

### **SPECIAL MEETING MINUTES**

A special meeting of Dover Borough Council was held at Borough Hall, 46 Butter Road on November 10, 2011 at 7:30 pm. All members were present. President Sabold called the meeting to order. A moment of silent prayer was observed.

Robert Merkert, 100 Intermediate Avenue, stated he wondered how the Council came up with the need for a tax increase. Mr. Sabold informed him that the budgets have not been finalized. The Council was only considering a tax increase. No decision had been made.

The main purpose of the meeting was to continue preparation of the 2011 budgets. Mr. Sabold asked Mrs. Shirey if there was anything to discuss before the Council began work on the budgets. She had several items.

First, Chad Kehew, with Holley's office, asked if the Council wanted him to continue preparing and submitting the reimbursement requests to USTIF. He stated it would not be difficult for Mrs. Shirey to do it. Mr. Lentz interjected that USTIF should reimburse any engineering fees associated with the contamination of well # 4, so it would not be any additional cost for the Borough. The Council agreed with his point. Mrs. Shirey would inform Mr. Kehew that the Council would like the engineer's office to continue preparing and submitting the reimbursement requests to USIT.

Second, Mark Clark emailed the documentation needed to submit a bill to Dover Area School District to request reimbursement of 50% of the cost to repair the sewer lateral for Dover Intermediate School. Mrs. Shirey mailed the reimbursement request to the school district today.

Mrs. Shirey stated she wanted to provide some additional information regarding the Borough computers, which had been discussed Monday night. There had been concern about giving away a hard drive which might contain confidential Borough information. She realized she forgot to inform the Council of two items. One, the computer Matt Altland took was not a 'server'. This means no sensitive/confidential information is stored on the hard drive, and any software would be blank. Two, there were also two levels of password protection on the computer. She spoke to Matt today and told him he may need to return the computer. He informed her he had 'wiped' the hard drive and set it up for his father. He was willing to return it if the Council wanted it back. There were no further questions.

### **GENERAL FUND**

- Mrs. Shirey noted the total of 410.00 Public Safety was incorrect on the copy the Council received. This error did not affect the Total Expenses.
- Mrs. Shirey asked Mrs. Koch to research what the allowed uses were for money collected for the Local Services Tax. This money had not been earmarked for anything specific in the annual budget. She thought the Council might want to consider this money as a way to increase the annual donation to the Dover Area Ambulance Club, in response to their plea for additional funding. It was noted the current rate is \$15 per person employed in the Borough.
- Mr. Eisenhart asked what items are included in category 405.20 - Office Supplies. Mrs. Shirey reviewed the items (postage, office equipment leases, repairs and annual maintenance contracts, and office supplies). It was suggested that this category could be reduced. Mr. Seidel stated he added up over \$3,000 in larger purchases for this year for items that would not be replaced again next year. Mrs. Shirey explained that when she does the preliminary budgets she reviews about 5 prior years and researches the spending in categories where she sees consistent increases. In this instance the total has consistently been about \$11,000 since 2007. Each of the subcategories in this section fluctuate but the average total is consistently \$11,000. After some additional discussion, the total for line item 405.20 was reduced to \$10,500.

- Mrs. Shirey explained that there are other areas in the General Fund budget where only a total for a section was budgeted, rather than by each line item. If the Council wanted to begin budgeting for each item in these categories, rather than a total, she would change it.
- Item 432.00 Winter Maintenance. Mr. Eisenhart asked why no money was budgeted in this category when in 2010 over \$8,550 was expended. Mrs. Shirey reported that in 2010 winter maintenance supplies were paid out of the General Fund, rather than Highway Aid.
- 451.31 Mowing (Ketterman Park) – Mrs. Shirey had increased this amount for 2012 because the normal amount of mowing was not done this year due to all the rain. Mr. Sabold noted the normal mowing season is calculated on 26 weeks which totaled \$4,550. The total was reduced to \$5,000.
- Item 415.50 EMA Services. Kevin Behr requested \$5,000. Mr. Behr was new to this position and had not provided the Council with an explanation of what he wants to purchase. The Council felt this was too great of an increase without knowing what it is for. This amount budgeted was reduced to \$2,500.

Mrs. Shirey discovered there was a problem with the formula in the spreadsheet and it was not totaling correctly. It was decided she should manually check the totals and provide corrected budget sheets prior to the next meeting.

### **PAYROLL**

The Council discussed payroll changes and payroll increase recommendations at an executive session prior to this meeting. The recommended changes were as follows:

- Change the Borough Manager and Public Works Operator from hourly to salaried positions. Their work hours would remain the same. A payroll increase of 8%, on the current base rate, was proposed to help offset their loss of overtime income. They would receive ‘comp time’ for any overtime hours. Comp time must be used within 45 days or it would be lost. This change will equate to a payroll savings of about \$7,000. Mr. Seidel made a motion to adopt the changes outlined above. Ms. Bishop made a second to the motion. A vote by raised hands was called. Five voted in favor – Mrs. Koch, Mr. Seidel, Ms. Bishop, Mr. Dentler and Mr. Sabold. Two were opposed – Mr. Eisenhart and Mr. Hess. The motion carried by a vote of 5 to 2.
- There was a recommendation to increase the salary of the Secretary/Treasurer, and the hourly rate of the Borough Laborer, by 2% in 2012. A motion to approve the recommended changes was made by Mr. Seidel. The second was made by Mr. Dentler. A vote by raised hands was called. Six voted in favor – Mrs. Koch, Mr. Seidel, Ms. Bishop, Mr. Dentler, Mr. Sabold and Mr. Hess. Mr. Eisenhart was opposed. The motion carried by a vote of 6 to 1.

### **GENERAL FUND – Cont’d**

Mr. Eisenhart asked how much of this year’s budget will go in the bank? He stated there will be about \$48,000 extra money, so you don’t need to build Capital Reserve money into the budget. As long as there is leftover money at the end of the year you do not need to build capital reserve into the budget. Mrs. Koch stated that money in the checking account is called operating funds, it is not to be considered cash reserve. Mr. Eisenhart stated there will be about \$500,000 in the bank between the three main funds so there is no reason to raise taxes. The Borough never had a specific capital reserve fund, and had always used savings to balance the budget. Mr. Sabold interjected that the operating budget is \$641,000. The guideline is that you should have one year’s operating budget in savings for each of your funds. Mr. Eisenhart stated it is not a guideline, it is only Mrs. Shirey’s opinion.

Mrs. Shirey stated she took offense to Mr. Eisenhart’s comment. Several years ago the Council asked her to check what the PSAB and other municipalities use as a standard for how much money should be in kept in savings. She relayed this information back to them as requested. Mr. Eisenhart stated if the information was provided through her that it is only her opinion. He stated Mr. Herrold had confirmed his opinion that a capital reserve account is not required. Mrs. Shirey stated she was calling it ‘capital reserve’, but it could be called ‘cash reserve’ instead. It is not good fiscal planning to use savings to balance the budget every year. The amount of income and expenses should balance without using savings. Mr. Eisenhart reiterated his opinion that he did not feel the Council should raise taxes.

Mr. Merkert asked how much money is outstanding in water, sewer and trash fees. There was about \$44,750. He stated this will make up the \$39,000 shortfall if the proposed increase for real estate taxes is removed. Mrs. Shirey pointed out that the amount due is split between water, sewer and trash. The amount due to the General Fund, for trash fees, is only about \$8,000.

Mr. Eisenhart asked how much is outstanding in property taxes. At the 10/24 special meeting, a resident stated Dover Borough has \$53,000 in outstanding real estate taxes. Mrs. Shirey explained that total is the delinquent, unpaid real estate taxes from prior years, which has been turned over to the county for collection. Mrs. Shirey checked the most recent report from Mr. Herman and the outstanding amount for this year was approximately \$9,200.

A discussion of the amount the Council would like to have in savings ensued. Since the General Fund will have approximately \$400,000 at the end of 2011, the council decided they did not want to raise taxes for 2012. Mr. Seidel pointed out that interest rates are low and the amount of interest earned is minimal, so it is not practical to have a lot of money in the bank. Mrs. Shirey stated she planned to speak to Fulton Bank to see what interest bearing accounts might be available, which would earn more interest than the checking accounts. Mr. Eisenhart made a motion not to increase taxes for 2012. Mr. Dentler seconded the motion. Under the question, Mrs. Koch asked if real estate taxes are not increased would the Council consider a dedicated millage to cover the donation to the fire company. This was a separate issue and could be discussed after this vote. A vote by a show of hands was called. Five voted in favor – Mr. Seidel, Ms. Bishop, Mr. Dentler, Mr. Eisenhart and Mr. Hess. Two opposed – Mrs. Koch and Mr. Sabold. The motion carried by a vote of 5 to 2.

Mrs. Shirey asked the Council to refer to a spreadsheet which showed income versus expenses and the net income for the past 11 years. In the General Fund expenses were greater than income for 6 of the 11 years. The deficit ranged from \$9,000 to \$172,250. In the Sewer Fund expenses were greater than income for 7 of 11 years. The shortfall ranged from \$12,000 to \$592,350. In the Water Fund the expenses were greater than income in 4 of 11 years. The shortage ranged from \$86,130 to \$184,875. Some of these deficit amounts had a large impact on the savings in one year, and it will take years to build up the money to replace it. She stated any accountant will tell you it is poor fiscal planning to balance a budget using savings.

Mrs. Koch suggested the income from the Local Services Tax (LST) could be used to pay the fire company donation. Mr. Hess reported Dover Township cut the annual donation they make to the ambulance club. Allowed uses for the revenue from Local Services Tax are: emergency services, road construction and maintenance, property tax reduction or property tax reduction through homestead/farmstead exclusion. Of these at least 25% of the income must be used for emergency services. Mr. Eisenhart questioned why the Council wanted to increase the annual donation to the fire company. If the fire company didn't ask for more money why is it an issue? Mr. Seidel suggested designating 1/8 of a mil of the existing real estate tax, about \$9,500 for the fire company. Then a Fire Tax would not be needed. The current LST rate is \$15 per person employed in Dover Borough. The Council discussed this and decided the rate would be increased. Mr. Seidel presented a motion to increase the Local Services Tax from \$15 to \$30 per year. Mr. Hess seconded the motion. The vote was done by a show of hands. Five voted in favor – Mrs. Koch, Mr. Seidel, Ms. Bishop, Mr. Sabold and Mr. Hess. Mr. Dentler and Mr. Eisenhart were opposed. It passed by a vote of 5 to 2. The amount budgeted was increased from \$5,000 to \$7,500.

The following changes were made in the General Fund:

- 301.00 Real Estate Taxes – The income was reduced by \$38,350 to \$128,000.
- 392.01 Transfer from General Fund Savings – Expenses were greater than income, so the deficit of \$24,950 will be added to this income category to balance the budget.
- 430.70 Capital Reserve - \$6,000 budgeted in was deleted.

The payroll amounts and the health insurance totals still need to be adjusted in the expenses. Also, item 395.05 Employee Health/Dental Contribution will change based on the amount the Council sets as the required contribution for each type of coverage (single, couple, EE/child, family).

Mrs. Shirey reported on the health insurance quotes. Quotes were received from Benefit Connections for Highmark Blue Shield and Capital Blue Cross. The underwritten rates were \$70,000 to \$80,000, which is almost double the current rates for Health America. She spoke to the current broker and he claimed Health America could not change the renewal rate due to a state law prohibiting the rates from being raised within a 12 month period. She checked into this and found this was a lie. Since then she received an email from the man stating he checked with Health America and they would allow the Borough to make the renewal January 1. She recommended switching to Benefit Connections as the broker for health insurance.

Mr. Eisenhart made a motion to advertise the preliminary budget. Mr. Sabold was not in favor of this because the payroll totals must be revised on the General, Sewer and Water Fund budgets and they do not have renewal rates for health insurance yet. These amounts will change the amount of money to be transferred from savings to cover the shortfall between income and expenses. The motion died due to lack of a second.

Mrs. Shirey noted since 2012 is a reorganizational year, so the budget could be reopened in January and changes could be made if the Council finds it necessary.

Mark Clark had provided a third quote to correct the wet area on the walking path. Two bids had been reviewed at the November 7 meeting. The newest quote from Easy Dig Excavating, Inc. was the low bid, at a cost of \$4,168. This included installing a collection pit and raising the walkway. Mr. Dentler made a motion to accept the bid from Easy Dig Excavating, at a cost of \$4,168. Mr. Hess seconded his motion. All were in favor. Mr. Lentz was instructed to request the project be done as soon as possible, so it is completed before winter weather starts.

With no further business to discuss, Mr. Eisenhart made a motion to adjourn. Ms. Bishop seconded the motion. The motion carried. The meeting adjourned at 9:18 pm.

Respectfully submitted,

Janet T. Shirey  
Secretary/Treasurer