

**Warrington Township Permanent Finance Committee
Minutes for February 9, 2009 Meeting**

The Regular meeting of the Warrington Township Permanent Finance Committee was held at 7:00 p.m. on February 9, 2009 at the Township Building located at 852 Easton Road Warrington, PA 18976. The members present were as follows:

Michael Braun	Member
Russ Bragg	Member
John Heenan	Member
Marianne Achenbach	Member (arrived at 7:30 p.m.)
Glenn P. McKay	Supervisor Liaison
Paul H. Plotnick	Supervisor Liaison
Timothy J. Tieperman	Township Manager
Carolyn Hanel	Director of Admin Services/Parks
Vivian Bell	Finance Director
Lauri Halderson	Assistant Finance Director

- 1. CALL TO ORDER:** Mr. Tieperman called the meeting to order at 7:05 p.m.
- 2. COMMITTEE REORGANIZATION:** Mr. Tieperman asked for motions for Chairman and Vice Chairman. Mr. Heenan made a motion to appoint Michael Braun as Chairman. Mr. Bragg seconded the motion. The motion passed by a vote of 3-0. Mr. Heenan made a motion to appoint Russ Bragg as Vice Chairman. Mr. Braun seconded the motion. The motion passed by a vote of 3-0. Mr. Braun then assumed the chairmanship.
- 3. APPROVAL OF MINUTES:** Mr. Braun asked for a motion to approve the minutes of November 17, 2008. Mr. Heenan made a motion to approve the minutes of November 17, 2008. Mr. Braun seconded the motion. Mr. McKay asked that his comments regarding the mercantile business privilege tax be incorporated into the minutes. He clarified for the record that Warrington's mercantile business privilege tax is one of a flat rate nature not the more progressive ones in existence in neighboring townships such as Montgomery and Warminster. With this amendment the minutes were approved by a vote of 3-0. Mr. Braun asked for a motion to approve the minutes of January 12, 2009. Mr. McKay asked that the minutes be changed to reflect his comments regarding teacher contributions to pension plans. The minutes reflected that he stated school district teachers were not contributing. He was intending to say that they contributed a modest amount but at an insufficient level to avoid taxpayer contributions. With this amendment, the minutes were approved by a vote of 3-0.

ACTION/DISCUSSION ITEMS:

- 4. Review final 2008 revenue trends:** Mr. Braun asked the Township Manager to review the latest 2008 revenue numbers for fiscal year 2008. Mr. Bragg had asked that for

future reports that the years not be reported in fiscal year numbers but in calendar year format. Mr. Tieperman and Ms. Bell then reviewed all major local revenue sources and trend data as of the end of December 2008. It was noted that these numbers are still fluid as the final fiscal year books will not be closed until early March. The Committee reviewed the following major revenue sources: real property taxes, real estate transfer tax, earned income tax, local services tax, fairways golf course, Happy Tymes, business licenses, and new business permits. It was suggested that the report could be reduced by eliminating some of the less important due to/from accounts. Ms. Braun agreed to shorten the report for the next meeting.

In reviewing all of the revenue columns some important observations/questions were raised concerning the trend data:

- a) Real property taxes: It was noted that this revenue is trending slightly lower than what was budgeted. These trends will be monitored in the ensuing months.
- b) Real estate transfer: Mr. Braun noted that the township had budgeted \$600,000 for 2009. Mr. Tieperman shared with the Committee the January 2009 transfer data which was over \$60,000 and was tracking on budget. Mr. Braun noted however that even though this amount is tracking more than the budgeted amount it is trending historically lower than prior years when compared to historical data.
- c) Earned income: The unaudited final number of \$3.15 million was around \$50,000 higher than what was projected in 2008. Mr. Braun noted that the township is flat-lining this amount for next year based on recessionary trends of unemployment increases and other negative pressures on the economy.
- d) Local services tax: In reviewing the December report for this tax, Mr. Tieperman noted that the 2008 and 2009 revenue numbers are not good comparisons because of the state's change in the collection method of the \$52.00 per head fee. He noted that under the old EMT tax that Berkheimer had collected the full \$52.00 fee for some employees which under the new \$1.00 a week formula is resulting in lower tax revenues. Ms. Bell also noted that the revenue numbers for the 2008 LST tax includes only third quarter revenues and that with the closing of the audit books in early March that the fourth quarter revenues of this tax will not be realized. Mr. Bragg asked a question about how the overall revenue analysis report handles accruals and asked that future revenue reports be consistent and that such accruals be noted when doing future revenue analysis reports.
- e) Fairways golf course: Mr. Tieperman and Ms. Bell stated that the amusement tax received by the Fairways Golf Course has consistently generated around \$20,000-\$24,000.
- f) Happy Tymes: Ms. Bell commented that given current litigation that the township is not assuming any revenue sources from Happy Tymes for amusement tax purposes until the litigation is resolved. She noted that some of this revenue is

currently being held in escrow but will not be released until the legal issues are resolved.

- g) Business licenses and permits: Ms. Bell went over the components in these revenue items and discussed the variances in the account. Mr. Tieperman indicated that next month he should have more definitive numbers on the expense tracking on the inspections department.
- h) Fines: Mr. Tieperman noted that this is one of the few revenue accounts that is showing some increases, which is due primarily to shared revenue from state police fines. He has no reason to expect that this amount will be declining in the next year.
- i) Interest earnings: It came as no surprise that this number is tracking extremely low based on prior year interest earning reports. These earnings are linked to federal fund rates and are unlikely to show any major increases in the next couple of years.
- j) Rents and Royalties: Ms. Bell noted that this is another revenue account that is likely to show some modest increases based on existing rent fees and the additional number of cell tower leases.
- k) Charges for services: Ms. Bell noted that charges for services were related directly to departmental service charges such as police detail.

The Committee briefly reviewed the remaining revenue columns and the report will be streamlined for next month.

5. Review current status of 2008 EOY Report: Assistant Finance Director, Lauri Halderson, distributed a condensed unaudited status report on all township operating funds. This condensed report was prepared based on earlier feedback from the Committee to try to report more streamlined figures so that members can have a better command of the township's overall financial picture without being consumed with the minor detail. The overall feedback was positive and Ms. Halderson stated that she will tweak the overall format into landscape mode by the next meeting. Ms. Bell again reiterated that the 2008 numbers are still fluid and will not be officially closed out until late February or early March. A more accurate report will be distributed at that meeting.
6. Review current status of 2007/2008 bond projects: Mr. Tieperman asked that this be tabled until the next meeting.
7. Update on Cost Containment initiatives:
 - (a) Building consolidation: In light of the current recession and the township's current financial condition the Director of Administrative Services reviewed some

tentative cost containment issues that staff is exploring in an effort to streamline costs and reduce expenditures. One of those initiatives was to take interim measures to consolidate departments within the township administration building to realize the economies of scale through the reduction of redundant services and integrated financial systems as well as reduced utility costs. Staff is exploring doing the expediting interim space measures prior to further expansion plans at the administration complex.

Reaction from the Committee was mixed. Ms. Achenbach raised issues regarding whether a full blown cost benefits study was conducted to document the returns on investment by consolidating all operations into one building. She borrowed upon her own experiences at the University of Pennsylvania and opined that through information technology services you can still maintain effective operations in multiple facilities. Mr. Braun also expressed his own reservations about prematurely relocating departments in a facility that is scheduled to go through future renovations. He expressed serious reservations about employee working conditions and general morale. Mr. Tieperman and Ms. Hanel agreed and indicated that they will take this feedback and relay these concerns to the township staff as recommendations are finalized for the Board of Supervisors to review.

- (b) Review of W&S rate schedule: Ms. Halderson reported that the water and sewer assessment schedule will most likely need to be revisited in light of the 2008 staff reductions as well as changes in the public works department staffing and future plans for building consolidation. She stated that staff will be revisiting the rate schedule and will consider possible fee relief based on future reductions in cost.
8. Discuss 2010 budget targets and benchmarks: Mr. Tieperman stated that it was his desire to try to establish budget benchmarks, targets and parameters early in the process. The Committee members were in agreement that these parameters should probably not be reviewed and set until after at least 2 to 3 months of solid revenue and expense data.
9. **Adjournment**: There being no further business, Mr. Braun asked for a motion to adjourn the meeting. Mr. Heenan made a motion to adjourn the meeting at 9:07 p.m. Ms. Achenbach seconded the motion. The motion passed by a vote of 4-0.

Respectfully Submitted,

Timothy J. Tieperman
Township Manager