

The budget workshop meeting of the Borough Council of the Borough of Sinking Spring was called to order on Monday, November 15, 2010 at 7:00 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
Elizabeth Sloan (absent)
Denise Stine
Dennis Leiby (absent)
James Pachuillo

Other officials present were: Mayor Francis Butkus, Keith Mooney, Borough Solicitor; David Schlott, Jr., 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.

VISITORS:

There were no visitors.

BUSINESS:

The first item on the agenda was the budget. Mr. Wenrich stated everyone received a copy of the budgets at the last Council meeting for their review and comments. Mr. Pachuillo said for the last ten (10) days he along with the committee have reviewed several times all of the budgets. He sent out an e-mail asking for their comments and heard none. He went on to say if you go to the expenditures, we are expecting to spend only \$5,000.00 more in 2011 than we did in 2010. Mr. Pachuillo said we cut close to \$210,000.00 out of the 2010 budget along with passing no tax increase. He continued that if you go to the income portion that is where we are hurting. He said we are not spending too much money. We don't have anything "over the top" in the expenditure portion of the budget. It is on the income side and the bulk of the income comes from the tax revenues from the taxpayers. It is not what we are spending it is our income isn't coming in. When the sewer budget was first presented to us (as a committee), they said there were some items that need to be placed into a capital budget fund rather than the sewer operating budget. If we wouldn't have done that, there would have probably been a sewer increase. As of now, no sewer increase. There won't be any in the fire and ambulance either. It is our income. People and businesses are reassessing. Mr. Butkus asked what specifically from the sewer budget is put into capital. The truck and pump would go into the capital fund. Part of a millage increase would go into a capital fund for their capital expenses as well. In years past, we had to borrow from the sewer fund to pay general fund bills till the taxes started coming in; however last year we needed to borrow from our line of credit because we wouldn't have had enough money to pay the sewer back if we borrowed from them. This costs more than saving for it. Mr. Butkus said that we are getting less income then we have gotten, but how does that differ then the people in the audience who spouse has lost a job. They don't have the option of going to their other source of income and saying my spouse lost their job so you have to pay me more. Mr. Butkus said how can we expect these people to take the hit?

BUSINESS (cont'd):

Mr. Pachuillo said we are running a business here. We are providing services to the residents. He continued if we are talking about how we can afford this, then we will need to talk about cutting services drastically. He has some ideas but it won't sit well with the residents or some on Council. He said the Library. He is not bashing the library but he has read in the newspapers where municipalities contribute \$1,500, \$2,000, \$2,500 however the Borough gives them \$33,000.00. The Library Fund has \$300,000.00 in it roughly, why do we need to contribute that amount of money to them in addition to some maintenance, free rent, some utilities. Another item, we can go back to eight (8) hours a day police service. We can have the State Police patrol. Mr. Pachuillo asked if anyone knew what the police budget was for Sinking Spring. He said it is a quarter of our total budget for the year - over \$500,000.00. Someone said they want the police protection to which Mr. Pachuillo said he does too. He went on to say he is looking where we could cut back. Mr. Oswald said he believes in what Mr. Pachuillo is saying; there is nothing left to cut unless we want to cut services. We have six (6) full time officers plus four (4) part time officers. Ms. Christine Stallone stated we can't give up our police department. Ms. Stallone stated "that won't even be an option in this Borough; I am telling you that right now." She went on to say the Borough was drug infested. Mr. Steve Suruski questioned the medical coverage. He asked if the employees pay anything toward it. Mr. Butkus said the police pay 25% toward their deductible. Mr. Butkus asked if there was anything else the staff pays toward their deductible or their premiums. Mr. Butkus asked how many people sitting at that table don't have to pay anything toward their health care cost to which Mr. Pachuillo raised his hand. A discuss ensued regarding this matter. It was inaudible to hear some of the questions people were asking from the audience. Mr. Pachuillo stated we did save around 23% on health care. Mrs. Shade stated the cost is 23% cheaper next year then what we paid in 2010. Mr. Suruski said can't they pay their deductible and part of their coverage? Mr. Oswald asked how many employees we have. Mr. Mooney said we can't charge the police; they have a contract. Mr. Oswald asked Mrs. Shade how many non uniformed employees we have to which she said eight (8). The deductible is \$2,500.00 a year she said. He then wanted to know how much of a premium we are paying a month. Mrs. Shade stated she didn't remember off the top of her head. Mr. Butkus said well it is separate to which she said yes, but it is all lumped together in the budget. Mr. Butkus understands about the police. Ms. Stallone asked if they thought about cutting in other places, other than the police and library. Mr. Pachuillo said yes. Last year we cut \$200,000.00 which got us almost even. Now, our income is shrinking. We are digging ourselves in a hole. Someone yelled out why. Mr. Pachuillo said because the income is not there. People are losing their jobs, Ms. Stallone said, she understands if we need to have a tax increase but let's do it smartly. Mr. Oswald said do you think PPL or Comcast doesn't pass on a rate increase cause people don't have jobs? Mr. Oswald said we aren't making money we are trying to break even. We gave this a year. We haven't had a tax increase in years. A discussion ensued on this issue. Ms. Stallone said perhaps we could allow the citizens to pay quarterly on their tax bill. Mr. Oswald said some of this is State statute so he is not sure this can happen that way. We can't pass something here to allow that. Mr. Butkus asked what percentages of raises were used. Mr. Mooney said the police are set by contract. The police are 3.5%. They have no choice but to give them raises. Mrs. Brown said she doesn't care about the police she wants to know the others. Mr. Mooney said the police is the largest expense you have and then you put 3.5% on top of that plus you are pyramiding you are probably paying 10% over last year. They are your biggest increase is on top of your biggest expense. Mr. Pachuillo said we are readjusting what the sewer fund is paying toward the office staff's salaries. One employee's pay is 90% coming out of the sewer, while the other two

BUSINESS (cont'd):

are having 30% to 35% of their salaries coming out of the sewer. Mr. Oswald said at this point in time they are not unionized. It is better for us. If they get a union in here our costs are going to go up 20% to 30% over what they are now. That would mean another tax increase just to cover those costs. They have a right to unionize. (Inaudible). The gentleman yelled that "he don't, but you are telling me I have to give them a raise." Mr. Pachuillo said there are 2,600 residents to share the tax increase and if we don't have the money, we must get it from somewhere. Someone questioned why we need three (3) full time police officers. Mr. Oswald said we need to take the police department off the table. It is going to grow. Someone asked why we have three (3) full time employees in the Borough Hall. Mr. Oswald questioned if he knew what they do. He said, he didn't know, they run the Borough. Mr. Oswald said the sewer department is a full time job in of itself. That is why 90% of her salary comes out of the sewer, this is Ms. White. Ms. Bohn the does the checks, and billings. Then you have Ms. Shade who does the minutes and is technically without the title acting as Borough Manager. We are getting a great deal with that and she manages the books. This is the minimum we can go with. Ms. Stallone asked how much has this Borough grown in ten (10) years. She wanted to know that number. In 2000 our count was 2,638. In 2010, they are looking at around 4,000 residents. She then wanted to go back fifteen (15) years. Mrs. Shade has no idea. She wanted to know how many people were in the Borough when we only had one (1) person in the office. Mrs. Shade questioned if anyone knows what the Borough staff does on a daily basis. She offered to allow anyone to come in here on any given day and see exactly what goes on. Mr. Pachuillo can't understand why everyone picks on the Borough office. The audience started yelling to which Mr. Wenrich gavelled them down and said one at a time. Ms. Stallone said we are just asking questions we aren't trying to make people angry. These are questions that have never been answered. Mr. Wenrich said and fifteen years ago, we did not have the litigation, permit applications, inspection paperwork, those types of things. Mr. Hart stated there are a lot more paperwork items than ever before. This is where the staff assists him. Mr. Wenrich feels Mr. Hart should have a full time secretary himself. That is where Ms. Bohn, Ms. White, and Ms. Shade help him out in addition to their regular jobs. It's not like we are back in 1950 when we only had a limited number of cars in the town and we didn't have all the litigation like we do today. Ms. Stallone said she wasn't born back then. Mr. Pachuillo said we probably have doubled in fifteen (15) years. Mrs. Shade said she started here over ten (10) years ago and since then we have added, Columbia Court Phases I and II, Stonegate Phases I, II, III, and IV, Brookfield Manor Phases, I and II, the new Paulo Brutto subdivision, completed Milbeth Village area, the Sinking Spring School House Apartments, and Grecian Terrace Apartments to name some of the big developments. Mr. Oswald said we must take Ms. White out of the equation as she is being paid by the sewer which her pay comes from the sewer rates, not the taxes. There are only two (2) people getting paid out of the General Fund. Mr. Pachuillo said it is \$5,000 on a \$2,000,000.00 budget. So cutting an employee is not saving us any money. Mr. Butkus had a question in regards to the size of the Borough office staff ratio. He questioned how was it in either Lower Heidelberg or South Heidelberg, he couldn't remember which one (1), went from having three (3) secretaries down to one (1). Mr. Pachuillo asked him which one (1) was it. He asked if it was the one (1) that hasn't done the sewer billing for fifteen (15) months and now the bill are up in arms. Mr. Butkus didn't know. Mr. Oswald said West Reading Borough is about the same size as us and as the same amount of people roughly, we have 15 to 20 employees overall, they have 50. Ms. Stallone says they have a huge police force too. Mr. Butkus said they have a larger commercial area. Ms. Stallone said she spoke to a realtor friend of hers and they said we have a big commercial base here

BUSINESS (cont'd):

and we are lucky we have that. Mr. Oswald said back to Lower and South Heidelberg's both of them are delinquent in paying us their sewer bills and that is probably because they don't have enough people working there to get all aspects of the jobs done. Townships work differently than Boroughs as well. Mr. Pachuillo said our expenditures have not risen but our income has fallen. Mr. Pachuillo doesn't want to cut anything. Mr. Butkus questioned how much we spend on sewer billing, wouldn't be worth looking at subbing out sewer billing. Mr. Pachuillo asked how many bills we send out per month to which Mrs. Shade said around 1600 to 2000. Mr. Pachuillo asked what the going rate would be to send them out to which Mr. Butkus said he had no idea. Back in 1980 someone told him that they could have done it for .25 a bill; that was thirty (30) years ago. Mr. Butkus said he thought that number was from the 1990's. Mr. Pachuillo said okay twenty (20) years ago. We bill monthly, do the math. Mr. Pachuillo said we can check on it. Mrs. Shade said again this would not save any tax dollars because the sewer billing comes out of the sewer rates not the tax revenue. This would have no bottom line on this issue at all, Mrs. Shade said. Mr. Oswald said they are not just going to want to do the billing; they are going to want the entire plant. Mr. Pachuillo said as a Borough Council, we can look at everything we sub out. We can perhaps save money on the sewer engineer, or the Borough engineer. We are not spending anymore in 2011 than we did in 2010. Mr. Wenrich asked Mr. Hart how much money we spent on road repairs this year to which Mr. Hart said "zero." That's what got cut last year. Mr. Wenrich asked how our roads are. They are in need of repair. Mr. Butkus said no one is disputing those facts and he apologized for putting it this way but it is more of want versus need. We know we need the police. We know we need the fire and of course we need the sewer. If the sewer is ran well it is self sufficient. The trash is self sufficient. So, he then must say, we need to do road repairs. Mr. Pachuillo said to Mr. Butkus so you went through this over the last ten (10) days and you came up with \$159,000.00 to cut out of the budget. Mr. Butkus said no. Mr. Oswald asked Mrs. Shade how much money is in the sewer fund to which she said around \$500,000.00. He said the reason we have that money in there is for when stuff happens. Now, why is the sewer department special and they can have that and not the General Fund? Mr. Butkus asked if he wanted the direct answer for that. Mr. Butkus said because of the lease back agreement with the Authority; it required a reserved operating amount of money and reserved capital amount set aside. Mr. Oswald said so why can't the Borough have a reserve. Mr. Butkus said he is not saying it can't but his question is, is this the year to try and force it over. He agrees and understands the point. Mr. Butkus said past Councils have dug us into debt some he sat on and some he didn't. Mr. Pachuillo said even without saving for the future we still need a tax increase. He asked Mr. Butkus if he agreed. Mr. Butkus doesn't agree. Mr. Butkus said if we need an increase it certainly is not a full mil. Mr. Pachuillo agrees with him. A one (1) mil was a starting point. Mr. Pachuillo said do we go to .75 a mil just to break even. Mr. Oswald said debt is debt. What happened is when we didn't increase the taxes last year we had no money to move forward so we had to borrow to exist. We can't borrow from the sewer because we can't pay it back in the same year. A discussion ensued about what percentage of a mil should we take. Mr. Butkus said we have eight (8) non unionized employees that are not unionized. We also have management personnel that can't unionize, he asked Mr. Mooney if that was correct to which he said yes. There are six (6) members that can unionize. Mr. Mooney explained to Council what will happen. The people that are in the union that have been here for 10, 12, 15 years, you end up paying a guy on the street crew more than his boss. So, even though he is not figuring out the budget, or assigning jobs or whatever he is earning more. Also, they will get between 2.5 and 3.5% raises every year. Mr. Butkus said would it interest anyone to know that the person who was in the street crew last

BUSINESS (cont'd):

time there was a union got the smallest percent raise for the first two years of their contract. Mrs. Shade stated no, they all got the same. Mr. Butkus said no to which Mrs. Shade stated she begged to differ but to her recollection they all got the same raise. He understood there was one (1) year at least different because they were trying to level off. Mrs. Shade said that was before the union came in. Mrs. Shade said perhaps they wanted that but it didn't happen that way. They all got the same percentage raise. Mr. Pachuillo asked Council if anyone thought there would be no tax increase in 2011. Ms. Stallone said no it's obvious there will be one. Mr. Pachuillo told her he was asking Council not her. Mr. Butkus said there may be a small one. Mr. Pachuillo said why. Mr. Butkus wanted to address the question Mr. Suruski brought up. Your police are contract for increase; you have a group of employees not currently under contract and who do not have a co pay on their health insurance. Mr. Hart stated we do have a co pay. He just paid one. Mrs. Shade said we have it for medical. Mr. Butkus again said he has some suggestions that were given to him by residents that couldn't be there that evening. Several of them said their companies cover the individual but not the families anymore. Mrs. Shade questioned why is it always about what these eight (8) people get? It is always and she continued always these eight (8) people. Mrs. Shade said Mrs. Zerbe the police secretary she has been here 25 years; Mr. Falter who has been here over 20 years, I have been here for 10 years; Ms. White and Mr. Zerr have been here for 8 years. Mr. Hart has been here for 4 years, Ms. Bohn has been here for 3 years, if we haven't been doing a good job then why hasn't past Councils fired us. She asked for some consideration. Mr. Oswald said if you keep disparaging our employees, this is like three (3) years now. Mr. Oswald asked Mr. Butkus what his obsession with these eight (8) employees is. Mr. Butkus said he did not disparage our employees. He is only questioning the cost of giving those benefits. Mr. Pachuillo said when we finished the budget and saw what the bottom line was it was only fair. Mr. Butkus said there are many things on the news where people are taking pay cuts and paying for benefits then losing their job. Mr. Butkus said you want the people who aren't getting a raise to pay for our employees to get a raise. Mr. Pachuillo said we saved 23% on the health care insurance. They got a 1% increase last year. Because of the savings on the health insurance they felt we could give them a raise. Mr. Butkus said when he was physically capable of working at Hershey Medical Center; he was making roughly \$20,000.00 a year. Now he is down to less than \$12,000.00. So what did he have to do; he had to give up his apartment, gave up his car, had to move home with his parents, so I had to cut what I was spending. His question is where do we expect everyone else to come up with this money? Mr. Pachuillo understands both sides of it. Three (3) Council people agree. He doesn't feel good about a tax increase either, but you must take out your personal feelings as well. We are running a business here. We must start somewhere. Mr. Wenrich asked Mr. Butkus that we didn't pass any sewer rate increases along in how many years. Mr. Butkus said previous one was five (5) years before the last one and the reason for that increase was to offset the lack of aid from the State. Mr. Wenrich said we learned a lesson. He said no one likes an increase but if you don't take small little chips you are going to get slapped with a big increase. Mr. Wenrich said we should have gone with an increase two (2) years ago but we didn't because at the end the sewer rates needed to go up. It went up 114%. We had compassion for John Q. Public. Mr. Wenrich said 1 mil is \$100 on \$100,000.00 of assessed value. Is it worth having our full services to have a \$100 to a \$200 increase over a year? Mr. Oswald questioned where was this outrage when a 114% sewer increase was needed? We had to change the billing so people could afford to pay that increase. But where was the public then, Mr. Oswald wanted to know. So if the sewer department can have its

BUSINESS (cont'd):

expansion and live on, why can't the General Fund have the little bit it needs. We aren't talking about an expansion, we just need to exist. Mr. Pachuillo said because it is called a "tax" and on the sewer side it is called a "rate" or a "fee". You get a sewer bill but as soon as you call it a tax people change their minds about it. Mr. Wenrich called on someone and he was inaudible. He has no problem giving money for the Borough to survive but to give money to give people raises; he is not in favor of that. He said it is what you are doing with the tax increase that he doesn't like. Mr. Pachuillo said we are running the Borough. It was inaudible from the people sitting in the audience. Mr. Suruski questioned the employees again should pay for their health care benefits. Mr. Oswald asked what he wanted. The discussion ensued as to wanting the non uniformed employees to pay their insurance. Mr. Butkus said the deductible we give the employees into a health savings account to which Mrs. Shade said correct. The co-pay is paid at the doctor. Mrs. Shade said everyone would be happy if the non uniformed employees would get no raise and pay how much toward their health care cost. Mr. Suruski said \$250.00. She said so the budget would be okay if these eight (8) employees got no raise and each employee paid \$250.00 toward their health care cost. Mrs. Shade questioned if anyone knew her plight. She explained her personal situation. She said she understood their concerns however everyone has their own problems and situations. Mr. Suruski said it appears Council knows what they are doing. He feels that perhaps someone less objective should do the budget. Mr. Pachuillo said that is Council's job; they are charged to do the budget. We cut close to \$200,000 out of the expenditures last year to make it work with no tax increase. Next year we are looking at the same with only a \$5,000 increase. Someone yelled we earned this all before. We aren't spending too much money. The only thing we are saying is why you are giving these employees stuff that I got to pay for. Mrs. Shade said \$24,000.00 will be saved if they contribute to their health care. Mrs. Shade said the police are okay; they don't get pulled apart like these eight (8) people do. Ms. Stallone told Mrs. Shade she takes things to personally to which Mr. Pachuillo said the office staff is picked on year after year. Ms. Stallone said she understood where Mrs. Shade is coming from. Mrs. Shade said every year we sit here and pick apart the office and how we can work with less people. She went on to say we never have a discussion on how we can work around cutting the library. We never discuss cutting anything but the office. We never discuss whether contracting out snowplowing might be cheaper. Did we ever look at perhaps cutting the trash contract and have the Borough staff collect the trash. No, it is always about the office staff. I do take it personally and I challenge any of you not to take it personally. These women along with me do an awesome job and to always be ridiculed every time budget comes around his disheartening to say the least. The constant harassment is unbelievable, Mr. Oswald said. There are only three (3) of us and again, come in any day and see what we do, Mrs. Shade said. Mr. Butkus said too there is always the issue with the police contract. If we do it this year for the non uniformed, we have set a new policy so when we go into negotiations. By the same token for many years past the non uniformed employees always got the same raise at the police did in their contract. At the same time the police are out in the snow, the dark, the dangerous typically speaking a less hospitable work environment then the rest of the departments. Mr. Wenrich said right but their hourly wage reflects that. Mr. Butkus agreed. He will also point out that perhaps in giving a percentage raise isn't the way to go. We should go to a nominal monetary fixed amount. Mrs. Shade said she spoke to Mr. Holland of VIST and they are working on doing that but it is very difficult to do that when you are at a certain point. Mrs. Kutz said some of our personnel if they retire we could bring in two (2) people and pay them less. Mr. Oswald said any boss knows if you could treat your employees like crap, you will get what is coming to you. Mr. Oswald said if we

BUSINESS (cont'd):

treat our police like this we will end up in arbitration and you know what that will get us. Mr. Oswald just wants to know what the obsession is with this group of employees. Mrs. Brown feels that Mrs. Shade gets an ample salary. She stated she makes \$27.50 an hour. Mr. Wenrich said she doesn't just work 9 to 5. She is here for night meetings, she puts hours in at home. Mr. Suruski said so she is salary to which Mr. Wenrich said yes. Mr. Wenrich said that salaried rate was bumped up and the reason being if we keep her at a lower hourly rate but with what is expected of her and the hours she is putting in, she will be making more in her overtime rate. Council tried to adjust the rate as best they could to make everyone happy. Mr. Suruski again feels that the employees should pay for their health care. Mr. Pachuillo said we are saving 23% on the insurance. Mr. Pachuillo asked what the total amount for those eight (8) employees were being paid out of the General Fund. Someone asked how much the library is actually being used to which Mr. Butkus said very much. He said we are in the top ten (10). Mr. Mooney said if we cut our contribution to the library the State will cut their contribution to the library. It is a one (1) way door. They asked if they do fundraisers to which they said yes. Mr. Wenrich said they took on passports to raise some extra money. Mr. Pachuillo was trying to come up with other ways to recoup some of those funds. Someone asked if we could run a lottery to get some funds. Mr. Oswald said no. A brief discussion ensued as to what the Library pays for and what they don't pay for. Mrs. Shade said the office staff is \$51,557.69, the police secretary is \$38,937.60, and the road crew is \$172,950.93. There is three (3) in the office, one (1) police secretary, and four (4) public works employees. The total is \$263,446.22. Mr. Oswald questioned Mr. Hart the week of the snowstorm how many hours did he work. Mr. Hart said around the clock and he is salaried and got nothing. Mr. Butkus said he got the same rate. Mr. Oswald said we bought you lunch. Mr. Pachuillo said the total cost for all employees was \$8,000.00. Mr. Suruski said you are still talking about money you don't have. Mr. Pachuillo said it is minimal. Mr. Butkus said it is the projected increase. Mr. Pachuillo said even if we take the raises away and make them pay for their insurance we still don't balance the budget and we are still going to need an increase which he knows someone will not be in agreement with. Ms. Stallone said it is what it is, let's just do what needs to be done and call it a night. Mr. Pachuillo wants to do what is fair. Ms. Stallone said we need to stop taking things so personal in this Borough; she hasn't seen so much squabbling; we elect these people. Mr. Butkus had some other questions. On page 4, line item 438.246, maintenance and repair of highways, he knows in 2010 part of that money was used to pay for the curbing that people didn't fix. He questioned the \$5,500, was that what he was projecting to spend on road work next year? Mr. Hart said that is what he is hoping. Mr. Butkus said plus whatever we can pull out of Liquid Fuels. There is money in there but we have to get aggressive or pay for total street reconstruction. He has streets laid out; he knows what needs to get done, he just doesn't know which way to go. This number reflects minimal work. This just keeps us afloat. Mr. Butkus questioned if we could use Liquid Fuels money. He knows there are rules but he doesn't know them. Mr. Hart said we can. But they need to be engineered and prevailing wage Mrs. Shade said. We are getting a good amount of the money back from the curbing. Mr. Butkus asked if we could put that towards these repairs. He said we have fuel, light, and water along with supplies for rec. This year we spent \$1,700 and \$1,100 respectively. He knows cutting it on the budget means you must cut it on the actual use side as well. It is just \$1,000 here and there. He wondered if we really need to spend that much for new supplies. He questioned what special events are. Mrs. Shade said we do egg hunts, tree lighting plus things at the playground, like teen night and an end of the season presentation for the parents. Mr. Wenrich said we have more kids with the Brookfield Playground. Mr. Wenrich said we can

BUSINESS (cont'd):

cut the recreation programs if they want. Mr. Wenrich said we have a small town appeal. We have made great strides. We are working with the revitalization committee to bring people back. BARTA is looking at putting a hub in here. You will see more people in the Borough. Mr. Wenrich said people keep saying fifteen years ago we only had Elaine here and before that we had wagons going down the street; things are changing. Is it going to be a painful change, we are trying to minimize it. But at the same time too, we don't want to lose the Borough because if we can't balance this budget; we are going to get absorbed. Ms. Stallone said we are very blessed by the business we have in the Borough; they are helping to offset our tax base. She talked to the owner of Century Twenty One Park Road Realtors. He said that the residents shouldn't complain at all about the taxes here in the Borough. Mr. Pachuillo asked if Mrs. Shade pays other taxes in addition to the property tax. She said yes, we have a street light tax, and a fire hydrant tax. Mr. Pachuillo said a shade tree tax. Mr. Wenrich asked how long it takes for her to see a plow truck. Mrs. Shade said don't ask. Mr. Wenrich said with our small town, the streets were great this past winter. It took a lot of man hours but it was great. Mr. Wenrich said if you can keep your house in order you can attract businesses to come in. This is a tentative budget. We must do a tentative approval. When it lies in state anyone can come into the Borough Hall and look at it. Mr. Butkus wanted it on a PDF so we could upload it to the website. We had a broad spectrum on this committee. We had a nice cross section. Mr. Oswald says your taxes are going to be higher in a Borough than in a Township just because you get more specialized services. Mr. Butkus said Chief Oxenreider is not taking the whole raise he is allotted for. Mr. Butkus went on to say he is only taking a 1.5% raise. Mrs. Shade said that was incorrect to which the Chief said he was taking a 3% raise. The Chief said he is taking a 1.5% cut from what his raise should have been which was 4.5%. Several of the people in the audience thanked him. Mr. Oswald said the non uniformed people last year took a 2.5% cut down to only a 1% increase. Ms. Stallone stated does Council know how often the Chief comes in and covers for other police officer and doesn't clock in. She asked the Mayor or Mr. Butkus if that was right. Mr. Butkus says he knows that the Chief just like many other managers get saddled with the responsibility of covering if need be. Ms. Stallone said that is commendable and to leave it at that. Mr. Oswald stated that is true; he is doing the same thing that Mrs. Shade and Mr. Hart do as well. They are salaried and that is what salaried people do. Mr. Wenrich along with Mr. Butkus said the Chief is not salaried. Mr. Oswald stated he knew that however what he is doing is just what our salaried people do; they work and don't get paid for it. Mr. Oswald said all three (3) of our supervisors do a great job; Ms. Stallone said their work is commendable. Mr. Oswald said it is a big job running a municipality. He went on that people don't see the day to day workings and all that they do. It is a big job. Mr. Butkus had some questions. He asked about the radios for the police on page 2. He asked the Chief if we needed to go to the digital radios for next year. Chief Oxenreider said Mrs. Shade gave him an e-mail that the digital radios will not take effect until 2013. Mr. Pachuillo said another item we should be concerned with is the stormwater requirements. We don't know what that is going to cost to which Mrs. Shade stated there is no money in the budget for that issue. Mr. Butkus stated more of a problem is there is no technology to do what it is they want to do. Mr. Ludgate stated there will be some mandated requirements; it may not be sampling at the end of the pipe. But there will be other mandated requirements. Mr. Butkus questioned when it will take effect. Mr. Ludgate said it will be phased in and no one knows how long the phasing in will take because the DEP and the EPA are squabbling. Mr. Pachuillo wanted to make some recommendations. He said we will take the non uniformed increase down to 2% from 3.5%. He also requested to agree on an amount that they should contribute to their health care. He wanted to

BUSINESS (cont'd):

do this that evening so we can get the budget redone. He asked what else they wanted to cut. He asked if they wanted to cut the recreation portion. Mr. Pachuillo would like to cut the allocation to the library. Mr. Butkus said to keep in mind; it is a double whammy cut. Mr. Pachuillo said they can start up as a 5013c right this minute with the funds they have. They can get their own State funding and run just as well as they do now. A brief discussion ensued as to how much they get from the County and State. Mr. Oswald asked Mr. Butkus how much they would lose if we cut back their funding. Mr. Butkus couldn't tell him off the top of his head. He doesn't know the exact formula. Mr. Butkus said he doesn't know how much the State gives out. Mr. Pachuillo said the State gives it to the County and the County gives it out. Mr. Butkus said again, it is a one (1) way door. Once we cut their spending we can't count on the County or State giving the match back if we decide to give them more. Mr. Oswald asked are we cutting them or aren't we. Mr. Butkus asked what the rate is for the non uniformed employee's raises. Mr. Pachuillo said 2% plus their contribution to the health care. Mr. Suruski asked what the amount is per month for each employee. Mrs. Shade stated it varies from employee to employee. Mr. Suruski asked if anyone has any reference to go on for their contribution to the health care. Chief Oxenreider asked if he could make a suggestion. The police are paying 25% toward their deductible in the HSA account which is \$625.00 for a family. He questioned if the non uniformed employees could pay the same as the police. Mr. Oswald said that would be fine with him. Mr. Suruski suggested that Council do some research on this matter. Ms. Stallone said that the Borough should do some research on the health care. Mrs. Shade stated we did do that when the contract came do. VIST was our agent and put our health care plan along with the police's out there to shop around. That is how we got the savings we did on the non uniformed plan. Mrs. Shade stated two (2) years ago we all had the same health care provided which was Capital Blue Cross. When Mrs. Shade got the numbers she quickly decided we needed shop out the health care. We tried to do it for both uniformed and non uniformed however the police contract states which plan they must have so they couldn't be switched. The non uniformed however did go to Health America which saved us money and continues to save us money because of VIST and their input. Mr. Suruski stated that nowhere else in the country do people not pay for their health care. Mrs. Shade stated that is not true. Many municipalities do not pay including ones that abut us currently. She went on to say that things are changing however police departments have had this in their contracts and the non uniformed employees usually dovetail off what the police receive. She stated this is not something that is just specific to this Borough. It is many other municipalities across the Commonwealth. Mr. Butkus said it is a governmental thing across the board. Mr. Butkus said that Steve is comparing this to the private sector. Ms. Stallone questioned if we ever looked into the Berkshire Health Plan. Mrs. Shade stated it has all been done. We had about ten (10) different proposals. She also reminded the audience we only are talking about eight (8) employees. Many of these health care plans don't want us because we are an extremely small group. They agreed with that. Mr. Pachuillo said you guys are all talking about exploring, exploring, exploring but for the last month and a half we have tried to go over the budget and you see where it ended up at. These are our expenditures against the income. We are here this evening to see where we can cut or save to balance it out. We don't have the time to go out and shop for things. A decision needs to be made that evening on a millage or perhaps no millage at all. We need to advertise and if it gets vetoed we have to work on it some more. Mr. Suruski said he will take the time and call three (3) corporations. Mr. Pachuillo said we shopped it out. Mr. Butkus said no, he is talking about what their employees contribute into their health care plan. Mr. Suruski again stated that maybe the employees shouldn't be getting their

BUSINESS (cont'd):

health care paid for because this is 2011. Ms. Stallone said we don't want to be in the position we were in last year at this time. Mr. Oswald said we don't have that luxury this year; we must pass a budget by December 31, 2010. It is not an election year. Ms. Stallone said that is why we should come to every Borough Council meeting and give their input. Mr. Wenrich said you can't look at the private sector and then look at the public sector. Because if you have had a job with the State you were pretty assured you were going to be taken care of; as long as you did your job. However, private sector companies get bonuses and those types of things that public sector jobs don't get. If you have ever had a problem and you call in, it is taken care of by the Borough Hall or police staff, Mr. Wenrich stated. That is because you have quality people here. Sure, we can get temporary people but you will get that type of service. Mr. Suruski said so, than nothing is going to happen. Mr. Pachuillo said, nope something is going to happen. Mr. Pachuillo said we have some things to propose. Mr. Suruski yelled that is all it is, proposals. Mr. Wenrich said you have to propose something. Mr. Mooney said you can vote on passing the budget tonight. Mr. Pachuillo said, so what is the amount \$250 a month. Mr. Butkus said right. Mr. Butkus explained how the budget process works. Mr. Oswald asked the Chief how the police amount works. It is about \$650 a year. Chief Oxenreider said he certainly wouldn't want to pay \$250 a month. Mr. Oswald said can they agree to pay 25% of the health care cost of the deductible for this year. He asked Mr. Butkus if he could accept that. It would be \$5,200.00 a year savings. Mr. Butkus will agree to that this year with the notice to the staff that next year we will need to look at this a lot sooner than November having all the staff paying into the premiums. Mr. Wenrich said we can mirror it off the police contract. Mr. Oswald feels we can't discuss next year's budget at this time; we haven't even passed this year's budget yet. Mrs. Stine said who knows where we will be next year. Mr. Butkus stated we can give the staff notice that they will have to pay into it. Mr. Oswald said it will be \$650.00 contribution by each employee and a 2% raise. Do you want to make a few \$1000 cuts here and there, Mr. Pachuillo questioned. Mr. Butkus questioned are we running a playground or a camp program. Mr. Pachuillo said this is a rec budget for the entire year. They do different things throughout the year not just the playground. They do things at Easter and Christmas, parades. This is a service we give our residents. He doesn't think the total we spend on recreation is out of line. Mrs. Shade stated we have a wonderful rec board that would like to start doing other things as well. Mr. Pachuillo said the leaders gave \$1,200.00 of money they earned back to the Borough. We spent \$27,925.00 in 2010 and we are proposing \$26,900.00 for next year. Anything we do would be a cut to the recreation. Mr. Butkus understands next year we have the parade. Mr. Pachuillo stated our debt service has gone up. Mr. Butkus said in the long run that is the biggest black hole we got. Mr. Pachuillo said that was \$13,000.00 more that it went up. Mrs. Shade said it went up only \$3,000 from what was proposed and Mr. Pachuillo agreed. Mr. Suruski said do we really want to take away from the kids. Mr. Oswald said he is against that. He said be it library or rec we shouldn't take away from them while he knows it is \$33,000.00 but that is going towards our future, he said. Mr. Pachuillo said do we need to make any decisions tonight on trying to recoup some of this money. Mrs. Shade stated that income is part of the income section of the budget and it is already counted in there. Mr. Butkus said after the budget is passed we could work out with the Library Board for them to pay for some of their costs. Mrs. Shade said correct. We currently do that for the sewer. Mr. Oswald asked how much was the change for the family deductible? It was about \$5,200. Mr. Oswald said even taking that out that lives us nothing. Mr. Oswald feels we are at the point there is nothing more we can drop. He wanted to agree on a millage and get the people out with some idea on what they will be paying. Mr. Butkus wanted to propose a tentative budget so that it will lie

BUSINESS (cont'd):

open and then do the millage. Mr. Mooney said your millage is intertwined in your budget. You need to know the tax rate to be able to fund your budget to which Mr. Butkus said that was true. That must be out there seven (7) days before the meeting so you can pass the budget. Mr. Mooney said when you go to pass the taxes and your budgets; it makes sense to pass your taxes first and then your budgets. If you don't pass a tax increase you can't pass a budget. Mr. Pachuillo asked what three quarters of a mil would generate. It would \$157,140.00. A discussion ensued as to what millage would pass. Mr. Oswald felt if we don't pass a good amount now a bigger increase will need to pass next year to which Mr. Pachuillo agreed. Mr. Oswald questioned why people at that table don't have the guts to pass the increase instead of passing it on to others. Mr. Pachuillo said we are here to balance a budget. Mr. Oswald said just pass a mil increase and be done. Mr. Oswald made a motion to pass a mil increase. There was no second to the motion so it died for the lack of a second. Mr. Pachuillo made a motion to advertise for a .75 mil increase to the General Fund for 2011; seconded by Mr. Butkus. He made the second just for the advertisement so that the public can comment on this. AYES – 4, NAYS – 1 (Mr. Oswald), ABSENT – 2 (Mr. Leiby and Ms. Sloan); motion carried. Mr. Pachuillo made a motion to advertise the General Fund budget; seconded by Mr. Butkus with the condition we post it to the website for the public to view. AYES – 5, NAYS – 0, ABSENT – 2; motion carried. Mr. Pachuillo made a motion to advertise the sewer budget as proposed with no sewer increase; seconded by Mr. Butkus with the same stipulation as stated before. AYES – 5, NAYS – 0, ABSENT – 2; motion carried. Mr. Pachuillo made a motion to advertise the fire budget and to keep the tax rates the same for both the fire and ambulance; seconded by Mr. Butkus again with the same stipulations. Mr. Butkus asked if we have an agreement with the ambulance. Mrs. Shade stated she was at a meeting and that is the amount they shall be looking for. AYES – 5, NAYS – 0, ABSENT – 2. The rate for fire is .85 mils and the ambulance is .25 mils.

The next item was the release of the JDH security and maintenance bond. Mr. Ludgate stated the construction is almost complete on Phase I. They should now be changing over to a maintenance bond that was established in the contract with JDH. The amount is \$56,911.23. They must post that amount as security via a maintenance bond. They recommend that the public improvements security be released and the maintenance security be established. Mr. Mooney said basically you should release their surety contingent on their execution of the maintenance agreement and their provision of the maintenance bond. Mr. Butkus made the motion so long as we get the appropriate signed documents before we cut the check or letter of a release; seconded by Mrs. Stine. AYES – 5, NAYS – 0, ABSENT – 2; motion carried. Mr. Ludgate said JDH needs a letter so they can go to their bank and do what needs to be done. He explained what they need. Mr. Butkus made a motion to generate that letter; seconded by Mr. Oswald. AYES – 5, NAYS – 0, ABSENT – 2; motion carried.

There was one (1) more for the Brutto Subdivision. They have completed all of their improvements and have requested the release of their retainage. The sewer end was also taken care of as well according to Mr. Schlott. Mr. Butkus made a motion to release their retainage; seconded by Mr. Pachuillo. AYES – 5, NAYS – 0, ABSENT – 2; motion carried. A letter needs to be sent. He doesn't need a maintenance bond as he has gone well beyond the eighteen (18) months. Mr. Butkus made a motion to have the appropriate letter; seconded by Mrs. Stine. AYES – 5, NAYS – 0, ABSENT – 2; motion carried.

BUSINESS (cont'd):

Mr. Schlott questioned since the tentative sewer budget was passed could he have authorization to send out the shared operating costs to the contributing municipalities. This is a protocol that we must follow when we have a budget tentatively passed. Mr. Oswald gave Mr. Schlott the authority to send out the shared costs; seconded by Mr. Butkus. AYES – 5, NAYS – 0, ABSENT – 2; motion carried.

The next item was a resolution establishing the Berks Earned Income Tax Bureau as the collection agency for the Borough. Mr. Mooney said the Tax Collection Committee was established in Berks County just as it has been in every other County in PA. This was to consolidate the collection of earned income tax. The TCC has gone through the process and settled on Berks EIT for Berks County. This is not mandatory till 2010 however we need an acceleration resolution which will allow us to use them in 2011. This is the company that already collects the Borough's Earned Income Tax. It does us no harm at this time. Mr. Butkus made the motion to approve Berks Earned Income Tax Bureau as our accelerated tax collectors for 2011; seconded by Mr. Oswald. AYES – 5, NAYS – 0, ABSENT – 2; motion carried. There is a letter that needs to go to DCED stating we have selected Berks Earned Income Tax Bureau as our tax collector and they are the appointed master tax collector for the County of Berks. Mr. Oswald made the motion to authorize Mrs. Shade to send the letter; seconded by Mr. Butkus. AYES – 5, NAYS – 0, ABSENT – 2; motion carried. The next resolution is for the LST (Local Services Tax). You can opt to have them collect that. Mr. Mooney questioned who collects it now to which Mrs. Shade stated the tax collector collects it. It is Council's decision. Berks EIT charges a percentage. Mr. Butkus asked if we needed to vote on this tonight. Mrs. Shade stated the tax collector charges one dollar per bill she sends out. Mr. Mooney said 2.5% is striking him at this point but he wasn't sure. Mr. Mooney said it was probably cheaper to stay with the tax collector but he will get that info for the December meeting. Mr. Pachulo said it would be around \$1.30 for Berks EIT. It was tabled till the December meeting.

PUBLIC COMMENT:

There was no public comment.

Mr. Wenrich said he received a call the other day that he dreaded to hear. The leaf picker has died. It is a 1999. Fortunately, Mr. Hart took it to Adamstown and they were able to make a repair. Mr. Hart explained what had happened. Once they tore it apart they found out it was the bearings and the pressure plate. It is a dry clutch. They found the parts in Iowa; had them shipped and we had the machine ready for pickup on Friday afternoon. This happened on Thursday morning. The total cost was \$1,443.04. Mr. Butkus made a motion to authorize the payment for the emergency repair of the leaf picker; seconded by Mr. Oswald. AYES – 5, NAYS – 0, ABSENT – 2; motion carried. Mr. Hart said in the past we had a holiday banner that went across Penn Avenue in front of the old Boscov's site. PPL for some reason changed the pole where the attachment was. They moved it two (2) feet and installed a new pole. By doing this our guide wire that we hung the banner on, they severed our power supply. If we want a holiday lights on there we have to install all of this stuff on the new pole. The cost is \$1,907.00 for that. Mr. Hart explained what would be included and what the new regulations PPL has put into place. A discussion ensued out of what account to do this. It will be a metered connection. Mr. Pachulo made the motion to move ahead

PUBLIC COMMENT (cont'd):

with the work; seconded by Mrs. Stine. AYES – 4, NAYS – 1 (Mr. Butkus), ABSENT – 2; motion carried.

Mr. Oswald has gone to the website and found that it was very hard to navigate through. We do have many older people and the fact is if it is too complicated to work through no one will use. That kind of defeats the purpose of the site, Mr. Oswald stated. There are now new methods for communicating. Mr. Oswald was seeking authorization from Council to set up official social outlets (Facebook and Twitter) to disseminate information like meetings, road closures, other items and to have someone else redesign the website and have it more functional for the residents. He was asking for \$1,500.00 at the most; he is hoping it would come in a lot less than that. Mr. Oswald made the motion to spend no more than \$1,500.00 for social networks as well as redesigning the website. There was no second so the motion failed for a lack of a second. Mr. Butkus said perhaps we can touch base with Berks Career Technology as they might have some students that can redesign our site as part of their projects. Mr. Oswald said you probably will need to pay for the cards and such. A discussion ensued regarding why he wanted to look into this and how to do it.

Mrs. Stine asked Mayor Butkus if he will allow this budget to be passed or will he veto it. Mayor Butkus stated he hasn't had a chance to study it as of yet. He will go along with what the majority does. He continued if Council can get five (5) he will go along with it. Mr. (George) Butkus stated for clarity sake he questioned if the Mayor has seen a draft of the budget yet. Mayor Butkus said only what came tonight. Mrs. Shade stated there was a copy of the latest budget placed in his box after the November 4, 2010 Council meeting which Mr. Pachuillo had requested of her to do. She didn't know if he picked up his mail or not but it was placed in there.

ADJOURNMENT:

The public meeting was adjourned at 9:15 p.m.

Respectfully submitted,

Regina M. Shade
Borough Secretary/Treasurer