillac tax provision hits, then it's something that can be discussed at that time.

Mr. Willard said the transfer from the fund balance of \$680,533.00 seems to be the figure to make our balance budget this year. Ms. Gorman said yes.

Mr. Matt McClarin, Riverside Drive, had concerns with the open space purchases and the amount of maintenance with these properties. Mr. Cahalan said next year we intend on adding that to the contract for mowing. Mr. McClarin spoke about the closure of the landfill, the costs of parks, and open space funds. Mr. McClarin asked if we could use open space money to pay for Polk Valley Park. Attorney Treadwell said if we did that, we would have a very big problem with the State of PA. Mr. Cahalan said costs for the parks is just maintenance, lawn mowing and soil treatments. It's not a massive amount to manage seven parks that are utilized by a lot of visitors and sports organizations. Mr. Maxfield said other than the roads, he can't think of anything else that the Township provides for people that gets used more than the parks.

Ms. Donna Louder said this budget tells her services will remain the same and taxes will remain stable despite IESI tipping fees going down. Ms. Gorman said we are utilizing \$600,000.00 of our savings to balance this budget and that is something Council has to take into consideration. It's something to be concerned about.

Mr. Willard asked Mr. Cahalan in view of the five-year recommendations, why are you presenting this budget without a tax increase this year? Mr. Cahalan said he felt it was prudent to not request a tax increase given the current situation going into 2016. That will probably change based on some of the variables occurring next year.

Mr. Gene Boyer, Saucon Avenue said he doesn't understand where the \$600,000.00 is coming from. Ms. Gorman explained to Mr. Boyer the Statement of Cash Balances. Mr. Boyer had additional questions regarding various line items in the budget which Ms. Gorman tried to explain. Mr. Boyer had questions about the health insurance numbers and open space purchases.

Ms. Karen Bleam, Steel City asked about the amount for the Heller Homestead roof and that in April we spent \$11,000.00 on a new roof. Mrs. deLeon said that was on the Heller House. Ms. Bleam said if anybody oversees where we can save money and questioned the need for a port-a-john at the Steel City Playground which Mr. Cahalan said is for the Public Work crew who will be working out there. One of the PD officers said he uses it when he's in Steel City on patrol.

Heather Pekarek, 2180 Mixsell Avenue, asked about the Dog Control Officers duties. Mr. Cahalan explained the process.

Ms. Louder asked about the Sands Casino funding for fire trucks. Mr. Willard said we apply for grants from the Gaming Authority and most of what we received in the past was to support PD or officers or vehicles. Mr. Maxfield questioned the mechanism of the gaming funds. Ms. Gorman said explained the application and approval process. Mr. Maxfield said is there a problem with the perception on asking for too much? We should ask for as much as we feel is reasonable. Mr. Willard said each municipality has a representative and all the requests come in and are ranked and they are picked by the funds available.

Ms. Gorman said we received a \$5,000.00 donation for our PD which will occur annually. She has been working with the resident to make sure everything is in compliance. The donors have lived in LST for the past 28 years and feel our local PD is one of the best and they are very supportive of them.

Mr. Willard said we budget conservatively and he thinks it would be fair to characterize that we are a solvent Township and you are not recommending a tax increase for this year. If we look at the projections going forward, then we may have a different situation in the future. The budget is well managed.

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Mrs. deLeon said she doesn't want to see we're still paying for the building from 15 years ago. Ms. Gorman said even though we re-financed, if you look at it in a collective kind of whole, that payment would have been done. We are paying for the two loans from the park and the Fire Lane project.

Mrs. deLeon asked Roger if he could figure out the man-hours used to take care of open space properties. Mr. Rasich said he can't go back and break it up, but can do it from this point forward. Mr. Cahalan said we can do that and bring it back to the next meeting.

Mr. Maxfield said on Planning/Consulting, he knows our consultants are valuable to us, but the amount seem high. He was trying to think of a way to get the same quality of consulting, but get the numbers down a little bit. When you are looking at the Landfill Consultant at \$27,000.00 and then you have landfill engineering at \$57,000.00 for consulting. Mrs. deLeon said it's high because of the applications. Mr. Maxfield said he'd like to direct staff to see how we can get those numbers down a little.

Mr. Willard said at a previous meeting Lehigh Township was brought up as a possible benchmark and it looks to him that the difference is it's a larger geographical area and mostly rural. We have a higher per capita income and we have higher property values because their real estate collections are \$1.6 million and ours are \$2.3 million. He went over the comparison of figures between Lehigh Township and Lower Saucon Township.

Chief Guy Lesser said there are significant differences in the two municipalities. We lie between two universities and we have two major roadways, I-78 and Route 412 and we know the impact that causes to our Township. They are more rural and we border Bethlehem and the casino, which has a large impact on us.

**V. MISCELLANEOUS BUSINESS ITEMS – None**

**VI. PUBLIC COMMENT/CITIZEN NON-AGENDA ITEMS**

- Mr. Boyer had some slides he presented in which he went over some numbers in previous budgets. Mr. Cahalan suggested Mr. Boyer bring this to the next meeting of the Budget Advisory Committee and discuss it with them.
- Mrs. deLeon asked what the budget is balanced at? Ms. Gorman said \$7,402,890.00 and our funds would be \$10,601,324.00.

**VIII. ADJOURNMENT**

**MOTION BY:** Mr. Maxfield moved for adjournment. The time was 10:00 p.m.

**SECOND BY:** Mr. Willard

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

Submitted by:

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Jack Cahalan  
Township Manager

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Ron Horiszny  
Council President