

The budget meeting of the Borough Council of the Borough of Sinking Spring was called to order on Monday, October 26, 2009 at 7:00 p.m., at the Sinking Spring Borough Hall by Vice President Bruce Light. After the Pledge to the Flag, Elizabeth White called the roll reflecting the following Council Members present:

Stewart Wenrich (absent)
Bruce Light
Barbara Kutz (absent)
Lawrence Schmidt
George Butkus
James Zerr (absent)
Elizabeth Sloan

Other officials present were: Mayor Clarence Noecker, Robert Ludgate, Sr., Ludgate Engineering, Michael Hart, Public Works Director, David Schlott, ARRO Consulting, James Oxenreider, Police Chief, and Regina Shade, Secretary/Treasurer, and Elizabeth White who recorded the minutes of the proceeding.

Mr. Light requested a moment of silence for our armed services, police and fire departments.

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Mrs. Shade started out by saying that we probably will need some type of tax increase for 2010. She continued we should have increased the property tax for the current year however with the sewer rates going up roughly 114% she didn't feel the residents could take both going up. She tried to keep the millage at the current level. Ms. Sloan questioned why there was no budget prepared that showed no millage increase. Mrs. Shade explained again and stated she feels an increase is necessary. Mrs. Shade also said these were the budgets that were presented to her at the admin meeting a few weeks prior. Mr. Butkus questioned new developments were we including in the estimated assessed value. Mrs. Shade stated there are no new developments in the immediate future. Most areas are built out. The only thing that will change will be that Brookfield Manor is complete and all of the lots now have homes on them.

The only thing different on the mil and half mil increase is the property tax amount. Our current millage is 3.19. Based on the one (1) mil increase, the projected income for taxes is \$903,115.65. She stated that she aims low on income and high on the expenses. She went on to explain the rest of the per capita, real estate transfer tax, and local service tax. Ms. Sloan explained that our Earned Income Tax has declined some due to the loss of Borough business; however she did expect a bit of an increase with the proposed JDH plan which will be located at the former Boscov site. Mr. Ludgate questioned who gets the Local Service Tax for construction workers that might work in the Borough. Mrs. Shade stated it is given to the municipality in which the construction firm's office is located.

The next items were the licenses and permits. Mrs. Shade explained they are self contained. She calculated next year's rate on what was brought in this year. Ms. Sloan asked Mr. Hart about the plumbing licenses to which Mrs. Shade said that Mr. Hart does not due the plumbing licenses.

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Mr. Butkus said this is a card for the actual plumber to which Mrs. Shade said he was correct.

Fines were next. This income is generated basically by the police department. Mr. Butkus questioned if Mr. Hart generates any of this income to which Mrs. Shade said no, this was all police work.

This account was where we took the biggest hit; that was interest income. We are hoping to bring in \$2,000 next year. Mrs. Kutz said we did better in playground rentals this year than in the past.

The next section was money we received from Local, and County government. The first item was from HUD for Spring Street and Windmill Drive. She went on explain what is in the next sections. The State Aid Pensions is money we receive to help offset our pension plans. This is based on how many police and non uniformed employees we have. Each police officer gets two (2) units while non uniformed gets one (1) unit per employee. The Foreign Fire is a pass through. Ms. Sloan stated that money will become part of Western Berks to which Mrs. Shade said correct; however the Borough will still be receiving the money and then we shall pass it over to the new fire department's relief fund. Ms. Sloan stated this is counting towards our contribution to the fire department to which Mrs. Shade said it does not. It is separate. She explained this money can only be used for specific items and will not go against our annual contribution to them. Mr. Butkus said it does help keep some of their expense down because it can only be used for certain items.

The next item was the Revitalization. Mrs. Shade stated she budgeted \$30,000.00 for next year. Mrs. Shade stated our LUPTAP money should be coming in next year for that project. Ms. Sloan questioned if we actually got \$5,000 as it was listed under the yearend numbers. Mrs. Shade stated that is what she is projecting to bring in this year yet now that the PA budget has been passed.

Under the next section was the billing for Lower Heidelberg. Mrs. Shade explained that she, Ms. White, and Mr. Fitzpatrick had met with their officials and discussed us doing the billing for their residents that flow to our plant. They are interested in this. Mrs. Shade calculated the cost to be \$1,500 a month to do their billing. So, she budgeted \$18,000.00 for this however it might not actually happen.

The next item was the refuse income. It is based on a contract with the hauler. In addition, it also contains costs for the lawn waste site. Ms. Sloan questioned why the EOY number was lower than what we budgeted. Mrs. Shade said because we did not take dedication of the streets in Brookfield Manor so they were counted in our contract however they paid the developer not us for their trash removal.

Mrs. Shade feels that it will not be necessary to borrow any additional monies in the upcoming year. The amount budgeted for income was \$2,092,095.65. Mr. Butkus questioned if it includes any borrowing. Mrs. Shade stated earlier she feels no borrowing will be necessary. Ms. Sloan stated we authorized borrowing for this year and she wondered where we were on that. Mrs. Shade said that Council authorized up to a million dollars; however at this time we have drawn down \$650,000.00.

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The next item was the expense portion of the General Fund budget. The first two (2) items were the Mayor's and Elected Official's expense. Mrs. Shade hoped she was not out of placed and apologized however up until about three (3) or four (4) years ago, if a Councilperson did not show up for a meeting, they were not paid for that meeting. Mr. John Printz requested a Resolution be drawn up stating that it does not matter if a Councilperson attends a meeting or not they will still get paid. Mrs. Shade stated this past year we had a lot of absenteeism and yet the money was paid; perhaps Council would consider reestablishing the old Resolution if they don't attend meetings they don't get paid. This would be one (1) way we could save some money.

Mrs. Shade stated she budgeted only a one (1%) percent increase for the non uniformed personnel. She had a paper with what the raises would be for them attached to the budget. Ms. Sloan questioned where we are on appraisals and if it needed to be advertised. Mrs. Shade stated the next step would be to authorize Mr. Fitzpatrick to advertise it. Ms. Sloan said it has some more hurdles to go through then to which Mrs. Shade said yes. Mrs. Shade said our copy machine is having some issues; she did place some money into the budget for that however she is hoping we don't need to make a purchase like that for next year. Mr. Butkus questioned what percent of the office staff is coming out of the General Fund and what percent is coming out of the sewer. Mrs. Shade stated 50% of both Ms. White's and Mrs. Bohn's salary comes from the General Fund and Sewer Funds. Her own salary is divided 75% from the General Fund and 25% from the Sewer Fund. Mr. Butkus said if we do the billing for Lower Heidelberg wouldn't it be appropriate to take a little bit more from the General Fund then the Sewer. A brief discussion ensued. Mrs. Shade said perhaps over time all of Ms. White's salary will be taken from the General Fund if she ends up spending most of her time doing general work as opposed to sewer work. Mr. Butkus does not want the sewer fund to be used as a "cash cow" to offset other expenses for the Borough. Mr. Light does not follow what Mr. Butkus is saying. Mr. Butkus stated there were other municipalities that pulled their entire staff's salaries out of the sewer account however their staff was doing very little sewer work. Most of their time was tied into other Borough functions not sewer related. But they were paid out of the Sewer Revenue account. So sewer rates were going up based on that but it was not all sewer related activities. Mrs. Shade asked Ms. White where most of her time is spent to which Ms. White said most of her time is spent on sewer not general work. Ms. Sloan questioned how much time does Ms. Bohn spend? She then said that she probably spend less time then Ms. White so it is probably a wash. Mrs. Shade said it is hard because on weeks she is doing her sewer billing that is all she is doing to which Ms. White agreed. Ms. White continued now that it is monthly, it is more. Ms. White still attends Planning Commission meetings as well as types their minutes; those types of things. Mrs. Shade feels it is not a big deal however if Council wants the numbers to be adjusted we certainly can do that. Mr. Butkus said we are bringing money into the general fund however we are reaching over to the sewer fund to pay them. Ms. Sloan sees his point however Mr. Light does not along with Mrs. Shade. Mrs. Shade said she feels we are talking about cents not really dollars however if Council wants Mrs. Shade could move more of Ms. White's salary to the General Fund. Mr. Butkus said if we are doing the billing for an outside municipality shouldn't her pay come out of that revenue as opposed to General Fund or Sewer Fund money. Mr. Light asked Mr. Butkus if he broke this out on his budget. Mr. Butkus said he has no idea how much time is spent. Mr. Butkus said if we are bringing money in for their services, what we are billing them should cover what it costs to do the billing. Mrs. Shade said with that same thought, we do not

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charge the Sewer Fund for any portion of these employees' health care; that is strictly paid out of the General Fund. Mr. Butkus questioned if we do that will all the departments. He knows it is all coming out of tax dollars. Mrs. Shade said there were no other funds. He said you don't list the health benefits in each department. Mrs. Shade said no that is because it is getting paid out of the same pot; the general fund. However the sewer generates its own money and these people are being paid out of that money. Mr. Schmidt said that the sewer fund should be paying a portion of the health care benefits for these people as well. If you want 50% of the salary to be paid by the general fund then 50% of the health care should be paid by the general fund; if 50% of their salary is paid by the sewer fund then 50% of their health benefit should come out of the sewer fund, Mr. Schmidt said. Mr. Schmidt said he hasn't been done that way; the General Fund has been taking this cost on its own. Mr. Butkus said he has no problem with that. Mr. James Pachuillo did some quick math and asked Council if it would take Ms. White \$21,000 to do the billing to which he said probably not. He said we will be bringing more money into the General Fund then we shall be spending. Mrs. Shade said it is Council's choice; she could change the percentages and charge one (1) more than the other that would not be a problem. Mrs. Shade explained how the percentages came about. She explained since Ms. White does the billing, the auditors felt that Mrs. Bohn should open the mail, etc. It was the breakdown of responsibilities so there is less chance of fraud. She went on to say, it goes back and forth like this so that is how the 50/50 split came about. It is hard to track unless we start writing down exactly what we are doing every minute of the day. Ms. Sloan understood that. Mrs. Shade stated that for 2010 she has dropped the administration portion of the budget by \$10,000.00. This year we look at spending roughly \$217,000 and next year it is at \$207,000.00. Ms. Sloan questioned if that was the health care to which Mrs. Shade stated no, that is in another portion of the budget not in the admin.

The next was the tax collector and that is pretty standard. The next section was the building. The wages is for our cleaning company and that is basically the same as prior. Ms. Sloan questioned if the supplies need to come up \$1,000.00. Mrs. Shade said not, that is like toilet paper, paper plates, tissues, etc. This is part for everyone. The next item in the building section was the pole building. Mrs. Shade asked Mr. Hart to review what he is looking to do with that portion. Mr. Hart would like to see a new electric service dropped into that building and installing a new breaker box. Ms. Sloan said that we cut that about \$10,000.00. Mr. Hart said no that was not exactly correct. That \$10,000.00 reflected the dropping of the heat from that building. The old building's electric has to be brought up to date as well. It will also give us the certified drawings. Mr. Light would like to see the heat added. Mr. Butkus questioned what kind of heat are we looking for? In the old building it is currently hot water heat, Mr. Hart said. Mr. Hart stated in the old building he is not throwing away the hot water. However he would like to see a gas fired boiler. We have a good system. In the pole building he would like to have the out air system. Ms. Sloan said he dropped it by \$10,000.00. Mr. Hart said another factor we will have to consider is what it will cost PPL to drop a new line for service in there. He didn't know that cost.

The next category was the police. Mrs. Shade stated the Chief will be getting a four (4%) increase and the officers will be getting (3 1/2%) increase. Mr. Butkus said by contract. He went over the line items. Chief Oxenreider said the Police Clerk salary was calculated at the 1% also. The longevity is down because Officer Moyer was rehired and does not qualify for longevity

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at this time. The uniform category was dropped down to \$6,000 from \$7,000. Ammunition went up. The police car is budgeted at \$32,000.00. The total for the police expenses would be \$575,104.24. Mr. Schmidt asked what type of car it was to which the Chief said a Ford Expedition. Mr. Schmidt asked if we could get away with an Explorer to which the Chief said we could however it is the same price. Ms. Sloan said she was not sure who he uses but she was hoping he could make some calls and get it down. Mr. Butkus asked if it was the State contract price and the Chief said it was. The vehicle does have a more robust engine however he did not get all the extras for it. The Chief said the car is not that bad it is all the equipment that needs to be added onto to it that makes it more costly. Mr. Schmidt questioned how often we buy a police car to which the Chief stated every two (2) years. Mr. Schmidt asked what the average mileage on the cars is. The Chief said about 32,000 a year. A brief discussion ensued.

The next item was for emergency management items. The big issue here was the donation for the Western Berks Ambulance. In the past, we have contributed \$10,000 to them however they are requesting that the Borough now contribute roughly \$148,000.00. Mrs. Shade requested that Council pull out there Fire Department budget. She stated instead of billing on a per capita which only encompasses the residents and not the businesses; she did her calculations based on a millage increase. Businesses use the ambulance as well so they should pay, Mrs. Shade said. If we go along with Western Berks Ambulance it would be about \$30.00 per household compared to the \$55 that residents are currently paying. The millage increase comes to .00025. On \$100,000.00 that owner would be paying \$22.50. Mrs. Shade said if Council decides to move forward on the millage then we could remove the \$10,000 from the General Fund budget. This would go on the fire budget. Mr. Butkus said that he believes he saw some graphs where this is the amount for this year, but over the next few years it will keep going up and up. Mrs. Shade said she never saw anything like that. Mr. Schmidt feels Mr. Butkus was referring to the fire tax since the merger as he too knows nothing of this being increased every year. Ms. Sloan asked Mr. Schmidt what he feels is the best way to go. Mr. Schmidt said he has thought about this and thought about this. He feels the protection you are receiving for .00025; you are going to be saving the majority of the resident's money. Mrs. Shade said she attended the meetings and what they are looking to do is to establish an advisory board. Each contributing municipality would have a representative on that advisory board. Ms. Sloan said this should be covered under their insurance. Mr. Butkus said people that might have an issue would be people his age, which might have no health insurance or very limited insurance. Mr. Light said that Medicare will pay but they won't pay the whole amount. They only allow you a certain amount and then he will need to pay the rest. Mr. Oswald questioned if the homes that are assessed at more will be paying more to which Mrs. Shade said yes. She stated however if we don't work it on assessed values and chose to do it on a per capita basis then businesses will get away without having to pay anything. Mr. Oswald fears we are putting it on the backs of our newer residents. Mrs. Shade said that is a concern of hers as well, however again if we do the per capita business will not be paying. Mr. Schmidt said both South Heidelberg as well as Spring Township has done it on the assessed value. Mr. Butkus said couldn't you do it per roof. Mrs. Shade said you will have the issue of a building that houses two (2) or more units. Will we bill them each as a unit as that was a concern of Mr. Ken Harting. Mrs. Shade explained she took the total assessed value of the Borough and backed into the millage. She went on to explain it is a bit higher and the reason is that if people pay in the discount period or don't pay at all, she doesn't

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want there to be a shortfall in that account and have to rely on the General Fund to pay the difference. Ms. Sloan questioned if we could get away with .00015 instead of the .00025. Mrs. Shade said you can't; they want \$48,000.00 and you need to take into account discounts, and if people don't pay, we are still liable for that amount. Ms. Sloan said she could not come up with \$575,104.24. Mrs. Shade asked what that number was. Ms. Sloan said it was on the prior page for the 2010 budget. She tried it twice and could not come up with that number as a total. Mr. Schmidt questioned what she was talking about, the fire budget. She said no, the total on the general fund. Mrs. Shade said she was talking about the police budget. Ms. Sloan said if you add the pole building and the rest of the numbers it does not work out. Mrs. Shade said that the pole building is part of buildings. The police numbers are just police numbers. You don't add the building with the police budget. Ms. Sloan understood then. Mr. Schmidt believes in the long run it saves us \$10,000 in the general budget and everyone is covered. However he knows there are some homes that will be paying more and it is a tough call. Mr. Butkus said so then take it out of the general fund and make it a line item on the fire budget and take action at the next week's Council meeting to which everyone agreed. Mrs. Shade stated since we are on fire, could we just stick to that for a now and then we could put that to bed for that evening. She went on to say that the Western Berks Fire Company has not formally adopted a budget for 2010; however she was given some numbers which are pretty reliable. Mrs. Shade feels we will need to raise the fire tax by .0002 to make what they are asking for. She does not want to confirm that up as of yet, but just letting Council know that we might need to raise the fire tax as well. This means we would go from .00065 mils to .00085 mils. Mr. Schmidt asked if this includes the ambulance to which Mrs. Shade said no. We shall need to establish the ambulance tax by Ordinance. This is separate; there would be two (2) separate taxes. Mr. Schmidt questioned when their budget would be firmed up. Ms. Sloan said they are working on it right now. The committee is having a meeting in a few weeks and it will be discussed at their regular meeting on the third Tuesday of the month, Mrs. Deb Bohn stated. It was decided to leave the \$10,000.00 in for the ambulance.

The next section was Zoning and Planning. She explained that these numbers are pretty hard and fast and really not too changeable. The first item was the Zoning and Saldo Ordinance which is currently being worked on. Mrs. Shade stated she thought we would spend about \$10,000 of the budgeted \$20,000 this year and the rest would carry over till 2010. Mr. Butkus questioned if the fee brought in for the inspector covered a portion of Mr. Hart's salary. Mrs. Shade said yes however Mr. Hart is not the only inspector we have. We use Kraft Code Services to which Mr. Hart said we are fine with them as well. Ms. Sloan had a question on street salaries for full time. Mr. Light said you are down further, we didn't get down there as of yet.

The next item was the Revitalization expense. Mrs. Shade stated we budgeted \$75,000 and we are projecting to spend \$69,000.00. Next year she budgeted that account for \$50,000.00. Ms. Sloan questioned what we have brought in so far. Mrs. Shade stated she projected we would bring in \$5,000 now that the budget problem has been resolved in Harrisburg. Mrs. Shade said she can't say we will get all of that, but she is looking to receive at least that amount. Ms. Sloan questioned again how much money we have in hand. Mrs. Shade stated we were approved for roughly \$43,000; however she is not sure exactly when we will be getting it. Currently, we don't have anything. Mr. Pachuillo said they are working on their 2010 budget so he hopes to get those numbers to us by the next budget meeting. Mr. Butkus said isn't that grant where we spend money

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and then we get reimbursed. The answer was that was correct. Mr. Butkus stated so we will never have it in hand until we have spent it. That was correct, Mrs. Shade said. Mrs. Shade said there are a few grants they are working on. One (1) is the façade grant that will give you money that you can loan to businesses for redoing their facades. She believes there are a few more they are working on. Ms. Sloan said what about the \$5,000. This is part of the \$47,000.00.

The next was refuse and recycling. This reflects not only the regular trash collection but the Spring Township yard waste site cost as well. It is currently \$5.00 per person however that might change. A brief discussion ensued as to the cost to chip up the wood at Spring Township. Spring has made no decision on what they will be doing to their sites. Ms. Sloan stated perhaps we should go in with them on a chipper/shredder. Mr. Butkus said to get the size we need, and to keep it running constantly, that is how we ended up with Zwicky ourselves at one (1) time. Mr. Pachuillo said it is massive.

The next section was the streets. Mrs. Shade stated the salary based on 1% increase plus a bit of overtime came to \$180,000.00. Mr. Hart did prepare his own budget. Ms. Sloan had a question about how the numbers were calculated to which Mrs. Shade said she took the numbers from 2009 and added 1% to their wage and that was the number she used for 2010. Mr. John Stuck, Sr. said he never remembers a year when the non uniformed employees got treated any less then the uniformed employees. At the last Council meeting he found out that the police get more benefits then he does as a non uniformed employee and now Council wants to turn around give us only 1% wage increases. He went on to tell Council "he hopes they sleep well." He is speaking for all non uniformed people. There was a long silence. Mr. Light said he had one (1) comment and this was his only. He does not think it is right either; he feels they should get a higher percent as well however he is only one (1) member. This budget has not passed as of yet. Mr. Stuck went on to say that this is saying that non uniformed people aren't as good as the police. Mr. Oswald had a comment for Mr. Stuck. He told Mr. Stuck he appreciates the job that he does and he is not on Council and does not know if he will make it but he believes that the non uniformed personnel deserve a 3.5% increase just like the police. That was his personal opinion. Ms. Sloan stated that Mrs. Shade's number of \$180,000.00 was wrong. Mrs. Shade recalculated and explained to them based on this year's wages plus 1% it came to \$176,114.60 plus she added money in for overtime just in case of snowstorms. That is how the \$180,000.00 was derived. The \$176,114.60 was based on 2080 hours no overtime. Mr. Hart stated there was not much change in some of the accounts. He actually dropped a few of them down. The only new item would be a capital expense. This is a proposed expense between the General Fund and the Sewer Fund. Mr. Hart is looking at the possibility of getting a skid loader. It would have a milling attachment for street work. We currently rent a unit at a cost of \$400.00 per day. We could also repair the tennis courts. They are in dire need of repair. With the sewer it is costing about \$6,200 a year to have the grass cut on the right of ways and at the plant. With this we can get the mower attachment that would allow us to do that and that would save us the money off the Miller contract. The other thing is with the reed beds, when they cut the reeds in the fall, they cut them with a machine and lay them on the blacktop, and then they go in and load them into a dumpster by hand. This would have a clamshell bucket that would close that we could use to scoop up the reed beds and place them in a dumpster. This would cut the cost again. Mr. Butkus was aware of this and the sewer committee overall thinks it is a good

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idea. They see there could be a lot of benefits and there will probably be more benefits than they are envisioning. This would be under State contract. Ms. Sloan had a question about the minor equipment. She said when we met prior it was \$268,810.00 and she is not sure how we came to \$272,300.00. Mr. Butkus stated it was probably the overtime that was added in on the previous page that was discussed earlier. Ms. Sloan questioned if that was correct to which Mrs. Shade said it was. Mr. Butkus asked if Mr. Hart could do his job with the new numbers he put into the budget. He was hoping he was not tying his hands by cutting some of the expenses. Mr. Hart said he feels he could. Mr. Butkus questioned if this contained any contingency money say for a ground opening or something like that. Mr. Hart said no. Brookfield Manor is now added to the Borough and we will be maintaining those streets as well. Mr. Jim Pachuiilo stated homeowners can get insurance coverage from sinkholes in the Borough. Mrs. Shade said we can draw against our insurance policy for sinkholes in certain situations. We have an umbrella policy. If there is damage to sewer pipes we can put a claim in for that. Mrs. Shade said she has asked for another quote on our umbrella package just to try and keep the costs down.

The next is the electric for the traffic signals. Mrs. Shade stated that with the contract we entered into with Dominion Electric our costs will raise about 26%. She used the figure of 30% just in case something might happen.

Street lighting will be going up about 125%. We recently found out from PPL that Spring Township has been paying for 19 of our street lights over the last several years. So we will be adding another 19 lights which is not calculated into the number that is on the budget. The Mayor asked where these lights were. Mrs. Shade said the lights were on Maria, Diane, Sioux Court; that area down there. Ms. Sloan asked Mr. Hart if there was any way that on some of the back streets if we could turn off every other light or something to save money. Mr. Hart said no; we would have a lot of trouble. Mr. Oswald said most of the Borough is already pretty dark. He thinks we should have more lights. He questioned how many street lights do we have now? Mrs. Shade said she didn't know exactly how many. She said the cost is not necessarily the same for each light. It depends on how close together they are and how many lumens they might be. There are a few factors that determine the cost. Mr. Butkus said it also depends on how heavy that branch of the line is being taxed. Mr. Butkus asked if that is just the electric to which Mrs. Shade said yes. He questioned if PPL pays for the new bulbs and the maintenance to which she said they do. If something goes out, we call PPL and they repair it.

The next category was recreation. There was not too much change there. There was a capital outlay for Brookfield Manor playground for \$31,000.00. This is to put a roof over their pavilion. The Borough promised them several years ago, that they would place a tot lot leader up at that location. Since the streets are dedicated, the roof needs to be erected otherwise the kids and the leader will "fry" during the summer. Mr. Pachuiilo questioned what type of income does the recreation generate? Mrs. Shade stated it does not really generate too much of its own. It is more of a benefit to the taxpayers as it comes from their tax dollars. Mr. Butkus said this year we did institute children from outside the Borough had to pay \$65 to come to the playground. There was not too much taken in perhaps \$200 to \$300. Mr. Butkus said this was basically to try to keep non Borough children from coming to the playground. Ms. Sloan said Mr. Hart had \$30,000.00 but it adds up. It will remain at \$31,000.00.

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The next was the Library allocation which remained the same at \$35,000.00. It was dropped down to \$30,000.00 for this year however it was bumped back up for next year. This is our share, Mr. Butkus said, they get money from the County and State as well. Mr. Pachuillo questioned what kind of money do we receive from the Library? Mrs. Shade stated we don't receive any money; they have their own fund, the Library Fund. Ms. Sloan stated we actually do get money from passports, and fines. Mrs. Shade along with Mr. Butkus said that money does not come to the Borough it stays with the Library in their own fund, not the Borough's. Ms. Sloan said that money buys books and DVDS.

The next was the debt service. It is basically what we are going to pay next year.

Insurance was next. Mrs. Shade stated she requested that H.A. Thompson look into seeing if they could get us cheaper insurance. She explained what all the insurances were. We are going to be paying about \$27,000 a year for workman's comp.

The next section was employee benefits. Last year we took out a policy for the police officers for Heart and Lung and that is about \$2,800.00 per year. She went on to explain what each number was and how it is derived.

Mrs. Shade stated she is expecting expenditures in the amount of \$2,299,447.24. The income is \$2,092,095.65. With a one (1) mil increase we are still looking at a deficit of \$207,351.59. She continued we will be carrying some money over to next year plus again the expenses are high and the income is low, so she feels we should be okay for next year. Mr. Butkus had a question in regards to health care. He said in the police contract it states that they will pay 25% of their deductible and he was wondering if that was reflected in the health care amount to which Mrs. Shade said it was. Ms. Sloan said we are carrying over how much. Mrs. Shade stated on the budget that Council has she is projecting we should be carrying over \$300,421.24. Ms. Sloan said if we bring over the \$300,000 plus assuming you were high on expenses and low on income, we could get away with only a half mil increase. Mrs. Shade said she would not recommend that because if something happens and we get ourselves into a whole, where would we get the money from.

Mrs. Shade said that was all General Fund and in addition we did review what information we had for the Fire Fund as well.

Mr. Butkus asked if she had prepared a budget that showed what the budget would look like if we went with the 2% or 3.5%. He doesn't need to see the breakdown per employee just the total. Mrs. Shade stated she will see that Council receives this information. Mr. Butkus understood what everyone was saying about the raises but he can't vote on that until he knows how much it would totally cost. Mrs. Shade will e-mail it to everyone. Mr. Francis Butkus questioned if the 1% increase includes the fringe costs? Mrs. Shade said in the budget under the last section, she does calculate the additional taxes (Social Security and Medicare) costs based on the percentage increase. Mr. Butkus asked if that includes workman's comp. Mrs. Shade questioned if he meant unemployment and he said no it was workman's comp. Mrs. Shade said that we pay a flat rate of roughly \$27,000.00 a year to an insurance company for that. That is based on all employees and the

BUSINESS(cont'd):

the departments in which they work. For example it covers not only office, but street crew members, police, and library staff as well. Mrs. Shade thought again he might be referring to unemployment. Mr. Butkus said no, that in the industry you have different rates for different job classifications. Mrs. Shade said that does not come off our salary. Mr. Butkus said he knows that but what is it costing him and the Mayor and all the other people for that 1% raise? Mr. George Butkus stated that this increase will affect the amount of the pension as well to which Mrs. Shade said that was correct and she would need to adjust that number as well however that will not be reflected until the 2011 budget. Mrs. Shade will send them the numbers. Mr. Ed Oswald stated that we are going to cut our non uniformed employees; he feels that is the wrong place to cut. Ms. Sloan stated we are looking at everything. Ms. Sloan asked Mr. Oswald if he owned a house in the Borough to which Mr. Oswald said he does not. Ms. Sloan said the residents are old and on fixed incomes we just can't keep raising the taxes. Mr. Oswald stated he lives with his grandmother to which Ms. Sloan said she is on a fixed income. Mr. Oswald said she believes that we should not be treating our non uniformed employees differently. Ms. Sloan said we can all believe it, but ya got to pay for it. Mr. Oswald questioned if a whole mil leaves us around \$207,000 in a hole and what would a half mil leave us in a hole; he feels a lot more. Mrs. Shade stated it would be \$332,583.29. Mr. Light wants on us to move on.

SEWER FUND:

Mrs. Shade stated she does not have a lot of information on the sewer. The interest income has taken a big hit. Mrs. Shade budgeted \$5,000 for next year.

Mrs. Shade believes we should be looking at about \$10,000 for tapping fees from the JDH Corporation for their new area. Certifications she bumped a little in hopes that the housing market picks up. Surcharges and penalties have been very high this year. She is hoping with the planned meetings that we can drop that number back to \$20,000 for next year. The IPP testing we brought in only \$1,000 and we budgeted \$10,000 for this year so she reduced it to \$2,000 for next year.

The next area was the sewer penalties and rents. We had budgeted \$698,304.00. Mrs. Shade believes by the end of the year we should be looking at bringing in \$835,000.00 so she bumped up next years with the opening of the old Boscov's site. She moved it up to \$850,000.00. The next two items were South and Lower Heidelberg Townships. Mrs. Shade did not know how to handle them as they have not paid us any money for this year. They have paid 2008 monies which were paid in January however no monies were paid for 2009 at all. Mrs. Shade has sent out e-mails looking for direction but nothing was done. Mr. Fitzpatrick is trying to get in contact with them. A brief discussion ensued as to exactly what was done and what we can do at this point. Ms. Sloan questioned if we have any legal recourse to this. She asked how we handle delinquent customers to which Mr. Schlott said we have an agreement with PA American Water that if they don't pay their sewer bill; we can turn off the water. He went on to say that we can't do that with a municipality. We can't turn off their water. Mr. Oswald questioned why we went to almost November without anyone noticing it. Mr. Butkus said we knew about it but there is only so much we can do to make them pay. Mr. Schlott said the agreement was revised to include the new billing method. This has been in progress for a number of years. Two (2) of the municipalities have signed the agreement; one (1) has not. We are trying to work this out. This is the first year of the shared costs. Mrs.

SEWER FUND (cont'd):

Shade said that Spring Township is paying per the agreement.

Mrs. Shade put in \$1,000 for miscellaneous income. Miller Environmental is paying us \$100 a month for screening and hauling.

The next was the \$1,540,000 which is what we are going to borrow first from National Penn and then submit to PENNVEST for payment. When we receive the money from PENNVEST we will then reimburse National Penn Bank.

The total budgeted income is \$2,518,700.00 for 2010.

The next items were the expenses. The first item was the administration salaries which reflect half of Ms. White, and Mrs. Bohn, and one quarter of Mrs. Shade's salary. The rest of the numbers are staying the same. Postage has gone up due to the fact that we are now billing on a month basis as opposed to quarterly. We budgeted \$100,000 in 2009 for engineering; we will be spending \$72,000; so for 2010 she put in \$75,000.00. Legal is the same; she dropped that down to \$20,000 for next year. The bottom line for sewer administration is \$167,600.00.

This is where she stopped as she did not have much information about the collection system and the plant. Mr. Schlott said the sewer committee has met and discussed some of these items and they are working with Miller to come up with some good hard numbers. With the upgrade there will be some additional costs on Miller's part. There is a phosphorous limit placed on the plant and the removal of the phosphorous is a chemical. This means there will be more chemical costs for next year as well. This will have an impact on the Miller contract for next year as well. Mr. Schlott said they are trying to get a handle on this. It will be Miller's responsibility to figure out what chemicals will work best. Mr. Light questioned if they will have the full budget prepared for the November budget meeting. Mr. Butkus said unfortunately they will not have some of the numbers back from Miller at that time. We will have a more refined draft. They are hoping to start bench testing for those chemicals over the next month or so. The chemical cost will be a shared cost based on the percentage of flow. Mr. Light said so you will have a complete budget for next time to which Mr. Butkus said we will have their best estimates possible on what they know. Mr. Light feels we should set up a date for the next budget meeting at the November Council meeting.

Ms. Sloan questioned the amount for salaries. She said the amount is half/half/quarter to which Mrs. Shade said that was correct. Ms. Sloan said she is not coming up with that figure. She is coming up a \$1,000.00 less. Mr. Butkus said that at the end of each year there is a maintenance cost that must be calculated, he wanted to remind Council. They are trying to get some numbers for other maintenance issues. Mrs. Shade stated she has Ms. Sloan's answer the number comes to \$46,452.79, and she just rounded up to \$46,500.00. Ms. Sloan questioned how she herself got \$45,753.00. Mrs. Shade stated she did not know and said it was \$16,702.40 for Ms. White, \$15,412.80 for Mrs. Bohn, and \$14,337.59 for Mrs. Shade which totals \$46,452.79. Ms. Sloan said she took her word for it.

SEWER FUND (cont'd):

Mr. Pachulo said the sewer plant is pretty much a breakeven operation. What you bring in is what you expend. He asked if that was true or do you make a profit. Mr. Butkus said you don't really make a profit. In years where you are not making capital improvements or upgrades, in theory you should be covering all your routine maintenance costs plus a percentage over that toward those new capital improvements and long term routine maintenance. Mr. Fitzpatrick is working on the problems with not getting paid from surrounding municipalities.

Mr. Pachulo said that sitting there tonight he realizes that other departments like the recreation and library have members of Council sitting on those boards. Basically, no income comes from those boards and sewer is the same way. It is a breakeven type business. He just wanted to make a point to say that the BOSS 20/20 or the revitalization, if this Borough does invest in this downtown and in their own Borough to increase the retail tax base you would not have this budgetary problem. If we start making more money off of retail taxes and everything that goes with it; things will not be so tight in years to come. He asked Council to think long and hard and get involved in BOSS 20/20 and invest in the Borough so that it pays a dividend in the end to run these services. He thanked Council.

PUBLIC COMMENT:

Mr. Oswald stated he agreed with Mrs. Shade that Council should not be paid if they do not attend meetings. This would be one place we could cut back on some money going out. Every little penny counts. If you don't show up for any other job, they don't pay you.

ADJOURNMENT:

Mr. Schmidt made a motion to adjourn the meeting at 9:15 p.m.

Respectfully submitted,

Regina M. Shade
Borough Secretary/Treasurer