

MINUTES

The Moon Township Board of Supervisors met in special session at 5:30 p.m. in the Moon Township Municipal Building, 1000 Beaver Grade Road, Moon Township, PA 15108 to continue discussion of the proposed 2011 Municipal Budget.

Board of Supervisors present: Tim McLaughlin, Jim Vitale, Marvin Eicher and Andy Gribben.
Also present: Jeanne Creese, Adam McGurk, Jeff Ziegler and Lisa Lapaglia.

Ms. Lapaglia distributed a printout of the capital reserve. As the Board knows, we are trying to change the method that we do capital reserve. She took each department and looked at its previous capital reserve. She did not move any money out of any department but combined them into basic categories.

Administration:

Under Administration, there is a line item for risk management but she is unsure exactly what it is for. She then created two columns in the spreadsheet (reserved and unreserved). Funds for any items that she was sure had to be taken from that account were designated as reserved. The other monies were considered unreserved. Since she was not really sure what risk management was for, it is designated as an unreserved item. Mr. Eicher asked that if a settlement is reached with the previous manager, would it not be used for that purpose. Ms. Lapaglia said that there is a PLGIT investment account that would compensate him for that settlement. It is shown in the general fund. Ms. Creese asked Mr. Eicher if he remembered if the amount in the risk management line item is reserved for litigation. He said that he was not sure whether or not it was earmarked for any specific litigation or settlement. Ms. Lapaglia said that is a good thing because on the last page of the handout, it shows some outstanding bills from Baker. We also have contracts with Liberoni and Creative Concrete that are still outstanding. RVB is still an issue as well, which we may want to keep in mind as we move forward. The unreserved funds in the risk management account could be used toward those items. She is working on compiling a list of the Township's potential exposure. There is an additional PLGIT account that we use for investment purposes that contains \$2 million. We use PLGIT as an investment tool to get a better rate of return. Ms. Creese said that as capital reserve it is in a separate account; it is not in the general fund account. The individual line items are not in individual accounts. These line items are merely a spending plan of how the Board wants to spend the money; they are not bank account transactions or on the balance sheet. The Board would have to look in a different place to see how the money was actually invested in the bank accounts. This is the problem that she and Ms. Lapaglia are working on. These numbers have appeared in the capital budget but we do not have a clear explanation of what some of them are. Before we pull them out of being reserved, we want to make sure that there is not some project attached to them that they are not aware of. By the time they are done, there should be a schedule for all of them and the Board can vote on that. Unfortunately, Boards from prior years have voted to reserve that money. Staff does not have the authority to undo that until it is discussed with the sitting Board of Supervisors.

Codification:

Ms. Lapaglia said that we have in the general fund a codification budget number. Obviously, this being specific terminology, that is what this money was set aside for. And this is money that is remaining from the last time the codification was done. We budgeted in next year's general fund budget money to appropriate for advertising, etc. for the codification. This amount in the capital budget can be moved to miscellaneous reserved or we can take the money out of the general fund

budget that we already allocated and use these capital budget funds for the codification. Mr. Eicher asked where it is appropriate to put funds for the codification. Mr. McGurk said that if it is for the annual updates, it would be more appropriate in the general fund. But if it is for the overall codification, he would say it is more a capital item that is saved for. Ms. Lapaglia said that in talking about this capital expenditure, how do we want to look at putting money away for this purpose—yearly, every other year, or only when it is time for the overall codification. These are the types of questions we need answered. Mr. Gribben suggested that some type of policy threshold may need to be established, anything over which would require a vote by the Board. Mr. Eicher said that his opinion is that we need to set some limit for putting funds away for a specific purpose. Ms. Lapaglia can make a recommendation to the Board based on good money management. A discussion ensued on how often the codification needs to be done and the procedure for getting it done. If the annual updates are done regularly it may be 10 to 20 years before the codification needs to be done again. But eventually it will have to be done. Ms. Creese said that the direction like Mr. Gribben just gave about a policy threshold is the type of policy statement that is very helpful to the staff. This is the type of thing that is missing from the capital budget; there are not a lot of budget policy directives.

Ms. Lapaglia said that the amounts that she has listed in each department as the 10/31/2010 balances is the number that we have in that specific department. The next column is the amount unreserved, as she stated earlier and after consultation with each department head. In Administration, basically everything is unreserved.

Police Department:

There are some items that are some items that are reserved and some items that are unreserved. There are even some line items where part is reserved and part unreserved. At this time, that is not being communicated to the Board but will be at some point in the future. Mr. Eicher asked if the totals for the reserved and unreserved amounts are added together, if it would total the amount in the 10/31/2010 column. Ms. Lapaglia said that it would. He then asked about the \$14,710 amount in the 2010 column. Ms. Lapaglia said that is amount is still anticipated to be spent this year and will come out of the 10/31/2010 total balance. There are not totals on this report, which she did on purpose and explained her reasoning. When she gives the Board the full budget next week those numbers will be calculated and put into the spreadsheet so that the Board can see what the bottom line actually will be. The capital budget is still in preliminary form.

Parks & Recreation:

Ms. Lapaglia said that all the items listed are all the things that Mr. Kasler has said that he needs for the park. The Board needs to look at the list and determine what we are going to do.

Ms. Creese said that what she distributed to the Board was the major departmental capital spending plans that were given to Lisa and her to begin this aspect of the budget. Some of the items are labeled capital requests and some labeled bond issue requests. In reality some of the items cross over. This is just a starting point. What the Board will need to do in our budget session next week is prioritize the list for her and Ms. Lapaglia. As we review the list of requests as presented, we will definitely exceed our capacity to spend. The staff does not have the authority to set the Board's priorities. The list contains those items that are operational in nature such as vehicles, rolling stock, etc. It then goes into improvements, or bond issue items. The Board will also have to determine what will be bond issue items and what will be capital budget items. A bond issue can only be used for certain items and have other requirements. But a serious discussion will have to take place on what the Board's long-term policy decisions will be,

how much money will be put into capital reserve, how much the Board would like to spend out of the bond issue and capital, and what the Board may tolerate so far as a potential future tax increase. Mr. Vitale asked if the staff could provide some insight into what they feel is a priority. Ms. Creese said that the department heads have provided their lists in a prioritize manner. For example, a request was made by MCA-TV for a new production trailer. The Township has a liability risk with the current trailer when it is being transported. In addition, there is a risk with the amount and value of the equipment contained in the trailer. Therefore, the staff considers this a priority. There are items listed departmentally that are not really a priority. We need to get into the policy discussions at the next meeting.

Ms. Lapaglia said that next year's capital reserve for Public Works obviously includes the Road Program and \$150,000 for a street sweeper. However, she is investigating if we have excess funds in the Liquid Fuels fund to purchase the street sweeper. We are exploring other avenues of what we are allowed to do within the parameters of the specific funds. Staff will inform the Board of what options are available. The Board must start thinking about the condition of the buildings and what direction they want to go. There are issues within the capital budget that may pertain to specific buildings that if we address in the bond issue will not have to be addressed in the capital budget.

Mr. McGurk reminded the Board that Mark Magalotti from Trans Associates will be in attendance to meet with the Board next week prior to the budget meeting on November 10 at 6:00 p.m. to discuss Wal-Mart.

Ms. Creese said that the question that we will be asking the Board is whether to make improvements to existing buildings or explore other options. Their decision will help staff to determine what other projects are associated with the building and have not been addressed. Mr. Gribben asked if there was a threshold for determining whether or not it was more cost effective to renovate a building or replace it. Ms. Creese said that the best response is that the municipality cannot depreciate the value of a building as is done in the private sector. There are also some limits on what can be done with a bond issue versus what can be done out of capital. She explained bond issue requirements and again stressed the need by the staff of guidance from the Board. As everyone is aware we have discussed in the past the space needs of the library but staff needs a finite direction from the Board so those needs can be incorporated into this year's budget. The Board needs to give the vision and parameters; the staff can then negotiate that. A discussion ensued on a future vision for not only the library but also other Township departments, including meeting recreational needs, and how this can be accomplished. The financing options for such a facility were discussed. The Board needs to decide and instruct the staff on whether or not they think there is wisdom in keeping the Community Service Center for a designated number of years or negotiate its sale. The direction needs to come from the Board. Such a facility could be built in phases.

[Mr. Sinatra joined the meeting at 6:45 p.m.]

Mr. Eicher asked the status of the subsequent phases of Moon Park. Ms. Creese said that is also something that will require direction from the Board. Mr. Kasler provided information on the next phases. Mr. Eicher said that we also have multi-phases for Olson Park. Ms. Creese said that you do not want to do one project to the detriment of another. But this is why this current information was provided to the Board. It is, of course, not complete. Staff needs to await direction from the Board in order to move forward with completion.

Next week staff needs the Board to set parameters on the future of the Community Service Center. Based on that vision, they need to direct staff on how to proceed. The Board also needs to review the capital needs list that was provided to them.

Following the budget discussion, the Board went into executive session at 6:55 p.m.

Respectfully submitted,

Janet L. Sieracki
Assistant Municipal Secretary

NEXT MEETING: November 10, 2010, 6:00 PM