

The budget meeting of the Borough Council of the Borough of Sinking Spring was called to order on Monday, January 18, 2010 at 6:00 p.m., at the Sinking Spring Borough Hall by President Stewart Wenrich. After the Pledge to the Flag, Regina Shade called the roll reflecting the following Council Members present:

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

Other officials present were: Mayor Francis Butkus, Michael Hart, Public Works Director; Keith Money, Solicitor; David Schlott, ARRO Consulting; James Oxenreider, Police Chief; Regina Shade, Secretary/Treasurer who recorded the minutes of the proceeding.

Ms. Sloan arrived at 7:10 p.m.

VISITORS:

The first visitor was Mrs. Mary Brown. Mrs. Brown stated that she was here because she is concerned about the Borough finances. She described how the Borough was fifty years ago. She stated that they have a business in the Borough and listed all of the taxes that they have to pay. She stated that the businesses in the Borough do not need the added burden of an increase in their taxes. She asked Borough Council to scrutinize this budget and do whatever they have to do to not raise taxes.

The next visitor was Mr. Roy Swalm. Mr. Swalm stated that he supports what Mrs. Brown said.

The next visitor was Mr. Brian Fry. Mr. Fry stated that the Borough does not have a growth problem and that it has a spending problem. He stated that he has been attending the BOSS2020 meetings for the last several months and that a couple members of that committee stated that we need to do something to increase the growth in the borough because it has been stagnant. He stated that looking at the assessment records on line you can see that since 2000 we have put in Brookfield Manor and the Grecian Terrace Apartments. He stated that this increased the assessed value, by his estimation, by over \$31,000,000.00 which is a 21% increase in assessed value of properties in the Borough. He stated that this generates an additional \$120,000.00 in property tax revenue at 3.84 mils. He mentioned that we have a developer buying the Village Greens Golf Course and that they are going to be putting in 180 condos and 50 townhouse units. He stated that by the estimation used by the Borough that would create an additional \$25,000,000.00 in assessed property value. He mentioned that the Boscov's property has been sold to Food Lion and by the committee's estimation that is going to generate over 42,000.00 in additional Borough revenue. He stated that we have growth in this Borough. Mr. Fry stated that he obtained a copy of the budget and put it in a spread sheet and marked in red the changes, drops in income or increase in expenditures. He stated that by

far the increases are in the expenditures and not loss of income. He stated that the expenditures are going way up in proportion with our income. He stated that he sees this BOSS2020 as not being part of the solution but as being part of the problem. He stated that the plan is bogus and that the Borough does not have the money to spend on this plan and that he wants Council to stop the BOSS2020 before we spend any more money foolishly. He also mentioned the Treasurers Report in the minutes and stated that he wants to see more information as to what the Borough is spending the tax money on.

The next visitor was Mr. Rick Drake. Mr. Drake stated that he lives in Brookfield Manor and that he was here this evening to request that the Borough put a pavilion at the Brookfield Manor Playground and to get some extra equipment. He stated that he was told that someone told Council at the last meeting that they did not want the pavilion. He stated that he wanted to let them know that as a neighborhood they do and a bunch of them are here tonight and would like to see the pavilion, some picnic tables and a tot lot there. He stated that he thought that there was a development fund where money was set aside for their playground.

The next visitor was Jill Riccitelli. Mrs. Riccitelli stated that she also lives in Brookfield Manor and wanted to let Council know that they do want the pavilion. She stated that there is no shade at the playground and it gets really hot when you are sitting in the sun watching you children. She stated that the children need a place to sit in the shade.

The next visitor was Chris Gantner. Mr. Gantner stated that he strongly supports Mr. Fry and Mrs. Brown call for fiscal responsibility. He mentioned the Western Berks Ambulance and stated that while they are strong supporters of the ambulance he doesn't believe that it is fair to charge a millage rate based on the assessed value of the property. Since he lives in Brookfield Manor he will be paying far more than his fair share. He believes that it should just be \$30.00 per household.

The next visitor was John Printz. Mr. Printz stated that he was here to address the financial problems that this Borough is facing. He stated that he was on Council for six year and during that time they did try to keep the spending down. He believes that things have gotten way out of hand. He stated that if we just cut back on the spending in the Borough we wouldn't have to raise taxes at all. He also stated that the BOSS2020 was a pipe dream from previous Council and that the new Council should not follow in their footsteps. He mentioned that Council is voted in by the citizens of Sinking Spring to do what is right for the Borough not what is wrong and he believes that the BOSS2020 is the wrong way to go.

ORDINANCE APPROVAL:

Mr. Mooney stated that there are three Ordinances that are legally before Council today. The first is the tax Ordinance for the General Fund for the year 2010. He stated that the tax is set at 4.19 mils on each dollar of assessed valuation and that it was advertised in the Reading Eagle on January 8, 2010. Mr. Oswald made a motion to approve the Ordinance; seconded by Mrs. Stine. Mr. Wenrich asked for a roll call vote. AYES – 4, NAYS – 2 (Mr. Butkus and Mr. Leiby); motion carried.

ORDINANCE APPROVAL: (Cont.)

Mr. Mooney stated that the next Ordinance before Council is the Ordinance fixing and establishing the tax rate to provide revenue to the Western Berks Fire Company for the year 2010. He stated that the millage rate is set at .85 mils on each dollar of assessed valuation and that it was also dually advertised in the Reading Eagle on January 8, 2010. Mr. Butkus made a motion to approve the Ordinance; seconded by Mr. Pachuillo. Mr. Wenrich asked for a roll call vote. AYES – 5, NAYS – 1 (Mr. Oswald); motion carried.

Mr. Mooney stated that the next Ordinance before Council is the Ordinance fixing and establishing the tax rate to provide revenue for ambulance, rescue and other emergency services for the year 2010. He stated that the millage rate is set at .25 mils on each dollar of assessed valuation and that it was dually advertised in the Reading Eagle on January 8, 2010. Mr. Pachuillo made a motion to approve the Ordinance; seconded by Mrs. Stine. Mr. Wenrich asked for a roll call vote. AYES – 5, NAYS – 1 (Mr. Leiby); motion carried.

BUDGET APPROVAL:

Mr. Mooney stated that we now have to pass the General Fund Budget. Mr. Wenrich asked for a motion to approve the General Fund Budget with the 1 mil increase. Mr. Pachuillo made a motion to pass the General Fund Budget; seconded by Mr. Oswald. Mr. Butkus mentioned that there was an e-mail that went out about possibly shifting where some of the wages came from and he wanted to know if that was reflected in this budget or if this was the same budget from the last meeting. Mrs. Shade stated that this is the budget that stood as is. Mr. Fry asked if Council was voting on passing an unbalanced budget. Mr. Mooney stated that with the 1 mil tax increase it is balanced. Mr. Leiby and Mr. Fry both commented that according to this budget it is not balanced. Mrs. Shade mentioned that there is money that is being carried over from 2009 that you don't see which is roughly \$200,000.00. Mr. Fry asked if that was part of the \$650,000.00 draw down loan that the Borough passed last year to make up for the shortage in 2009. Mrs. Shade stated yes, more or less. Mr. Fry asked how much the Borough is currently in debt. Mrs. Shade stated that just the General Fund is \$1,700,000.00. Mr. Wenrich asked for a roll call vote. AYES – 4, NAYS – 2 (Mr. Butkus and Mr. Leiby); motion carried.

Mr. Mooney mentioned that he thinks that Council still has the Fire Budget to act on. Mr. Butkus stated that he thought that Council had passed the Fire Budget but had not passed the ambulance tax that would fund the ambulance. Mrs. Shade stated that he was correct that Council had passed the Fire Budget which included funding for the ambulance but did not pass the Ordinance for the tax rate to fund it. Mr. Butkus stated that they are two separate things so we should not have to approve the budget again. Mr. Mooney stated that if the budget was passed then Council would not have to act on it unless there is a change.

BULK SEWAGE AGREEMENTS:

Mr. Mooney stated that he had one off the agenda item, which is to authorize the Borough Council President to sign the Bulk Sewage Agreements with The Township of Spring. He stated that one is for sewage that is conveyed by the Borough to the Township of Spring and treated by the Township of Spring and one that is for sewage that is conveyed by the Township of Spring to the Borough of Sinking Spring and treated by the Borough of Sinking Spring. He stated that the Agreements have been finalized now between the entities and that Council need to make a motion to authorize the Council President to sign them. Mr. Butkus stated that they had been working on these agreements for quite a while but didn't know if all of Council had seen them and asked if it could wait until next month's meeting after everyone has a chance to review them. Mr. Mooney stated that if Council is not ready to take action then it will have to wait until February. Mr. Butkus made a motion to table the issue and get copies to all of Council for review; seconded by Mr. Pachuillo. Motion carried

PUBLIC COMMENT AND DISCUSSION:

Mr. Fry asked where the Council members and the Mayor stand on the BOSS2020 project. Mr. Wenrich stated that there have been numerous BOSS2020 informational meetings and he stated that we do not have open purse strings for it. He stated that they are a Council of seven and they vote according to what they feel. He stated that we make everybody happy all of the time and stated that he doesn't like the 1 mil increase, but stated that it is projected, and that without that 1 mil increase the Borough could be in trouble. He stated that it is up to the seven Council members to look at every expenditure coming down the pike on a monthly basis and vote on what they feel is right. A gentleman from the audience asked if the number of employees could be cut. He stated that he doesn't really understand what everybody does, and he is not saying you can, but if you had one and a half before and now you have five maybe you can cut. Mr. Wenrich stated that we already cut one of the office staff. The gentleman then asked if Council thought about merging. Mr. Butkus stated that you have to watch with a merge. Right now we have about 3,000 residents and seven Council representatives to work on their behalf. If we merge with any of our neighbors we will be a smaller drop in a bigger bucket with fewer representatives. He stated that if you ask people who live in municipalities that did merge many have found that their quality of services went down and their taxes either stayed the same or went up even faster then they went up as a small town. Discussion ensued concerning merging of services.

Mr. Printz asked the Mayor his thoughts on the BOSS2020 and the millage increase. Mayor Butkus stated that he is not for the 1 mil increase. He stated that he agrees with Mrs. Brown and some of the others that talked and believes that we have spent far too much money. He stated that he knows some things have to be purchased, but there is a limit just like in any household or business. He stated that concerning the BOSS2020, he has no problem with it at all provided it is all done with private money. Mr. Oswald asked Mayor Butkus if he is going to Veto the budget. He stated that we have to know because we are running out of time and if Mayor Butkus is going to veto it then we have to begin working on a new one and get it done very soon. Mr. Butkus stated that he will veto this budget. He stated that he does not agree with the numbers and that there was no discussion last time or this time. He stated that it was cut a dry before we got here. Mr. Wenrich stated that he will argue that point. He stated that back in December everyone sat here, no one

PUBLIC COMMENT AND DISCUSSION: (cont)

would second the motion. He stated that it sat here and he asked for discussion. He stated that when we were here on the 4th we opened it up, talked about it, and it had to lay open for ten days. Nobody commented on it. Mr. Butkus stated that he asked twice about the tennis courts, as an example, on the 4th, and people from the audience asked about the wage increases and people paying into their benefits. Mr. Pachulo stated that he is new and that he has gone over the numbers and from what he understands, just because it is budgeted it doesn't have to be spent. He stated that we don't have to buy a new police car, we don't have to do buy a skid loader, we don't have to buy any of the items on there and like Mr. Wenrich said we will take each item under strong consideration when it comes up. He mentioned that it is his understanding, by reading this budget, that if we don't have a 1 mil increase we would not be able to balance the budget at all. Mr. Butkus stated that this is true. Mrs. Shade stated that last year, for 2009, we really should have had a millage increase; however, the sewer at that point was looking at a 114% rate increase. She stated that her husband is laid off and she knows how hard it is. She stated that she could not see hitting the residence with a .5 or .75 mil increase along with a 114% rate increase in the sewer bills. She stated that as we were going through the year it became evident that we probably would have a deficit. She stated that we borrowed from the Sewer Fund to start with and she knew we would have to pay that back. She mentioned that the Borough does not run with a capital fund and that we have had many unbudgeted capital items. She stated that the law mandates that you can borrow money to pay yourself back for capital items purchased, so that is what we did. She stated that the loan for \$650,000.00 was money that we should have borrowed over the years to purchase some of the big capital items like the dump truck and the street sweeper. She stated that we did not really borrow the money to survive; we borrowed it to pay ourselves back for a debt that we had incurred years ago.

Mr. Butkus mentioned that the 114% sewer rate increase that happened in 2009 should have happened in smaller increments over the previous ten years but hadn't for various reasons. He also mentioned that the sewer fund is its own entity and that it is self sustaining. He stated that we are not dipping into the tax money to pay for the sewer. Mr. Oswald disagreed and stated that the administrative end is partially paid by the tax money. Mr. Oswald believes that the sewer fund should pay part of the employee benefits, not just part of the salaries and that it should also cover part of the building expenses for the office. Mr. Butkus stated that he has never been against charging the sewer for rent for the space and taking all of the associated costs for the employee benefits. He stated that he did question whose salary related to what work should be coming out of the sewer fund.

Mr. Frazier addressed Council and expressed his displeasure concerning the Ambulance Tax and how the Borough is handling it. He believes it should be \$30.00 per household and not be based on the assessed value of your property.

Discussion ensued concerning ways to cut the budget with input from the audience.

Mr. Wenrich asked Council what their availability is for next Monday, January 25, 2010 to meet again and work out this budget. He told everyone to come with their ideas.

PUBLIC COMMENT AND DISCUSSION: (cont)

Mayor Butkus asked how many on Council had input into this Budget and how much discussion was there here. Mrs. Shade stated that there were budget meetings in October and November. She stated that at the November 18th meeting Council voted on it and it had to lay open for the public to view. She stated that it was not voted on at the December 3rd meeting and it held open until December 29th so it was here and Council had the option to view it and comment on it. She stated that some of the new Council members were at these meetings.

Mrs. Shade mentioned that they had reduced the non-uniform pay increases to 2% from 3.5%. She also mentioned that the Capital Blue Cross health insurance was going to go up \$51,000.00 so they shopped around and found another plan through Health America. She stated that the Capital Blue Cross is listed in the Police Contract and the Police decided that they wanted to stay with Capital Blue Cross but the non-uniform employees did not have a choice and they were switched to Health America which saved the Borough \$40,000.00. Mr. Wenrich also mentioned that at the October and November Budget meetings they did go over everything line item by line item.

Mr. Wenrich asked again if anyone had a problem with getting together on Monday, January 25, 2010 at 7:00 p.m. He told everyone to come loaded with ideas.

Mr. Pachulo asked Mr. Mooney what the ramifications of the veto. Mr. Mooney stated that it would behoove the Borough for the Mayor to veto the tax tonight so that you can schedule the meeting Monday and either work towards a millage rate that is going to work for the Borough so you can re-advertise if you need to or if the veto is going to be over ridden so that you can pass the millage rate as it was. He stated that Council is running out of time and right now you do not have a General Fund tax and you are going to get to the point where all you have is the \$200,000.00 fund surplus if you don't get a tax passed by February 14, 2010. He stated that when the \$200,000.00 runs out you don't have money to spend for General Fund services and you are done for the year and you can furlough everybody and there will be no Borough services.

Mrs. Stine made a motion that Council open the Sewer Budget because if we are going to go through and redo the General Fund Budget then we should shift those related expenses over from General to Sewer; seconded by Mr. Butkus. Mr. Mooney mentioned that a budget is malleable document and once you pass the budget you can always, during the course of the year, go back and look at the budget, adjust the budget, tweak the budget and, amend the budget. He stated that to adjust certain expenses from the General Fund to the Sewer Fund you wouldn't necessarily have to open the Sewer Budget. Mr. Wenrich asked for a roll call vote. AYES – 7, NAYS – 0; motion carried.

Mr. Wenrich stated that the Mayor just informed him that Chief Oxenreider would like to start the process for hiring another part time police officer due to the lack of response from one of the part timers. He also mentioned that Officer Moyer is out on Workman Comp right now. Mr. Oswald made a motion to start the process of hiring a new part time police officer; seconded by Ms. Sloan. Motion carried.

ADJOURNMENT:

Mr. Wenrich adjourned the meeting at 7:30 p.m.

Respectfully submitted,

Regina M. Shade
Borough Secretary/Treasurer