

The workshop meeting of the Borough Council of the Borough of Sinking Spring was called to order on Wednesday, August 25, 2010 at 7:00 p.m., at the Sinking Spring Borough Hall, by Vice President, Edward Oswald. After the Pledge to the Flag, Regina Shade called the roll reflecting the following Council Members present:

Stewart Wenrich (absent)  
Edward Oswald  
George Butkus (absent)  
Elizabeth Sloan  
Denise Stine  
Dennis Leiby  
James Pachuillo

Other officials present were: Mayor Francis Butkus; Keith Mooney, Borough Solicitor; Bradley Smith, ARRO Consulting; Robert Ludgate, Sr., Ludgate Engineering; Michael Hart, Public Works Director; Police Chief James Oxenreider, and Regina Shade who recorded the minutes of the proceedings.

Mr. Oswald asked for a moment of silence for police, fire, and military service people serving here and abroad.

**VISITORS:**

There were no visitors.

**BUSINESS:**

The first item on the agenda was bulk cleanup. Bulk cleanup will be October 13, 2010.

The next issue was the flu clinic which will happen on the same day, October 13<sup>th</sup> from 11:00 a.m. to 2:00 p.m.

Our main discussion that evening was going to be in regards to our health care. Mr. Oswald turned the floor over to Mrs. Shade. Mrs. Shade said at last month's regular Council meeting she had just received the preliminary numbers for both health care plans; non uniformed (Health America) and the police (Capital Blue Cross). Health America was going to be going up about 20%. Mrs. Shade stated we recently hired VIST to be our insurance brokers. Mr. Vaughn Zimmerman is the gentleman that handles our account. Mrs. Shade told him that the Borough can't afford a 20% rate increase in the non uniformed health care cost. Mr. Zimmerman told Mrs. Shade he was going to see what he good do to get us lower rates. He was phenomenal, Mrs. Shade said. Mrs. Shade explained that by upping our deductible for single person from \$1,250.00 to \$2,500.00 we will not only be saving ourselves the 20% increase for this year but our cost we will be 3% lower then what we are paying currently. In addition, we do not have any single people on the Health America plan so this switch in deductible will not cost the Borough or any employee any money. It is a win/win situation. The deductible for a family will remain at the \$2,500.00 mark where it currently sits.

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Mrs. Shade stated dental insurance is currently with Delta Dental and we pay both for this on the Capital Blue Cross bill. The Delta Dental Insurance is for both the non uniformed and uniformed people. Delta Dental has severed their relationship with Capital Blue Cross. So, we are going to need to get Delta Dental on our own. This means that each person, non uniformed and uniformed, will need to fill out a new enrollment form even though we are currently using them. She also showed Council on the forms that Delta Dental is still cheaper than Capital's new dental insurance. In addition, she has called several dentists in the area only to find out they don't accept the new Capital dental plan. She explained that the new health care package has incorporated many if not all of the new health care reform bill requirements. Capital will also incorporate those requirements as well. Mr. Pachuillo asked if this needs to be done now since the renewal date is 10/1. Mrs. Shade said yes. Mr. Leiby questioned if we checked other plans and not just this one (1) guy. Mrs. Shade said he is a broker so he shopped all different plans. Mr. Mooney explained what a broker does and how he shopped our plans around. He said that he went to multiple vendors seeing who had the best price. Mr. Leiby wanted to know what vendors he went to. He was wondering if he got a kickback from these vendors or what. Mrs. Stine said he goes out and brings back the best possible prices he can. She works with him at Canarevon Township and she has 100% confidence in him. Ms. Sloan had a couple questions on this since she has been in this business herself. She wanted to know why we were only getting two (2) to choose from and the reason she is asking this is because she knows that Capital has the highest rates. Mr. Pachuillo said we are only talking about Health America. Mrs. Shade said that Capital Blue Cross is the police and we don't have too much control over that since they are under contract. Ms. Sloan said she understands that. But it doesn't seem like that much of a savings. She would like to know what vendors he called. Last year we had the same issue with Chet Perfetto and she is just not sure that this is the best. Mr. Pachuillo asked if for the next meeting Council could have that list. Mrs. Shade said sure but she wanted to caution Council that we need to get this into them now as the October 1<sup>st</sup> deadline is fast approaching. Mr. Leiby said so you are waiting till the last minute and shoving it down our throats. Mrs. Shade said we are saving 3% over what we are paying this year; so we got rid of the initial 20% increase plus an additional 3% over what we are paying this year so we are saving 23%. Mrs. Shade felt this was outstanding. Mr. Leiby said in this day 3% don't mean nothing. Ms. Sloan had a few questions. She wanted to see more than two (2) quotes. She would like to know what carriers he quoted because she knows that Gesinger in this area is very competitive. She said the increase was going to be 20% which Mrs. Shade said we aren't going to pay that. Ms. Sloan stated it is averaging between 20% to 37% increase now; so you know you are going to be hit with an increase you just don't know how much. Mrs. Shade said but we aren't. Ms. Sloan said she understood that we weren't but after Mrs. Shade said we weren't going to accept that. She felt for him to say we are going to up our deductible to \$2,500.00 since we don't have any single people is like five (5) minutes of work. She just wants to see that we quoted this thoroughly. Ms. Sloan said can we save more than 3%. Ms. Sloan stated she feels VIST should have gone to more brokers. Mrs. Shade stated she can ask him but her concern was that we are going to miss our deadline and then we won't have any insurance. Mr. Oswald asked what our deadline is. Mr. Mooney said we need to start the paperwork soon. October 1<sup>st</sup> is when the plan runs out. Mr. Mooney said we could probably wait till next Thursday for that decision. Mr. Mooney said he has been in this business and negotiated contracts; he looked at quotes he explained what our vendor does. Our vendor looks at the insurance we currently have; tries to get quotes from insurance providers that provide the

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same type of insurance or at least in the ballpark of what we currently have; but what he is not doing is going around because there is a bunch of fly by night guys out there who will provide health care coverage that is not equal to the benefits our employees currently have. He is comparing apples to apples unless you give him instructions otherwise. Mr. Leiby said that is what we are talking about. Mr. Mooney said Council hasn't given him instructions otherwise. Mr. Leiby stated he wasn't asked to give him instructions. Mr. Mooney said you hired him and without giving him any direction the only thing he is going to do is get you a quote that is something equivalent to the plan that you currently have. He isn't going to go out and get your employees an inferior plan or a plan that offers less benefits unless you tell him to do that. Mr. Pachuillo said he did the quotes; he gave us the best. He presented us with the lowest price. Mr. Mooney said if you are driving a Lincoln, this guy isn't going to go out and get you a price for a Hyundai. Ms. Sloan just wants to see the work behind it. (Everyone started talking became hard to hear). Mr. Oswald gaveled the noise and stated Mrs. Shade will not be able to hear what is said. He has heard some of the tapes and whenever everyone talks it becomes impossible for her to hear. He asked for one (1) person at a time to speak and to try and keep it civil. Mr. Oswald could understand what was being said. But he doesn't know if it is worth the trouble to see the quotes from other companies if this is the best one (1). It was already presented. Mr. Oswald said we hired him by a 7-0 vote to do this job and now we are going to question him. He doesn't understand why we are doing that. He can see he is trying to save money and the deductible is going up but he is confused too. Mr. Leiby stated all she is looking for is the other companies' names. Ms. Sloan said Health America is usually good on dental and vision. Mr. Mooney said we are with Delta Dental now. Ms. Sloan said insurance companies will take as much money as we are willing to give them. Mrs. Shade stated she will ask Mr. Zimmerman for the information however he is going for surgery and she is not sure when he will be coming back. Mr. Mooney stated the Borough is actually lucky that we don't have a union for the non uniformed people. He said if you had a union there might not be a discussion. Mr. Mooney said that he (Mr. Zimmerman) is requesting a sit down with the police to see if they will move to Health America if Health America is going to be the choice. The police are locked into Capital Blue Cross because it is locked into their contract. That is one (1) of the other things that needs to be discussed tonight as to whether you are going to authorize Mr. Zimmerman and himself to sit down with the police and see if they are willing to switch to Health America to save money. Mr. Oswald stated since we are at an impasse with Health America perhaps we should move to the police and Capital Blue Cross. Mr. Mooney said since Council is not set on Health America are you going to authorize to negotiate Health America with the police. He continued if you are going to sit with the police it needs to start. You have to re-up by October 1<sup>st</sup>. Ms. Sloan said the question to the police is, are you willing to renegotiate or not. If not that is closed. Mr. Mooney said they are going to want to see what you are offering as a package to replace what they got. Right now they are locked into the Blues; they are going to want to see that the package you are offering is the same or better. He continued if he has nothing to show them they are going to say, we're going to keep what we got. That will be it and the Borough will eat the increase. Chief Oxenreider said the problem last time was they didn't have enough time. Mr. Mooney understood that. He said that Mr. Perfetto and Mr. Keller, of Barley/Snyder sat down with the police and they needed to give them an answer that night. They said no, because they didn't have enough time to look at. The Chief feels they might not have a problem sitting down but give them some time. Mrs. Shade was concerned we won't have enough time. Mr. Mooney said that is what he is asking for authorization to sit down with them. He said the police are going to ask for the terms of the package; all of the

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insurance companies that handle municipal insurance have people that work with the municipal side and the union side. They are going to go to the union guy at Health America and show him the plan and he will make sure it is comparable to what they currently have. Mr. Leiby said that is all they are asking for on their side. He said you just said it; they have contacts with every company. Mr. Mooney stated that Mr. Leiby didn't understand what he was saying. Mr. Mooney said when you get down to negotiating health care insurance; Mr. Leiby said he knew exactly what Mr. Mooney was talking about. Mr. Mooney said the health care insurance company, they have an employee who is on the union side and explain to the union from their perspective what that health care is going to be. Mr. Mooney continued when our union gets the information on that plan they will take it to that guy; they are going to have a sit down with him and make sure that it is comparable to what they currently have. They are saying they need time. If we wait till the middle of September, they aren't going to have enough time to do that before October. Mr. Leiby said we are going to know this next week. Mr. Pachulo said all that is being asked of us that evening is to authorize them to approach the police to renegotiate the insurance. Mr. Leiby said after we know the numbers. Mr. Pachulo said no along with Mr. Oswald who stated we don't have the time. Mr. Leiby thinks it is a waste of time. You are going to know the numbers next week. Mr. Pachulo said no, we are talking a totally different package. We are now talking about the police not the non uniformed. Mr. Leiby said they want to know our side. Mr. Mooney said that is killing two (2) weeks. He explained how that will happen. Mr. Leiby said we aren't going into negotiating till October. Mr. Mooney said no October 1<sup>st</sup> is when the renewal takes place on our health insurance. They need time to sit down. Mr. Leiby questioned when does the contract open? Chief Oxenreider said it's not the contract; it's the contract with the health care provider. The contract is up at the end of 2011. Mrs. Stine said the health care contract goes from 10/1/10 to 9/30/11 and that is what we need to have set by 10/1/10. Ms. Sloan said this is like one (1) phone call she is asking for. Let say VIST has contacts with fifty (50) companies, they put it out. They want to look at Sinking Spring and police to all fifty (50). Three (3) to five (5) perhaps six (6) will come back and say they will cover a group this small. There are a lot that won't cover police so you are talking a minimal number of people. She just wants to make sure VIST is doing their job. Mrs. Shade stated that is fine for the non uniformed but if you don't have a plan, how can you go and offer it to the police. Until Mr. Zimmerman gets back to us with the information, it is hard to... Ms. Sloan stated she just wants to see who he went out to. Mrs. Shade is concerned we have to switch to Delta Dental or we will all get Capital Blue Cross Dental. Those need to go in within the next week. She said as of now there appears to be no dentists that take Capital Blue Cross Dental as it is brand new. They contacted Mrs. Shade's dentist and they don't accept it. Mrs. Shade said we will be paying for dental insurance that no one participates in if we stick with Capital Blue Cross Dental. This is all tied up into our health care. The second issue is we want to approach the police we need to have them fill out all the applications, they must be submitted, and that takes time. Mrs. Stine believes it takes at least three (3) weeks to get all that information in so that come 10/1 our insurance is up and running. Ms. Sloan stated it isn't three (3) weeks, it can probably be processed in a week. Mr. Mooney said if you don't authorize some type of negotiating with the police you are killing two (2) weeks. Ms. Sloan is fine with that. Mr. Mooney said he is not lobbying either way; however he is just trying to lay it out to them so they know if it doesn't get done, why it didn't get done. We are going to lose two (2) weeks. He explained the time line. You are out the whole first week of September. A brief discussion ensued. Mrs. Shade explained the sheets. (They will become part of the minutes). Mr. Pachulo said the only thing we are looking for is that negotiations start today the

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numbers will be laid out in front of them. Mr. Leiby said to make a motion. Mr. Pachuillo made a motion to allow VIST to contact the police union and sit down and discuss their health care; seconded by Mr. Leiby. AYES – 5, NAYS – 0; motion carried. Mrs. Shade asked if they would like to see the same benefits. Ms. Sloan said yes; she isn't out to punish anyone but Chuck Perfetto stated a few years ago that no one ever looked at health care before. It is a big cost. Ms. Sloan said she proposes that we begin looking at health care in June next year. Mrs. Shade stated that we only get the proposed costs about sixty (60) days out. Mrs. Stine agrees. Ms. Sloan stated she does this for a living. Mr. Mooney said if you had a committee that can start to look at this stuff. Mr. Leiby said we don't have committees anymore. If she was in charge of that committee that is what she would have done. Mr. Mooney said an ad hoc committee could be formed to look at this. Mr. Oswald said the reason there are no committees is because they were worthless. Everyone sitting at that table knows, every time we went around and asked for a committee report, there was no report. He sat out in the audience and heard "no report", "no report" with the exception of sewer and that is the only one needed. Mr. Leiby asked Mr. Oswald how long has he been coming to meetings. He has been coming since the '70's. Mr. Leiby said that committees did a hell of a lot of work. Mr. Leiby said if the committees did their work, there was no report to give. Mr. Oswald banged the gavel and said that was enough. Mr. Leiby said he was on committees and there was no reports to give; he was on committees for thirty (30) years. Mr. Oswald asked if Mr. Leiby was finished. Mr. Leiby said maybe. Mr. Mooney said if Council feels strongly enough about giving direction to their broker about what you want to shop around, if you had a committee of two (2) or three (3) that are actually interested in it and want to sit with him and give him direction then he can change what he is shopping for so when it is time to go out to the market he can shop it. (Everyone started talking.) Ms. Sloan said all she is saying is that health care is a big cost. Mr. Oswald said that no one is disputing it. Everyone knows health care is going up. Mr. Mooney said if you don't give him any direction you will be having the same discussion next year because you are saying what did he go out to quote for. He went out to quote for exactly what we have because Council didn't give him any direction to do otherwise. Mr. Oswald said it is Council's entire fault. Mr. Mooney said the reason he was talking about a committee was because all of Council can't sit in a room and discuss it. It is hard to discuss this kind of thing at a regular Council meeting. Mr. Mooney again stated it is hard to negotiate your health care plan in public. Mr. Oswald said it is kind of funny that this is brought up the minute Mr. Wenrich is not at the meeting. He questioned why this wasn't brought up when he is here. Mr. Leiby asked what Borough doesn't have committees. Mr. Oswald stated we are now nine (9) months into this and not once was it discussed about no committees until Mr. Wenrich is not here. (Everyone starting talking it was inaudible). Mr. Leiby took a cut in his medical. He asked the Mayor and he also took a cut. Mrs. Shade stated she did what she thought she was to do. Mr. Leiby understood that. Mr. Leiby said we cut back in the office we should have committees to take the pressure off of Mrs. Shade with some of these things. Mrs. Shade said she was very happy when we went down 23% from what she first was quoted. Mr. Leiby said he was sure she was. She said she felt bad to which Mr. Leiby told her not to feel bad. Ms. Sloan said this may well be the plan she just wants to see the work. Mr. Oswald agreed. Mr. Oswald stated that we could be running into the time frame where it becomes urgent. Ms. Sloan said we should start earlier next year. Mrs. Shade said that we need to wait until the quotes come out for the insurance we have from our carrier. We only got the quotes on the day of our last Council meeting. Ms. Sloan said that was not Mrs. Shade's fault but perhaps we could ask the carrier to get us those

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numbers in June. Mrs. Shade doesn't know if they can get them that early. Mrs. Shade told Council that when the numbers came in she wasn't happy; she contacted Mr. Zimmerman and told him that those numbers won't do. He did his magic and again not only got rid of the 20% increase but by putting the single deductible up to \$2,500, while not affecting a single person, it lowered us another 3% saving us in essence 23% in our health care for next year. Mrs. Stine said there is a certain amount of days in our renewal period that those numbers will come out to your broker to start the process for the new year. Mrs. Stine believes it comes out about sixty (60) days before the plan expires. (Inaudible – everyone was talking). Mr. Mooney said we had one (1) more item in regards to the dental. He asked if Council was going to authorize the Borough Secretary to take the action necessary to enroll both the non uniformed and police in Delta Dental because Capital Blue Cross and Delta spilt. Mr. Leiby asked if we had to decide that. Mr. Mooney explained that she actually has to enroll the employees in Delta if the Borough is going to stick to Delta Dental. Everyone was talking. Mr. Mooney said she needs to enroll them. Ms. Sloan said we are meeting before that. Mrs. Shade said that the paperwork must be into Delta Dental by September 15<sup>th</sup>. Mrs. Stine made the motion to enroll the Borough employees, both police and non uniformed in the Delta Dental plan; seconded by Mr. Leiby. Mrs. Stine said that Delta Dental is no longer with Capital so we have to do that. AYES – 4, NAYS – 1 (Ms. Sloan); motion carried.

Mr. Oswald stated Mrs. Shade has done some work looking at tax information. Mr. Oswald stated it appears we will need to raise some revenue somehow. Mrs. Shade has broken it out by section. Mrs. Shade stated she broke the Borough into five (5) sections. She took the original Sinking Spring area, Milbeth Village, Columbia Court, Stonegate, and Brookfield Manor areas. (The paperwork will become part of the permanent record). Mrs. Shade requested Mr. Hart go to each of these areas and pick five (5) homes and get their assessed value. This came off the tax assessment map. First, Mrs. Shade calculated out the millage based on the 3.19 mils they currently pay. The current assessed value for the home on Woodrow is \$86,200.00. They pay \$274.98 currently for real estate taxes based on the 3.19 mils. Ms. Sloan questioned if that was per thousand. Mrs. Shade said no, that was for the entire amount. Ms. Sloan said okay. That is all they pay. With a one (1) mil increase they would then pay \$361.16 per year for a 1.25 mil increase it would go to \$382.73 a year for real estate taxes. She also asked Ms. White to get the average sewer bill for each of the properties for a month. Mrs. Shade took that number multiplied it by 12 and got their average sewer bill for a year. This house pays \$360.00 a year on sewer compared to only \$274.98 for their taxes. That is just the sewer; it does not include trash or anything else strictly sewer, Mrs. Shade said. The ones that have asterisks next to them pay more per year for sewer then they do for their property taxes to the Borough. They receive snow removal, 24 hour a day police coverage, library, park and recreation, administrative newsletters, street lights, street signals, all of those types of things for \$274.98 a year compared to sewer for \$360.00. She went on to say that she also took it a step further. She added up the assessed value of all five (5) homes; divided it by five (5) and got the average assessed value for that area. The average assessed value in original Sinking Spring comes to \$78,300.00. Mrs. Shade stated one time when she was speaking to the Mayor he actually gave her the idea of doing this when a former Councilperson who got upset because the sewer rates went up by 35%. Mayor Butkus told them to figure out what that 35% actually costs. Mayor Butkus told Mrs. Shade when it was actually calculated out, it came to about \$4.00. Mrs. Shade stated she did both a mil and a 1.25 mil increase. So based on these numbers a mil increase

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would cost the average homeowner of \$78,300.00, an additional \$78.30 per year or \$19.58 per quarter or \$6.53 a month or .22 a day. A 1.25 mil increase would cost an additional \$97.87 a year; \$24.47 a quarter; \$8.16 a day; or \$.27 a day. Mrs. Shade did this for all of the areas. She stated again the ones with the asterisk pay more per year for sewer then they do for their taxes. Mr. Leiby asked Mrs. Shade to find out what the assessed value of the apartment building across from the post office is. Mrs. Shade stated she will get that information. Mr. Leiby wants to compare that value against what they are assessing the houses at Brookfield Manor at. Mrs. Shade stated she stayed away from commercial buildings and just stuck with homes. Ms. Sloan had a favor to ask. Ms. Sloan stated that we did a great job but by the time we are done we have 10, 14 copies could we number them as version 1. Mrs. Shade stated this isn't the budget. Ms. Sloan said she understands that but as we move forward if we could number them. Mrs. Shade stated she was hoping that Council could give her some guidance in establishing a millage rate or increase as opposed to her just randomly picking a number and then constantly adjusting the numbers. Ms. Sloan said she had two (2) comments and that was one (1). She feels Mrs. Shade is doing a great job with the budget it just gets confusing. The second point was that while it is good on some of them it doesn't make any sense on others. She said you can't have a Winding Brook Drive because it is throwing your average off. The other (4) are fine. She feels you need to stay within the others. Mrs. Shade said no that is why you average them out. There are more expensive homes over there as well as probably some less expensive but again this is just the average. She said if you are truly thinking of a tax increase this just skews it. Ms. Sloan said a guy living in a \$115,000 house is not on par with someone living in a (inaudible). Ms. Sloan said that a \$200,000 difference really skews the numbers. Mr. Pachuillo said he liked the sheets very much. He said it gives a real value to a homeowner. Mr. Oswald asked that there be no conversation other than the person speaking. Mrs. Shade said she will not be able to hear anyone if they are all talking. Mr. Pachuillo feels it is very useful and yes, averages can get a skew but he thinks it is really cool that once you start talking about a tax increase you can see that it isn't really that expensive if you break it down the way she broke it down. Mr. Pachuillo stated there was just an article in the paper about a family from Brookfield that is in jeopardy of losing their home. He said times are tough for everyone it doesn't matter if you live in a half a million home or in an \$80,000.00 home. It does affect everyone that is why he believes in seeing the per day, per month is awesome. It actually shows those sitting in the audience what someone actually pays in the Borough for the same services. Mrs. Stine agrees, she thinks what Mrs. Shade has prepared is great. Mr. Pachuillo likes the sewer comparison. We had no problem, and he is just as much to blame as he sat in the audience and didn't say a word as he was just one (1) person, of a 114% or 111% sewer rate increase; that didn't even get a whisper but we are asking for a couple of cents a day or month to keep the Borough services up, we need to really start thinking about this. That sewer passed like nothing at 114% and roughly we are looking at perhaps a 30% increase for this. Mayor Butkus said he was taking a little watch on this. The people in Brookfield have a higher priced house seem to use more sewage. That does not bear out at all. If we compare original Sinking Spring with Brookfield, those numbers are not just that far out of whack. A discussion ensued. It was very loud and inaudible. Mr. Pachuillo questioned what could possibly be different between the house on Keller and the house on Woodrow. Ms. Sloan said a leak. Mayor Butkus said lifestyle. Everyone started talking again. Mayor Butkus said this is the real argument or problem came with past Councils. They were thick in the head. This is where they could not understand. As a person or two (2) people were in a house and they used this much

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sewage now a younger couple came in with a few kids and/or getting older and maybe having a medical condition that we must go to the bathroom more often and that is why we are using more water and that is borne out by what is being seen here. Does it require that they use more washing because there are accidents and we have to flush them out like dirty linen and/or are they young families with a lot? There are some places where someone died. She uses a whole lot less. Mr. Pachulo stated in sewer. Mayor Butkus stated we aren't seeing more efficiency. Mr. Oswald believes we are over analyzing this. The reason he believes Mrs. Shade put this on there was because, this is only one (1) service we are providing and look at what they are paying however the taxes includes police stuff; we are going to have to buy a police car next year. The millage increase goes toward road projects. He believes that is why it was listed not to see how efficient some people are compared to others. Mr. Oswald said at least from the random sampling Mrs. Shade put together in most cases the tax burden is less than the sewer burden and you are getting far more services with your tax dollar then you are getting from your sewer dollar. You must think of this from a point of service perspective. Mr. Oswald said if we are trying to shrink Sinking Spring's size of government which he isn't sure you can do. Mr. Leiby said it makes sense to him. Mr. Oswald said we are a Borough of 4, 000 people roughly and you operating it on 25 people. Mrs. Shade said not even 25 people. The reason our taxes have remained low is because the government is small but we can't go any smaller than this. He said look at other Boroughs this size you aren't going to find any operating with as few people as our Borough does. Mr. Leiby questioned how many are in the office at Wernersville. Mrs. Stine said it's not just the office it's the whole Borough. You need to look at the entire Borough not just one (1) department; it's the police department, your public works department. Mr. Leiby said you can't do anything with the police department because years ago they were smart enough to organize. Mr. Pachulo said we have miles of roads. Mr. Leiby said streets were smart enough to organize but then they decertified so that's their problem. Mayor Butkus said he has just one (1) comment. He asked if everyone received their copy of the Borough's News. He said he won't dwell on this but he asked if everyone read the article about Trevorton (or something like that, he said) Township. It is in the center of the book. They have a population of a little over 3,000. Before we get into a big ugly mess, he said it would behoove everyone on Council to read that thing. See what they did to get their cost under control. One (1) of the things they did is that they recognized they had an over abundance of overhead; over \$800,000.00 in debt. When it gets to that point it becomes overbearing. They tell how they tamed it. Mr. Oswald said we aren't really encumbered on our General Fund. Money is needed. Mrs. Shade said after the last meeting the Mayor spoke to Mrs. Shade and said he had showed our financials to financial people and they said we were heavily encumbered on the General Fund side. Mayor Butkus questioned about our vehicle payments. Mrs. Shade stated we didn't have any vehicle payments but due to the late hour she didn't really pursue that issue as she was afraid there might be and she just couldn't recall that info at that time. The very next day Mrs. Shade called our auditor, Reinhart and Company, and she said we are not heavily encumbered on our General Fund side. We are heavily encumbered on the sewer side with the upgrade. Mrs. Shade stated that Barbara Adkins of Reinhart and Company would be more than happy to talk with Council about this issue. Our loans are spread out over twenty five (25) years. Mrs. Shade said everyone has a copy of the audit. Mr. Leiby said when he was on Council before we had no line of credit. Sometime after he left Council and got back on we got a line of credit for a million dollars. Mr. Leiby said where are we now? Mrs. Shade stated we didn't use the million dollars. Mr. Leiby said "thank God for that". Mr. Leiby said it should still be zero. Mrs. Shade

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said yes, but we have no capital fund. Mr. Leiby said so his grandchildren are going to have to pay this off. Mrs. Shade said they will be paying the debt off on the sewer plant too. Mr. Leiby said the sewer debt comes out of income. Mrs. Shade said yes, but the tax money is income as well just in the General Fund. Mr. Leiby said we are trying to save tax money. Mrs. Shade said we haven't had a tax increase in almost ten (10) years. Mr. Leiby said we haven't borrowed that kind of money. Mrs. Shade said we should have had an increase two (2) years ago. We shouldn't have gotten the line of credit and we wouldn't be in this mess Mr. Leiby yelled. Mr. Oswald said lets clear up one (1) thing about that line of credit; it saved us because we couldn't pay our bills. Mr. Oswald stated we used that line of credit to pay our bills because of the whole budget mess last year. Mr. Oswald agreed Mr. Leiby's point was valid but we made that mess so we borrowed out of it. That was our own fault because we couldn't pass a budget. Mr. Leiby said he wasn't on Council. Mrs. Shade said when we passed the 114% sewer increase two (2) years ago; Mrs. Shade was looking for a half to a mil increase. It was brought to us at the 13<sup>th</sup> hour that our sewer rates need to be increased by 114%. Mrs. Shade said she couldn't personally ask the residents to pay a 114% increase in their sewer rates and then turn around and ask them for a half to a mil increase on top of that as well. So, what Council at that time decided to do was not up the millage and went along with the sewer increase. Council the following year would need the mil increase. Well, Council did not give the Borough the mil increase so in order to pay the bills we needed money. What a municipality can do is since we don't have a capital budget, we were allowed to Borough money but we needed to make a list of all the capital items we had purchased going back over three (3) years. These were items that we purchased out of the General Fund operating expenses not capital monies. So, what we were doing is reimbursing ourselves for monies we should have borrowed a while ago. This included police cars, the fire squad, etc. That money has kept us afloat. Ms. Sloan stated that money was related to the sewer agreement with Heidelberg that got held up and whatever. Mrs. Shade stated she didn't know. She believed Mr. Schlott did the calculations for the 114% and she was not aware of the cause she just knew it was going up on 114%. Mrs. Shade was taken back by that percentage. She told Council that we could try and limp through another year. Mrs. Shade said she doesn't want anyone to be homeless or not feed their children so she said she could try and forego the millage increase till the following year. She told Council if she could go back she would in a minute; she regrets not putting the millage through at that point. A discussion ensued to our debt. ( It was loud and I couldn't hear). Ms. Sloan said how much did it cost to run the Borough last year? Mrs. Shade said probably about 1.5 million dollars. Mr. Oswald said two (2) people sitting at this table have very close ties with the sewer. He said he had a conversation with those people and he said it was like throwing a quarter in a jar. You are getting to flush your toilets. Mr. Oswald said what he hears from people is that he is not a property owner but he will be one (1) day when his grandmother passes away (he doesn't want that anytime soon) but he will be paying taxes and sewer. He wants to make sure that he is paying his taxes to the Borough of Sinking Spring not Spring Township. He thinks raising taxes is a terrible thing but when you aren't making enough money what do you do? Mr. Pachuillo questioned borrow it? Mr. Oswald said exactly then we just become more encumbered. It is a vicious cycle. Mr. Leiby said what are businesses doing today? Mr. Pachuillo said closing; being bought out. Mr. Leiby said now you are talking. Mr. Pachuillo said we will end up in Spring Township. Mayor Butkus would like to see hard cold numbers. Two (2) things, he doesn't think the number Mrs. Shade put out was the only loan we had. Mrs. Shade said it isn't. What he would like to see is how much the Borough is paying in cold hard cash in interest a year. Mrs. Shade said you can see that on the financial statements you get every month in

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your binders. It is on the treasurer's report. Mrs. Shade said we have a loan for the DiBiasi stormwater project. We are paying PENNVEST for that loan. Mr. Ludgate said that was because of a screw up that was done years and years ago. That was preventing a lawsuit from DiBiasi because they got repeated damage from flooding that the Borough could have been held responsible for. We have a loan for the building. Mr. Oswald said if we don't pay off the debt we currently have, we will be borrowing more to stay afloat. How else do we do that other than tax increase? Mayor Butkus feels the answer is in the article that he asked Council to read. Mayor Butkus said after they read it they must make some heartfelt decisions from what they glean from it each and everyone in their own mind. Mr. Oswald said what they did has no bearing on what we do. How are we going to pay it back? Everyone was again talking. Mr. Pachuillo feels we should discuss this now. He feels that Council needs to meet more than once a month to discuss this issue. Mr. Leiby said he doesn't have the vote. Mr. Oswald asked Mr. Pachuillo if he would like to be on the committee to which Mr. Pachuillo said yes. Mr. Oswald asked Mr. Leiby if he would like to be on the committee. He said no, someone else can do the budget and he will sit there and argue with them. Mr. Oswald said that is why we want you on the committee so we can prevent this. Mr. Leiby said he was on steroids. Mr. Ludgate said Mr. Leiby made some valuable comments on the committee he served on and he feels he would be an asset to the budget committee. He asked Mrs. Stine and she will be on that committee as well. They agreed to meet at night as Mrs. Stine and Mr. Pachuillo work during the day. Mr. Oswald hopes that he doesn't become what it became last year. Mr. Leiby said it will. Mr. Leiby said they had it figured out last year but they wouldn't listen to them. Mrs. Shade asked Council for their rough ideas as she would like to start working on the budget. It is a good start, Mr. Pachuillo said. He said the budget basically tells you what you need to run your Borough. Everyone was talking again. Mrs. Shade said Mr. Hart needs to do street work, how much should we allow for that or are we cutting that out of the budget altogether. Mr. Pachuillo said no. Ms. Sloan said we need hard numbers. Again, everyone started talking inaudible. Mrs. Shade said are health insurance cost, raises, those types of things have a direct effect on the FICA cost, pension costs those types of things. These need to be established. Mrs. Shade said the Chief is due a 4.5% increase, the police are due a 3.5% increase that is a given. A discussion ensued. Mr. Mooney said everyone has a copy of the 2009 audit and that will be your starting point. Ms. Sloan feels there is a certain number that we should be able to run this Borough on. This is a small Borough. We need to have a target number below which we can operate this Borough and if we can't shame on Council. She went on to say that this Council should be voted out and seven (7) new people put in that can run the Borough on that amount. The numbers are too soft. We need hard numbers. Mr. Oswald feels we need to have some carryover. Inaudible. Mrs. Stine questioned Mrs. Shade how much a one (1) mil increase would generate. Mrs. Shade stated based on the assessed value that the tax collector currently has it would generate \$893,494.87 in revenue. A 1.25 mil increase would generate \$947,250.02. Mrs. Shade sent Council an e-mail with some ideas on non essential services that could be cut to help save us money. We pay the library \$35,000 a year. We can do away with that. We can cut back on our recreation program. She suggested not doing away totaling with the program because that would put more kids on the street which could mean we would need more police presence. However we could shutdown Brookfield Manor altogether. We could cut back the amount of leaders from 4 full time and 2 part time to just 4 leaders. We can cut back and be only open from 9:00 a.m. to 1:00 p.m. and open only 3 nights a week as opposed to the four (4) and perhaps change the hours. We could do away with our Lighting of the Tree. She stated she would hate to do that to the residents but these are not essential

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services to the Borough. Mr. Leiby said are we closing the library or is he missing something. Mr. Oswald and Mrs. Shade said no. Mr. Pachuillo said this is probably one (1) of the only libraries that is supported by local government. Most of the other libraries are County ran libraries. Mr. Leiby said so they would make up the \$35,000 difference. Mr. Pachuillo questioned if the County could take the burden then. Mr. Mooney said the County will give them what they give them because they get an allocation from the State. There is a formula how it is given out. Mr. Leiby said you don't want to screw the kids in this town. Ms. Sloan said she is not sure that we should take all the money away but there could be some cutting there as well. Mrs. Shade questioned where do you want this money to be cut from then. Ms. Sloan said you give us the hard numbers and they will look. Mrs. Shade stated everyone received a copy of the audit. Mr. Pachuillo said the County run libraries are very fine libraries. We donate a lot of money. Mr. Leiby said he feels they do an excellent job for the money we give them. Mr. Pachuillo said he isn't arguing that at all. He just feels we could get them off the Borough's books and put it on the County's books. Mr. Leiby said you make it sound easy. He continued on stating that's like asking the Federal Government if the the State went democratic we wouldn't have money for schools. Mrs. Shade said but if we need money to plow roads where should that money come from. Ms. Sloan said are there any big grants that the State has that we could apply for or perhaps at the Federal level. Mrs. Shade does a recycling grant. We get pension money. Mr. Mooney is not aware of any Federal grants out there that is just free money that is not borrowed or loans. Ms. Sloan said or matching. Mr. Mooney stated often times you must be doing some type of capital improvement work so if you aren't going to do a street project then you can't get the money. You must do public works projects to access the funds. Ms. Sloan said right. Ms. Sloan said we are doing the sewer right now so we are getting that money. Mrs. Shade we aren't getting any grant money for the sewer plant. We have a PENNVEST loan for that. Mrs. Shade said we have to remember that we are going to be facing new requirements on stormwater and other areas as well. Mrs. Shade asked Mr. Hart to fill Council in on those areas as well. Mr. Hart said we are going to have to comply with these Federal mandates and it is going to cost us a lot of money. Mr. Leiby said can we volunteer to go to jail because I don't think we should do it, screw 'em. Mr. Hart said the biggest one (1) is the stormwater. Ms. Sloan said with this electric thing was Mr. Hart in touch with other municipalities because she knows there are a lot of rumblings to fight that. Mr. Hart said there is a lot but it is Federal so he doesn't know how much we can take away from it. There is no time frame on that yet. By 2012 another Federal mandate is that all of our traffic signs, regulatory traffic signs must be updated. The stop signs the size that we currently have to update if we can just unbolt and bolt a new one (1) on is \$55.00 each. We have shy of 200 of them, just stop signs. That is unfunded mandates that we must comply with. A regulatory sign is a stop sign, one way, do not enter, street name signs. All of them will need to be replaced by 2012. Ms. Sloan said the reasoning behind that is? Mr. Hart said the Federal Government says we have to change it. Mr. Pachuillo said it is just like them making us change the stormwater collection. Mr. Leiby yelled screw 'em. It is the only way you are going to straighten those asses out then we can all go to jail. Mr. Hart said all diesel equipment by 2012 or 2013 will all have to be upgraded to the new standard for scrubbing the air, the after burners. Ms. Sloan said we have only one (1) or two (2) pieces of diesel equipment to which Mr. Hart said no, most of our equipment is diesel. There is no money out there for that. And that is all the old equipment. We can either replace the equipment or upgrade it. Ms. Sloan said that it will be grandfathered to which Mr. Hart said there will be no grandfathering we are going to have to meet the requirements. There are three (3) major mandates that we are going to have to comply with and

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they are unfunded. This is why we need to start building some type of capital fund to offset some of these expenses. Mr. Oswald said we must do a tax increase a little at a time so we don't hit them up with an unbelievable one (1) the following year. Mr. Oswald said or we will be voted out. Mr. Leiby said they are all going to all be voted out because incumbents don't have a snowballs chance in hell to get reelected. Incumbents are out, Mr. Leiby said again. Mr. Pachuillo hears what the Mayor is saying about the older folks but if the costs are coming down on you, you have to generate the money somewhere. Everybody in the Borough is going to have to pay for it. This Borough, that borough, this town, that township it all gets passed down the line to the people that live there, Mr. Pachuillo said. Those people will pay for those services. The idea of living in a Borough is that you get more services, Mr. Oswald said. You are a smaller municipality. Mr. Oswald said everyone likes to bring up how low Spring Township's taxes are. However, they have a larger area to draw on plus the services are not as good, Mr. Oswald said. Four (4) days to get your roads plowed; our residents would not tolerate that at all. Mr. Ludgate said one (1) of the grants that he recently looked into and didn't apply for was because we are part of the Reading Urban Area, we came into a pool with a lot of major cities and we didn't look strong compared to those big cities. Wernersville is considered a rural area however Sinking Spring is not. Some of the MS4 issues are based on whether you are in an urban area or a rural area Mr. Ludgate stated. Some of the area grants are based on where we are located. Ms. Sloan suggested we get rezoned then. Ms. Sloan said we just redid our Zoning Ordinance. Mr. Ludgate said that determination is made by the U.S. Census Bureau not by us. The new census data will need to be looked at because it might affect our eligibility for certain grants, Mr. Ludgate said. Mr. Oswald doesn't think we are going down. Mr. Ludgate said it is based on density per square mile and some other issues. A grant is not a grant; you must look at the rules and how it is applied and some of the rules and how we must enforce them. Mr. Ludgate said EPA stated the rules and regulations are on the way. They aren't even hearing the feedback from municipalities in this portion of PA. Mr. Leiby said they don't hear nothin' in Washington; that's the problem. After November they might. Our DEP is resisting the Federal Government on this but they are not getting anywhere, Mr. Ludgate stated. The reason is because of the pressure others in the Chesapeake Bay areas are placing on them because they are directly affected. We don't about the Chesapeake Bay but we are a source of pollution for them, Mr. Ludgate said. That is the reason for the stormwater regulations. He explained to Council how they think we are polluting the Chesapeake Bay. Mr. Leiby said he didn't want to disagree with Mr. Ludgate but we are in the Delaware Valley. The rules for the Chesapeake Bay said you had to put fences around all the farms in Lebanon/Dauphin Counties and concrete walkways for the cows, Mr. Leiby stated. Mr. Leiby said so when you said Chesapeake Bay you actually meant the Delaware. No, Mr. Ludgate said he meant the Chesapeake Bay. But the problem is EPA has made a determination what they did over there we are going to do here. Ms. Sloan stated on the September 13<sup>th</sup> signup for the Mass Mutual; she knew the time was setup for 11 to 5 but she got a call from the Mass Mutual lady and she is not sure who is to take the appointments but is it possible that we can get something set up with that because we can't put anything up on the website till this is resolved. Mass Mutual told her that as an elected official it is not really appropriate for her to take the appointments although she is willing to do it. It is usually like a County or Local Official who took the appointment. She is not sure how we can work this out but she feels there are people in Sinking Spring that could take advantage of this. Mrs. Shade asked if she was looking for someone in the office to take the appointments. Mr. Mooney said he didn't know off hand about this. Ms. Sloan said they did it up in the Allentown area and the Allentown area workers made the

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appointments. It is a company offering free insurance to lower income working people. Mr. Mooney said he imagines you could sign a Borough employee to do however you only have three (3) office people. So you are down to two (2) for a day. Ms. Sloan said the calls will probably be around 25 to 30; it is not like you get slammed with a lot of calls. She just wants something on the website. Mrs. Shade stated Ms. White did get a phone call from someone about doing this but Mrs. Shade said at this point not to get involved that we need direction from Council. Ms. Sloan questioned if she stops by on Thursday if we can go over this. Mrs. Shade questioned if that person must sit over in the Council room the day of signup. Ms. Sloan said if we have 35 appointments that lady that called will come down. I would just have all the pamphlets and everything. She just wants to get something on the website so they can print the pamphlets, get them over to the Library and get the people in. Mrs. Shade again questioned what is this person to do? Ms. Sloan said they do all the work. They just need to set up the appointments, Ms. Sloan said. Mr. Mooney said if we have the manpower go ahead. Ms. Sloan said she will stop in on Thursday or Friday to talk about this. Mr. Oswald asked if there were any more budget issues before we move on. Mr. Pachuillo said between now and next week, he asked Mr. Leiby and Mrs. Stine to look at their schedules and come up with some dates where they could meet biweekly to start on working on the budget. Ms. Sloan said you are going to give us some hard numbers to look at. Mrs. Shade said you have the audit report to start with. Ms. Sloan asked if the Mayor was satisfied with the auditor's report to start with. The Mayor said all he does is accept or reject. Mr. Oswald said he really doesn't have much say in this as he is in charge of the police department. The Mayor said as a public citizen he has a right to speak just like anyone in the audience has. Mrs. Stine said that is the only place to start. Mr. Mooney said those are your only solid numbers at this time. Mr. Leiby said we make Mr. Pachuillo Chairman.

Mr. Oswald said the book sale is the 14<sup>th</sup>, 15<sup>th</sup> and 16<sup>th</sup> of October. Ms. Sloan made a motion to allow the Friends of the Library to use the basement for their book sale; seconded by Mrs. Stine. AYES – 5, AYES – 0; motion carried.

Mr. Ludgate stated they had asked to use the Borough Hall for the LUPTAP meeting.

Mr. Ludgate stated that there was a Terrace's Annexation Plan that needs a time extension. It is Ludgate Engineering's recommendation along with the Planning Commission that the Borough grant the time extension to December 3, 2010. Mr. Leiby made the motion; seconded by Mr. Pachuillo. AYES – 5, NAYS – 0; motion carried.

Mr. Ludgate stated they had completed the planning study draft which is required by LUPTAP. The draft is available on the internet to anyone on Council who would like it. If they would like to comment that can do so by September 7, 2010; they will take the comments in and make any last minute modifications and it will be presented to the steering committee on September 14<sup>th</sup> and if they approve it will be forwarded to DCED. Mr. Ludgate will send it to Ms. Sloan and Mr. Pachuillo.

Mr. Hart stated he is at the point now where he would hope Council would allow advertising for a new public works employee. Mr. Pachuillo made a motion to authorize Mr. Hart to advertise for a replacement on the road crew; seconded by Mrs. Stine. Mr. Leiby said we should wait till the

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budget is approved. He said it was a question. Ms. Sloan says she believes Mr. Hart makes a good point. We need people before the snow to which Mr. Hart said most definitely. Mr. Hart said we have the Brookfield roof to build which is going to be a major project; we are going right from there into leaf collection and then decorating for the holidays and then the snow. Ms. Sloan said at one (1) point it was discussed about putting Mr. Falter back in charge of things to free you up. She was wondering if that is something we would consider as it would free up Mr. Hart. Mr. Hart said he would like to address Council on that as that was an idea he had. Mr. Hart said he must go down to the garage every morning and get them started before he can start his day. Mr. Leiby said when he was in charge of the street committee they took care of those problems but now we don't have a street committee. Mr. Pachuillo had a comment on what Mr. Leiby brought up. At least for this fiscal year the monies are budgeted for that position. Mr. Leiby said tough, tough union man. Mr. Pachuillo said the money is there now so the budget will decide if it is there for next year. Ms. Sloan said can we hire someone now part time and put them on a probationary period for ninety (90) days and when it is up if they are working out we keep them and make them full time. Mr. Mooney stated our employee handbook says they are on a ninety (90) day probationary period anyway. Ms. Sloan said that would be perfect. Mr. Oswald said you still need someone full time. Mr. Hart said that is correct. Mr. Pachuillo said this is full time. Mr. Hart said he hopes we are not looking at hiring someone for three (3) months then shipping him out and getting another person for the next three (3) months. Ms. Sloan again brought up about the Mr. Falter idea. Mr. Pachuillo asked what the rate of pay would be. Mr. Hart said that will need to be discussed. Mr. Mooney said he can bring the rate of pay to Council once he picks the qualified candidate. Mr. Leiby stated the rate of pay is not negotiable. Mr. Oswald said we are voting on just advertising for the position nothing else. AYES – 5, NAYS – 1 (Mr. Leiby); motion carried. Mr. Oswald was questioning if we want to make a motion regarding Mr. Falter. Mr. Mooney questioned Mr. Hart if he was bringing that to Council at this time to which Mr. Hart said he was not. Mr. Leiby said we will bring it up at next week's meeting. Mr. Leiby told Ms. Sloan he wanted to talk to her about that.

Mr. Brad Smith of Arro Consulting was next. He had a resolution to adopt a planning module for Terrace of Sinking Spring. This is to amend the official plan to allow the sewage to go in. Ms. Sloan questioned if they received a copy of that. Mr. Smith said that Mrs. Shade has copies. It is a DEP form that has to be filled out. Mr. Leiby questioned what had to be changed from the last time we went over this. Mr. Smith stated we have to do this because we are currently under a CAP (corrective action plan). We will be under this (Mr. Smith was inaudible due to Mr. Leiby speaking over him). Mr. Leiby said that happened since the last time we discussed this and now. Mr. Smith along with Ms. Sloan said no that we have been under a CAP. Mr. Leiby said there didn't seem to be any problem last time we talked. Mr. Smith said back in 2008 we had a projected overload. Mr. Leiby understands. Mr. Smith said we must do a long form. Mr. Leiby said he figured it out, we should put it in the Spring line but no one would listen to him. Ms. Sloan asked for a copy after the meeting. Mrs. Shade said the copies were for DEP. Mr. Leiby said Spring would have never noticed it in their lines. Mr. Oswald said he was looking for a motion but it appears we aren't ready for that. Mr. Pachuillo said a motion for what, just to have him fill out the application. Mr. Leiby had no problem making the motion. Ms. Sloan started to speak and Mr. Leiby stated that the motion is to let them tap into Spring's line. Ms. Sloan said we are to amend the resolution to which Mr. Mooney said no, we are moving to adopt the resolution to execute the

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sewer module for the Terraces. Ms. Sloan made a motion to adopt the resolution to execute the sewer module for the Terraces; seconded by Mr. Leiby. AYES – 5, NAYS – 0; motion carried.

Mayor Butkus said there is a training update on September 23, 2010 at the Sheraton Hershey or Harrisburg Sheraton. The Mayor's fee is \$100.00. He would like to go as well as the Chief. It has to do with hiring personnel, management training, staffing, police budgeting and numerous other police matters. Mayor Butkus did not attend the Mayor's conference so there should be money available for him to attend this. Ms. Sloan made a motion to send the Mayor and Chief to the training seminar on September 23<sup>rd</sup>; seconded by Mr. Leiby. AYES – 5, NAYS – 0; motion carried.

**PUBLIC COMMENT:**

There was no public comment.

**ADJOURNMENT:**

Mr. Butkus made a motion to adjourn at 9:45 p.m.

Respectfully submitted,

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Regina M. Shade  
Borough Secretary/Treasurer