

**I. OPENING**

**CALL TO ORDER:** The Budget Hearing of Lower Saucon Township Council was called to order on Tuesday, October 31, 2006, 6:07 P.M., at 3700 Old Philadelphia Pike, Bethlehem, PA, with Mr. Glenn Kern, Council President, presiding.

**ROLL CALL:** Present – Glenn Kern, President; Priscilla deLeon, Vice President; Thomas Maxfield, Sandra Yerger, Council Members; Jack Cahalan, Township Manager; Assistant Township Manager, Leslie Huhn; Police Chief, Guy Lesser; Director of Finance, Cathy Gorman; Director of Public Works, Roger Rasich; and Township Controller, Martin Wallach.

**PLEDGE OF ALLEGIANCE**

**ANNOUNCEMENT OF ANY EXECUTIVE SESSION (IF APPLICABLE)**

<p>Mr. Kern said Council did not meet in Executive Session.</p>
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**II. PUBLIC COMMENT/CITIZEN AGENDA ITEMS**

None

**III. TOWNSHIP ITEMS**

**A. PRESENTATION OF 2007 PROPOSED BUDGET**

Mr. Cahalan said he's with Cathy Gorman, the Finance Director, to present and review the proposed 2007 budget. They have been working on the budget for the past several months. They met with Department Heads, Consultants, Committees, etc., to gather recommendations and discuss their budget requests. Every request that was submitted was reviewed and scrutinized by Cathy and Mr. Cahalan and was not included in this proposed budget you have unless they were convinced it was needed to insure that township services would continue to run efficiently in 2007. Before he mentions the direction, he hopes this budget will take us in 2007 and beyond. He said let me just briefly mention what the township has accomplished this year:

1. We continue to work on improving our Zoning and SALDO ordinances. We improved and streamlined our grading ordinance procedures, and successfully transitioned to a new engineering services team.
2. We adopted a Mini Open Space Plan, a Joint Comprehensive Park, Recreation and Open Space Plan with Upper Saucon Township, and a Knox Box Ordinance and are in the process of adopting an Open Space Action Plan.
3. We received a \$62,000 LUPTAP grant and will be beginning a two year Multi-Municipal Comprehensive Plan process with Hellertown Borough. In addition, we will be working with Hellertown Borough on a Police consolidation study, creating a joint recycling program, and working with them on other cooperative efforts.
4. We moved closer to the completion of Polk Valley Park in 2008 and either through donation or acquisition will be increasing the park and recreation space in the Township. In addition, if all of our hard work pays off and the referendum is successful in the coming

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election, the Township will be taking a significant step toward the preservation of open space in 2007.

5. Our Public Works Department, utilizing Township equipment and skills of Roger, Joe Balik and their crewmen were able to complete, at very low cost to the Township taxpayers, the installation of the box culvert at Reservoir Road that was damaged by the 2004 Hurricane Ivan storm, the turning lane at Springtown Hill Road, and to finalize the storm water improvements along Silver Creek Road which should eliminate the issues in that area that Council and the township staff have been dealing with for the past several years.
6. We installed a permit database that allows us to track all zoning permit activity. Our GPS system in our police cruisers is operating smoothly which allows Chief Lesser to manage the department more effectively; additionally, in conjunction with the LSA and Hellertown Borough, we purchased our own GPS equipment to allow us to collect additional data for our GIS systems. The upgrade of the Township web site is nearing completion which will tremendously increase the amount of Township information that we can make available to our residents.

For 2007, there are several goals and objectives that we are trying to address with this budget:

1. Our first goal with this budget is to take the income received from the Landfill tipping fees and invest and grow these funds for the future. Anticipating that the landfill will reach capacity in 2013, we are proposing the creation and funding of an Operating Reserve Fund and also increasing the funding of our Capital Reserve and Fire Equipment Replacement Fund to ensure the growth and longevity of this funding.
2. The 2<sup>nd</sup> goal of proposed budget is to continue with Council's goal of upgrading our zoning ordinances and land development policies. To accomplish this, we have budget increased funds for consulting services for our Planner to rewrite the Zoning/SALDO ordinance and for additional engineering and legal expense for our consultants to work with the Planner on these upgrades.
3. Our 3<sup>rd</sup> goal of this budget is to upgrade and improve the Township's technology tools to ensure that we are able to keep pace with the demands from Council, residents and the public to provide the data needed for future planning and decision-making. To accomplish this goal, we have budgeted funding for continued GIS upgrades to our in-house system which will now include our Police Department to start mapping the extensive data they have available to them. We have also budgeted funds for the purchase of laptop computers for Council members to view the data we will begin providing to them initially on disk and then in the future, over our server's document storage system. In 2007, as soon as staff is available, we will begin the imaging and storage of documents coming into the Township which will lead to our eventually conversion to paperless operation.
4. The 4<sup>th</sup> goal of this budget is to begin working with the State and our EAC and local organizations such as the Alliance for Sustainable Communities on steps such as the use of bio-diesel fuel in our Township fleet of trucks, they recycling of such items as computers, electronics, paper and household hazardous waste, and other "green initiatives".
5. The 5<sup>th</sup> and final goal is to continue working on holding the line on employee fixed expenses since they take up over ½ of this budget. To this end, we have been working through the LV Insurance Cooperative and the PA Municipal Insurance Cooperative to lower health costs. In 2006, we began participating in a modified self-funded arrangement with the administrative services remaining with Capital Blue Cross. While the health insurance premiums for 2007 will rise 12.1%, we are pleased to report that based on our actual claims during 2006, we can anticipate a refund on our premiums of approximately \$50,000. In the area of four pension funds, we believe that we have long-term investment management plan in place to ensure the steady growth of these funds through the PA State association of Borough's Municipal Retirement Trust. To assist Council in making

prudent fiduciary decisions regarding these funds, we have retained the services of Municipal Finance Partners as the new Township actuary.

He wants Council to be aware that you have one of the best group of Department Heads in this area working for the Township. They work very, very hard for this Township every day and he is very proud to be able to work with them. Cathy and the rest of the team worked very hard over the past few months to pull all of these numbers together and he would like to thank them all of their help in crafting this budget.

**B. BUDGET HIGHLIGHTS – MR. CAHALAN AND CATHY GORMAN, DIRECTOR OF FINANCE**

Mr. Cahalan asked if anyone had any questions. Mrs. deLeon said on the first page where it has “Budget Summary”, the first paragraph the proposed should say 2007 budget. Mr. Cahalan said on the Budget Summary 2007, it indicates the budget is balanced in the amount of \$5,511,230. Our real estate tax millage remains at 3.14 mills. This means that an assessed value of \$100,000 will yield the base of \$314. It gives us a history of the real estate tax levy over the last thirty years. The 3.14 mills has been in place from 1995, so there has not been a tax increase in the past 12 years. As he indicated in the statement, 61% of the Township’s proposed budget is allocated to fixed expenses, which are the employee’s compensation, the non-uniformed employee’s compensation, administration compensation, employee benefits, insurance, our contribution to the Bethlehem Area Public Library, utilities and communication, and an official’s compensation. It shows what the increases are in those areas. There are some budget highlights. Some of the most significant are:

The hearing has properly been advertised for tonight. We are also scheduled and have advertised the preliminary adoption of the 2007 budget for Wednesday, November 15, 2006 at Township Hall at 7:00 PM. There’s a second budget hearing scheduled, if necessary, for Wednesday, November 22 at Township Hall. The final budget adoption is tentatively scheduled for Wednesday, December 6, 2006 at 7:00 PM.

Mrs. Yerger said second paragraph, it says “in order for the contingencies to \$356,000 to” – to do what? Mr. Cahalan said what we are proposing a balance of that in the amount of the contingency of the fund. They will explain that they will create a balance of \$356,000 in the general fund contingency. Mrs. deLeon said the \$164,705 is coming from the landfill fund? Mrs. Yerger said that part she understood but was wondering about the contingencies. Mrs. deLeon said didn’t we talk about not doing that last year? This budget would be without dependency of the landfill? Mr. Cahalan said what we are doing on the operating reserve fund is we are creating a fund that the landfill money will go in there and grow and be invested. What we are doing is it’s in reserve in the contingency for the budget year of 2007. At the end of that year, there is a balance and that balance has been historically rolled back into the General Fund. What they are proposing to do is to take that balance and put it into this Operating Reserve Fund. Mrs. deLeon asked when does it start? Mr. Cahalan said it would start at the end of 2007. Mrs. deLeon said for the last three years, the landfill money rolled back into the General Fund and gave us a false picture. Mr. Cahalan said what was in the General Fund was what was put into the Contingency. The remaining amount stayed in the Landfill Fund. They are proposing to hold it in reserve for the budget year and then at the end of the year, it would go into the operating reserve fund.

Mr. Cahalan said turning to revenues, the income that is anticipated is as follows: On page 3, it shows what they are projecting for the real estate property taxes. That includes the current year where they are projecting an increased of approximately 1%. It also indicates the real estate prior year, the delinquent amount that the county is collecting, and there is one on the real estate tax interim prior year. Ms. Gorman said the interim prior, historically; we had stopped billing for

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interim taxes in June. They thought the township was losing quite a few thousand dollars by doing so. What they did was to continue the interim taxes being billed throughout the remainder of the year, but in doing so, certain taxes were not going to be rolled over to be delinquent in time, i.e., meaning if you get an interim bill in November, it's not going to be turned over to the County in February or March. It will be rolled over to the next year and give the resident enough time to pay it and at that time, if it's not paid, then it would be turned over to the County for collection. There's a six month window we were not billing for interim improvements on property, i.e., homes being built, things of that nature. Now we're doing that. The loss of income she wasn't able to project, but is probably in the range of \$6,000 or \$7,000. Mr. Cahalan said the real estate transfer tax; they are projecting a 3% increase to \$45,932. On page 6, the earned income tax for the current year, is the 1% tax that is withheld from wage earners who reside in the Township, half goes to the school district. We are also collecting annually \$60,000 in the Emergency Municipal Services Tax. That is soon to have its name changed to the "Local Services Tax". The bill would require that funds from this tax be used for police, fire, emergency services, road construction or maintenance, or property tax release through the implementation of a Homestead or Farmstead. We are using the tax to assist the fire companies for the cost of their operation and equipment. Ms. Gorman said last year, we brought in \$11,121, and we budgeted \$34,645 in 2006, and we're projecting about \$60,000. Mrs. deLeon said if we raised it last year and nothing has really changed, we're not going to raise it. Ms. Gorman said she thinks it was actually underestimated last year how much we would really receive. To date, we've brought in \$59,000. Mrs. deLeon said this budget doesn't say that. Mr. Cahalan said it says \$54,758 was collected as of September 30, 2006. Mr. Maxfield said currently this tax is being used to help fire companies, would this tax, in the future, be rolled into the same thing? Mr. Cahalan said actually you are making a contribution of \$50,000 to each fire company. Previously that was \$45,000 and when you increased it to \$50,000, you also moved to increase the EMT tax. Mrs. deLeon said this money should always be put into the fund? Mr. Maxfield said if the plans are that where it is going to go eventually, could it be put into the fund that you are talking about establishing that will continue to make money? Mr. Cahalan said we can do that, but we still have to come up with the \$200,000 every year for the fire companies. Mrs. deLeon said this should be extra money for the fire companies, in addition to what we are giving them.

Mr. Cahalan said under "Business Licenses and Permits, Junk Yard Licenses", they are about the same. The cable TV franchise amount is projected at \$69,666. Mrs. deLeon said this is way too low and we are missing out. She doesn't want to increase the 3% as it would just be another tax for our residents. She really thinks the way they calculate their 3%, we are just missing out on revenue. Ms. Gorman said she did research that – the payments we received this year. RCN reported earnings within this jurisdiction of \$809,979.22 and Service Electric reported revenue for 2005 of \$1,445,933.16, which does come out to what we get what is 3% of that. Her basis on the number she chose is based on zoning reports on how many new housings are coming in next year, and a percentage of that is to whether or not they will choose cable or satellite. There are a lot of unknown variables.

Mr. Cahalan said under "Permits, Moving Permits", not much of a change. County court fines of 3% increase which we are projecting. Motor vehicle code violations projecting a 3% increase. Ordinance violations is a modest 3%. Crimes code violations and motor vehicle code violations, that we have projected an increase of 11%. Ms. Gorman said based on the receipts she projected until the end of the year, they are assuming with the influx of the traffic coming through, the more incidences that are going to occur and will impact the budget figures. Mr. Rasich said we had a significant increase in this area, due to the Promenade Shops and the Saucon Valley Parkway. If they don't go to 309, they come to us. There is a backup at the light at Black River Road. He sent a letter to PennDOT requesting a retiming of that signal between the hours of 3 PM and 6 PM on weekdays. It backs up all the way to Colesville Road. Mrs. deLeon said we need to keep tabs on the increased traffic as part of the possible impact to the casino if Bethlehem is chosen. We were

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just talking about that yesterday, and we really need to have strong records and distinguish between existing traffic and we don't want to have increased traffic and blame it on the mall down the street when it could be the casino traffic too. Mr. Rasich said we do have traffic counts on 378 now. PennDOT is going to do that and they will provide that information.

Mr. Cahalan said on page 10, revenue projections, "Earnings from Investments" are projecting to increase to 4.5% to about \$60,000. There is a new line "Intergovernmental Revenues". Ms. Gorman said based on the Auditor's recommendation, they had advised they recommended we not offset our expenses with our revenues. If we are paying for some kind of service, then we are getting reimbursed through Hellertown Borough or the Fire Companies, to not hit the expense item and to filter it into one revenue line item so that the expense line item shows the true honest cost of what we spent. This is based on reviewing those line items that we historically have offset of revenues to the expenditures and we lumped it into one line item so it's easier for the Auditor's to review.

Mr. Cahalan said "Other Operating Grants", we continue to receive the funding from the universal police grant that goes towards the hiring of police officers. Our recycling performance award grant was increased by our Consultant from about \$8,500 to \$22,000, so there is some increased funding in there. We are also hoping that we can get some grant money for the bio diesel fuel in our fleet of trucks. "Revenue and Entitlements", the utility tax reimbursement for the utilities that are located in the township, PPL, Manufacturer's Gas & Heat, this is under the State program and there is a fixed formula they assess the value and there is a tax paid to the host municipality. Our "Pension State Aid Reimbursement", \$135,895. We've discussed this with Council what the MMO is. This amount for the second year in a row is falling short. That is something we will be discussing with the police officers shortly and with the non-uniformed employees. At tomorrow's Council meeting, the MMO that we presented to you in 2005 to put into the 2006 budget which they will be discussing what their new actuary has come up with relative for this year. For the 2007 MMO, which we presented to you in September, this is reflecting that correct amount. Mrs. deLeon said won't this one change if the 2006 one changed? Ms. Gorman said no. Mrs. deLeon said she can explain that later to her.

Mr. Cahalan said "Beverage Licenses" is about the same. "Fire Insurance Tax Reimbursement" goes to the volunteer fireman's relief association. That is something they use for physicals, and other benefits for their members. "Zoning Permits and Fees", they gave a breakdown of what that activity has been for the past nine years. There is a little bit of a slowing down in some of the areas. We are showing the permits and fees at \$1,870. Subdivision fees is based on the projected plan submission for 2007 and our 2006 fee schedule. The other is compensation for Zoning Hearing Board members, and such things as fees we charge for duplicate tax bills, for the sale of zoning ordinance books and for notary fees that are charged. Under public safety, we're showing revenues of \$49,600. This is a reimbursement that the PD receives for the special duty they perform at the SV School District, Stabler, Regal Cinema and for private groups and individuals.

Mr. Cahalan said on page 12, we charged a \$5 fee for incident reports, and a registration fee for security alarm monitoring for a resident or a business for the fire alarm. We are showing about the same projection as last year. The "Delinquent Fire Hydrant Fee", and building permits, we looked over three years of activity to project that amount. "Sanitation Permits" is collected for the installation or repair of a septic system. The SEO does that and is turned over to us. State uniform construction code fees, we have to collect a \$2 fee for each building permit and that money is turned over to the State Dept. of Labor and Industry. "Recreation Fees", we collect approx. \$4,750 for the rental of the Towne Hall Park pavilion. There is miscellaneous income. We do receive DARE or crime prevention donations and that's reflected under the line item on page 14. We also, based on our good workers' compensation experience, are now receiving refunds annually from the Carrier, MRM Trust. We anticipate getting back a \$20,000 refund on the premiums.

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Mr. Cahalan said "Expenditures". The 2006 budget was \$5,325,858. What we are projecting for 2007 is \$5,511,230. That's a difference of \$179,372 which represents a 3.37% increase in those projected expenditures. It's lower than last year. Mrs. deLeon said on page 16, why are you using the budget and not the projected and it's only showing a 3.37% difference, it really isn't because it's different. She wants to see real numbers. Mr. Cahalan said what they are doing is we're comparing one budget to the next. The projected shows you where we really are at this point in time in 2006. There is a balance that is left over. We don't spend all of the money that we budget. The budget is a plan we are asking you to adopt that it is what we want to spend the money on next year to operate the township. We don't spend 100% in all those line items. We are trying to show what you adopted in 2006 and what we are proposing in 2007 that it's a difference of 3.37%. Mrs. deLeon said on paper, that's the way it looks, but in reality, the number should be \$4,780,341. That's what you are projecting. Mr. Cahalan said that's what we are projecting to spend out of the money that was budgeted. We are counting for the balance. Mr. Maxfield said what functions do we still do that are under the heading of "Community Development"? Mr. Cahalan said that's a heading we've kept. We had money in there that Joe Hopkins is still working on from the Cold Water Heritage grant. We've also put in there some money for EAC dues and memberships and things like that, which is \$1,500.

Mr. Cahalan said on page 18, "General Government" has been decreased primarily because of the removal of the \$10,000 that Council put in there for the Hellertown Pool repair. That money was paid to them in two increments to repair the pool and the locker room. That's not shown again this year. There is carried in there, the \$20,000 for the Steel City Volunteer Fire Company which is something Council approved last year. The fire company will give them some information about how that money will be used. We don't have anything under "Executive". Based on a previous several years request, the compensation for the department heads is not reflected in here for 2007. That's something that he will come to Council with some recommendations before the end of the year.

Mr. Cahalan said we are showing some very slight changes – continuing to carry the \$15,000 for the ordinance codification, something Leslie is going to work on in 2007 so we can get all the changes we have made, codified.

Mr. Cahalan said the General Expense is an amount, \$11,550, where we cover a lot of things in there. We are showing some increases in a lot of these items just because of cost of living. The PSATS membership, the convention expenses – everything has gone up slightly. We removed money from Hellraze Organization, a legal assistance for Townships, and we looked at that last year and felt it wasn't helpful, so we removed that.

Mr. Cahalan said we continue to put money into hiring expenses for pre-employment physicals and psychological evaluations that are used for police officers. Mrs. deLeon said on page 19, why is the County Convention compensation bolded under general expense item? Ms. Gorman said because it's been increased. Mrs. deLeon said we've never done that. Ms. Gorman said PSATS notified her and she wanted to make you aware of it if you go. Mrs. deLeon said that's not in the \$11,550. Ms. Gorman said that would come under any kind of convention expenses or seminars, anything like that. Mrs. deLeon said the Christmas party for \$500, is there any way we can get donations to offset that? It's just something that is taxpayer money. Is that open to Boards and Commission too? Mr. Cahalan said no, we've limited the number because of cost to just staff and Council members. Mrs. deLeon said it's just because we have all the boards and commissions out there working for free, and we have paid employees being given a Christmas party. Please think about that. Mr. Cahalan said under "General Government", we are showing a 14% decrease.

Mr. Cahalan said "Financial Administration", that whole account is showing some increases. Two of the reasons, the biggest one is for the cost to Berkheimer to collect taxes for us. We're

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projecting that we are going to be collecting the additional tax for the open space purposes for next year. If that comes in, we projected at \$625,000 next year. Berkheimer charges us a percentage of the amount that is collected. We are looking ahead here. It's a 40% increase from last year which includes EIT we are projecting for next year, the increases in EMS. This is for all the increases.

Mr. Cahalan said page 24, "Law". We are showing some significant increases for consultants. That is based on our experience in 2006 and looking ahead to some of the tasks we've asked them to continue working on next year. We have increased the amount in legal services for PC and Zoning. That has gone up from \$13,000 to \$35,000. We anticipate increased costs we will be paying for. The other items is the Special Counsel Labor, and that has gone up \$20,000. That is based on the cost we've experienced in 2006. We had some personnel matters that required the services for the labor counsel and we also anticipate issues, such as, labor negotiations starting next year and also continuation of those costs. It's been a benefit to the Township that while it's increased, it has kept a lid on what could be expenses for litigation and so on. We've effectively prevented a lot of those additional costs by spending the money for the special counsel. It is money well spent. Mr. Maxfield said didn't we recommend last year that a labor attorney relook at the fees they were proposing to charge us? Mr. Cahalan said we did do that and he said that was the fee that the firm had put out for that year, and felt he couldn't go below that fee. He should say that his fee has increased again to \$250 an hour. It's darn good services for the Township. We really do get our money worth. Mrs. deLeon said jumping back to the page 21 where the Controller is, it says Controller Compensation \$1,800, additional hours needed. This is an elected position and she believes the term is up next year, so if there is any changes made to this pay rate, it has to be made by the end of next year. Mr. Cahalan said the Controller's compensation is something he would be handling along with the department heads. Any recommendations for any changes in that, he would make to Council along with the department heads. Mrs. deLeon said she's not sure that is covered under the Sunshine Law as it would be like us talking about raising our salaries next year for the next year. Mr. Cahalan said it would have to be acted on in an open session. Mrs. deLeon said we can't even talk about it in Executive Session as it's an elected position. It's not personnel. We're not personnel. We really need to be careful there and talk about it at a Council meeting. If he needs more hours, we can't change his salary mid-term. Mr. Cahalan said you can strike that additional hours needed, it's not part of our recommendations. It must have been a holdover.

Mr. Cahalan said under "Data Processing", we are showing this has been decreased by 3% from last year. We are keeping the same amounts for the Assistant Management Coordinator that is paid to Roger and to Cal to help us out with the systems. They are a very necessary part of our day-to-day operation here. Roger comes in here and bales us out frequently with problems with the server and Cal does the same thing in the PD. For the "Website Operation and Maintenance", we did put some additional money into that this year. We hope that the improvements will be done shortly so we can see where that money went to, so we feel comfortable with \$5,000 in the website operation. The rest of them are just about the same. The new items are under "Minor Equipment Purchase". That's laptops for Council members, and also a colored laser printer for the Zoning Office so we can produce some of the GIS maps. We do need a new laptop out here as it locked up several times when we were doing presentations. It's about five years old and due to be replaced. The laptops for Council – we'd like to do is give them the ability to take home information initially on a disk of all the information that comes into the township and then you can have it at home and look at it, then bring the laptop here with you and you can access that on the disk during a meeting. Eventually, the laptop would be used to hook you up to our server, where we hope in 2007, it would start imaging all the paper we have in here from all the developers. That would go into the servers for all the projects. You would be able to at home or during a meeting, and that would be your packet and you'd go on line for your packet. Mr. Kern said we wouldn't actually need a laptop if we already had a laptop. Mr. Rasich said one concern we have is we want to have you access the server, and with that, we need to keep that secure. Your individual security settings on your personal laptops and home computers, we don't know what those are. Mrs. deLeon asked if

he could adjust ours? Mr. Rasich said it's certainly possibly, but if you are using your home PC's to access the Internet, they are susceptible to viruses every time you are on.

**Mr. Horiszny arrived. The time was 7:10 PM.**

Mr. Maxfield said he's happy to see this occurring. When we get the information, would we be able to make notes on disk, would it be a rewritable situation? Mr. Cahalan said we are doing PDF documents, and they can't be altered. You are going to be open a letter from Boucher or HEA. You don't want to risk the alteration of that. Mrs. Yerger said the pink sheets you could type in what you wanted. Ms. Huhn said maybe there's something where you can insert comments. Mr. Rasich said that might work and you could text box things in the margins, bookmark, etc.

Mr. Cahalan said "Engineer", page 25 – the only significant is an increase in the engineering services line item that is 14% and based on what we project is needed for consultants in 2007. Overall, this account is showing a 5% increase over last year.

Mr. Cahalan said under "General Government Buildings", we are showing two increases. They both have to do with fuel. We're projecting increases in the heating oil, diesel fuel, natural gas account. A 20% increase and we're doing that for two reasons as we are anticipating the cost could go back up again and also, we are committed to purchasing the bio-diesel fuel for our trucks and it's also be available for the fire companies at an additional cost of about 20% higher than the regular diesel fuel. We will, as long as that fuel is produced in PA, we will be able to apply for a grant with the state to get a reimbursement for the additional cost. We still also are committed to put up that message board outside the building where it will have announcements outside the Council room so people can see what meetings are available.

Mr. Cahalan said the police budget is only actually up 1% over last year. The Chief really did a good job with just coming in here what he needs to run the department next year. In the overtime, it shows you where overtime comes from, what drives them. A lot has to do with the contract and certain provisions that officers must be reduced on an overtime basis for certain activities. The report assured him and he wanted the report to assure Council, they are doing everything that they can do on a daily basis to keep down the cost of overtime in the PD. It also addressed the issue of ten additional part-time officers which decreased. Some have other jobs, so they just can't drop that and come here; they have to be let them know ahead of time. The rest of it is for normal expenses of operating the department. There is a request in there for additional equipment.

Chief Lesser said the crime site imager, they've eliminated tripods, and it lowered the cost tremendously. They've also applied for a \$5,000 grant to offset that. It will be an outstanding piece of equipment and a tremendous asset to the department and investigators. Mr. Cahalan said there is also a report he didn't include. It's been a year that they've included the Investigator, and the report will come out soon telling you what they've done to justify the position and talk about how it's being utilized.

Mr. Cahalan said we do have some funding under "Major Equipment Purchase" tentatively for replacement of the canine dog. Chief Lesser said next year 2007, canines are routinely replaced. We'll be entering that next year. The trainer reports that he's still strong and healthy, and performs very well, so we're hoping and anticipating a longer service from Caesar.

Mr. Cahalan said page 34, this is the account we pay the contributions to the fire company, the \$50,000 each and we've put in a history there of how that payment has increased over the past several years. The increase in the EMS tax to \$52, the rationale was to increase from \$45,000 to \$50,000 for each of the fire companies and that's what they are doing now. The pass through of

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the \$98,000 to the Firemen's Relief Association is shown. Up in the General Expense, the fire companies are asking for an additional piece of equipment that's critically needed. It's a purchase of a fitness test machine that is needed for their breathing air mask. That was \$10,051, and an additional \$695 for an adapter kit. It's a very important item. They asked the Township if we could pay for that. We also pay for the annual testing that is done on the pumps, ground ladders and fire hoses.

Mr. Cahalan said under the "Contributions to Ambulance Rescue Squads", we've continued to put in the contributions to Dewey Fire & Rescue, \$12,500, and they've indicated they are going to purchase new AED's and two mountain bikes for local events. They've continued the \$5,000 to the Bethlehem EMS for the advanced life support services they provide. They are doing a fine job with conjunction of Dewey. Mr. Horiszny asked if there was any advantage to the township if we increased our volume of fuel purchases and didn't charge the fire companies in addition to our total? Mr. Rasich said our fuel is already part of PA's fuel supply, so we get a discount as we purchase in volume, so we pass that on to the fire companies. Ms. Gorman said the total diesel usage was \$5,700, about 1,682 gallons, so it's not too significant, maybe \$1,500 per fire squad. Mr. Cahalan said they understand the fire trucks can be run on bio-diesel fuel, so they are going to be filling up at the same tank. It's a ultra low sulfur fuel. We'll all be helping out the environment.

Mr. Cahalan said Planning and Zoning, we're showing a 2% overall decrease from last year. The services for the consulting are still the same as last year and we're showing some small increases in some of the line item expenses. We have completed the open space recreation plan work, so we're not allocating money for that, but keeping a cushion in there in case there is a residual cost to that. The rest of it is money for seminars and other general expenses.

Mr. Cahalan said in "Emergency Management", they are showing a couple of increases. They'd like to request a \$500 increase for the Emergency Management Director to \$2,500. They are also requesting under "Minor Equipment Purchase" – Bill Csaszar and the fire chief's have been working on an ID card system and they were waiting for Northampton County to come up with a system and they finally gave up. They found a system that's being used at Upper Saucon Township and Lehigh County that produces an ID card with a photograph on it and it has bar code information about the individual. The objective is for everyone who reports to an emergency scene to have the correct ID on them, or you're not allowed on the scene. This system, we put money in there, \$2,500 for the purchase of supplies for the cards. Roger knows about the system we use here at the Township and see if he can come up with something that can be issued to everybody including Council members, the staff, and fire and EMS personnel. Some of the information on the back of the card is medical information and social security information, so he still wants to talk to Bill about this. We can go ahead and work on this and we'll be the first municipality in Northampton County to do that. Mrs. deLeon said she appreciates that. If something happens, we need to identify who we are and help out in any way we can.

Mr. Cahalan said "Public Works" – this line item has decreased from last year primarily because the vehicles we are requesting are in the capital fund. The rest of it is for either compensation under the contract, also requesting the hiring of seasonal employees, and are showing modest increases for supplies that we need to run the Public Works Department.

Mr. Cahalan said "Participant Recreation" – this has increased about 4% and the reason for the increase is about \$2,000. They did institute a summer program for Tots that started last year. The summer program for the children in the parks is very successful. Last year there were parents who were fighting to get their children into the program at the parks. We are also adding Porta Johns for the Lutz Franklin Schoolhouse. Mrs. deLeon asked if we could expand the summer program as we have the Heller Homestead with a bathroom, a meeting room, etc. Jim Stern is on our board and on the Community Center board, and they talked about a need and why couldn't we work in

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cooperation and expand it to one more site? Mr. Cahalan said the ones they used normally had the recreational facilities – the playground, the basketball courts, etc. He can ask about that and speak to the Community Center about that. The pool pass reimbursement is about the same as last year.

Mr. Cahalan said libraries – there is a 1% increase in the contribution to the Bethlehem Public Area Library. They have community development where there is some money to pay off Joe Hoffman for his completion, and \$1,500 for EAC dues and memberships. They also show miscellaneous expenditures and that's \$6,000 for the DUI grant which is shared with Hellertown and Freemansburg Borough. Mrs. deLeon said on page 41, she said to Roger every time she comes over to the Township, she goes South Mountain Drive. All she remembers is trying to avoid hitting the culverts. Are there any plans to try to level that with the macadam? Mr. Rasich said there's no plans as of this date; however, when they are developing the roads to be resurfaced or major road surfacing for next year, they evaluate every road, and they have a pretty large list. When that work comes up for resurfacing, that's when it can get that sort of work done to it. They have done three or four on that road which have deteriorated forcing them to do it now instead of waiting. He will keep that in mind when they are reviewing it.

Mr. Cahalan said page 46, "Insurance", we are showing an increase of about 11%. That is because our cost of the workers' comp insurance they are showing a 10% projected increase in that. They are anticipating a refund of about \$20,000 in those premiums. We are now bonding with the Controller in addition to the Township Manager which was pointed out previously that was taken care of. The hospitalization and health insurance is a 10% increase over last year, but anticipate a refund of approximately \$50,000 in premiums based on our good experience. The rest are percentage increases which are fixed – social security, unemployment compensation. He has requested \$2,000 in vocational training. He'd like department heads to seek out training and certifications for their particular field. He'd like Cathy Gorman to look into the Governor's Officers Finance Association which there are some certifications exams she can take to become certified. This is strictly job related. The rest of that the income protection is short term disability. There's an increase in that. The MMO's, we've talked about that based on the amount of state aid we've received and then what has to be put into the pension fund which we have to make up. Mrs. deLeon said on the workers' comp insurance, the dividends that we get back, her husband has a business and it's based on the actual salary and if we go over or under, we have to pay more or we get a refund – is that what this is? Ms. Gorman said it's based on wages that they've submitted to the insurance company. They determine what our rate will be next year based on wages and future wages as they want wages as of June 30, and you have to project out to December 31. It is based on claims, but it's also based on payroll. Mr. Cahalan said "Insurance, Employee Benefits", the increases come up to \$179,372 which is a 3.37% increase over last year.

Mr. Cahalan said moving on to Special Funds: Fire Protection, no change in that. Landfill Revenue Fund, we do project the expenditures starting off with Engineering Services, legal fees, consulting fees we are projecting an increase in that which is about \$20,000 for the landfill consultant for BRE. In the landfill fund, one of the things we are recommending is a contribution of \$500,000 from the landfill fund in 2007 to the fire equipment replacement fund. Currently, they have about \$589,000 in that fund, but the needs of the fire companies over the next 10-15 years are pretty substantial. Even if one company comes in within the next year and says they need a new pumper, we're talking about a cost of \$600,000. They are recommending they bump up the contribution which was \$200,000 to \$500,000 next year and then not contribute anything for the next several years, but let that amount grow and get some return on investment. They regulate the expenditures of the fire companies which should be limited to \$200,000 every other year. If you do something like that, the fund will continue to grow and you'll build up a reserve fund so everybody will be able to get a contribution. What we are concerned about now, if we go with the \$589,000 and make a contribution to it and someone comes in and gets \$400,000 to \$500,000, you're talking about almost depleting that fund and then it takes several years to build it up again. That's a

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recommendation. Mrs. deLeon asked if he talked to the fire companies about this? Mr. Cahalan has talked about funding it and that's up to Council. Mrs. deLeon said she'd like to meet with them as that's something we need to do. Mr. Kern said it would be good to communicate with them. Mr. Maxfield said we almost have no other choice, and then it dries up in a couple of years. Mrs. deLeon said we have to talk to the fire companies. Mr. Cahalan said the current balance in this fund is \$581,469. What they are recommending is that this year, 2007, we put in \$500,000 to the fund, which will increase the fund to \$1,081,469. That will allow the fund to grow and to earn some interest and stabilize itself. Then we wouldn't plan on making another contribution, if you regulate on what is going out, based on the suggested formula. The next contribution would not be needed until 2014. Ms. Gorman said it's incorporating the interest you can make on that account, the more money you are putting in it now, we can put it into a CD, get a better interest rate, and count on the interest instead of the landfill appropriations. In the end, the interest you'll be earning on that account will defer from the amount you would need to appropriate. She's assuming the 5% would stay the same as it's the growing trend right now for the federal reserve. It's not a guarantee, but as long as we can actively pursue this, it's well looking at it at 5% and maybe next year or in two years it could be 7%. Mr. Cahalan said Steel City was the next person in line. They haven't approached us for money. Mrs. deLeon said what if we receive something next week? Mr. Cahalan said the four fire chief's would meet and would approve the request to make sure it's not duplicated, and then go to the sub committee and then to Council for a recommendation on what we want to contribute. We don't have a fixed policy that they get this much. It's done on a case-to-case basis. Mrs. deLeon said in 2008, no money would come out of the landfill money, so what would we do with all the landfill money for the next seven years? Mr. Cahalan said that's used for the other investments. We have money going into the capital fund and money going into the operating reserve fund. Mr. Maxfield said reinvest it into our own fund. Mrs. deLeon said we should be building that fund and we could be living off the interest if we would put every year until 2013, money into it. Mr. Cahalan said they also have other expenses you are committed to out of that fund – the new building. What they tried to do was come up with recommendations to grow three different funds. Mrs. deLeon said she's not completely convinced. Every year till the landfill closes, a little bit of that money should go into that fund to really grow it. Mr. Cahalan said that's the operating reserve fund. What they are recommending in 2007 is that we will have at least a minimum of \$250,000 remaining in the budget balance at the end of the year. It could be more. They put \$356,000 as a contingency line item. They may not spend any of that as it's a reserve. If we have \$356,000 at the end of 2007, it goes into the operating reserve fund. It's not touched and it's 5.5% interest bearing. If that money goes in every year, by 2013, you have \$2.2 million in that fund. It's growing and investing. The fire equipment fund is growing and investing in that. The capital fund is growing and investing. They tried not to have it sit there in the landfill fund and go somewhere. The \$356,000 in the contingency cannot be allocated, as it has to be by resolution and come before Council and be approved. It's the same as if it was setting in the landfill revenue fund. Mr. Maxfield said what if Steel City would come in for a request, if we want to establish this fund, we need that chunk of money in there, untapped. We have not had a major equipment purchase yet that is an absolute necessity for that year. Mr. Cahalan said the way the requests are spaced out, someone could come in for an expensive item and say they need money. If Council agrees to go that, you've depleted your fire equipment replacement fund and that means it takes three years to build it back up to \$500,000 or \$600,000. Mr. Maxfield said this idea depends on a little bit of belt tightening for a couple of years in order to get it really established. Mr. Cahalan said it establishes a large amount so you can get some investment and return on that. Mrs. deLeon said Steel City is one of the smaller companies and maybe they need help to put their request together. Mr. Maxfield said we need to hear from them. Mr. Cahalan said we heard what Council wanted last year on the landfill money and they are trying to come up with some recommendations on where they can put that money to use and save it to the future. Mrs. deLeon said the \$164,705 is what you are taking to balance the budget this year for the contingency, how much in 2006 was used from the landfill for the contingency? Mr. Cahalan said in 2006, it was in the \$293,000 range and in 2005 it was somewhere at \$300,000 and 2004, it was \$565,000.

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Mr. Kern said he had a comment on the operating reserve fund. While this is an answer to what Council was imploring the staff to do last year knowing that the landfill was going to close, this is a great effort towards that goal. When the landfill closes, you said the operating reserve fund would be at about \$2 million and that's great. His concern is that the money we rely on the landfill annually is about \$1.5 million. While it's a great effort, it's not going to do it. We'll be looking for guidance on what to do when the landfill closes. Mr. Cahalan said they realize if they saved up \$2.2 million and the landfill closed, and you had to pay the \$800,000 to the new building fund, it would be gone just like that. They have to look in the long range and see how we are going to pay for some of these expenses if the landfill fund is not here and that is something they have to work on. This is short term from 2007 to 2013. Mr. Maxfield asked how much of last years contingency was not used? Mr. Cahalan said we will have to look at long range financing and bonding, things that don't cripple us. They can look into that to make sure if this income stream goes away there are other ways we can address the debt the township is carrying. Mrs. deLeon asked Ms. Gorman to put together a memo showing the principal for both of those loans. Mr. Cahalan said they were ten years loans and when they refinanced them to come up with the additional \$2 million, they made them fifteen year loans. We'll be off five years, but again, we can come up with other financing methods. Mr. Maxfield said going back to the money from the contingency that wasn't used, if there was an amount, that went back into the general fund. The other things that were borrowed from the landfill never went back to a landfill fund. Mr. Cahalan said we're talking about the contingency amount. Ms. Gorman said last year it was \$310,009 and by resolution, you've appropriated some of that, so now we're at \$293,000. Mr. Cahalan said only that money rolls into the fund balance at the end of the year. It doesn't go back into the landfill fund. Mrs. deLeon said that's what she objected to over the years because she's adding this up, and it's roughly \$1.3 million that did not go into the landfill fund and went back into the General Fund and we spent the money. Mr. Cahalan said that money was spent on things that the Council agreed upon. Mrs. deLeon said you presented them with a budget and she knows there is fat in that budget. There's expenses in there that the departments can live without for another year or two years. She says that because when they built this building, there was a lot of extra stuff that this building needed that was a one time expense. That was all built into the budget. The budget never decreased after we built this building and those one time expenses went away. No, we just kept getting more stuff and more stuff. She knows we can live without some other things and really tighten up and if we have to do that until 2013, then that's what we should do. Mr. Cahalan said there isn't a lot of fat in the budget that has just increased by 3%. Remember, 61% of that budget is fixed expenses. Mrs. Yerger said we have no control over those fixed expenses. Mr. Cahalan said we can do without new equipment or police cruisers or new trucks, but there's a downside to that also. If we don't replace them according to the schedule, we're going to pay a lot for maintenance for those things and that's what we saw in replacing the Chevy Tahoe that the Police had. Can we eliminate a couple of things? Yes, we can find some things to cut. There isn't anything in here that is frivolous.

Mr. Kern said the big issue is the landfill revenue and that's going to disappear at some point. If he's relying on \$1.5 million for his budget, and it's not going to be there, it has to be made up somewhere, and there's only one way to make it up and that is taxes. Where else is it going to come from? Mrs. deLeon said on the line item on page 53, transfer to other funds, she was disappointed to see that the \$25,000 that was supposed to be deposited into the landfill closure fund was deleted, and she can't stress that in 1999, Tina and herself supported this, and they thought it was a plan into the future to take some money out of the landfill fund and take \$25,000 every year to put into a post closure fund. When she started on Council, she was appalled that all the landfill documents sat and collected dust and no body opened the pollution documents and they just sat there. She activated the landfill committee and started reviewing all these documents which that money was used for. When the landfill closes, they are not going to have those expenses and reviews paid. Where is that money going to come from? \$25,000 every year was supposed to go in there, can we put that back in there? Mr. Cahalan said they checked with Jim Birdsall about the

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landfill closure fund and it was created when the landfill transferred from the City over to IESI and there was concern, at that point, about what happens if the landfill closes. Jim has advised us that a lot of those closure costs are bonded and would be covered and the landfill would use their security. Mrs. deLeon said for the Township to review the documents, they don't do that now. She disagrees with Jim. It's for the township review of the abatement wells, the quarterly reports are still going to be generated, who is going to review those documents? This is very important and we need to put that money back into that fund. Mr. Cahalan said okay. Mrs. deLeon said she noticed the professional services of the consultants, the second page under Tri C, is there a reason why the 2007 proposed jumped to \$40,000 projected at \$20,000? Mr. Cahalan said Cathy was in contact with the consultants and that was a recommendation that came from Lauressa and she mentioned the BRE review. Mrs. deLeon said you may have misinterpreted her, but she can't imagine next year's engineering costs to double like that. BRE is there and there is no expansion and no major permit mod. She'd cut that down to \$25,000 so extra money could go into the closure fund. Mr. Horiszny said he would agree with that. Mr. Maxfield said there's a projected \$60,000 increase for HEA. It looks like the major things in the park was done back in 2005, why \$60,000? Mr. Cahalan said that was based on Jim's estimate for engineering work including the park and other projects. Mr. Maxfield said he doesn't know why we have increases in cost after we divided up the duties. Mr. Cahalan said there's work that needs to be done on the storm water ordinance which we asked him to do. He's also working on the Meadow's Road traffic study, the signalization at Polk Valley Road, SALDO, road maintenance policy, the Old Mill Bridge, and Act 537 is still continuing with the Leithsville area. It may be a little high, but they want to make sure they cover expenses they anticipate. Mrs. deLeon said we are going to adjust line item 4.492.000 and increase it by \$25,000, Landfill Closure Fund. Ms. Gorman will look into an interest bearing account. The line item would be a transfer from landfill revenue fund, which they propose \$0 and will increase it to \$25,000. Mr. Kern said he doesn't have any objection to that, but he does recall last year when you were talking about that, and he'd just like to revisit what his comments are on that. Mr. Cahalan will take care of that.

Mr. Maxfield said landfill funds go in to maintain the contingency at a certain level. Some may be used, some may not be used. It's not everything that's in the landfill fund. During the next budget, Glen was talking about \$1.4 million operating, but really are we? We're not spending \$1.4 million a year. How much at the end of the year is left from that fund? Mr. Cahalan said the only thing that is earmarked is about \$800,000 of that landfill fund for the new building, the Polk Valley Park loan, the contributions to the fire companies, and the capital. That's a fixed expense out of there. The rest of it is just moved to the contingency. It still is in your budget, but put in the contingency as a cushion. We did say that cushion doesn't go back into the landfill fund at the end of the year, it rolls into the general fund balance. It's still in the budget at the end of the year, it's just not returned to the landfill. It wouldn't accrue interest and the operating reserve fund we are proposing, which would take that, puts it into the operating reserve, locks it up and starts investing and gaining interest. Mrs. deLeon said on page 53, it's missing the contingency line item. Shouldn't that have it? It should say 04.493.000. Mr. Cahalan said are you talking about a contingency line in the landfill revenue fund because they are not showing that as we are actually allocating that to other funds. This is allocating all the money in the landfill fund. Mrs. deLeon said then it should say 000, there's no contingency so we have a record of it and Tom would have known. It should be there.

Mr. Cahalan said open space preservation fund – page 54 – we're showing what we estimate will be collected if the referendum passes and if Council levies the additional tax - \$656,299. Mr. Cahalan said new building fund is basically a pass through of money from the landfill revenue fund, 356.982 to pay for the loan for the new building.

Mr. Cahalan said storm sewer capital fund, some money that is put in there, we are carrying for Meadow's Road and Roger is using some of that to purchase storm sewer pipes that he uses. Mr.

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Cahalan said the fire equipment replacement fund. They are showing the \$500,000 in that to bring it up to \$1,118,469. Mr. Cahalan said the landfill closure fund, we will put \$25,000 in that and will show a balance of \$234,169.

Mr. Cahalan said Capital Fund – this was something we wanted to focus on. This is something he hasn't paid enough attention to and he wanted to bring it to Council. There has been some money carried along in the capital fund for road and traffic improvements. There's a balance of \$680,000 for trees, windows at Seidersville Road, \$62,000 for land acquisition, money for a fence we need to block off the multi purpose field from Public Works, and now we also have the vehicles for the PD and Public Works and the EMS notification system. We'd like to recommend the allocation into this fund, but come back and revisit this fund with Council so you can set the priorities into this fund as to what you really want to do with that money. They put the vehicles in there as they are looking to spread out some of the cost of the vehicles. There's a request for two police cruisers, a zero turn mower replacement, and replacement for Truck 7 and the aerial truck. Mrs. deLeon said Seidersville Hall, the \$57,500 for the general fund for the windows. That has been on the capital list forever. It just got put off and put off. Mr. Rasich said we did a five year plan on the buildings. The windows are single pane glass windows and the wind whistles through there. They stuff foam blocks and things like that in the winter time. They are not economical windows. Savings there would be in the fuel costs, etc. They've been there for 40 years. Mr. Kern said he doesn't want to see a replacement window there as it's a historic structure. Mr. Maxfield said maybe there's something that can be applied to the outside of it. Mr. Cahalan said we need to go back and look at this. Mrs. deLeon said what about the musty mold in the basement? Mr. Cahalan said some of that may be the rugs. Mr. Rasich said it has dirt floors and crawl spaces that are only 2' to 3' high. It has water flowing through it every time it rains. There are three sump pumps and all three run when it rains. Mrs. deLeon said when did we start taking \$200,000 from the landfill fund for the vehicles? Mr. Cahalan said we are doing the \$200,000 into the capital fund. Mrs. deLeon said again we are digging a deeper hole. In 2013, when we don't have the landfill fund, where are we going to get the vehicle money? Mr. Maxfield asked where the \$200,000 would come from now? Mr. Kern said raise taxes.

Mr. Maxfield said back on the first page where it talks about the millage rates, what happened in 1990 that the millage rate dropped so drastically? Mr. Rasich said it was county reassessment. They were at the highest millage rate they could get. They came back and reassessed all the homes and dropped the millage rates and dropped it lower. Mr. Maxfield said we probably need to start increasing it again. Mr. Horiszny said if you gradually increase the taxes, you don't have a 17% increase. Mr. Maxfield said we need to think about this before the landfill closes. Mrs. deLeon said back in 1988, when she started the budget and had a contingency of \$18,000, it was in bad, bad shape.

Mr. Maxfield said on vehicles, do we have a high reach vehicle now? Mr. Rasich said yes. Mr. Maxfield said we are going to get rid of and replace with a leased vehicle. What do we do that we need to go 40' into the air? Mr. Rasich said it's not that we need to go 40' into the air. We need to get the bucket away from the truck. It pains him to see damage done to a township vehicle. It goes straight up 35' from the bottom of the bucket. If you have a tree branch that's broken off way up there, if you do go up here, you look down, you're directly over the top of the truck. That's okay on an emergency basis, but we're doing damage to the vehicle on a regular basis. We want to get up to about the 14' height range. That's about where we cut at. With that, we can only get away from the truck, with our current vehicle which is about 19'. This one will allow us to get out almost 30' away from the truck, so the chances of dropping anything on the truck, reduces dramatically. On their existing trucks, they put cages on top of the truck, across the front of the truck, and it's still beat up. Mr. Cahalan said detention pond maintenance fund is still \$30,000, a little bit of earnings. Mr. Cahalan said there's the State aid fund, where Roger uses to buy most of his supplies.

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Mr. Cahalan said the Town Hall Park Fund, they are continuing with \$5,000 going into each one of the park funds. They are looking to replace the roof on the pavilion and fix the soffit at Town Hall Park and also continue with general maintenance of the fields, stone for the nature trail, and grass seed for the playing fields.

Mr. Cahalan said the Heller Homestead Park fund transfer from the General Fund of \$5,000. They are looking for a continuation of the funding that Council approved for the replacement of water lines in the kitchen and replace the floor joists. They also have estimates from Kunsman to repair the front stairs and do some work where the cellar door foundation is and there are some holes on the outside. They've put \$32,000 in there and will also upgrade the electrical panel. It's 40 years old and they are looking to replace that and to improve the lighting in the basement. He gave Council a chart that Roger worked on. He went back and looked at a report that Christine Ussler did for the township. She made various recommendations for the repairs to the Heller Homestead main building. Some of those repairs could be handled by Public Works. Roger's crew has handled the majority of those. There is still some painting that has to be done. He'll get to that in November. The repair up on the roof, with the chimneys and tile and slates has been taken care of. The house is drier inside - that was something Christine Ussler remarked to Priscilla and Mr. Cahalan that the cellar was drier. In the 2007 budget, the repairs to the wall, filling the joints at the base of the walls, repairing the front steps, replacing the joist under the kitchen floor, excavating the dirt, etc., are all provided for in the recommendation in that line item. The remaining items, Roger went out and got some costs from Contractors. They have every one except for the framing in the attic, and those are future items that Council can consider. This is what they are recommending can be done and it's in line with what the Consultant recommended. Mrs. deLeon said the revenue where it says "budgetary fund balance", \$26,468, is that the money given to us by developers in the area for the open space and rec? Mr. Cahalan said it's part of that and it's also \$5,000 going in there a year from the general fund. Mrs. deLeon asked what was the plan for the nature trail and park? Mr. Cahalan said just general maintenance, and they will put new mulch on it this year. Mrs. deLeon asked what about the signs that were supposed to be put up? Every time we get a Parks and Rec's board minutes, it's always zero for Heller Homestead Park. Mr. Cahalan asked what signs? Mr. Maxfield said he thinks those were supposed to be handled through a grant. Mrs. deLeon said didn't we talk about that? Mrs. Yerger said they are interpretative signs and talked about a Boy Scout Eagle project. It was talked about being various things. Mr. Maxfield said DCNR, at one time, was thinking about it. Mrs. Yerger said it's not out of the realm of possibilities for a grant, somebody has to do it. Mr. Cahalan said he will look into that. Mrs. deLeon said maybe this Heller Homestead Park should be split into two parts - the 2.2 acre parcel should be the Homestead and the other 10 acre parcel should be the park, as it's the passive part of the park, and it really should be on a different upkeep than the building. We were promised that the kitchen and whatever would be done this year, so there was money in the budget for it this year and it's not happening, and now there's other things on here for future. Now we're a year behind in her opinion, and she just feels that shouldn't happen. We have responsibility for maintenance of that home and it's not happening in a timely manner. Mr. Cahalan said Roger attempted to get contractors to come in and they only came up with one and he didn't even give us an estimate. He was asking Christine Ussler to come out and help us and he couldn't get a hold of her and Priscilla finally got a hold of her. She's recommended two other contractors who they will be contacting. Can the money from this year go towards next year asked Mrs. deLeon? Mr. Cahalan said it's in here. Mrs. deLeon said there's money in here that's not getting spent, so next year we're just a year behind. She really feels this should be split. The \$26,000 is developer money given as open space and rec contribution and should not be spent on maintenance for the house. That is a maintenance issue for the township and it should be spent for maintenance. The township has a responsibility to upkeep their buildings, and she really thinks we may have a legal issue here with spending monies given to us by developers. You have three years to spend it and it's been setting in here a lot longer than three years. Mr. Cahalan said they reported to you last year that they did track that money, and the monies that were deposited were spent within the three years. Currently,

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if a developer pays us any money, the solicitor has the Developer waive the three year requirement, so we are not in any danger of violating the law. We do use money in other park funds for buildings. The pavilion and building up here are used from the Town Hall park for maintenance. You are going with historical as with the Lutz Franklin Schoolhouse. We are meeting our responsibilities as far as maintaining the building. Mrs. deLeon said we still have a lease responsibility for maintenance issues as there are a lot of maintenance issues that are not happening for years and now we're postponing it another year. Mr. Cahalan said he thinks we are meeting our responsibilities as far as maintaining the building. There are some future things like re-pointing the stone on the building. That's just for aesthetic reason. The main items on here like protection of any water seepage are being taken care of. Mrs. deLeon said the windows are really rotting and need repair, and these should be more immediate than future. Some of the windows the historic glass is going to fall out. Mr. Cahalan said the repairing of rot in the sills and frames of the windows – the recommendation from Christine Ussler was to patch it with epoxy and paint over it. Roger went out with a contractor and he said that won't do the job. What you really need to do is repair and replace the sills and moldings on the windows. Mr. Rasich said some you can fix with epoxy. Mrs. deLeon said we were given this 14 acre parcel in 1988 because of Society Hill/Hovnanian stayed there five years as an office. They left in 1993. The Conservancy took possession of the two houses. The barn was still up. The township signed a lease that they were supposed to be responsible for maintenance. There was a review of all the building. The windows in 1993, they were not in the condition they are in now. We did not maintain those windows. They were left to rot. The township ignored this, and now it's being postponed to the future. It's supposed to be historic property. We're not setting a good track record. This is no different than with the schoolhouse and when the school district did not take care of the schoolhouse. We're not taking care of our historic properties. Mr. Cahalan said they can move up the repair of the windows. Mr. Kern said that would be good. Mrs. deLeon said she'd like a timeframe on this as conservancy members are wondering when all of this is going to happen? This was supposed to be done in the spring. Mr. Rasich said there's one issue that comes up every time they are working on this home, and that is because of its historic nature, a lot of people don't want to get involved and say you can't use that person, you can't use this person, you can't do this and you can't do that. It really ties their hands on a lot of things. They have \$25,000 in the 2006 budget for the water lines and the kitchen floods. They could do that this year yet. He could probably get a contractor in there probably within a week or to begin this. Will this be who Christine Ussler said – no, because they do work specialty wise and we may wait two years for that. He waits sometimes a month for them to call you. Its not through lack of trying. Whatever Council's direction is to what they want done there, they will do their best to see that this is accomplished. Mr. Maxfield said the agreement there was that the Township is supposed to be paying for maintenance and any historic restoration was supposed to be paid for by the Conservancy, so that almost is an issue we should not be imposing upon you at all. Maintenance of that building – if the windows are going to fall out, repair the windows so they don't fall out. Mrs. deLeon said on the lease, it says "the landlord shall pay for maintenance, upkeep or repair or replacement of the windows, doors, signs, locks, enclosing devices, roofs, supporting walls, and structural members of the two buildings, root cellar, provided they are not damaged by the tenants or the invitees". Mr. Maxfield said it does not say we have to restore it in a historic manner. It does not say that at all. Mrs. deLeon said you are right in a way, but when we got the grant for the widow's house, any alterations, restorations, have to be notified to PHMC to make sure they are okay with what we are doing. Mr. Maxfield said we're talking main house mostly now? Mrs. deLeon said no, the whole site was included in that covenant. They don't sectionalize it. The 2.2 acre site was by covenant into that protection. Mr. Maxfield said then we have a conflict as our lease says something different. Mrs. Yerger said what are the wishes of the Saucon Valley Conservancy as far as the replacement of the windows? Do they want them historically accurate? Mrs. deLeon said she will ask them that question. Mrs. Yerger said not that that's going to be the absolute, but is this something that needs to be run by PHMC? Mr. Rasich said the price for the windows was not for the replacement, it was for the repair. There are some components of the window that would have to be replaced. Mr. Kern said

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it's obvious you are not going to put an Anderson window in there. You are going to have to do it historically correct and it's repair. Mr. Rasich said most of the cost was for labor – 11 hours per window at \$45 per hour. That is for a well known general contractor in this area. If you are going to get someone who has certification for working on historical buildings, that price may go up. Mrs. Yerger said the conservancy needs to contact the PHMC if this is a concern of theirs and see what direction they are pursuing. Mrs. deLeon said the covenant is with the Township, so Jack should contact PHMC. Mr. Kern said you are talking about \$40,000 for the windows and sills. If this guy you are recommending is going to repair them, then he's going to duplicate the existing look of the window. Mr. Cahalan said right. Mrs. deLeon said she doesn't have a problem with phasing some of the windows. Some really need attention, not all of them all at once. To put them all off for the future, they are rotting. Mr. Rasich said the price is for exterior and interior. Some do not open, some have weights, some have chains. It's a big job. They are all individual panes. Mr. Maxfield said his problem is we have a pseudo-historic site, some people think it's historic, some don't. We have a lease that when you cut through all the legal information says the township is responsible for not letting the building fall apart. It does not say we are responsible for anything historic and, quite frankly, we have a Conservancy who has not raised any money whatsoever for the restoration of the building. Unlike the Lutz Franklin, where those people worked to raise funds to restore that building, we don't have that happening here. He has a hard time spending \$40,000 on windows, when the Conservancy itself, doesn't generate any money to restore this building. The Township has done everything to this building so far outside of getting a grant or two. It's resident money. If there's going to be a Conservancy, these people have to do something to raise funds. He'd like to see how many funds have been raised in the last ten years by the Conservancy and he'd guess it was almost nothing. Mrs. deLeon said when the conservancy was co founded, and the lease was signed, the emphasis was for the barn, it was never, ever envisioned that the Conservancy was supposed to raise funds for the two buildings. It was directed towards the barn. Mr. Maxfield said he doesn't know what else a Conservancy would do then. What does the Conservancy do? If you are going to preserve something, you got to have some funds to do it with? Mrs. deLeon said it's almost like history repeats itself. The Conservancy is in the same place as the LST Historical Society was so many years ago when there was just a handful of people trying to save the building and the property owner just turned the other way and now it's the same thing. We have a Conservancy trying to save a historical site and the property owner is trying, maybe, to redo this. That's how she sees it. Mr. Maxfield said the Lutz Franklin, there were a lot of people working very hard to save it. That's why it looks exceptional today and that's why it has a lot of historical value today. He doesn't see it happening with this site. Mrs. deLeon said and if it wasn't for Lou Pektor giving his \$150,000 or \$200,000, it would be interesting to see how much money would have been raised. Mr. Maxfield said that's right, but somebody did some work. Mr. Maxfield said that's how he feels. Mr. Kern said it's a pseudo-historic site? Mr. Maxfield said there's been a lot of contention over the dates of the building. There's been contention about how much things have been altered. The Lutz Franklin, the changes and alterations are pretty well catalogued. There are renovations in the Heller Homestead from the 30's, some from later than that even. Mrs. Yerger said the whole porch has been changed. Mr. Maxfield said doors, door knobs, everything has been changed, so if it was going to be a real historic site, it's going to be a restored historic site. There's not a whole lot of original stuff there. Mrs. deLeon said when she submitted the historic survey, by herself, Ginny and Maryann, they included all those things and they were all documented and what you see today is what was on that survey. PHMC deemed it eligible on the register in 1998. Mrs. Yerger said wasn't that with the barn though? Mrs. deLeon said it doesn't matter. Mr. Maxfield said the mill burned down at Earhart Mill and it's no longer eligible. Mrs. deLeon said it's still on the list. Mr. Kern said they are trying to remove it. Mrs. deLeon said maybe they'll remove ours also. Mrs. Yerger said they are going back and revisiting all these sites and she doesn't think we'll fare too well as a township. Mrs. deLeon said what does that do to the bridge? Mrs. Yerger said the bridge would carry its eligibility. Mrs. deLeon said if you look in PHMC's website, it really doesn't talk about the bridge. It talks about the mill. Mrs.

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Yerger said it was considered an integral part and that's the criteria. If it was considered an interval part of the district, it will stay on there on its on merit and that's their determination.

Mr. Kern said this all brings up back to windows that need repairs, what do we do about it? Mrs. deLeon said she thinks it should be phased out. The most important windows should be in the 2007 budget. The ones facing the parking lot are the worse ones. Mr. Rasich said the one directly to the right of the doorway is number one and the other is upstairs facing Friedensville Road which was damaged by a wire at one time. Mr. Kern said how about all the windows that could be repaired by epoxy, and how many would that be? Mrs. deLeon said there you are eliminating the "worst" window and the glass is going to fall out, and that needs to be done. Mr. Cahalan said we could repair the damaged windows if you take the \$7,000 and the \$10,500 and we add about \$8,000, we could repair most damaged windows and run it by Christine Ussler. Mr. Rasich said they have skilled individuals around. He's sure a few of the contractors around here would meet Council's approval and probably be less expensive. Mr. Kern said just duplicate what's there. Jack will call the PHMC to find out about the covenant. Mr. Horiszny said if we are going to be historic, we need to change our expectation of when it's going to get done as it's slow because they don't come and do it and they are so fussy, it takes forever.

Mr. Cahalan said Southeastern Park, we have funding in there to work on the trail through the money – a \$5000 grant and money in there for materials for the meadow walking trail. Larry Weiner will be giving us a design on it. Steel City Park we are anticipating that we will have a deed in hand for the little piece of property that's been held up because of legal issues of the owners getting a clear title. As soon as this happens, we plan on getting a plan for the installation of a parking area and some trails in Steel City to make it ADA compliant. Polk Valley Park Fund, we have in here what we believe can finish the final construction cost for the park. We will be covering any maintenance of the park, any minor construction backstops and fencing that has to go in and any other engineering costs is covered under this recommendation.

Mr. Cahalan said Historic Structure Fund, we've allocated \$100,000 to the Old Mill Bridge. The recommendation from Jim Birdsall is for the Phase I which would be the painting of the upper structure for protection. The capital funding for the Old Mill bridge which dates back to 2002, is \$273,000. That's a state highway bridge capital budget fund that was put in there by the Township, but to get to it, it's not listed as one of the priorities by TIP, so it was something we looked into, but is not reachable unless you want to fight with everyone and have meetings and so forth. It was put in by Bob Freeman or Lisa Boscola in the bill with Governor Rendell and it got diverted. We've put this funding in there so we can work on the maintenance of the bridge.

Mr. Cahalan said Pennies for the Park, will soon be turned into the park. Ms. Gorman said they are waiting for some other funding, and as soon as that's taken care of, she will transfer that money and close out that account. There's \$1,400 in the fund. Mr. Cahalan said the Lutz Franklin Schoolhouse site, there is \$20,000 budgeted in there for any upgrades in conjunction with the improvements on the Kingston Park based on the plan that was recommended to Council by Judy Stern Goldstein. Mrs. deLeon asked what the material was needed for park upgrade? Mr. Cahalan said it could be trails that are needed on Lutz Franklin to connect it to Kingston Park. Anything would come back to Council.

Mr. Cahalan said the land acquisition parks is the \$2 million that they allocated for the properties, so they are still holding that. They didn't need it for Kingston park. They were ready to write a check for Steel City, and for NorCar for the 10 acres next to Polk Valley park and they have money for the development of those areas. Once they have the acquisition, they can move to getting a plan. That fund is there for those purposes. It's roughly around \$500,000 to \$600,000 for the ten acre Norkar property. If Council approves that, we can start building that out. Mrs. deLeon said the residents in surveys responded to passive recreation instead of more fields, so we have to think

about that. Mr. Cahalan said in Kingston park, we moved some of the money from that land acquisition fund over to the development of Kingston park and are trying to approximate what could be used for the engineering services, for construction improvements or some other parking areas and trails.

Mr. Cahalan said they are committed to bio-diesel fuel. Farm and Home will supply this. The vehicles can run on it and will get grants to recoup the additional funds. Mr. Cahalan said the document imaging – Leslie said we received information and we could probably move into it pretty easily as the copier we got when we moved into this building, it has capabilities for scanning. We have a lot of the hardware, but just need some software and have to work with Roger to set up their IP addresses and security settings.

Mr. Cahalan said they gave you the inventories of township owned property and all equipment in PD and Public Works, pictures of equipment they plan to purchase, and payments to township consultants are at the end.

**C. OVERVIEW OF PROPOSED BUDGET – QUESTIONS AND ANSWERS**

Mrs. deLeon said Roger mentioned something about a building maintenance plan from years back. It isn't happening anymore. She'd like to ask that Jack start implementing that. It's really going to be helpful to look into the future. Mr. Rasich said he updated one last year. Mrs. deLeon said she'd like to see that. Mrs. deLeon said what about the Blair House? Mr. Cahalan said that's not in the capital program, but we can go back and look into that under the Five Year Capital Plan. Mr. Rasich said right now it's storage. Mrs. Yerger asked if Mr. Cahalan heard anything from the alliance. Mr. Cahalan said he spoke to Alan and he is supposed to find him office space in Seidersville Hall. Once we give them some space, they did have a concept of using the Blair House as sort of a model green type of building and renovate it. They'd raise money and get grants. Mr. Maxfield said Alan's feel on that is they are not financially set up or they are not equipped work wise to get the building going. They don't have the manpower right now. Mr. Kern asked what about selling it? Attorney Treadwell, that's why he counseled against leasing it as we don't want to be landlords. Mrs. deLeon said the five year capital plan needs to be a little bit more expanded to include the buildings, the property we own, etc.

Mrs. deLeon said what about some comprehensive storm water plan? How can we address that? Mr. Cahalan said we identified the areas in the hazard mitigation plan. There were 13 areas that were prone to flooding and they put that to the plan that Northampton County has. They are aware of those. Jim is working on storm water areas. Mrs. deLeon said that never came to Council for their input or review. It just got sent to the County. Mr. Cahalan said there was a tight deadline for it to get back to the County. From an emergency management basis, in the last couple of years, we've really done a lot. Chief Lesser said they expanded their policy and pay a little more attention to the officer's checking the areas and relying on PW for help. Mr. Cahalan said as far as marking it, with barricades, etc., Roger has an inventory that can be put out at those roads. Roger said he put in the budget, a small enclosed trailer which will be utilized for keeping these signs in loaded. When the need arises, they hook the truck up and go.

Mrs. deLeon said coming into Steel City, going up the hill, those trees are laying on the power lines. They were recently in Steel City cutting the trees, and she told them they have to cut those trees. They didn't do it. Roger said he's called PennDOT and the trees are in PennDOT's jurisdiction. PennDOT said it's not his problem. PPL said they are cutting for the power wires, and this is below the power wires. He called cable and telephone, and they said our service is working unless it's not, they can't come out. We need to take it to PennDOT over Rodney's head. We know where the trees are.

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Mr. Kern said he'd like to hear from the Chief how the Investigator is going. Chief Lesser said it's going very, very well. The follow up on incidents have been much more timely as it should be. There are a few cases that were brought to a successful conclusion. It is working out extremely well with Chris, the Investigator.

**IV. PUBLIC COMMENT/CITIZEN NON AGENDA ITEMS**

Nothing

**VIII. COUNCIL AND STAFF REPORTS**

**A. COUNCIL/JR. COUNCIL**

**Mrs. Yerger**

Nothing

**Mr. Maxfield**

Nothing

**Mr. Kern**

Nothing.

**Mrs. deLeon**

Need replacement sheets for the budget.

**Mr. Horiszny**

Nothing

**B. TOWNSHIP MANAGER**

Nothing

**III. ADJOURNMENT**

**MOTION BY:** Mr. Horiszny moved to adjourn. The time was 9:38 PM.

**SECOND BY:** Mr. Maxfield

Mr. Kern asked if anyone in the audience had any questions or comments? No one raised their hand.

**ROLL CALL:** 5-0

Submitted by:

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Mr. Jack Cahalan  
Township Manager

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Glenn Kern  
President of Council