

BUDGET MEETING #2 11 3 16

The meeting was called to order by Chairman Kevin Cummings at 6:00 PM

There was a brief executive meeting just prior to this meeting. No actions or decisions were taken.

The minutes from the 9/28/16 budget meeting were approved with corrections notated by Naomi. Kevin made a motion to approve the minutes and Eric seconded it. The motion passed.

Kevin stated he would like to have an executive session at the end of the meeting. No stated actions or decisions will be taken.

The discussion began on the Fire Company budgets since they were present at the beginning of the meeting.

FIRE COMPANY BUDGETS

Kevin asked Mike W. if he had anything to say concerning the Franklinton Fire Co. budget. Mike said they are requesting basically the same amount as last year plus additional monies for the merger. Kevin confirmed with Mike that everything they had to present had been presented and Mike agreed. Mike said the budget is the same format as in the past. Kevin stated he had not yet heard from Andy Ritter. Kevin asked the rest of the board if they had any questions for Mike while he was here. Pam stated the Franklinton Fire Co. budget was available early Monday afternoon. Mike R. asked Mike W. if all of the revenues were listed on their budget and Mike W. said they were. Mike R. asked if he was to assume there was going to be no fundraising. Discussion was held on whether the fire company had bingo as a fundraiser.

Kevin asked Scott if he had anything for the board. Scott said he did not. Mike R. asked EMS if they were asking for \$37,000 again this year and Keith confirmed they were. Mike R. stated that EMS was asking for an increase for a total of \$40,000.

Pam asked the board if they wanted to decide on the split for the Fireman's State Aid money. In the past, the split has been 75% to Franklinton and 25% to Citizen's. Pam stated she has to issue the checks within 60 days of receiving the monies and issue a report to the Commonwealth of PA. It was decided to discuss this issue during the general fund budget discussion.

STATE HIGHWAY BUDGET

Pam stated she did update the State Highway budget. She said based on a meeting she had with Josh from PA Dot which included Mike Ryan and Eric Stonesifer, it was decided to zero out account 438.14, Highway Wages, on the state highway budget because Josh said that we are the only township that does this out of 130 plus townships.

This is monies that are transferred out of the State Highway fund to reimburse the General Fund for highway wages. Highway Wages include plowing, road mowing, gutter cleaning, etc. Pam said their pay is paid from General Fund/Payroll and then this money is transferred from the State Highway fund to reimburse the General Fund. Discussion was held on this process. Josh had told them that this does not affect our Liquid Fuels allocation at all as it is based on the roads in the township. Pam said this was done to show it in the State Highway budget but it will need to be the decision of the board. Eric said that doing this pay processing this way also leaves more room for error. For Oil & Chip, \$66,000 was in that line. Mike suggested dropping that number by 33% to free up more money in oil and chip and to balance the budget. Both of these actions were done to show on the budget that instead of having a \$56,740 shortfall, we would only have \$2,040 shortfall. This budget will be revisited and finalized at the next meeting.

More discussion was held on how we currently pay/reimburse highway wages out of the State Highway fund vs. not paying highway wages out of the General Fund. Discussion was also held on if engineering fees can be paid from the State Highway fund without a project. Mike Ryan stated we have \$100,000 left in our liquid fuels money and if we cut down 33% on oil/chip in 2017 and take the \$40,000 plus we have in Capital Reserve we will potentially be able to pay for the bridge. We can also take a PIB loan for the bridge for 1.75%. He stated we get paid \$3,300 per mile for our roads so it's not a case where if we don't use it, we lose it. The increase for liquid fuels allocations will continue throughout two more years till we reach \$250,000. We received \$220,368 this year. We're taking a more fiscally responsible approach in doing it this way. Mike said we have \$77,000 to spend in equipment right now. Mike said we just call Josh and he can tell us what we have. Pam also said it's listed on the MS-965 she works with.

Pam said Josh stated that the capital reserve balance did not come from the 20% yearly allocation of liquid fuels money. He said if that was the case, it would have been caught in the audits done on the State Highway fund. Naomi asked where that money came from. Mike said Josh also asked about the Water St. bridge. Josh looked at the bridge along with PA Dot. Josh said it is not structurally sound. He said he would not drive any truck over that bridge. Mike said an outside structural engineer was hired by William Hill and Mike said a core sample was not done. Discussion was held on listening to the advice of our engineer and what other options there are. Josh said a project should be assigned to the Water Street Bridge.

Pam informed the board that there is now a project for the Century Lane Bridge and Josh approved it while he was here so that expenses could be transferred/listed under the project. Mike said we could add on to the project but it has to be the same contractor. If it's not the same contractor, it would be a separate project. Pam said she would prefer the separate projects so as not to cause confusion and eliminate error. The 20% formula was discussed. This money is allocated or earmarked but you cannot actually move the money into another account. It's either 20% of the allocated total or 20% of what you have left but if the amount left is less than the allocated amount, it's 20% of the lesser amount.

Pam stated a decision would have to be made on the highway wages. Eric and Kevin said they would like to see what it looks like once the General Fund numbers are complete for 2017.

Discussion was held on the highway wages. Wages would show up on the General Fund instead of the State Highway fund. Pam asked if they would rather stay with paying the highway wages as we currently are until the bridge replacement project is complete. Mike R. said he would like to see it streamlined.

Naomi asked if the amount we were allocated this year is going to be enough. Mike said it depends on the amount of snow removal, the amount of salt and cinder needed and the road culverts. He also said that someone could possibly hit another bridge; that there are many variables. Mike also stated it would be good to have an amortization schedule each year with a certain percentage to be spent. Mike said there are two roads that do need oil/chip in 2017. Pam said we have \$229,000 in revenues and \$174,000 in expenses which leaves approximately \$55,000 left in the 2016 budget and is actually until March when the new allocation is received for 2017. Pam said to remember the highway wages are still in this year's actual and projected numbers.

Mike said if we took the 20% of the 2016 allocation and add it to the approximate \$70,000 to what we have; we would have \$100,000 to spend for equipment. Pam said that if the 20% allocation is put in the budget, it will bump the loss number up for 2017. Kevin said we should always keep money in Capital Reserve for unplanned expenses. Naomi asked if Capital Reserve is actually for Capital Improvements or if we don't have a Capital Improvements account anymore. Pam said it shows up on Quickbooks in 2010 (possibly the year they started using Quickbooks) and it has only gained interest since then. Pam said there may be paper records somewhere. Pam said maybe they planned for a capital improvement in the future and possibly that's why that money was put in Capital Reserve. Dave said the Terry Dougherty quote was for two projects; the handicap ramp and the bathrooms because the bathrooms were not urgent but the ramp was.

For the State Highway Fund, the main points that Pam had were dropping the highway wages from this fund based on Josh's recommendation and reducing the oil/chip line by 33% which changed the net loss at the bottom from \$56,739 to \$2,041. There is no equipment allocation in the 2017 budget yet. Pam asked if they would prefer to put the State Highway budget aside and wait until the General Fund budget is done. Kevin asked the board if they were in agreement to drop the oil/chip by the 33%. Dave asked what the schedule was and Mike said there were nine roads on the schedule. Dave asked if he thought it would cause degradation on the roads if they are not done based on the schedule and then end up costing us more in the long run. Mike said he didn't feel it would. It was agreed to drop the oil/chip line by 33%. The only pending issue will be the highway wages.

GENERAL FUND BUDGET

Pam started reviewing the General Fund budget on page five at line 408, Professional Fees. For 408.11, Pam said she did drill down into Quickbooks to see what was charged there. She asked the board if any of the engineer's fees for stormwater management should be in this account. Pam stated Nancy said SWM engineering fees should be charged to 408.11.

Some of the charges go in escrow if the customer has an Escrow Account. Pam said when we pay the bill to William Hill; we have to charge to it an account when we pay it then take it out of escrow if the customer has an Escrow Account. Pam confirmed with the board that all stormwater management fees should be Engineering Fee Reimbursement. Naomi said she thought that would be the case. Pam also brought up that there was a previous note there that this line offsets to 361.40, Site Inspections which is basically Bob Shelley's inspections that we get billed for. Currently, there is about a \$4,000 difference between what we've paid for his fees versus what is in 408.11. Pam doesn't think this note is correct and didn't understand why these would correlate. It was agreed the note didn't apply. Pam said we're considerably lower in 408.11 than we were in 2015. The only other thing Pam could think of was that last year there was quite a bit of escrow charges put in when she was trying to catch up on the outstanding escrow charges. Naomi said last year possibly we had more in SD/LD and this year it was more general engineering. Pam said that would make sense as there is about \$5,000 more in general engineering this year than last.

For 408.12, Sewer Enforcement Officer, discussion was held on this line at the last meeting. We discussed lines 361.35, 362.44 and 408.12. Pam stated for 361.35 in 2015 that number included all of the SEO Fee Reimbursements and charges for 362.44, Sewer Applications and Testing. It was decided at the 2016 budget meetings, sewer applications and testing was to be put in line 362.44 and not 361.35. This is why there is a big difference in these account lines from 2015 to 2016. This explanation is on the Q & A memo from the 9/28 & 10/26 budget meetings. Pam stated we have to budget for 361.35 and 362.44 in the 2017 budget.

Pam did update line 408.16 for general engineering to include the engineering fees for Lake Lea and Water St. MS4 NPDES Permit will have nothing in for 2017 due to the waiver. 408.35 include the engineering fees for Circle Drive culvert and the Century Lane bridge. Since there is a project for the bridge, those expenses will be moved from that line to the State Highway Fund. The Circle Drive engineering fees will be changed to 408.16.

For 409.25, Repair & Maintenance under Municipal Buildings was changed to a higher amount. Dave expressed concerns about the air conditioning system not working well at all this past summer and noted that it may have to be repaired or replaced. The last service person did not want to go up in the ceiling to check it the last time they were here. Pam said maybe that was because this system was put in by a vo-tech class/school. It was decided to budget \$10,000. Pam clarified that the telephone charges included cell phone bills. Mike questioned why we have Trugreen treat our lawn at the township building. Mike said there was a tank in the garage for oil heat. For line 409.72, Capital Improvements, discussion was held on if and when the bathrooms in the building are going to be redone for ADA compliance. Kevin asked if one unisex bathroom would be an option and stated that would allow for more room than to do both. Dave said the plans called for the spacing to go into the garage. Kevin mentioned the ceiling tiles and asked when the building was built. He said anything built after 1980 could contain asbestos if they are one x one ceiling tiles. Dave said that the township moved in 1979. Mike said we should look at opening the hallway when redoing the bathrooms because the meeting room is going to have to be expanded at some point.

Discussion was held on which way it would go if it was expanded. Mike said the salt shed is also going to need to be expanded and explained how the garage area could be restructured.

For 410.10, Police Contract Services, there are two numbers, one showing the contract price listed for the police and the other number is the line Dave Sprigg requested to show what an additional .50 unit of police service would cost. Pam said we are reimbursed from the state for the police pension. Discussion was held on the number of additional hours that would buy the township and what procedures have to be done to drop hours from police contract services. Mike said that we're in the lowest crime area and a lot of our time is spent in travel time since we are the farthest away. It was agreed response time will not improve no matter how many additional units we purchase. Kevin said he would like to see more time spent by the police patrolling our township than sitting on US 15 collecting fines. We currently have 7.5 units and Pam said one unit was worth ten hours. Naomi said every year the police have asked us to buy additional units and that she didn't think we could afford it this year. Three out of five of the board members decided not to purchase the additional .50 unit.

For 411.35, Workmen's Comp Ins-Fire Co. is workmen's comp insurance for Franklinton only. Eric said the fire company is not showing that number on their budget or the fireman's state aid they receive. It was noted that the board requested Frank Wirth to attend this meeting as has been done in the past but to no avail. Discussion was held on Fire Co. Contracted Services 411.54. Mike said that the fire companies initiated the merger, the board did not. Mike said we should not have to pay the rebranding expenses for the merger. Mike said that we should just keep one company, the one that is solvent and give our monies to that one company. Mike asked if citizens really want to pay approximately \$70,000 for rebranding just to keep the history of both companies. A board decision has to be made on what Franklin Township is going to do as a community. Mike said the comment was made at the fire company meeting that **they?** could eliminate both and Carroll would go right to Mohegan. Kevin suggested that the board come back to the Fire Co. Contracted Services line. Eric said a decision has to be made on the split of the fireman's state aid money. Pam reviewed the amount received, what the previous splits have been, when the money was received and when it has to be distributed. For 2016, it was decided to continue the split of 75% to Franklinton and 25% to Citizens.

412.56, Ambulance Contracted Services was discussed. Mike asked the board as to why we're donating to EMS which is a paid service. Mike has met with Rob Brady, who works at the state overseeing EMS and he has told Mike we should not donate this amount of money. Rob said he has told them twice who to contact to get paid and they're telling the insurance companies not to pay. Naomi said she was told Tracy was loaning them money out of the EMS funds and Tracy said she had to get it back because they were getting it from the government. Kevin has been speaking with some health professionals at Geisinger and has been getting some further information. The decision was made to table the discussion until the beginning of the next budget meeting remembering these numbers have to be finalized and the budget has to be displayed to the public for comment for 30 days.

For 413.18, Construction Code Officer-RAS, this line offsets to 361.40. Discussion was held on the difference in the two. It was determined they don't actually offset to zero because this contains reimbursable and non-reimbursable inspections. For BCO Salary, 413.32, it was decided to leave the salary line there for the future in case Nancy is not the BCO Officer. 414.16, Steno Expense, Pam said she has not gotten anything from the stenographer. **NOTE: Pam contacted her and she said she is very busy but will get a bill to us before the end of 2016.** For supplies for zoning such as markers or stakes for property lines, the board asked if any have been purchased. Mike also asked if Brian has to be certified to be the Zoning Officer for the township. If so, how often does this have to be renewed and where is the expense charged. The board has to make sure he is qualified. Pam will check with Brian on both questions. Discussion was held on the Plan Recording Fees. Pam said she would have to check into that. Pam said Nancy usually takes the money from petty cash when she goes to the court house. The board said plan recording fees should include the fee plus Nancy's compensated time and mileage to go there. These charges should be paid up front.

Pam reminded the board that they did receive Laurin's EMS budget at the last meeting. Kevin noted that he feels the EMC Salary should be increased to \$500. Kevin said there is a lot of work involved in the drills and also behind the scenes. It was also decided to increase Larry Harbold's salary to \$300. It was decided to raise the training and materials/supplies budget amounts to \$550 and \$5,000. Mike said John brought in cable for the phones to be run to the shed and Mike has called Laurin twice to get information on what he needs. Mike also said the generator that is in the shop is for EMS. Discussion was held on the request for a mobile generator. Mike also said he suggested to Laurin that a random drill be done to see what he actually needs vs. having a planned drill at the township building. The board agreed we have to be proactive in planning instead of waiting till something happens. SAFR food training was discussed and Kevin talked about how tents are usually set up for food for first responders and volunteers. Kevin said the county is taking care of the radio license. Pam said Laurin is asking for \$9,000 total in his 2017 budget. The total EMS budget was increased to \$7,450 for 2017.

Mike said we'll be having another driver come in that will need drug/alcohol testing. Mike discussed consortiums. Mike asked if Ron and Bob went to the bridge meeting that he asked them to do. Pam will check on this as there are no charges in this expense line to date for 2016 and noted that if it was put on by PA Dot, it may have been free. For the fuel pump, Pam stated she put the fuel pump charge of \$3,601 in Capital Purchase, 430.70 but wanted clarification from the board on where they would like that charged. Pam said it could be a capital purchase under the State Highway fund. Mike said to leave this charge here for now. Pam asked the board if they wanted to budget any monies to 430.70, Capital Purchases for 2017. The board decided there would be no monies budgeted to this line for 2017.

Kevin said that what we're currently paying temporary employees to plow snow is not a high enough wage. Dave said PA Dot part-time temporary/casual drivers who plow snow receive \$14.50 per hour. Kevin said that PA Dot has a broad base to pull from with their advertising done via the road signs. Pam said the wages were at \$14.00 per hour but when Louie came, he

requested \$15.00 and the board agreed to raise all temporary road crew to \$15.00 per hour. Mike said he called everyone on our list for plowing snow and did not get much of a response. Dave suggested we go out with a new ad to hire with the new rate that is decided. Mike said there are four routes that go in four different directions that have to be run when it snows. Mike reminded the board that these temporary snow plow drivers are coming out in the worst conditions to plow snow. Dave suggested we set the new rate for snow plow drivers only and not across the board for part-time temporary road crew workers. It was noted that Mike performed quite a few hours plowing snow last winter. It was decided to budget \$25,000 for 432.14, Snow and Ice Wages. For 432.24, Supplies, Equip & Calcium, Pam said the most of this expense is in State Highway.

Mike said that street signs will be needed for Twin Hills and they will need installed. 437.24, Supplies Equip. Repair/Outshop was budgeted \$7,500. Pam said the \$37,000 from State Highway wages would be put in the Highway Maint Wages and Highway Wages-Non-Project. Discussion was held on this line item and Pam will research exactly how this tracks back. Pam explained to the board how the hours are accounted for on the MS-907 and how they are charged and paid. \$37,000 is going to be added into 438.14, Highway Wages under the General Budget to see how the budget comes out and then decide for sure if we'll be paying highway wages from State Highway or the General Fund in 2017.

The Associated Products bill (for portable toilets for the accident) was paid by the township and charged to 415.21 Repairs and Maintenance under EMS. Does the board want this charged to 438.51, Miscellaneous Expense under Highway Maintenance? Our bridge project will be contracted out so there will be no expenses in 2017 for 439.15, Highway Wages-Project. It was decided to keep the civic contributions the same. Kevin asked if anyone from the library had contacted the township about getting more funds. Pam stated there was a lady who stopped in before the meeting asking that the township consider entering into a contract with SPCA. The board opted not to do this.

Pam discussed the fire truck repayment issue from Franklinton Borough which came up last year. The borough said in a June email to send Franklinton Borough the invoice for 2016 and they would pay us directly instead of paying the fire company who is then supposed to pay us. Pam said she sent the invoice last week and got a note back on the invoice that said "borough council agreed to send the payment to Franklinton Community and Fire Co." per Sharon Andrews. She notated the payment was sent to the fire company on 10/25/16. To date, Franklin Township has not received a payment from Franklinton Fire Company. Mike said a letter should be sent to the borough stating that we recognize their donation to the fire company but we still need our repayment amount for the truck. Pam and Dave said the contract is with Franklinton Borough.

Pam said 484.36, Sick Pay actual and projected is up due to Gary's paid sick leave for 2016. Discussion was held on vacation and sick pay that may be incurred and how the benefit package should have been factored into the previous year's budget. Pam said vacation and sick days/hours can be rolled over year to year (with limits). The only benefit that employee's cannot

lose is their personal days. Kevin said that with any new hires, this policy has to be changed as Franklin Township cannot afford this. He stated that days should not be carried over year to year. Employees get three personal days a year and lose them if they are not used during the year; they cannot be carried over. For vacation, employees with one to five years get ten days; six to ten years, fifteen days and 11 years plus, 20 days a year. For sick pay, employees with one to five years get five days then it goes six days for six years, seven days for seven years, etc. up to 10 years. You're allowed to carry 800 sick hours and 80 vacation hours. Discussion was held on the vacation and sick pay benefits the employees receive. Employees use their time to use up their leave and carry the minimum days/hours. The employee handbook needs to be rewritten. Kevin stated budgeting has to be done to the Capital Expense fund as we have employees nearing retirement age. Pam said that Gary stated he already has his sick and vacation time calculated that he'll be okay for this year in not losing any time. Pam said that Nancy got five more vacation days this year since she's been here 11 plus years.

Pam received a bill for the General Insurance Premiums that is due in December and she has not received a bill for the Liability Insurance yet. Pam is going to call the insurance company who provides the liability insurance to see what the invoice amount is going to be. It was decided to increase 487.159, Retirement to \$20.000. Pam stated that we pay some of the dental and vision insurance premiums and the employees also pay part of it. Eric asked if we got the renewals and the new premiums. Pam stated she wasn't aware of that since Nancy handles the insurances. Naomi told the board that she asked Pam to handle the disability issue with Gary from this point on. Naomi also suggested that Pam handle all of the insurances (health, dental and vision) since they deal with finances. The board agreed and decided that someone notify Nancy of the change in practice. Pam asked if it was okay to pay Gary for his personal days and asked if a motion had to be made to approve that. Naomi said it was okay. Pam stated she has not heard back from John Connor from Aetna on the health insurance. Gary would like to continue his insurance and Pam was under the assumption that Gary would have to write us a check to reimburse the township for the health insurance.

HEALTH INSURANCE

Discussion was held on the Health Insurance issue and how much percentages the township is paying towards health insurance, how much the employee is paying and what increases are going to be made. Eric went over the handout on insurances that he provided for the board. A motion will be needed on the deductions because it affects payroll. Eric said we are paying higher percentages because of the age of our employees. Mike said he was in favor of paying the employees at the 97% (that it is now) and only 50% of the rest of it (which is average). Eric said we are not required to pay anything towards insurance that is not for the employee. Dave said he'd like to base it on federal coverage percentages which are approximately 66%. Kevin stated he would suggest 80% across the board. Eric talked about surcharges that many companies also do. Kevin said this has to be brought into line to be fair to the citizens of the township. Kevin also added that the full-time employees basically got a 15% increase last year due to the health insurance increase. It was agreed to split the cost between the township and employee to 90% and 70%. The employees will have to be notified in advance. The final number will have to be determined once we know what the employees are going to choose.

Pam reminded the board that the per capita tax issue was addressed in her Q & A from 9/28 & 10/26/16 and asked the board if they wanted the per capita tax numbers put back into the general fund budget. It was agreed to put them back in. Pam told the board that the accounting firm Michelle recommended was Greenwalt and Co. in Mechanicsburg. Pam asked the board if we would have time to enter into a contract with another firm if we had not yet went out for bids as Nancy handles the bids. Naomi said to ask SEK if we can enter into a one year contract with them and what the cost would be. Pam asked if there was going to be written correspondence given to the employees on the health insurance changes. Naomi suggested once we have all of the information for the disability and health insurance continuation for Gary that we sit down and meet with Gary.

An executive session was held with no action or decisions to be made. Dave made a motion to adjourn the meeting. Eric seconded the motion. The motion passed and the meeting was adjourned.

The next budget meeting will be held on 11/16/16 at 6:00 PM

Pam Williams, Treasurer