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Board of Supervisors Budget Work Session
Wednesday, October 18, 2023, 3:30 p.m.

In-person attendance: Supervisors Elaine DiMonte, Ricki Stumpo and Raymond McKay; Mark Knightly, Public Works Director; Treasurer Peter Barsz, Treasurer Support Staff Anita Swayne.

Public in-person attendance: 0

1. **Call to Order:** DiMonte called the work session to order at 3:30 p.m.
2. **Sunshine Announcements/Announcements:** none.
3. **Public Comment Non-Agenda Items:** none.
4. **Proposed 2024 Budget Discussion:** Barsz noted income remains the same. Interest income will be down due to rate adjustments.
 - a. General Fund - 2 income/fee line items have been added for stormwater maintenance inspections and the rental inspections. There will be a transfer from the ARPA fund only if funds remain after the streambed remediation project costs zero out expenses for project completion. Swayne confirmed that the budget document includes a 5% increase for employee compensation. Knightly commented that he suggested compensation to be applied in percentages that would include a 2% bonus as part of the 5%. Barsz indicated that it is difficult to allocate a bonus. Knightly offered that it could be considered a retention bonus. Stumpo asked about last year's compensation increase which was 4%. DiMonte noted in the corporate world 5% is above average. Secretary commented that adjacent municipalities are offering 5% increases. Swayne noted that the budget includes compensation for the Archivist/Clerk at 12 hours per week for a 10-month period. Additional hours are included for the Assistant Secretary. Specific line items beginning as follows:
 - i. 407.700 includes Sage Business estimate for hardware/software for the website update; other IT purchases are Capital Reserve Fund allocations.
 - ii. 409.367 for trash remains a general fund expense and covers trash for all the Township Buildings and the Parks.
 - iii. 409.360 reflects Swayne's work on the utilities so that they are easier to track; DiMonte would like to see how much more the Township is paying with the addition of the new Township building.
 - iv. 409.250 \$3,000.00 line-item for Denton Hollow Facility is for general supplies.
 - v. 422.310 Swayne explained the significant increase in the line item for the SPCA Contract based on recent communications from the SPCA.
 - vi. 429.313 sewer engineering should be stormwater maintenance fees.
 - vii. 492.500 was addressed by Barsz who provided explanation of the \$200,000.00 transfer required to make certain that there will be sufficient funds for the quarterly Fire/EMS payments, particularly sufficient funds for the First Quarter Payment due in January 2024. Barsz offered that a transfer from the Facilities Fund may also be considered. Barsz believes the transfer may be considered a loan until such time that tax revenue from real estate property tax collection is received by the Township. Stumpo inquired as to a line-item that shows the increase in Fire/EMS payments from the County. McKay responded that the County agreed to pay around \$145,000.00 in 2024. McKay will provide the revised County EMS number. Line-item 358.11 should be changed from \$65,000.00 to reflect the County payment per McKay. Knightly noted that snow operating supplies includes blades and cutting edges. DiMonte asked and

Knightly confirmed that the line-item entries are sufficient for Public Works Department. Swayne pointed out that the Library Contributions are shown in increments of \$9,000.00 each to West Chester, Kennett, and Kennett Library Capital Campaign. Swayne noted that the health insurance coverage represents 5 employee participants for the coverage.

- b. Liquid Fuels - Knightly stated no activity for line item 430.450 Contracted Services. Barsz offered that a budgeted number should be identified for rented equipment. Knightly suggested \$5,000.00 as the Department rents a lift for tree work. Snow removal costs would be anyone's best-guess. He suggested that \$45,000.00 is adequate for salt as the salt barn is full. Knightly led the discussion on the proposed purchase of the speed control signs budget line-item 433.490. If there are sufficient funds signs should be purchased before the end of the year. Knightly believes the costs include cloud database access to retrieve information on percentage of vehicle speeds within a percentile. DiMonte suggested increasing the allocation to \$6,600.00 to be certain to cover the cloud subscription. Liquid Fuels allocation for paving Haines Mill and Valley Roads is included in the Highway Rebuild allocation.
- c. Facilities Fund - Barsz noted the transfer at line-item 492.500 will change as the County payment for Fire/EMS will be \$145,000.00 as previously discussed. Barsz offered that the Township should not continually transfer funds (or loan) from the Facilities Fund for the Fire/EMS contribution but should reevaluate the allocation and consider a tax increase in 2025 for Fire/EMS. It was agreed that the allocation for the Denton Hollow Road facility is acceptable. New garage doors for the Public Works Garage have been budgeted.
- d. Capital Reserve Fund - Swayne noted the proposed IT purchases that include new laptops and server upgrade are included. Sage Business will reach out to Penn Security to address the costs for security at Denton Hollow. Barsz noted the fund balances are healthy. Capital purchases are detailed in the Notes section for the Public Works Department. Knightly offered that for 2025 the Department will need an allocation of approximately \$185,000.00 for a roadside mower.
- e. Parks, Recreation and Trails ("PRT") Fund - Knightly reported that the current UTV will be sold and noted the allocation sufficient for the purchase of a new UTV. Swayne asked if there's consideration for a transfer from the Open Space Fund to PRT. Barsz responded that there is a threshold or limit to the amount for such an inter-fund transfer given that the Open Space Fund is funded by the open space tax which was implemented through a ballot referendum. He agreed that the Open Space Fund is significant and suggested that in 2024 the Supervisors consult with the Solicitor on the legal steps necessary to potentially reallocate a portion of the open space tax. Brief discussion ensued regarding the PRT request for the purchase and installation of a zipline. Secretary noted that unless the purchase was through Co-Stars bidding may be required based on the cost of the desired zipline model.
- f. General Reserve Fund - no discussion, no action required.
- g. Route 52 Intersection Fund - DiMonte noted that the Township Solicitor continues to research a course of action for the Township to reallocate or distribute these funds. Stumpo asked about a statute of limitations or time limit use of these funds if they cannot be returned to the developers. Barsz offered that perhaps through the process of escheat ownership of the funds might be identified for distribution. He also offered that municipalities are sometimes able to access funds for reimbursement of expenses


incurred as a result of the development or project. DiMonte inquired as to budgeting funds for the Hallelynn Subdivision given that the community remains unfinished and the death of the developer. Knightly offered that it is not likely that the Township will be asked to address the roadbed in 2024.

- h. Historical Fund – Swayne asked and the Board agreed to include an office supply budget. There is an allocation for relocating the HVAC system at the Locust Grove Schoolhouse.
- i. Open Space Fund – discussed paying down the loans faster but makes sense not to based on current interest rates. Board will follow-up with earlier suggestion to discuss with the Solicitor in 2024 the path forward to reallocate a portion of the open space tax milage.
- j. ARPA Fund – the expectation is that it will zero out as prescribed by regulations with the remaining funds used for the Pocopson Creek Streambed Remediation Project. If there are remaining funds following project completion, such funds will be transferred to the General Fund as the funds must be used by December 31, 2024.
- k. Fire/EMS Fund – to be adjusted based on discussions with changes to the County contribution and transfer allocations.

DiMonte offered that recently a few residents have expressed displeasure with the Earned Income Tax – not only self-employed residents but also residents who live in Pocopson and work outside of the Township. She is concerned that if the Township made the decision to eliminate the Earned Income Tax that residents who are retired would take a hit from the increase in real estate property taxes. Barsz noted that the EIT tax cannot be reduced or removed without increasing the Township tax in order to offset a revenue shortage. Swayne commented that the EIT discussion could be tied in with the discussion to reallocate the tax milage overall, particularly the Open Space Tax as previously discussed. Barsz added that the interest rate is low on the Open Space Loans and therefore there is no incentive to pay them off. Interest earned from the collection of the Open Space Tax is quite healthy. Again, the Board should broach the subject of the steps necessary to change the milage allocation with the Solicitor in early 2024 for potential changes effective 2025.

Board thanked Swayne and Barsz for their work on the budget and felt confident that it is in a form to approve the proposed preliminary 2024 budget during the October 23rd public meeting. This will allow for the 20-day legal review and adoption during the November 20th public meeting.

- 5. **Adjournment:** at 4:55 p.m. DiMonte moved, McKay seconded, to adjourn the work session; motion carried.


Susan Simone, Secretary


Ricki Stumpo, Vice Chairwoman