

BUDGET WORK SESSION

October 19, 2009

A Budget Work Session of the Whitpain Township Board of Supervisors was held on Monday, October 19, 2009 at the Whitpain Township Building, 960 Wentz Road, Blue Bell, PA at 9:00 AM for the purpose of reviewing the proposed 2010 Preliminary Budget. Chairman Joseph J. Palmer was present with Supervisors Brian W. Young, Anthony F. Greco, William L. McKernan III, and Adam D. Zucker. Township Manager Phyllis C. Lieberman, Assistant Township Manager/Township Engineer Roman M. Pronczak, Director of Finance John Marcarelli, and Director of Public Works Ronald J. Cione were also present. There was one member of the public present.

Mr. Marcarelli reviewed the budget message and provided an overview of the 2010 budget. Mr. Marcarelli indicated that the budget as presented would require a 0.71 mill increase for General purposes and a 0.21 mill increase for Debt Service. Mr. Palmer expressed concern that it is difficult to make decisions on budget proposals without a 5 year projection on operating costs and anticipated revenues. Mrs. Lieberman indicated that this information would be provided at the next budget meeting.

Mr. Greco asked whether expenses and revenues for various Park and Recreation programs are being tracked separately to determine their true cost. Mr. Marcarelli indicated that program costs are being tracked separately, but the budget format being presented is more of a line-item format than a program budget.

Mr. Palmer asked whether the financial software would be online in time for next year, noting that the original target date was October of 2009. Mr. Marcarelli replied that the original date was in 2009; however, after implementation commenced, it was determined that it would be cleaner to make the change on January . Mr. Marcarelli added that although the old system is still being used, employees are being trained on the new system and data entry and data conversion has begun.

Mr. Marcarelli indicated that 1 net mill is approximately equal to \$1.9 million in additional revenue. The Board of Supervisors then discussed the impact that current tax assessment appeals may have on the budget. Mr. Marcarelli stated that he estimated real estate tax revenues conservatively and assumed that pending appeals will further reduce - the taxable assessed valuation.

Mr. McKernan also expressed concern regarding the Sewer Fund where the fund balance has been eroded in recent years. Mr. McKernan asked for 5 year projections for this fund as well. Mr. McKernan also discussed the need for considering the impacts of development proposals on tax revenues. He pointed out that as operating costs continue to escalate the Township has three choices: to cut services, to raises taxes, or to look for additional revenue sources.

Messrs. Zucker and Palmer discussed the need for better communication with the residents, indicating that the Township operates very efficiently -in many aspects, but does not do a good enough job communicating this to the public.

Mr. Palmer expressed concern regarding what equates to 40% tax increase in 2010 and the need to cover the minimum municipal obligation in 2011, which would likely require another significant increase. It was agreed that this would be further discussed after the 5 year projections are available. The Board of Supervisors directed the staff to look into the possibility of new employees being offered a defined contribution plan versus a defined benefit plan. Mr. McKernan also asked Mr. Marcarelli to look into a potential earned income tax increase, which would be allocated to open space. The Township has the ability to enact an additional 0.25% tax for this purpose, which would yield approximately \$1.2 million annually.

Mr. Marcarelli added that as part of the upcoming capital budget discussions the possibility of re-financing the capital plan will be presented. He indicated that this may offer a solution to the 2011 minimum municipal obligation concern previously discussed.

At approximately 10:30 AM the Budget Work Session was adjourned.

Roman M. Pronczak, P.E.
Whitpain Township Engineer/
Assistant Township Manager