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**Warrington Township Permanent Finance Committee  
Minutes for November 17, 2008 Meeting**

The Regular meeting of the Warrington Township Permanent Finance Committee was held at 7:10 p.m. on November 17, 2008 at the Township Building located at 852 Easton Road Warrington, PA 18976. The members present were as follows:

Michael Braun	Chairman
Marianne Achenbach	Member
Russ Bragg	Member
Glenn P. McKay	Supervisor Liaison
Timothy J. Tieperman	Township Manager
Carolyn Hanel	Director of Admin Services/Parks
Vivian Bell	Finance Director

1. **Call to Order:** The meeting was called to order at 7:10 p.m.
2. **Approval of Minutes:** Mr. Bragg made a motion to approve the minutes for October 9, October 20, and October 23, 2008. Ms. Achenbach seconded the motion. Motion was passed by a vote of 3-0.

**New Business:**

3. Updates on the 2009 Preliminary Budget: Mr. Tieperman handed out to the Committee his 2009 preliminary budget presentation along with the preliminary budget. He reviewed these sheets with the Committee and explained which funds are going to have an impact, which are the general fund, the water and sewer enterprise fund, and the debt fund. He mentioned to the Committee that the township is looking at a \$1,000,000 deficit for 2009. He explained that in his presentation he spoke about how he showed what the current budget was, what department heads requested, and what he reduced. He talked about how all of the townships capital contributions for the streets and roads programs have been taken out and how the township cancelled their 2008 roadway program. The township is talking about eliminating new positions and some part-time positions but he stated that in the preliminary budget these cuts have not been made. He talked about how health benefits will be going up 3.5% next year and how non-union employees are going to be expected to contribute towards these costs along with contributing towards the cost of pension plans. He spoke about how in the 2009 preliminary budget, he is imposing a new tax called the Mercantile Business Privilege Tax. He stated that he tried to implement the per capita tax but the Supervisors stated that the tax was not worth implementing. He stated that the Mercantile Business Tax is a mill levy that is levied on gross receipts generated by qualified retail and wholesale businesses. He told the Committee that Warminster and Montgomery Townships also have this tax but it is not the flat rate tax. He stated that Warminster and Montgomery Townships do have the more progressive mercantile business privilege tax based on gross receipts, not the flat tax proposal adopted by the Supervisors.

Mr. Tieperman stated that the township has the authority to implement a flat rate tax to businesses. He said that the unfortunate thing about the tax is that it will be a regressive tax. He stated that the way the flat rate tax is stated under current statutes is that you can enact a flat rate tax and exempt a certain threshold from the tax. The Board of Supervisors discussed the exemption threshold and they voted to make the threshold \$250,000. The Board initially had a threshold table starting at \$15,000 of gross receipts. He stated that he asked Berkheimer Associates to come up with a chart of what they think the township should be collecting for the gross receipts threshold. The goal of the township is to collect \$300,000 to \$400,000 of this tax. Mr. Tieperman stated that the Solicitor and he are still talking about the threshold and feel that the \$1,000,000 threshold is the right one to go with. Mr. Tieperman stated that if you had a threshold of \$1,000,000, those businesses that make gross receipts of \$1,000,000 will have to pay a flat rate of this tax for their business. Mr. Bragg asked what year of the gross receipts would this tax be based on, would it be 2007 if it is enacted in 2009. If the tax is enacted in 2009, Mr. Tieperman thought that the tax would be based on 2007 gross receipts. Mr. Bragg asked how would you impose the tax to the businesses. Mr. Tieperman stated that it would have to be done by their audited 2007 gross receipts and that Berkheimer would collect it.

Mr. Braun mentioned to Mr. Tieperman to see what Berkheimer Associates benchmark is because it might be better to do more than less. Mr. Braun stated that he thought the threshold hold for this tax should be about \$500,000 or even \$750,000. Mr. Tieperman added that to get the fund balance up to 5% this tax would have to be enacted by the Board and he told the Committee that right now in the budget he has revenues from this tax coming in at \$300,000. Mr. Tieperman stated that to get the tax implemented the ordinance must be advertised with a hearing to take place before the final budget is adopted.

Mr. Tieperman moved on and went over the general fund handout with the Committee. He focused on real property taxes, snow and ice removal for public works, reductions in force, employee contributions to medical expenses, and early retirement incentives for employees. He stated that the amount saved if he reduces the part-time positions would be about \$100,000. He stated that these position cuts would take place in administration, public works, and possibly the police. Mr. Bragg asked Mr. Tieperman about his real property tax figure of \$1.1 million to be collected in 2009. Mr. Tieperman stated that this figure is based on a tax mill increase of 3.6 mills in 2009 and that 1 mill is equivalent to \$30.

He then moved on to the Water and Sewer budget and told the Committee that the water rates are expected to increase for 2009. He stated to the Committee that the township is looking into a transition time to implement the rate change. He stated that he discussed this with Lauri Halderson over at the Water and Sewer Department and thought that the best time to implement the rate change would be at the end of the

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first quarter. He stated that Ms. Halderson was going to provide him with a cash flow analysis for the Water and Sewer Department.

Mr. Tieperman also commented that he needs to meet with department heads again to do further reductions to the budget.

- 4. Adjournment:** Mr. Bragg made a motion to adjourn the meeting at 9:00 p.m. It was seconded by Ms. Achenbach. Motion was passed by a vote of 3-0.

Respectfully Submitted,

Katie Braun  
Recording Secretary