

BUDGET WORK SESSION

November 17, 2009

A Budget Work Session of the Whitpain Township Board of Supervisors was held on Monday, November 17, 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 Anthony F. Greco and Adam D. Zucker, and Supervisor-elect Frederick Conner. Township Manager Phyllis C. Lieberman, Assistant Township Manager/Township Engineer Roman M. Pronczak, Director of Finance John Marcarelli, Police Chief Mark A. Smith, Director of Public Works Ronald J. Cione, Code Enforcement Officer Michael E. McAndrew, Fire Marshal David M. Camarda, and Director of Park & Recreation Kurt W. Baker were also present. Supervisors Brian W. Young and William L. McKernan III were absent.

Mr. Marcarelli summarized four possible budget scenarios which are based on various revenue alternatives. The first scenario illustrated the impacts on the ending fund balance during a five year period without a tax increase. Although the 2010 operating budget could be balanced by utilizing a portion of the remaining fund balance, a deficit of approximately \$700,000 is projected for 2011. The deficit would continue to grow to almost \$9 million by the end of 2014. Additionally, this scenario would not meet the previously established goal of maintaining a fund balance equal to approximately fifteen percent of appropriations.

The second scenario presented by Mr. Marcarelli illustrated the impacts of a 0.59 mill real estate tax increase for General Fund purposes. This increase would provide the desired fund balance for the first two years, but would fall short of that goal in the third and fourth year. Additionally, a \$1.2 million deficit is projected in 2014 under this scenario.

The third scenario was based on a 0.59 mill real estate tax increase plus the addition of revenue sources that do not currently exist. These sources included a business privilege license, fees-in-lieu of taxes for exempt entities, as well as an increase in the earned income tax for the purpose of open space acquisition. Additionally, revenue projections from real estate transfers were adjusted to reflect activity in recent months and to better reflect historical trends. Under this scenario a positive fund balance in excess of 15% of appropriations would be maintained in all five years. However, since the earned income tax increase would require approval by referendum, the fourth scenario illustrated budget projections without this tax. Although a positive fund balance would be maintained in all five years of this budget cycle, the fund balance would fall below desired minimum levels in the fourth and fifth year.

After a discussion of the above scenarios, Mr. Palmer asked staff whether the appropriations for expenditures listed in the above scenarios are adequate to provide the level of service currently being provided. Mr. Pronczak responded that the projected expenditures include previously discussed cuts and involve a reduction in staffing levels

through attrition. However, the department heads felt that even with this reduction acceptable levels of service could be provided. Any additional reductions in funding would require elimination of some services or a reduction in the level of service.

The Supervisors determined that another budget meeting during the week of November would be necessary. The Board also asked staff to prepare a scenario which would maintain salaries at current levels for non-contracted employees for the first two years and would be adjusted by four percent for the remaining three years of the budget cycle. During the first two years additional compensation would be in the form of bonuses, which would not elevate base salaries.

At approximately 11:25 am the Budget Work Session was adjourned.

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