

**Warrington Township Permanent Finance Committee  
Minutes for April 20, 2009 Meeting**

The Regular meeting of the Warrington Township Permanent Finance Committee was held at 7:00 p.m. on March 16, 2009 at the Township Building located at 852 Easton Road Warrington, PA 18976. The members present were as follows:

Michael Braun	Chairman
Russ Bragg	Vice Chairman
John Heenan	Member
James Furlong	Member
Glenn P. McKay	Supervisor Liaison
Thomas Zarko	Township Engineer
Timothy J. Tieperman	Township Manager
Vivian Bell	Finance Director
Lauri Halderson	Assistant Finance Director

1. **CALL TO ORDER:** Mr. Bragg called the meeting to order at 7:07 p.m.
2. **APPROVAL OF MINUTES:** Mr. Bragg asked members to briefly review the minutes of March 16, 2009 and propose any amendments thereto. Mr. Tieperman asked members to double check the revised budget timeline for accuracy. It was changed out of deference to everyone's summer schedules. There being no amendments the minutes were approved 4-0.

**ACTION/DISCUSSION ITEMS:**

3. Review with Township Engineer proposals to study township utility operations:  
At the last meeting, the Committee raised a number of questions regarding the overall price and hourly rate differentials between two (2) firms that had submitted proposals for the evaluation of Warrington's water and sewer utility operations. Mr. Zarko returned to address these questions. He stated that the overall purpose of the studies was to determine the systems' values and the potential impact on rates and capital budget if the Township were to maintain the status quo or consider selling the system(s).

One of the firms planned to use engineering subcontractors for a portion of the study. Upon further investigation, Mr. Zarko explained that BCM Engineers would be the subcontractor and is well-qualified in this field of study. In reviewing the scope inconsistency, he indicated that the higher priced proposal included a separate analysis on the plant's maintenance condition and management practices. Mr. Zarko opined that this information was already a known quantity and would be unnecessarily redundant. With these clarifications, he reiterated Staff's position that Keystone Alliance Consulting offered the least expensive and most qualified proposal and is also has a historic familiarity with the operations.

He also addressed Committee concerns over whether PUC approval would be necessary should a sale go forward. In checking with the township solicitor, PUC approval would not

be necessary if acquired by another authority. If acquired by a private entity such as Aqua, then PUC approval would likely be necessary.

Mr. Braun inquired about the study's timeline and whether it was the Township desire to see this study completed prior to the 2010 budget. Mr. Tieperman responded that the working goal is to have the process aligned with the 2010 budget deliberations. Mr. Zarko stated both proposals had an estimated timeframe of no more than 120 days. He also provided an evaluation matrix. Mr. Bragg asked whether the study's findings and recommendation(s) will be shared with the PFC first before official recommendations are formulated for the Supervisors' consideration. Mr. McKay answered affirmatively.

There being no further discussion, Mr. Braun asked for a motion to accept Staff's recommendation. Mr. Furlong motioned to recommend to the Board of Supervisors the section of of Keystone Municipal Alliance as the preferred vendor to conduct a valuation study of Warrington's water/sewer utility operations for a not-to-exceed fixed fee of \$25,000. Mr. Bragg seconded the motion. The motion passed 4-0.

4. Distribute March 2009 Budget Summary Report: Ms. Halderson distributed the March 2009 Budget Summary Report. She stated these reports will be furnished at each PFC monthly meeting. The report shows the aggregate budgets for each fund and the categorical percentage breakdown of expenses. The summary correlates to a larger revenue spreadsheet which records current and historical trends. Funds tracking at or below 20% is the goal to remain on budget. Mr. Braun commented that these summaries show good percentages comparisons for 2009 but not comparatively with 2008. Ms. Halderson stated she would add a percentage column to 2008 for next month's report.
5. Review 1<sup>st</sup> Quarter 2009 Revenue Report and Trends (General Fund): In reviewing the revenue trends, Mr. Braun observed some interesting trends. It appears that the real estate transfer tax revenues for February and March are tracking at or somewhat higher than last year's numbers, possibly signifying that the real estate market might be stabilizing. He indicated that the \$8,000 tax credit for first time homebuyers and lower mortgage rates may help move real estate inventory by year's end. This would have a positive impact on the transfer tax. Ms. Bell pointed out that there's usually a one-month lag in each transfer tax report.

Ms. Halderson pointed out one time, lump sum payments accounted for some of the aberrations in the percentage numbers. One major example is the snow and ice account, which to date logged around \$218,000 in snow and ice costs. While the winter season may not have yielded much accumulated snow, there were several black ice events which prompted the callout of public works crews to salt the roads.

Mr. Tieperman stated earned income tax (EIT) receipts are meeting 2008 budget projections thus far.. For the moment, there does not appear to be any dips in EIT revenues. Mr. Braun stated that May numbers will be very telling as to future trends.

Review 1<sup>st</sup> Quarter Revenue/Expenditure Report for the Fire, Inspections and Emergency Services Department: Ms. Halderson shared the quarterly reports of all fire and inspections-related income and expenditures. These reports were prepared by the director, Richard Lesniak, who had worked closely with the township's permits coordinator in compiling this revenue. Revenues, as expected, are tracking lower when compared with 2007 and 2008 revenues from the same time period. The revenue differential alone between fiscal years 2007 and 2008 was approximately \$360,000, which is primarily due to the construction downturn. However, 1<sup>st</sup> Quarter 2009 revenue reports show higher than anticipated receipts from higher than expected commercial activity and residential renovation projects. Sprinkler and electrical permits revenues were particularly high.

On the expenditure front, Mr. Tieperman stated there is a cyclical relationship between commercial revenues and expenses given the Township's contractual relationship with Keystone Municipal Services. The department is also not at current staff levels which is also keeping expenses low.

6. Review 1<sup>st</sup> Quarter Revenue/Expenditure Report for the Parks and Swim Club Funds: Ms. Halderson presented a brief summary snapshot the day camp and swim club programs, the two (2) major park programs that Staff is closely monitoring. Enrollment and registration fees in both these program will have a direct impact on the number of summer employees hired for the season. As of April 20, 2009 program feeds for the Twin Oaks Day Camp program were tracking below revenue targets. The next few weeks will paint a clearer picture as to whether parents are holding off until the last moment or simply avoiding these discretionary costs for the year. Staff has instituted a hiring freeze until after May 8, when park officials will have a better handle on final day camp revenues, from which final employment decisions will be made. Final staffing must be in place by June 1, 2009, as day camp operations begin on June 1.

With respect to swim club operations, Ms. Halderson reported that the overall picture is not quite as bad as day camp operations, although revenues are tracking below budget estimates. Park officials plan to monitor pool registrations and if revenues do not at least match 2008 levels, they will explore reducing pool hours. Because of safety regulations, there are minimum manpower requirements for lifeguards regardless of the number pool registrants, which is a fixed cost that can't be lowered without reducing hours of operation. Some Committee members asked whether the lifeguards have rotational assignments in other administrative areas such as pool maintenance or other secondary responsibilities. Mr. McKay opined that some economies could be realized from this type of job pooling. He also stated that the cool April might have contributed to the low registration levels and that *The Link* has a special marketing feature on the swim club that was just mailed to residents.

Ms. Halderson reported that park personnel have implemented some cost containment measures that are now starting to pay dividends. The Township has retained a new firm for pool maintenance operations resulting in a 35% decrease in overall maintenance costs over 2008. A new roof replacement is currently underway and future planned improvements include new play equipment, fencing and refurbishment of the locker rooms, all of which are designed to enhance the club's overall marketing appeal.

Mr. McKay did have some questions over the methodology used in evaluating snack club operations and asked for some clarifications at the next meeting.

Mr. Tieperman reiterated that the swim club continues to have a stubborn, negative fund balance which still remains on the books and needs to be addressed at some point.

7. Review 1<sup>st</sup> Quarter Refuse/Recycling Report and Projected Deficit in the Leaf Drop-Off Program: The Committee received a status report on the Township's Refuse and Recycling Fund and was advised of a deficit situation in the leaf drop-off program. Instituted in 2007 to comply with new DEP regulations mandating the separation of leaf waste from the general waste stream, the Township established two (2) drop-off locations for residential leaf waste. These sites were based along Valley Road across from Warminster's Kemper Park and off of Pickertown near the Tradesville sewer plant. Ms. Halderson stated that disposal costs from these sites are tracking significantly over the \$20,000 budgeted for this service and if left unchecked will likely exceed this budgeted amount by at least \$15,000 if not more.

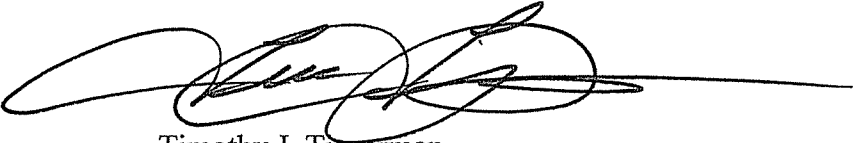
Committee members deliberated on ways in which to contain this red ink while not running afoul of DEP regulations. After some deliberations, it was recommended that the Board of Supervisors consider reducing the availability of these drop-off locations to certain periods of time to coincide with spring and fall collection seasons and be closed during the off-season. Based on this feedback, Staff will review this recommendation in context with the current refuse/recycling ordinance and advise the Board of Supervisors at its next regular meeting. Mr. Tieperman advised members that a recently formed ad hoc committee on refuse/recycling will be studying disposal options for the Supervisors' consideration and adoption prior to the fall leaf season.

8. Other Business:

- a) Moody's Credit Watch Decision: Mr. Tieperman and Ms. Bell recently attending a special workshop sponsored by Team Capital Bank on the status of municipal bonding. Moody's Investor Service recent placed a blanket credit watch on all municipal debt with the United States. While this move will not impact insured bonds, it may impact the premiums for such insurance.
- b) 2010 Minimum Municipal Obligation: Mr. Tieperman confirmed that the Township's 2010 minimum municipal obligation for its police pension plan will be around \$650,000, representing a \$250,000 increase or a .80 of 1 mill increase over the 2009 budgeted MMO.
- c) Act 32 Mandate: Mr. Braun inquired whether the Supervisors have appointed a voting delegate to serve on the new state-mandated Tax Collection Committee. Act 32 requires each political subdivision within each County to appoint a voting delegate to serve on a county-wide Tax Collection Committee. This Committee will serve as the executive body over a new Tax Collection District, part of the State plan to institute a singular county-wide entity to collect.

9. **Adjournment:** There being no further business, Mr. Braun asked for a motion to adjourn the meeting. Mr. Furlong made a motion to adjourn the meeting at 9:00 p.m. Mr. Heenan seconded the motion. The motion passed by a vote of 4-0.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Timothy J. Tieperman', with a long horizontal line extending to the right.

Timothy J. Tieperman  
Township Manager