

WILKINS TOWNSHIP BOARD OF COMMISSIONERS

BUDGET MEETING MONDAY, SEPTEMBER 26, 2016

The Budget Meeting of Monday, September 26, 2016 was brought to order at 6:00 PM by President Sylvia J. Martinelli.

Mr. Costa Mr. Wells Mr. Boyd
Mrs. Martinelli Ms. Criner

Mrs. Bradley presented the first draft of the proposed 2017 budgets for the following funds: General, Combined Sewer, Capital Reserve, Lions Park Grant, Industrial Development Authority, Police Pension, Emergency Contingency, PennVest, Liquid Fuels, Retired Members Death Benefits, Disaster Relief and Bicentennial.

GENERAL FUND

Currently balanced at \$5,299,500 the 2017 General Fund does not propose an increase in real estate tax millage but does rely upon a carryover from 2016 in the amount of \$670,800. The carry forward is due in large part to the receipt of \$315,000 more in real estate transfer tax than what was budgeted; the receipt of \$135,000 more in business taxes than was budgeted and the carry forward from 2015 into 2016 of \$133,500 more than projected. A summary of proposed revenues and expenditures was presented as follows:

REVENUES

REAL ESTATE TAX: While the millage rate will remain at the 2014 level (5.674), the proposed budget for 2017 real estate taxes is \$15,000 less than the projected 2016 revenue. It is anticipated that during 2017, Lidl will demolish the 5 structures that exist at 3484-3500 William Penn Highway. Those structures have an assessed value of \$1,171,900, netting real estate tax at face of \$6,650. It is also anticipated that further real estate tax challenges on vacant commercial structures will continue to push total assessed value lower resulting in the collection of less tax overall. The 2017 Budget for Prior Year and Delinquent Real Estate tax have both been increased by \$5,000 due to an upward trend in collections.

ACT 511 TAX: Deed Transfer Tax in 2016 reflects the transfer taxes for the sale of Penn Center (\$295,225) and the sale of 3484-3500 William Penn Highway (\$16,048). Absent those sales, transfer tax would be projected at \$53,700 for 2016, which is about \$10,000 higher than what has been received in recent years. The five year average of \$40,000 has been used as the budget number for 2017. The year 2015 represented the leveling off year for Earned Income Tax. Since the inception of Act 32 in 2012, the Township has realized a steady increase in Earned Income tax, through 2015. Projected Earned Income Tax for 2016 is \$795,000, similar to that received in 2015. The 2017 Proposed Budget holds EIT at the 2015 and (projected) 2016 level: \$795,000. While Mercantile tax will come in at a higher level in 2016, it is projected that in 2017, that will once again level off. The average collection over a period of 5 years has been \$318,000. In 2017, with the loss of revenue from Aamco, Smoker Friendly and Peerless Wallpaper, the budget has been proposed at \$310,000. Business Privilege tax had been averaging about \$250,000 per year until 2015, when there was a significant spike. Since that time, the revenue has fallen off. The proposed budget for 2017 has been increased by \$20,000 to \$250,000.

GRANTS: Wilkins, Churchill and Monroeville received a grant from Allegheny County (\$46,972) for a joint implementable Comprehensive Plan. The grant is being administered by the Turtle Creek Valley COG. The Township's share of cost is allocated in the IDA Fund. The Township also received a grant from Allegheny County for an Active Transportation Plan (\$34,000). That program will be administered through the Capital Improvement Fund. The Township also received a grant from the Commonwealth Financing Agency for Phase I improvements to Lions Park (\$218,000). A separate fund has been created (Lions Park Grant Fund) to administer that grant.

STATE SHARED REVENUES: The Township will receive \$5,000 more in Liquid Fuels Tax in 2017 than what was received in 2016. State Aid received in 2016 was \$28,700 more than budgeted. In 2017, the Township will lose one credit, due to the termination of a public works position. A conservative budget of \$130,000 has been established for state aid, representing a \$10,000 increase over the amount budgeted for 2016.

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MISCELLANEOUS REVENUES: Beginning Balance: The Proposed 2017 Budget includes a projected carryover from 2016 of \$670,800.

EXPENDITURES:

LEGISLATIVE: Other than a slight bump up in hospitalization between 2016 and 2017 (\$200), there are no other changes to the line items in this category.

MANAGER: Manager's Salary is frozen pending the settlement of the WTMEA Collective Bargaining Agreement. Hospitalization increased by \$1,500. Pension obligations decreased across the board for all PMRS members.

LEGAL: The Solicitor estimates his fees for 2017 to be in the range of \$45,000. Additionally, the Township contracted with Cohen & Associates to negotiate the renewal of the Verizon Franchise Agreement which expires on December 31, 2017. The cost for those negotiations is \$3,250.

ENGINEERING: The Engineer estimates fees in the General Fund to be in the neighborhood of \$35,000-\$45,000.

BUILDINGS AND GROUNDS: The proposed 2017 budget includes \$45,000 to replace the tile floors in the hallways, kitchen and bathrooms. The tile has been tested and does contain asbestos. The Township will contact asbestos removal companies to receive quotes to safely remove the tile and then work with a contractor to install new tile.

POLICE DEPARTMENT: In accordance with the Collective Bargaining Agreement, wages will increase by 2.5% in 2017. Health care costs increased between 2016 and 2017 by \$20,000. The Minimum Municipal Obligation (MMO) to the Pension Plan will increase between 2016 and 2017 by \$5,600. Chief Krancic requested Capital Expenditures of \$84,100 to purchase 2 Ford Utility Interceptors, upgrade the computers and purchase a patrol rifle. Of that amount \$39,400 is included in the budget representing funds to purchase one Interceptor, upgrade the computer equipment and buy the patrol rifle.

FIRE: The 2017 Budget includes \$178,500 for VFC #3 to purchase fire apparatus. This number is based upon the VFC #4's purchase. The Board of Commissioners authorized seeking proposals from consultants to perform a Strategic Plan for the three fire departments. Funding for that study is included in the Capital Reserve Fund.

CODE ENFORCEMENT: Professional services includes \$36,400 for Code Enforcement services provided by the Turtle Creek Valley COG (20 hours per week at \$35 per hour), \$30,000 for services provided by Code.sys Code Consulting, the third party building inspector and \$5,000 for other Code and Planning related expenditures, including General Code updates, stenographers fees and DCED building permit surcharge fees.

WASTE MANAGEMENT: The year 2017 marks the 4th of 5 years of agreements that the Township has with Republic Services/Allied (garbage) and Waste Management (recycling). For the year 2017, the Township will pay \$490,000 for garbage and recyclable pickup, an increase over projected 2016 fees of \$10,000. Included in this line-item are fees associated with the dumpster that the Township will make available to resident for brush on a bi-annual basis.

PUBLIC WORKS: Wages are frozen for all classifications pending the outcome of Collective Bargaining Negotiations. Pension payments decreased by \$5,000 between 2016 and 2017. Ed Bruener requested \$170,336 to replace Trucks 63 and 64. Of that amount, only \$20,000 was budgeted.

STORMWATER MANAGEMENT: This account group includes funds to continue to perform work in compliance with the MS4 program, including street sweeping. Funds are also available to perform a study of permeable surface area in furtherance of identifying whether or not a fee should be established for stormwater management services.

HIGHWAYS & BRIDGES: At this time, the total amount available for paving projects is \$103,500. This number will change as 2016 projections are firmed up. Streets to be paved in 2017 may include: Hawthorne, Pepper, Tynewood, Larchwood and Dunbar, pending the amount of funding available and/or taking out a PIB loan.

COMMUNITY DEVELOPMENT: This account group contains funding for demolition of abandoned structures (\$20,000).

INSURANCES: The Township has not yet received new numbers for Property, Police Professional, Liability, and Automobile insurance policies. The 2017 budget currently assumes the 2016 projections, with the exception of Workers Compensation which was increased by 10% in each wage classification.

INTERFUND TRANSFERS: The 2017 budget proposes a transfer of \$67,800 from the General Fund to the Capital Improvement Fund for the following purposes: Fire Department Strategic Plan (\$35,000), General Code recodification project (\$10,000) and Prior year real estate tax refunds (\$25,000). A transfer of \$21,300 is necessary from the General Fund to the Lions Park Grant Fund to meet the Township's matching obligation for the grant for the first of the three year term.

Following the General Fund Review, each of the other funds were discussed, as follows.

COMBINED SEWER FUND: The proposed 2017 budget for the Combined Sewer is balanced at \$1,870,000. Wilkins Township has agreed to pay ALCOSAN sewage charges for the properties located within the Township. The agreement requires the Township to budget funds equal to at least 120% of the amount ALCOSAN estimates will become due within each year. The Township has not yet received that notification from ALCOSAN and therefore, this line item (ALCOSAN Sewer Fee) is the same as 2016 (\$1,305,000). The Board of Commissioners approved a Consent Agreement with the Department of Environmental Protection in December 2015. The Agreement requires a combined sewer system source reduction study, a sanitary sewer system source reduction study and the performance of a flow reduction demonstration project. The agreement expires in November 2017. Projects for 2017 are still being defined and will be discussed with the Board at later meetings.

INDUSTRIAL DEVELOPMENT AUTHORITY (IDA) FUND: This fund was designed to distribute contributions from the IDA. The Authority makes periodic contributions to the Township designed to be used for specific purposes. For 2017, funds are earmarked for the Lions Park Phase I Rehabilitation Project (\$76,200) and the Multi-Municipal Implementable Comprehensive Plan study (\$10,000).

EMERGENCY CONTINGENCY FUND: This fund was designed to fund unplanned capital purchases and expenses that are the result of emergency needs. Revenues are generally from general fund transfers and interest income. Typical expenditures would be roof repairs, unexpected building repairs, including HVAC and major vehicle or road repairs. The carry forward balance of this fund is estimated at \$444,000. There are no major expenditures planned at this time.

CAPITAL RESERVE FUND: Activities planned for the Capital Reserve Fund in 2017 include administering the Active Transportation Plan Grant, the Volunteer Fire Company Feasibility Study and the General Code Recodification project. Funding will be from General Fund Transfers (\$67,800) and grant reimbursements (\$34,000).

LIQUID FUELS FUND: PennDot will provide the Township with 192,431.86 in Liquid Fuels Allocation for 2017. These funds will be used to pay for public works wages and street lighting invoices.

POLICE PENSION FUND: The Township's obligation to the Police Pension Plan for 2017 is \$335,918. These funds will be paid with a combination of State Aid (\$130,000) and Township General Fund dollars (\$205,918).

DISASTER RELIEF FUND: Revenues and expenditures are estimated at \$2,000. These funds may be used to help Red Cross volunteers in the event of an emergency.

RETIRED MEMBERS DEATH BENEFIT: Total funds available in 2017 to meet beneficiary obligations are \$146,050.

PENNVEST: In August 2014, the Commissioners authorized debt service in the amount of \$373,494.97 to disconnect a combined storm and sanitary sewer system in the Highland Avenue / Negley Avenue area of the Township (the "Linhart Project"). Funds were borrowed for a period of 13 years at an interest rate of 1.654%. Debt service will be paid from this fund based upon an annual transfer of \$32,000 from the Combined Sewer Fund.

BICENTENNIAL FUND: The fund is balanced for 2017 at \$30,300 and relies upon a transfer of \$7,500 from the General Fund.

LIONS PARK GRANT FUND: New in 2017, this fund was established to act as the clearing house for grant and other funds necessary to complete Phase I of the Lions Park Rehabilitation Project. The Township received a grant in the amount of \$218,000 from the Commonwealth Financing Authority. The grant period is July 2016 through June 2019. The anticipated cost of Phase I rehab is \$388,100. Total Revenues are projected at \$198,500 during 2017 and represent \$100,000 in reimbursement grant funding, a \$21,300 transfer from the General Fund and a \$76,200 transfer from the IDA Fund. These funds will be used on materials and supplies, roads and streets and excavation and grading in conformance with the requirements of the grant agreement.

The meeting adjourned at 6:45 PM.

Respectfully submitted,

Rebecca Bradley
Secretary