

The budget workshop meeting of the Borough Council of the Borough of Sinking Spring was called to order on Monday, November 19, 2007 at 7:05 p.m., at the Sinking Spring Borough Hall, by President Lawrence Schmidt. After the Pledge to the Flag, Debra Bohn called the roll reflecting the following Council Members present:

Lawrence Schmidt
James Zerr (absent)
George Butkus (absent)
Bruce Light
Barbara Kutz
Stewart Wenrich
Dennis Leiby (absent)

Other officials present were: Mayor Clarence Noecker; Michael Hart, Public Works Director, Regina Shade, Borough Secretary/Treasurer, Police Chief James Oxenreider, and Debra Bohn who recorded the minutes of the proceedings.

VISITORS:

There were no visitors.

BUDGET:

The first budget that was looked at was the sewer budget. Mrs. Shade explained we were in the middle of a rate study and then the rate study was placed on temporary hold for one (1) reason. Mr. David Schlott, Jr., our sewer engineer, requested we do that as he had a lot of variables that needed to be worked out. One (1) of the variables was whether we were going to be going on flows or keeping it on physical meter readings. Mr. Fitzpatrick is currently working with the Solicitors from Spring and South Heidelberg in putting together agreements. South Heidelberg has requested that districts five (5) and six (6) flow to Spring. In addition, these agreements will also have us billing on a flow basis. Based on that and since we have an agreement with Lower Heidelberg these two (2) municipalities will be on a flow basis for 2008. Mrs. Shade explained again, this needs to go in front of both municipalities. This is our best guess. Spring and we are based on water consumption. Without doing the actual rate study, it was decided to run with the way we bill currently until the rate study is completed. Those numbers will be changing. We will be getting rid of the flat rate. Mrs. Shade explained this is our best guess at this point. On the expenditure side, under administration salaries – ½ of Ms. White, ½ Mrs. Bohn and ¼ of Mrs. Shade's salary go into that number. Mrs. Shade explained she added anywhere from a 2% increase to a 4% increase over prior years. She also said some of the expenses actually came down. The sewer collection system was done by Mr. Schlott along with her. Under the maintenance category, Mr. Schlott felt some work will need to be done, so he placed \$130,000.00 in there. There is \$10,000 in supplies. Mrs. Kutz questioned the legal expenses. She questioned that we only spent \$5,000 this year. Mrs. Shade stated some of that expense could fall under the retainer. In addition, she continued that a lot of that work with South Heidelberg actually happened in 2006. Mrs. Shade explained that Miller Environmental had the normal 5% increase. Mrs. Shade stated there were a lot of items shown under the capital portion of the budget; however Mr. Schlott stated there are three (3) items he feels

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we should consider. These items are a rebuilt RAS pump #1 and 3 for \$4,820.00, influent sampler replacement for \$5,000.00 and the infrared study of MCC control panel for \$1,000.00. A discussion ensued. It was decided that these items shall remain and the other items will be pulled. Some of these other items that are pulled might be included in an upgrade. Mrs. Shade said that we had requested BCM to do an analysis of the upgrades that are needed at the sewer plant. ARRO handed over the information to BCM for their review. We received the quote and it will be \$4,000.00. Mr. Schlott will need the information to move ahead with the rate study. The Authority is aware of this study as well. It was discussed at the joint meeting. Mr. Wenrich made a motion to authorize BCM to move ahead with the analysis at a cost of \$4,000.00; seconded by Mr. Light; AYES – 4, NAYS - 0, ABSENT – 3; Motion carried. Mr. Wenrich asked if the Authority was kicking in any money. Mr. Schmidt said at this point the Borough is picking up the cost; however we could ask the Authority if they will contribute as well. Mr. Schmidt stated he spoke to the gentleman and he had done a cursory review. He feels the head end should be done along with the reed bed extension. He does have some concern about the clarifier. He said if we don't do the clarifier it will bring the cost down. Mr. Schmidt again stressed this was just the preliminary review and we had not paid him anything or agreed to pay him anything. Further research will be required. At this point the total deficit will be \$152,729.00. (It was discovered after the meeting, there had been an issue with the totals and the actual deficit will be \$110,429.00). Mrs. Shade explained she had spoken to Mr. Fitzpatrick about sewer rents to the Authority however we have not received nor can we request a new amortization schedule. Our payments to the Authority are based on the loan payments the Authority makes to the bank. Since money was placed on the principal the amount of the loan has come down. The amount of money we are showing be paid to the Authority is based on the old amortization schedule as this is the only one we are aware of at this time. This amount might change but we don't know that. Mrs. Shade also questioned since they paid down the money are we still liable for the old rate as that is what we have agreed upon? We are budgeting what we would have paid them if they hadn't taken their own money and paid down the loan. Mrs. Shade went over the rest of the budget. The only thing she made Council aware of was that she is looking at another insurance carrier for the insurance. There is a copy that is giving back rebates. This carrier has had success with other townships and she will be meeting with a girl from Chester Perfetto's office to review this type of policy for the Borough. Mrs. Shade feels we will need to have an increase in 2008 once Mr. Schlott can complete the rate study. She hopes it will be some time in the first quarter of 2008. Mrs. Bohn stated we received a letter from PA American Water giving us credits because they read the meters wrong.

The next budget was the General Fund. We shall be all built out by the end of next year at Brookfield Manor. We could see a bit of an increase the following year as the 14 townhomes are being built by Paulo Brutto at the old pool property. We are changing the Municipal Services Tax to the Local Service Tax. We should be seeing a drop in this. The prior way of collecting this was \$52.00 all at once. Now businesses will be taking this out at a rate of a dollar a week. It will be paid on a quarterly basis to the tax collector. The first year we will only receive three (3) quarters as the fourth quarter will only be due in January of 2009. Mrs. Shade explained she put in just slight increases if any in most of the other income accounts. Under the intergovernmental revenue we are showing \$175,000.00 for the revitalization. This is based on the grant money we applied for. There will be no Community Development money this year. Mr. Hart did try to apply for the grant however we needed to get the income of the residents who live on Park Avenue as that is where the

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work was to be done. Mr. Hart could not get the majority of the people in that area to give us this info. In addition, PA American has pulled that project. It will not be done next year anyway. Currently, we do not need to up our trash rates. The current fee schedule for trash should remain in effect for next year. The total projected income for 2008 is \$2,222,550.00. Mrs. Shade stated the salaries this year are based on a 5% increase. There was some talk about just going to a cost of living raise and capping some of the salaries, or giving merit raises. Mrs. Shade turned the floor over to Mr. Wenrich. Mrs. Shade has put together a handbook based on our current handbook, the Code Book, and West Reading's handbook. She turned over the book to Mr. Wenrich, Mr. Zerr, Mr. Light, and Mr. Fitzpatrick for their review. If it meets their approval then it will come before all of Council for adoption. Mrs. Shade feels the handbook should be a good stepping stone for putting together job descriptions. She explained that the Code Book was out of date on some items. At some point in time things changed however the Code Book was never updated. In the Code Book it says we get two (2) personal days, when actually we now receive four (4). That was just one (1) example. Mrs. Shade hoped that by putting this together it would be a stepping stone to try to incorporate some of these other items and that could be adopted sometime early next year. Mrs. Shade stated once again, with the exception of the police, as they did their own, all salaries reflect a 5% increase. Mayor Noecker stated in the police department they have Bonnie Zerbe. She has better than twenty five (25) years in and she only gets the 5% every time or whatever the police get. Mrs. Shade stated that was correct. It is not 5% every time it is what the police raises are just like everyone else. Mayor Noecker feels she deserves a little better than a 5% raise. The work she does back there is..... Mr. Schmidt strongly disagreed with the Mayor. Mr. Schmidt stated she is already making more than any of the clerks in the office. Chief Oxenreider said she has been in longer than any of them. Mr. Schmidt said that is what the longevity is for. Mrs. Shade said no, that longevity is only for the full time employees that work the forty hour work week. Chief Oxenreider said that she never got longevity. Mr. Schmidt said that is because this is the first year we are giving it out. Mrs. Shade continued that Council can choose to give it to part time employees; however when this was discussed it was only for the full time employees and they must be here for five (5) years before they get a longevity benefit. It is \$70.00 per year up to a maximum of \$1,400.00 for twenty (20) years of service. Mrs. Shade stated Ms. Zerbe does get the health benefits. A resolution was passed stating anyone that works here for twenty (20) years and works at least thirty (30) hours a week can collect the health benefit. Mr. Light said she is making \$16.48 an hour. Next year she will be making \$17.30 an hour, Mr. Schmidt said. Mrs. Kutz said going up a percentage increases, those that are making more get more. By going up a dollar amount it will close the gap. Mr. Schmidt is not in favor of going up the percentage amount. Mrs. Kutz said if someone would go in and replace her in that office, they would be making \$12.00 an hour. Mrs. Kutz said is almost a whole dollar raise she will be getting. It is actually .83 an hour. The police are getting a 5% increase. Mrs. Kutz feels we should be looking at a cap. Mrs. Kutz questioned if the raise William Falter will get will have him earning more than Mr. Hart. Mrs. Shade stated no; however Mr. Hart is salaried but Mr. Falter is not. He can collect overtime. Mr. Falter will be earning \$48,921.60. Mr. Hart will be \$50,924.64. Mrs. Kutz stated that is not a big difference and with overtime and all. Mr. Light thought we were going to cap them. Mrs. Kutz feels we can't just say "okay, as of today we are going to cap you." We need to let them know that well in advance, she said. A discussion ensued as to capping Mr. Falter and the effect it would have on Mr. Hart's salary. Mrs. Kutz said it was not just Mr. Falter; it is anyone with over twenty (20) years of service.

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Mrs. Kutz said with the work he is doing others are doing exactly the same work for less pay. Mrs. Shade stated that maybe something Council could think about if they want to give merit raises is, give everyone a COLA raise at the beginning of each year, then either half way through the year or on their anniversary date, give a merit raise based on performance. This way each person will get the cost of living raise and then if Council so chooses to give them additional as a merit raise, that could be done on an individual basis. Mr. Schmidt feels in order to move this along, go with the 5% but early next year we need to look at this closely. Mrs. Kutz said at the State, they got a yearly evaluation at their anniversary date and a raise to go along with it. Ms. Zerbe will be getting the five (5%) as everyone else. Mrs. Shade stated that Robert Ludgate, Jr. has taken a leave of absence. We received a revised fee schedule. They have raised their retainer from \$2,600.00 to \$2,700.00. The engineering expense was taken down a bit as Mr. Hart is doing more of that type work. The tax collector's expenses have not changed. The next item that was discussed was the pole building. Mr. Hart stated with the small addition that was added, he felt we could hold off on this item for another year. Mr. Wenrich felt it was dangerous to put it off. A discussion ensued. It is a tight fit in the garage. It is an accident waiting to happen according to Mr. Wenrich and Mr. Hart. It was decided to leave it in. Mrs. Shade turned off the floor to Chief Oxenreider. The Chief added 5% to all the salaries and added some overtime in. He went over each line and explained the additional he added into some of the accounts and the reason why. Chief Oxenreider is looking at purchasing another vehicle via the state contract. The cost of the vehicle will be \$32,558.74. There is a camcorder to go on the dashboard of the police vehicle that the Chief is interested in purchasing. This will be used for safety issues. It records all traffic stops. The cost is \$3,500.00. This is for one (1) vehicle. Mr. Wenrich feels we should get two (2); one for each vehicle. It was decided to purchase two (2) of them. We will be making a donation to the ambulance again next year in the amount of \$6,500.00. Mr. Schmidt questioned if we could pay Mr. Paul Roth, the Fire Marshal, out of the Fire Budget. Mrs. Shade said she didn't know; however the fire department prepares their own budget and submits it to her. The only thing she does with the fire budget is enter it into the system. They do not have Mr. Roth listed in their budget. The last item under the "fire" portion of the General Budget was the Westside Emergency Management Agency. Council passed the motion to up our contribution from \$1.00 per resident to \$2.00 per resident. This increase is to add the Reverse 911 system. This increase was reflected in the budget expense item. Under the Zoning and Planning we are showing a building inspector's salary of \$25,000.00. This is for the commercial building inspections, etc. that Ludgate does. If Mr. Hart continues to get his licenses, we should see this number drop. Plumbing inspection is Kraft. The next item was the downtown revitalization. This is the expense that we shall pay out. Mrs. Shade asked them to remember we should be getting the \$175,000.00 in from the State. The refuse and recycling should be \$288,000.00. She asked Council to remember that this number reflects the streets in Brookfield as well. Our income might be less than our expenses depending on when we take over the streets. We can't bill those residents until the streets are dedicated so that the trash trucks can collect the trash. It is hopeful that we will be taking over the streets sometime next year. Mr. Hart spoke about the street budget. The salaries are based on the five (5%) percent. He cut back the part time salaries as well. We are looking at redoing Ashley next year. The cost to the General Fund will be \$128,000.00. The rest of the money will be coming out of Liquid Fuels. Mr. Hart said we gained about 2.5 miles for our Liquid Fuels. The next big item was the dump lease. Mr. Hart feels we need to add a dump truck to our fleet. Mr. Hart did a five (5) year plan and we need to replace some of our old equipment. The

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street sweeper was to happen in 2008 however with it not passing inspection, it forced us to purchase that this year. We now need to replace the big truck. The \$30,000.00 per year is based on a five (5) year lease. This will be bought on the State contract. We need to place the order by the end of 2007. This is based on this year's contract which expires at the end of December. It is a ten (10) ton truck, single axel dump truck with a plow and spreader. It is rated at 39,000. A discussion ensued in regards to the motor. It is a Chevy. We should be paying off the tractor lease next year. Mr. Schmidt questioned if there was an advantage to buying the truck outright. Mr. Hart said, yes. We would save about \$20,000.00. Mr. Hart said it around a \$130,000.00 truck. Mr. Schmidt said maybe we should buy the truck outright. Mr. Wenrich said there are advantages and disadvantages. Mr. Hart said on commercial vehicles there is a one (1) year warranty. Mrs. Shade said why can't we lease it for a year and then buy it outright the following year. A discussion ensued as to the cost of the vehicle. It was decided to buy the truck outright. Mrs. Shade will place \$130,000.00 into the budget. Mr. Wenrich questioned if we want to put more in the traffic signal account due to the problem we had the prior week. Mrs. Shade explained it was okay at this point. When Telco came out to look at the signal they took the timer out and when they placed it back in the box it began working. In May of next year the Corridor project is due to begin. This problem should be "cleaned up" by that project. At this point we don't need to repair anything. Mrs. Shade asked Mrs. Kutz if the Rec Board ever worked on the budget. Mrs. Shade didn't hear anything from the Rec Board so she worked out the budget numbers based on past history. She explained that she bumped up the salaries a bit as it was discussed about putting a playground leader of some type at the Brookfield Manor playground. With that same thought the categories were all bumped up a bit with the idea of Brookfield Manor playground. The capital outlay remained at \$25,000.00 in case we wanted to add a pavilion at Brookfield, purchase more holiday lights and electric. She was told that we will need tennis court nets as well. Mrs. Shade stated she was not told if we were going to charge for children coming to the playground or not. She did not add a category so if we choose to do that it will be just an unbudgeted income item for next year. Mrs. Kutz said the Rec Board wanted to talk to Ms. Stephanie Johnson about how many kids from other areas attend our playground. This will need to be looked into. Mr. Hart said it will cost \$285.00 for PPL to add electric to the poles that currently don't have electric. Mr. Light thought we were going to be replacing the banners at the end of the Borough next year. The allocation for the library was kept at \$35,000.00. The debt service has not changed. The insurances won't change unless we go to the new carrier we are working with. Our health care went up only about \$20.00 per person. After recalculating the expenditures and subtracting off the proposed income we show a deficit of \$256,986.77. Mrs. Shade again stated she runs conservative with the income and liberal with the expenses. Mr. Schmidt feels we are in pretty good shape and shouldn't be looking at an increase at this point. Mr. Wenrich questioned what surplus will we be rolling over at the end of the year? Mrs. Shade stated probably somewhere around \$300,000.00. Mr. Wenrich stated we will be a bit ahead but he doesn't want to be like other municipalities. They get an increase this year and are already being told they will be looking at a 35% increase next year as well. Mr. Schmidt feels we will be hammered with a rate increase on the sewers. Mr. Wenrich agreed. The sewer rate increase needs to be explained to the residents, it is not just Borough Council or not just the Authority. It is a combination of things that need to be handled. Our lines are old. For years we have been neglectful of the lines because they wanted to keep rates low explained Mr. Schmidt. Now, they must pay. Mr. Wenrich said if we get this study done and show it to the public that the Borough and the Authority are working together for the betterment of the Borough there should be no discussion.

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Mrs. Kutz said that they aren't getting a trash increase. Mr. Wenrich said that what in this world is not going up. Our costs go up just like everyone else's.

The next budget was for the fire department. Mrs. Shade stated that she did not compile this budget and with Mr. Zerr being absent she will do her best to explain the budget. The first item she explained to Council was in regards to the new fire squad that was purchased. The cost was \$182,500.00. The order has been placed and the work has begun on preparing this piece of equipment. We are to take delivery on April 1, 2008. There is a law that the State has that if you purchase a piece of equipment or anything that has a principal value of over \$200,000.00, paperwork must be filed with the Department of Community and Economic Development (DCED). The originally theory the fire company had was to roll the last payment of their loan which is the area of about \$50,000.00 into a new loan with the fire squad. The problem is that would make the principal amount of the loan \$232,500.00 which is over the amount the DCED will let you borrow without filling out their paperwork. The cost in legal fees to do this paperwork is in the area of about \$5,000 to \$6,000.00. This will also put this on the books with the State. A few weeks ago Mr. Fitzpatrick came in to meet with Mr. Zerr and myself in regards to this issue and how we might be able to get around these fees and filing with the DCED. Mrs. Shade had an idea which Mr. Fitzpatrick liked as well. We can borrow the \$50,000.00 from the general fund and pay off the first loan. We could then go out and only borrow the \$182,500.00 from a bank. The fire company would then need to pay the bank loan and in addition, make payments to the Borough to pay down the money they borrowed from the other fund. A monthly or yearly amount will need to be established. By doing it this way, we should be able to avoid a fire tax this coming year. Mrs. Shade emphasized this would only be a loan; we are not giving the fire department any money. It is a loan. Mrs. Shade explained she thought there was a misunderstanding at some point with the Authority money. She explained that money earned by one fund can't be used to pay another fund; it can be borrowed but it cannot be kept. She explained we can't use Authority money to buy a truck for the street department. The DCED will not allow this. When we have our audits, the auditors turn their findings over to the DCED for their review. We will be in trouble if we mix monies. We can borrow, but we can't use without paying it back. Mrs. Shade explained if we go to the DCED and spend the legal fees the loan can be extended for more than five (5) years; however the fire company only wants the loan for five (5) years. At this point without going out for an RFP we don't know how much our payments will be. Everything depends on how we handle the payment of the vehicle. Mrs. Shade stated when Mr. Fitzpatrick puts together the RFP, he can say we want to make it a once a year payment, a semi-annual payment, a monthly payment. He can even try to defer the first payment till 2009. That is something that Council will need to work out when that time comes, Mrs. Shade said. Based on \$182,500.00 and 4% interest it would cost the fire company/Borough about \$30,000.00 the first year, and between \$35,000 and \$40,000.00 the remainder of the five years. Mrs. Shade again stated that we are showing an income but reminded Council that does not include any monies we need to pay on the fire apparatus loan. In addition, if Council decides they want to allow borrowing from another fund Council will need to establish how the fire company will pay back that money. Mrs. Kutz questioned when the \$50,000.00 is paid off. Mrs. Shade said November of 2008. Mrs. Kutz questioned why they couldn't wait till that loan was paid off before they bought this. Mr. Shade believed it had to do with the emissions. Mr. Wenrich explained about that. Mrs. Shade again said they will not take possession of it till April 1st

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once the tax money starts coming in. A long discussion ensued as to the loans and the borrowing of the money. Mrs. Shade stated we won't be loaning the money till they need to take ownership of the truck. Mr. Schmidt questioned if we are going to charge interest to them for the money they borrowed from the general fund. Mrs. Shade said you could; however you are actually charging interest to yourself as we are now the fire company. Mrs. Kutz wondered when this will be paid back. Mrs. Shade stated it is up to Council. Mrs. Shade said the loan will not be included in the money they borrow. They will need to pay the money back to the general fund from the money they take in from the fire tax. If they go for more than the \$182,500.00, they will need to go to the DCED and that is what we are trying to avoid. That would cost us an additional \$5,000 to \$6,000.00. The Mayor thought the fire company will only need to pay 2%. Mrs. Shade said according to Mr. Fitzpatrick they will pay whatever the going rate is. The old loan was 2% the Mayor said. This truck will be in our name. Mr. Light asked about the loan again. Mrs. Shade tried to explain this again. Mrs. Kutz questioned where we were going to get the money from. She asked if we were in the hole. Mrs. Shade said the budget shows a deficit, but that was only a budget. We will be carrying money over into 2008. This will be a balance sheet item. A discussion ensued. Mrs. Shade stated that she can't speak for the fire department and whether they want a tax increase or not; however just like with the sewer to ask for a tax increase or a rate increase without having all the data is a mistake. At this point we don't know how much the loan will be (principal and interest), we don't have the parameters set for when the loan will be paid, or what the rate is. She feels without knowing all the information to raise the millage would be a mistake. We might raise it now and find out we should have raised it more...then we would need to raise it again next year. Mr. Schmidt asked if we were going to have another meeting. Mrs. Shade stated we had one scheduled. Mayor Noecker felt that meeting was not necessary. Mrs. Shade said we need to pass the tentative budget on December 6, 2007. Mrs. Shade said she will need to know how Council wants to handle this so she can redo the budget if necessary. She again stressed that we need to pass a tentative budget on December 6, 2007 so we can pass the 2008 budget at the end of December. Mr. Light asked Mrs. Shade if she felt they could make a \$1,000.00 a month payment. Mrs. Shade said it depends on what the payment will be for the truck. She could not really say at this point. Once again we have a lot of variables. Mrs. Kutz feels if they need the truck they could buy it next November, than Mr. Schmidt said we did buy it already. Mrs. Kutz said then they bought it with the assumption we will pay that \$50,000.00. Mr. Schmidt said no, there were a lot of transactions that happened. Mrs. Shade explained the problem and a possible solution again. A discussion ensued. Mayor Noecker does not want to see a fire tax increase. Mrs. Shade said she does not think we should raise the fire tax millage this year; she is looking at possibly an increase in 2009. Mrs. Kutz feels they should go to the DCED, pay the money and file the necessary paperwork. Mrs. Shade stated that would be fine, but her concern is that they still won't have enough money to pay the legal fees. She explained they would still have to pay all the money and additional money for legal fees to apply to the DCED. The Mayor said we will be paying off the PEMA loan; why not go back to them? Mrs. Shade said that we weren't paying off the PEMA loan we were paying off the Blue Ball Loan (Community Bank, now). Mrs. Kutz said if we loan them the money, can't we tell them that they must pay it back by the end of 2008 or we take the truck. Mrs. Shade said the truck is ours. We bought it already. The truck is the Borough's. She questioned if we could sell it. Mrs. Shade explained we are all now one. Mrs. Kutz said they bit off more than they can chew and now they are putting us out on a limb. Mr. Wenrich said it

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was presented to Council that it would all be rolled into one (1) loan. Mr. Light said now, they can't do it that way. Mr. Schmidt questioned if we could get a PEMA loan. Mrs. Shade said we already have a PEMA loan. The Mayor didn't know we had a PEMA loan. The Mayor continued why couldn't the fire company purchase the truck. Mrs. Kutz and Mrs. Shade both explained that we are the fire company now. Mrs. Kutz said we have different accounts. Mrs. Shade said we now are the fire suppression side. We are not the social quarters. Mr. Schmidt questioned if we could pay off the PEMA loan. Mrs. Shade said that would not give them enough money. The amount they were seeing on the budget was only one (1) years payment; we still have several years to pay on that loan. The \$11,000.00 was only a year payment, she explained. Another discussion ensued as to when we will get the money paid back to the general fund. Mr. Wenrich questioned if the fire company could only get a 4% loan what kind of loan will the Borough get? Mrs. Shade again stated that we are the fire company. The loan rate would be the same. Mr. Wenrich said the people who did the original research on the project were not Borough people to which Mrs. Shade said correct. Going forward Mr. Wenrich feels we should look into this type of thing. Mr. Wenrich said maybe we could get a grant or some type of funding. Mrs. Shade agreed; however we are at the twelfth hour. The truck is ordered and probably almost completed; the budget needs to be passed by the end of December and it must lie open for a period of ten (10) days. Even if there was grant money available it would be probably six (6) months till we hear anything. At this point, we just don't have the time to wait. We need to figure out how to pay for this piece of equipment. Mr. Schmidt questioned how many years do they want to borrow the \$182,500.00 for? Mrs. Shade said five (5) years. It is about \$40,000.00 a year for just the \$182,500.00 and that does not include the \$50,000.00 borrowed from the Borough. A brief discussion ensued about raising the fire tax. Mrs. Shade again explained that there are still a lot of variables that will need to be looked at in terms of the borrowing and to go and raise the tax without doing the homework needed might cause us to have to raise the tax again next year. She feels we should wait and see how the loan pans out for the truck. Mrs. Kutz wondered if we can borrow from one (1) to another without knowing when we will get that money back. Mrs. Shade said we can; however we must show it on the balance sheet of each fund. She again explained it must show up on the statements. Mrs. Kutz said she could hear them say "we are having a hard enough time paying off the bank loan for \$182,500, how are we ever going to pay the Borough back"? Mrs. Shade agreed with that and that is a concern. Mrs. Shade said that they will need to come up with a millage increase; however to do it now without all the pieces could be a problem. She explained again that we raised the millage last year, and if we do it this year and it is not enough and we must raise it again next year that would be three years in a row that we raised that tax. Mrs. Kutz questioned if they have a competent person overseeing this type of work. Mrs. Shade said she thought that the Fire Chief had input into the creating of the budget but who exactly did all the work regarding the truck, she was not sure of. Mrs. Kutz questioned if we could request someone to go in and review their records. Mrs. Shade stated these are their records. Mrs. Kutz said we always wanted to go in and review the books but we couldn't. Mrs. Shade said that were the social quarters' books and we still have no right to review them. The fire suppression side is now audited by our auditors. They audit these books just like they do for the general, sewer, and library. Mrs. Shade said that Council could send the budget back to the fire company and tell them to knock things out of the budget in order to pay for the truck; however they could knock out items and present a new budget but what happens if they take something out of the budget and they need it. We will end up spending money on it anyway. Mrs. Kutz said their

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expenses are minimal. Mrs. Shade again feels that there was a misunderstanding between what the fire company said and what Mr. Fitzpatrick understood, but she could not say for sure. Mr. Wenrich said that was how Council was lead to believe it would work. Mr. Wenrich said we can't raise the fire tax without the loan info. Mr. Schmidt agreed. Mr. Schmidt continued that this is another example of not totaling following through on what we were doing. Mr. Wenrich said if the fire company was here every month and doing their due diligence every month this shouldn't have happened. We have Mr. Hart coming and pleading his case for a pole building and willing to put it off for another year because of funding; we have Chief Oxenreider asking for only one (1) safety camera instead of two (2) to save the Borough money but at least they are upfront. When we approved the purchase of this vehicle it was with the idea that the funding was taken care of. Mr. Schmidt said we have two (2) options – we loan them the \$50,000.00 and have them borrow the \$182,500.00 and hopefully this is the best way out or we tell them they need to go to the DCED and they still wouldn't have enough money and it would cost us \$5,000 to \$6,000 more. Mrs. Kutz questioned what happens if they don't make payments on that truck. Mrs. Shade said they will take the truck. Mrs. Shade again said, it is our truck, so it will look bad for the Borough. Mrs. Kutz feels we were really misled. Mr. Wenrich said we are really between a rock and a hard place. We are done. Mr. Schmidt feels we are always in a crisis mode. We need to look at these things closer. Someone questioned what happens to the Volunteer Relief money. Mrs. Shade said we receive it and turn it over to the fire suppression side. Mr. Hart said some of the items on the budget could use Fire Relief money. Mr. Hart said some of that money could be use for fire safety equipment and some could be used to purchase the truck. We turn the money over to them said, Mrs. Shade. A discussion ensued as to what they use the Fire Relief money for. Mrs. Kutz feels we should have a say in how that money is spent as well. Mr. Wenrich agreed; they throw a curve ball at us at the eleventh hour we should request that of them. Mr. Wenrich feels they should give us that money or we don't loan them the \$50,000.00. Mrs. Shade explained again that she understood what they were saying; however the Borough owns the truck. We entered into the agreement to buy the truck; she again stated we are the fire company. Mrs. Kutz questioned if we had a separate checking account for them. She said yes we do. Mrs. Kutz said any money left could be turned over to the Borough. Mrs. Shade said yes; however last year they ended with a deficit; we had to borrow from the sewer fund to pay the bills in the beginning of the year. When the tax money started coming in we then repaid the sewer fund for the money they loaned to the fire fund. Mrs. Kutz said that is what she sees as the problem. They need to borrow money to pay their bills yet now they want to incur more debt by buying this truck. Mr. Schmidt doesn't know what else to do. Mr. Light said we are stuck with it. Mr. Schmidt wondered if we told them to slash \$25,000.00 out of their budget, it really wouldn't matter anyway. Mrs. Shade that is true. If something happens, they will have to buy whatever it is to repair or correct the problem. Mr. Schmidt said this is only "paper money" anyway. The Relief Fund is audited by the State. Mrs. Shade said maybe we could ask the fire suppression side what they are using the money for. Mr. Hart said maybe they are buying gear. That is what many companies use the money for. Mr. Schmidt questioned about the air pacts. Mrs. Shade said that was grant money. A discussion ensued as to what you can use Relief money for. Mayor Noecker was at their last meeting and he thought they stated they have only \$1,000.00 in that account. Mrs. Bohn said she hasn't been at the last few meetings however she found that a bit hard to believe as they always kept a bit more money in there. She could be wrong. The Mayor was not sure then. Mr. Schmidt does not feel we have too many alternatives. Any way we choose is going to cost us money. Another discussion ensued as to what Relief money can be used for. Mr.

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Wenrich feels the general and sewer budgets are good. He knows what the answer is going to be but he has concerns. Mrs. Kutz feels the fire department should come to the meetings and explain what is going on. It was decided that the general and sewer budgets were fine but the fire's need to be worked on. Mrs. Shade stated she would contact Mr. Zerr and Mr. Wentzel but questioned what should she do if they don't change or update their budget for the following week. Mrs. Kutz feels this is important and someone should have been here for this meeting. Mr. Wenrich said we should give them the \$50,000.00 and raise the fire tax. He does understand Mrs. Shade's concern but he feels that is what should be done. Mrs. Shade feels we shouldn't punish the residents by raising their tax just for the sake of raising it because of a problem that arose with the financing. She once again believes we will need an increase at some point; however it is not a good business practice to just rush out and do something without all the facts. Mrs. Kutz stated next time we want things in stone before we do anything like this again. A discussion ensued as to who does the budgets and who should do the budgets. Mr. Wenrich asked Mrs. Shade to get the amount of money she believes we will be carrying over to next year. In addition, he asked Mr. Hart to find out if we would be able to lease the dump truck for one (1) year and then purchase the truck outright in 2009. Pending the outcome of both of these items we can then lend the money to the fire department to purchase the new truck. Mrs. Shade stated we can borrow from the general or sewer fund. It does not necessarily have to come from the general. Mr. Schmidt questioned if we can lend from any fund. Mrs. Shade stated yes, as long as we mark it as a loan. Mr. Wenrich feels with the sewer problems we shouldn't borrow from the sewer. That will upset the entire community. People will not hear it is a loan; they will think we are "giving" their sewer money to the fire department. Mr. Wenrich stated this will never happen again. Mrs. Kutz said this is big. If we get the information, we can e-mail everyone and then it will be decided if the meeting next week will be needed. Chief Oxenreider showed the truck information to Council as he had it with him. Mr. Wenrich said this will be used to haul manpower around. Mr. Wenrich felt that we would not have to raise the tax millage if we could work this out. Next year we probably will be looking at a millage increase though. Everyone was in agreement. Mrs. Shade will send out an e-mail the following day with all the information.

ADJOURNMENT:

Mr. Light made a motion to adjourn at 9:40 p.m.

Respectfully submitted,

Regina M. Shade
Borough Secretary/Treasurer