Budget Meeting
November 10, 2010

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, Frank Sinatra, Marvin Eicher and Andy Gribben. Also present: Jeanne Creese, Adam McGurk, Lisa Lapaglia, and Jeff Ziegler.

Ms. Creese distributed summary sheets of all the goals and objects adopted by the sitting Board of Supervisors starting in 2005. She compiled all the past documents and provided a status update and described whether or not those goals have been achieved or are outstanding with an associated budget impact. Not all of the goals and objectives have a budget impact but they need to be looked at as how they impact the budget. There were things listed from 2005 that were very sound things that Moon Township needed to do but have not been achieved. The current staff is recommending that we do them in the form of 2011 budget requests. For example, in 2005 there was a recommendation to either hire or contract out for an IT technician or service. This was discussed with the Board last year and included in this year's budget. It is recommended and changed in the budget from the contracted service to making it a staff position. Another change relates to the web site. There was a recommendation to improve the usability of the Township's web site. In looking at the 2005 goals and objectives, the Board will see that some of these carry forward. At the beginning of next year, we need to set some definite goals and objectives to continue this effort and discuss what capital items have expired or are no longer relevant. Those funds can then be unrestricted and/or moved to an item of higher priority. For some of the Supervisors that were not here at that time, this summation may provide helpful. We definitely need to spend more time on this. The preliminary budget is advertised to be adopted next week on November 17, 2010 at 7:00 p.m.

Ms. Lapaglia said that she took all of the recommendations and previous information from the capital budget and listed all of the requests under each department. She explained all of the requests on the capital budget spending plan spreadsheet and the associated column amounts for those requests. A column was created entitled restricted usage--those amounts need to be maintained for that particular item or allocated to a project unless we are told otherwise by the Board. The amount shown as unrestricted in a particular department is designated for that department but not restricted to a specific project. We did not move any monies out of any particular department. The column entitled "2010 Encumbered Funds" is money that we have yet to spend but is definitely earmarked to be spent. This has been done by department also. From that point each year is listed from 2011 through 2015. Those columns contain costs that staff feels are ongoing and contain those forecasted amounts. Mr. Sinatra asked about the $30,000 amount in 2011 for website enhancement and whether or not it was a typographical error. Ms. Creese said that it was not and explained the need for website enhancement, upgrades and software.

Ms. Creese said that this format is new to the capital budget. We are trying to pick up some of the policy goals from the discussions that we have had in restructuring the way that the capital budget is shown. If the Board has any comments or suggestions on its usefulness they can let us know. She explained that the term "restricted" means that those funds are restricted for that purpose in that year. A lot more project detail was added to make the capital budget clearer. She also explained the difference between restricted and unrestricted funds. Ms. Lapaglia said that there are items listed for each department that need consideration. They have been

compiled from discussions of the Board's goals and objectives. However, there has been no document formulated that gives the overall scope of Board decisions required for a spending plan. We tried to list for the Board on one document the prioritized departmental listings in terms of spending and purchasing and put those decisions before the Board. Clearly, when we get to the end of this, we will talk to the Board about the financial reality that not all of these can come out of capital. We tried to lay out a five-year spending plan for the Board to see what will come out of capital in order to facilitate the next discussion, which will be the bond issue.

Ms. Lapaglia highlighted the items we are looking at for 2011. Those items include:

Administration:

Codification ($3,000) – This will be an ongoing expense.

Microsoft Office ($4,281) – We need to upgrade our version of Microsoft Office. We would like to purchase it this year and continue for the next three years. It will be a three-year lease payment.

Website Enhancement ($30,000) – Ms. Creese has already commented on this expenditure.

Police Department:

Ms. Lapaglia said that the Police Department is a little different as they spend their capital money every year.

Vehicles (3 vehicles) – The department would like to purchase three new police cars and associated equipment.

Captain Seamon's memo indicated that the department needs to purchase shotguns, rifles and handguns. The memo explains the reasons for these purchases.

Desks, dispatch consoles and chairs – This furniture is needed by the dispatchers.

The remainder of the items listed can be considered as part of the bond issue.

Ms. Creese said that she wanted to talk to the Board about Insurance-Police Cars. This has traditionally been a part of the capital budget. The Police Department has always had a $28,000 restriction, or allocation, for the replacement of a car if one of their vehicles should be in an accident where the officer caused the accident. Our vehicles are covered for liability. We keep a number of vehicles that are not on the road every day for patrol that we have to have in service because they are needed for a big event when all officers are on duty such as the air show. To her this $28,000 cushion, while nice if we have extra cash reserves, but when the economy gets tight is not really a practical necessity. Mr. Vitale asked if collision insurance is carried on our police vehicles. Ms. Creese said that tort law does not allow that and she has not done so in her previous experience. We are undertaking an insurance review now and that matter will be discussed. Mr. Eicher asked how many vehicles we have in our Police Department. Ms. Lapaglia said that she is not 100 percent sure, but there are a lot of them. We have seven marked cars and four unmarked cars. Staff has questioned on several occasions the necessity for so many vehicles in that department. Mr. McLaughlin asked if the Police Department ever explored the usage of motorcycles, particularly for special details. Ms. Creese said that idea has never been requested. A discussion ensued on the number of vehicles in the Police Department, their purpose and usage. Staff still has a number of

unanswered questions on this matter. Special details for dignitary visits, etc. were also discussed. While the Police Department does not normally get financial reimbursement for special details such as for visiting dignitaries, they have received grants in the form of vehicles, equipment etc. in the past. The Board asked for a list of Police Department vehicles. Ms. Lapaglia said that we are in the process of updating our fixed assets list, insurance and capital needs all at the same time.

Fire Department:

Ms. Lapaglia said that we will have a 2003 pumper lease payment that will have to be made. We have two more payments to make on that pumper—2011 and 2012. The Fire Department is requesting the purchase of one fire truck. We put in $500,000 for that fire truck. It could cost anywhere between $350,000 and $500,000. We are also considering leasing that piece of equipment for a period of ten years. Mr. Vitale asked when the Fire Department would like to purchase this piece of equipment. Ms. Lapaglia said that they would like to have it in 2011. However, it would not be until later in the year. The funds would come from both the millage that is earmarked for the fire Department as well as the local services tax.

Code Enforcement:

We are requesting money toward the replacement of a vehicle for Code Enforcement. The Building Inspector/Code Official currently has a truck. We are requesting $3,000 that obviously would not be spent next year but put toward that purchase in the future. We are examining other possible alternatives for this vehicle as well. Ms. Creese said that other than our police cars, this vehicle seems to accrue the most mileage as Dave Meinert is on the road doing inspections most of the day. We are also considering some type of hybrid vehicle or other environmentally-friendly vehicle.

Planning:

The only thing we are requesting in the Planning Department is $50,000 for the comprehensive plan and each year following putting $5,000 away for the updates. Mr. Eicher asked if we didn't need funds for the G.I.S. system. Ms. Lapaglia said that she discussed this with Adam McGurk today. He indicated that he would first like to review the overall program to get a better handle on it. There are funds in the general fund budget for upgrades to the G.I.S. system. He wants to review it in the coming year to see if it is more a capital item or an operating item. Mr. Eicher asked if the G.I.S. is done jointly with the Municipal Authority as Chester Engineers works on their system. Ms. Creese said that Chester Engineers works on ours as well. When we get to the discussion of personnel she would recommend changing what we spend on I.T. consulting services to an I.T. employee. That is one of the reasons for this recommendation—to insure compatibility of all our I.T. systems. Mr. Eicher asked if this person could be shared with the Municipal Authority. Ms. Creese said that we may explore that possibility. We may also consider this with the web site project to bring all the web sites together. We have already met with the Municipal Authority and the Library to about doing that with the web site project. The Police Department has an officer who does have I.T. responsibility for the department.

Road Department:

Ms. Lapaglia said that the money that we restricted for the Road Department is for specific items. Those items include:

Road Emergency – Funds set aside for unplanned road repairs (emergencies such as a sinkhole or other repair not incorporated into the road program.

Stormwater Management/Pond Maintenance – These are funds available for any stormwater pond maintenance that may be needed.
Sidewalks – This is money available for sidewalk construction. We would like to keep that money designated as such since sidewalks are a Board priority.
Traffic Study/Design – This is money that was set aside for intersection improvements that was once on a referendum. There is still an issue with the Montour Run/Beaver Grade Road intersection. This money could be used to support that, but that would have to be a Board directive.
Beaver Grade/Ewings Mill – This is money that was set aside by the developer of Amesbury. This is an ongoing question as this was to correct a sight distance problem at the intersection. PennDOT did do some work at the intersection, but it was not the full $860,000 project. We are leaving that money as restricted until this matter is clarified.
Ewing Road Construction – We have $8,400 for the Ewing Road Construction. This is in addition to what we receive from the turnback money from PennDOT.
Fuel Storage – We have allocated $5,000 as there is a fuel storage issue that we have to deal with at the Carnot Garage.

The 2010 encumbered funds are for the final payment for the 2010 road program. In 2011 we have a lease payment that is due on two trucks. It is the last year for those lease payments.

We need to purchase a new street sweeper this year. We would be using parts from our current street sweeper and replace the chassis at a cost of $150,000. It is not uncommon to replace this piece of equipment in different components as those components age and wear differently. Ms. Creese said that she is also exploring some type of lease arrangement.

We have the Allegheny County Airport Authority lease of the land on which the Stevenson Mill Road Garage is located that we have to pay.

Ms. Lapaglia said that we are setting aside $1.1 million for the road program. This is consistent with prior years.

To complete the Mooncrest sidewalks contract, we anticipate spending $120,510.

[Mr. Eicher left the meeting at 8:10 p.m.]

Ms. Lapaglia said that there is tracking software that the Road Department would be interested in to maintain and track complaints, materials, inventories, jobs, trucks and additional assets for their department.

Parks & Recreation:
Ms. Lapaglia said that we have set aside encumbered money for 2010, per Mr. Kasler's request, for items such as water fountains, trash cans, benches, baseball sheeting, etc. to complete some of the Phase I project in Moon Park that were not put into the bond issue. The biggest portion of that encumbered money is the rebuild of the new shelter. The funds would be partially from 2010 and 2011.

We then have Olson Park, which is a combination of landscaping, security system, water fountain, signage, and asphalt. This would be the $36,000 that is shown as encumbered. There are requested funds for multiple dog clean-up stations in various locations. Also for

Olson Park Mr. Kasler is requesting garage siding to match the restrooms, fencing along Flaugherty Run Road and two foot bridges for stream crossings.

For Robin Hill Park, Mr. Kasler is requesting fencing for the parking lot and outdoor restrooms.

Mr. Kasler also has a truck lease payment. This is the last year for two vehicles.

Ms. Lapaglia listed Mr. Kasler's equipment requests. He is also requesting dugout surfacing, tree maintenance and the matching funds for the DCNR grant to develop a waterfront park.

Library:

Ms. Lapaglia said that the item that costs us money is the Challenge Grant. These are matching funds for the Library's fundraising efforts. It is usually $20,000 a year. The Library has not requested that money yet but she assumes they will do so soon. The Library has requested carpeting, blinds and noise reduction barriers, but those were not funded.

MCA-TV:

Ms. Lapaglia said that Jim Koepfinger is request a new trailer and generator. He is also requesting equipment. He does have a maintenance/replacement schedule for equipment.

Ms. Lapaglia said that we currently have $3.7 million, $745,000 of which are encumbered funds. That leaves us a balance of a little under $3 million and we want to spend $2,700,000. But the last page of the capital budget shows a summary of each department's capital budget spending plan. She also showed and explained the capital budget funding sources and how those funds would be spent from capital reserve this year. We have excess liquid fuels money this year and can use this money for the purchase of the street sweeper.

Ms. Lapaglia distributed a revenue and expenditure summary sheet that shows the revenues and expenditures, with revenues over expenditures. We anticipate that amount to be $81,159.85. We would then have the capital reserve transfer of $1,006,567.04 which means that we would have to take $925,000 out of our carry forward (or reserve funds). That would give us a reserve general fund balance of $2.887 million at the end of 2011. Last year we anticipated cutting into the carry forward by $720,000. We anticipate that we will make $90,000 because our revenues were higher this year than anticipated and our expenditures were lower. Although there is no guarantee, Ms. Lapaglia said that she does not anticipate that we will cut into the carry forward next year either.

Ms. Creese said that our capacity for debt service is for two bond issues. We can refinance the one bond issue that expires this year and one expires next year. We are recommending that we not refinance those separately as there would be separate costs involved. If we are going to do another bond issue, we would want to roll them together. Under this current budget structure, we do not have the capacity for much more debt service than we have now. Interest rates will help somewhat but we cannot borrow any more than we are borrowing now. Figure the bond issue at between $3 million or $4 million for any other projects that the Board does not see in this capital budget such as subsequent phases for Moon Park or the Library. Per the restrictions of the bond issue, those are projects that you have to achieve in three years. The Board will have to talk to her about what alternatives they want for the Library. A discussion ensued on possible scenarios for the Library's location. The bond issue will get us through a design phase for a new building and possible continuation of the park project. The bond issue list should indicate what we want to accomplish in those first three years and the Board needs to develop a strategy for replacing the library building. The Township's capacity to borrow now with a bond issue will get through the

design phase of a possible new building (but not construction) and possible continuation of the park project. Mr. Vitale asked if Ms. Creese was saying that a $3 million bond issue could be utilized with $1 million dedicated to the park, $1 million to rehabilitate these buildings and $1 million to be used elsewhere. Ms. Creese explained that would depend on how much rehabilitation the Board wants to do. All of the rehabilitation outlined in Baker's report will not be accomplished with $1 million. Mr. Sinatra said that South Fayette Township received funds from Marcellus Shale drilling and got their entire municipal building paid for. Mr. Vitale said that South Fayette is having some issues with those wells.

Ms. Creese said that the bond issue list needs to be what the Board wants to accomplish in the first three years. The Board needs to come up with a strategy for how they want to approach replacing the library and the community center. There are no structural safety issues with the library's location now. We can put a little bit of capital money into that building but need to tell the Library of any future relocation plans to which they can look forward. The Board needs to set a clear direction for what they want to achieve. A discussion ensued on possible scenarios for relocating the library and the tenants of the Community Service Center. Ms. Creese said that she would come back before the Board next week with some cost estimates for possible sites. She has a space report from the library with their space requirements as well as the space requirements for MCA-TV.

Ms. Lapaglia said that next week she will bring a completed budget to the Board. She will review the year-to-complete numbers prior to that as well as the anticipated budget numbers for the general fund. She will make the Board aware of any changes. Mr. McGurk said that we have $50,000 in the budget for the comprehensive plan update. But based on the proposals that figure may need to be amended. Proposals will be received by December 1. That can be done at the final approval.

There being no further business, the meeting adjourned at 10:00 p.m.

Respectfully submitted,

Janet L. Sieracki
Assistant Municipal Secretary