

**WARRINGTON TOWNSHIP PERMANENT FINANCE COMMITTEE
MINUTES FOR JUNE 15, 2009 MEETING**

The regular meeting of the Warrington Township Permanent Finance Committee was held on June 15, 2009 at the Township Building located at 852 Easton Road; Warrington, PA 18976. Those present were: Michael Braun, Chairman; James Furlong, Member; John Heenan, Member; Glenn P. McKay, Supervisor Liaison; Timothy J. Tieperman, Township Manager; Vivian Bell, Finance Director; and Lauri Halderson, Assistant Finance Director.

1. **CALL TO ORDER:** Mr. Braun called the meeting to order at 7:07 p.m.
2. **APPROVAL OF MINUTES:** Mr. Braun asked members to briefly review the April 20, 2009 minutes and propose any amendments thereto. There being no changes, Mr. Braun motioned for approval, seconded by Mr. Heenan. The minutes were unanimously approved 3-0. Since there was not a quorum of those in attendance at the May 18 meeting, Mr. Braun suggested that these minutes be deferred until the June 15 meeting for adoption. Mr. Plotnick noted that he was incorrectly listed as absent in the May 18 meeting. Change was noted and will be incorporated.

ACTION/DISCUSSION ITEMS:

3. Model Tax Increment Financing (TIF) Program: Mr. Braun distributed some model TIF guidelines. He explained that a TIF is a financial vehicle commonly used to facilitate economic development activities in distressed areas, whereby increased assessment valuations from new development projects are used to generate public funds to help finance them. He explained that a successful TIF program depends on a partnership among the major real estate taxing entities, that being the County, School District and Municipality. TIF programs are commonly used in distressed areas. One is currently being utilized for the redevelopment of Upper Moreland's Willow Grove area. Since school districts carry the highest property tax burden, they are the most critical partner when implementing a successful TIF program. There was some discussion as to whether such a program could be utilized in Warrington. Mr. McKay noted that Warrington does not have any large swaths of areas in need of redevelopment but has "pockets" of parcels along the 611 corridor that could benefit. Mr. Tieperman noted that the Malcolm property could be a good candidate as would the Eureka Village area.
4. Review YTD Revenue Reports and Trends (General Fund): Ms. Bell and Ms. Halderson reviewed the revenue trends as of June 15, 2009. They reported that real estate taxes were on budget and that additional monies are expected in June and July.

Real estate transfer taxes remain steady, although they're tracking below the monthly budgeted benchmark of \$50,000. Ms. Halderson indicated there may be an uptick in collections in August and September, as families resettle before the fall school year begins.

Earned income receivables are tracking on budget, implying continued and stable employment in the Warrington area. The local service tax is also tracking on budget.

Mr. Tieperman noted that the adopted 2009 budget does include a new business privilege tax that is currently being challenged by a group of Warrington businesses. He indicated that the case is on appeal and may not be resolved in time to ensure a timely collection. He recommended that while these collections are currently zero, it should be included in the financial trend charts to ensure a more accurate forecast of 2009 revenues.

He noted also the Township is in litigation over its amusement tax and that current collections are negligible, which may necessitate additional enforcement action.

Business licenses and permits are tracking on budget. Local and state fines, however, are tracking lower which is somewhat surprising given prior year collectibles. Committee members asked the finance staff to research this apparent decline, whether it's due to reduced State payments or reduced local enforcement.

Rents and royalties are tracking below budget given delays in some cell tower projects and pending lease agreements. Ms. Bell noted that major State revenue grants are not due until September/October.

Mr. Tieperman reviewed briefly the status of the swim club and day camp programs. Pool memberships stand at 320 versus 400 in the prior year, reflecting a 20% dropoff. Day camp enrollments are also down to 200 registration from last year's 320. Mr. Tieperman stated that the resulting revenue declines in these areas have been somewhat offset by reduced personnel hires but that there are still minimum staffing requirements at the swim club.

5. Review YTD Revenue/Expenditure Report (All Funds): Ms. Halderson reported that that aggregate revenues for all funds were near 50% versus 40% last year at this time. This correlates directly with the millage adjustments authorized in the adopted 2009 budget. Similarly, Mr. Tieperman reported a similar decline in expenditures but cautioned that the police arbitration ruling, when issued, will require retroactive adjustments and will have some impact on EOY expenditures. He also noted integration conflicts between the township's payroll company ADP and its financial software system have prevented the timely postings of payroll information in the year-to-date expenditure calculations. Staff is working with IT in evaluating updated financial programs in surrounding towns with a goal to bring payroll eventually back in house to eliminate these delays and input redundancies.
6. Discuss Preliminary Budget Discussions: In compliance with the expedited 2010 budget schedule, senior staff members were directed to prepare and submit preliminary 2010 expenditure estimates for their respective departments. They were issued special worksheets to help management obtain basic information for 2010 planning purposes. Ms. Halderson noted that these early spreadsheets still have unaudited 2008 data and that there's an accrual lag for some expenditure accounts but that these data sheets should give township administration a good jump start in preparing the 2010 preliminary budget.

Mr. Braun inquired about the preliminary cost assumptions for non-union wages and health insurance costs. Mr. Tieperman stated that wages will likely be indexed to the pending

police arbitration decision. Staff is using a working budget number of 3.5% for wages and 7.5% for health insurance. For other general insurance categories, Staff is using 5%.

For all other discretionary categories, department heads were directed to maintain level funding and to note any major budget anomalies for the Committee's review and recommendation. Mr. Braun asked whether any personnel hires were currently planned in 2010. Mr. Tieperman responded that he is still evaluating the impact of recent staff changes before developing final recommendations.

Ms. Halderson provided a summary review of each department's 2010 operational estimates. Committee members had general questions on some of the line item projections. Mr. McKay noted that insurance estimates for fire, inspections and emergency services showed a 30% spike over 2009 figures. Ms. Halderson will investigate this spike but suspects that these estimates may not have included the correct allocation formulas or account codes.

Mr. Heenan asked whether, in preparing their budget proposals, the department heads had any real flexibility in some of the insurance and wage categories. Mr. Tieperman responded that those types of line item accounts were formulaic and based on aggregate fixed cost assumptions. Therefore, there was little flexibility in these categories, barring further staff reductions or changes in family coverage as selected examples. The challenge for each department head was to account for these fixed cost variations but to make appropriate adjustments in other discretionary categories to keep their overall department budgets level-funded.

Mr. McKay asked for an explanation in the \$20,000 professional services line item under public works administration. Mr. Tieperman explained that this account was added after the elimination of the public works director to provide backup support to the township manager's office if needed. Some CKS bills should have been coded to this account which Ms. Bell will investigate.

Mr. Plotnick stated that he didn't see any reductions in the non-union police categories. Ms. Bell stated that these changes were reflected in the clerical/crossing guard line item, not the command staff line item. Mr. Braun asked about uniform staffing levels at the police department and whether the Chief was proposing any new hires in 2010. Mr. Tieperman the department was at full authorized levels and that this will remain unchanged.

Ms. Halderson pointed out that there will need to be an increased appropriation for street signs in light of a new state mandate. These appropriations will be budgeted over the next three years as part of a phased process. Ms. Halderson noted that the expense projections for fire and inspections were not fully vetted by Rick Lesniak in light of the Valley Road fire incident. They are still preliminary but will be required to be zero-based to match budgeted revenues.

7. Other Business: Committee members discussed briefly the summer schedule. Mr. Tieperman stated that the auditors will be in attendance at the July 20, 2009 meeting and that capital budget proposals will be ready for preliminary review and discussion.

8. Adjournment: There being no further business, Mr. Braun asked for a motion to adjourn the meeting. Mr. Heenan motioned to adjourn the meeting at 8:35 p.m. Mr. Furlong seconded the motion. The motion passed by a vote of 3-0.

Respectfully Submitted,

Timothy J. Tieperman
Township Manager