

MINUTES

The Moon Township Board of Supervisors met in special session in the Moon Township Municipal Building, 1000 Beaver Grade Road, Moon Township, PA 15108 to continue discussion of the proposed 2010 Municipal Budget. The meeting was called to order at 5:30 p.m. with the Pledge of Allegiance to the Flag, Chairman Tim McLaughlin presiding.

Board of Supervisors present: Tim McLaughlin, Jim Vitale, Frank Sinatra, Craig Swen and Marvin Eicher. Also present: Jeanne Creese, Adam McGurk, Lisa Lapaglia, John Scott, Dana Kasler and Sarah Welch.

Public Comments on Agenda Action Items:

(There were none.)

General Comments from the Public:

(There were none.)

2010 Budget Discussion:

Ms. Lapaglia said that the information given to the Board is a revision of the budget based on information asked of staff by the Board. She went over for the rest of the Board what she spoke to Mr. McLaughlin about earlier in the day. When she told him about some of the numbers being changed, he asked questions pertaining to some particular departments. She told him her opinion that she was not concerned. We are cutting into taxpayers' money and she was concerned with the point that we were cutting into the carry forward and questioning why there was such a big discussion about cutting into that carry forward when the carry forward is taxpayers' money. She also referenced the fact that in 2009 budget, it was anticipated to have an \$888,000 cut into the reserve money, or the carry forward money. Based on that information and examining our anticipated year-to-complete number, it looks like we will actually make some money this year of approximately \$25,000. With that said, her concern was that department heads are really making the effort to watch their money, their budget and their spending. Based on that, she thought that she should inform Mr. McLaughlin that cutting into the 2010 reserve number was a worst-case scenario. Just because we are budgeting that way does not mean that we anticipate that things will actually happen in that manner. She voiced her concerns about budgeting and what we had done so far as cutting services. We had cut quite a bit of services and, if she were a Moon Township taxpayer, she would probably question why we are carrying forward this reserve number and cutting services at the same time. If we are operating in the black and if we are cutting into the carry forward for capital projects, why is that not allowed.

Mr. McLaughlin said that he called Ms. Lapaglia today as a result of the note he received from Library Director Maria Joseph. We are asking the Library to cut an additional four percent when their funding has already been severely cut by the State. He does not see that this is the way to go. The staff did as they were directed and made cuts but he does not see the reason for these cuts if we've made money and are not cutting into our reserves. The staff has found ways to cut four percent, but he does not see that it is necessary at this time if they watch their budget and their spending, as they have done in the past and will continue to do so. He has great faith in the staff. His recommendation is that the Board adopt this preliminary budget as presented.

Mr. Swen asked Ms. Lapaglia if she expects the \$25,000 figure to change much at the end of the year. She said that she does not anticipate it changing much. Ms. Creese said that, per the Board's instructions at the last meeting, administration did meet with every department head and reviewed their budgets line by line. They did submit areas where they could attempt to make a reduction to achieve four percent within their department. In some departments, that just was not possible without a major service reduction, based on the size of their budget. Four percent of some budgets is obviously a much bigger portion than four percent out of another. Where that was the case, other department heads offered to try to cut services in a greater proportion. Those are highlighted in the budget handout. Unfortunately, in order to achieve four percent, you are not going to accomplish that without a service reduction in those departments. If you are reducing services, staff will ask the Board for direction on doing so. There is no way to reduce services or reduce manpower without reducing services. You can look at a percentage reduction of employees, but that has to be compensated somewhere else in the budget by reducing some service. You cannot reduce two percent of Public Works labor and assume that it is not going to have an impact on plowing or other activities.

The capital budget was also re-examined. You are not going to achieve a four percent overall budget reduction for 2010 without looking at the capital expenditures. It is administration's opinion that if you do that for a one-year reduction only, you probably will make those up in a future year unless you look at a permanent change in programming. If you are saying that you think you have a budget crisis that will continue in some pattern, the Board needs to redirect their program priorities. Staff is telling you that we do not think that is something that the numbers or trends are indicating. Moon Township has a capital reserve and the Township is operating in the black. We think that the budget that was proposed the first time allowed the Township to operate and continue the level of services that are provided now in the Township.

Board discussion:

Mr. Eicher said that Mr. McLaughlin is proposing to adopt a budget that shows cutting into the carry forward by \$473,000. If we believe the budget, we are reducing the fund balance by \$473,000. If we don't believe we are going to reduce it, then we need to have a budget that reflects what is going to happen. Mr. McLaughlin said that just because we have earmarked those funds does not mean we are going to use the \$473,000. Mr. Eicher said that, again, revenue is flat. Mr. McLaughlin said that he does not see the need to cut. If we cut employees, we will have to pay overtime. Ms. Creese said that is our answer. If revenue is flat or not increasing at the size of our personnel budget, you have limited alternatives. One of those is to cut into the existing source of taxpayer money that we already have, which is our cash reserve. The other alternative is a tax increase, which we are not in any way proposing. The third alternative is to cut services. We are not proposing that alternative either. We think the safe and logical alternative is that Moon Township has achieved that income. That is what that income source is there for—a revenue source for operating and capital expenditures. That revenue source is sitting there. It is available. At this point, it is not being cut into at any dangerous level. If the worst spending plan comes to fruition, you may have tap into that reserve and that is prudent budgeting. Prudent budgeting is to under estimate revenues and over estimate expenditures at their worst possible scenario. That is what this budget represents. We do that every year. Ms. Lapaglia detailed the corrections and adjustments made to the preliminary budget that was presented to the Board last Wednesday. She discussed the preliminary budget and answered questions from the Board. She said that if the Board looked at this budget, based on the cost of \$1.1 million worth of capital reserve and that capital reserve number is taken out of the budget, which she will do next year, the Township will be operating in the black at

\$620,000—meaning the Township (even though revenues are flat) is still making \$620,000. Therefore, we are only cutting into the carry forward for capital, not to operate the Township. Mr. Eicher said Ms. Lapaglia has made exactly the point he is trying to make. That is where townships get into trouble—they take their revenue and use it for operating costs. That says there is nothing left for capital. That means that facilities are not improved or necessary equipment is not purchased. He believes that is what happened in this Township in 1992 when the airport moved to Findlay Township. Instead of the township increasing taxes or cutting costs, Moon Township reduced what they spent. Ms. Lapaglia said that if the Board does not want to cut into the carry forward and you want to continue your services, based on what was historically provided to this Township, you would only need to spend \$650,000 on capital, if that is what Mr. Eicher is saying. What she is saying is that if you want to continue your capital, you have \$4 million on the table. Cutting into it by \$500,000 is not going to bankrupt the Township by any means. But you are increasing the long-term capital items of this municipality based on cutting into that carry forward. If Moon Township's children continue to live here for another 25 years, the purchases you make today under the capital budget will benefit those children in 25 years. Mr. Eicher said that he agrees; he agrees we need to spend money on capital. Ms. Lapaglia said that is what the carry forward is doing. That cut into the carry forward is spending money on capital. Mr. Eicher said that if you believe you can have your revenue flat and increase your costs significantly and not impact your long-range financial status in the community, knowing full well that there is a potential impact on earned income tax, to him that is not prudent budgeting at this time. If we knew the community was growing with more building and more revenue coming in, then he would say yes that we are going to exceed our revenue. That could happen, but he does not think it will happen next year. Ms. Lapaglia said that the budgeting process is the worst case scenario. Just because something is in the budget does not mean that budgeted amount will be spent.

Ms. Creese explained that residents do not want to see their services cut. The staff closely monitors every aspect of the budget including payroll, bills, and all other expenses on an operational basis daily.

Ms. Lapaglia answered questions from the Board on personnel and payroll costs. She said that the two additional employees requested by the Public Works Department have been included in the budget. She said that every scenario that every department head came in to talk to the Board about has been included in this budget, which is the budget that the Board had last week. The only difference is that the second employee for the Public Works Department will not be hired until the second half of the year and includes the hiring of a replacement police officer. The replacement officer is hired at 70 percent of the pay rate to start. We are proposing a bond issue for major capital items. Ms. Creese again stressed the need for personnel, particularly in the area of Public Works. There are areas and projects that we do not get to fast enough without the personnel to address those needs. There are instances where she thinks the growth of the Township warrants growth of staff. She stands by what the Public Works Department has said that they need another employee.

Mr. Vitale said that it sounds like Ms. Lapaglia and Ms. Creese are confident in the budget numbers. Mr. McLaughlin said that he is confident in our staff to watch over the budget. He does not believe that we have a staff that misuses money. Mr. Kasler saved us money by watching over the park project himself instead of hiring a project manager to oversee it. There is a cost to operate a municipality. He does not see that we are misusing our money. He does not want to cut staff or cut programs. We are just starting our park project and it doesn't make sense to cut people to run it. Our community deserves better than that. He is fine with the budget as

presented. Ms. Lapaglia detailed the adjustments that were made to the budget that was presented to the Board at the last budget meeting.

Mr. Vitale said that he has no problem recommending the 2010 budget as presented this evening so long as staff keeps a strong handle on expenditures. He would like to see us try to explore different avenues of revenue other than just taxes such as sponsorships and fund-raising. Ms. Lapaglia said that Mr. Kasler anticipates doing just that with the two new part-time employees in his department. Ms. Creese said that was a big part of the discussion during the consideration of the Parks Department budget. They take that very seriously. They also take seriously the Board's commitment to the Township's assets that have been added this year.

Action Item: Mr. McLaughlin called for a motion to adopt the 2010 Preliminary Budget and have it on display for 20 days with the 2010 Final Budget adoption scheduled for December 16, 2009. Motion made by Mr. Vitale, seconded by Mr. Sinatra. Yes votes were cast by Mr. Vitale, Mr. Sinatra, Mr. Swen and Mr. McLaughlin. Mr. Eicher voted no. Motion carried 4-1. Mr. McLaughlin said that he would like to thank Ms. Lapaglia, the staff and all department heads. He has informed Ms. Creese and Ms. Lapaglia that he would like to meet with the department heads after the holidays to thank them for what they have done and to ask them to keep an eye on their operations this coming year. He knows they already do so but would like to thank them personally.

Mr. Vitale announced that Robert Morris University is playing an ice hockey game on Wednesday at 7:00 p.m. and Robert Morris is inviting the staff to attend the game.

Amusement Tax Forgiveness Request: Ms. Creese said that the Township received a request for forgiveness of an amusement tax obligation and asked the Board if there was any reason they would want this added to a future agenda. The event was held through Robert Morris University by an individual and the event did not make a profit. The individual is requesting that the Board of Supervisors forgive the tax. There is nothing in the ordinance that would permit the Board to waive the tax. She spoke to the Solicitor about this matter and does not recommend that the Board violate the Township's own ordinances. The Board felt they did not want this matter on a future agenda.

There being no further business before the Board, the meeting adjourned at 6:15 p.m.

Respectfully submitted,

Janet L. Sieracki
Assistant Municipal Secretary