

FINANCE AND ADMINISTRATION COMMITTEE

NOVEMBER 27, 2017

SPECIAL MEETING

Present: S. Byrne, R. Carlson, S. Galloway, D. Helm, S. Powell, M. Kirchgasser (joined in progress),

B. Clark

A. Review of Draft 2018 Budget

Mr. Carlson called the meeting to order at 5:30 P.M.

Mr. Clark stated that the final section of the draft 2018 budget to be reviewed was the Capital Budget. Mr. Clark referred members to the appropriate section of the budget and began to review the details of the Capital Budget. He noted that all ongoing and proposed capital projects were listed on the Project Description page, and expense projections for each were shown for the years 2018 through 2023. He noted that when the Township received the \$1.8 million payment in late 2016 from Sunoco for the pipeline easements that were crossing Township-owned open space, the Council directed that \$500,000 each be allocated in the 2017 Capital budget to the Roosevelt School rehabilitation project, the Smedley tract site development project, and the loop road intersection improvements at Baltimore Pike and Pennell Rd. and added to any prior capital budget funds allocated for those projects. \$200,000 was left as an unobligated balance in the Capital Budget for future designation by Council, and \$100,000 was appropriated to the Emergency Management budget in the Operating Budget. He stated that the 2018 draft Capital budget continued those allocations, with the balances being carried forward in those three project areas reflecting adjustment for all project expenses paid out in 2017. He noted that about half of the funding allocated for the Roosevelt School work had been spent in 2017 to rehab the front section of the building to get it ready for community use, and the remaining appropriation would need to be further supplemented with funds to complete the more extensive renovations needed for the larger rear section of the building. The Capital Budget draft does not include any estimate of the possible amount of funds needed for this additional work at this point. He also noted that a significant portion of the funding set aside for the Smedley tract development work is expected to be spent in 2018, and additional funding will need to be allocated to complete the future phases of that work. Grading work anticipated to be done on a volunteer community project basis by the Operating Engineers union will reduce the amount of additional Township funding that might be needed in future years.

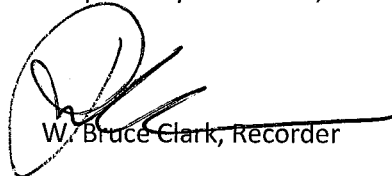
Mr. Clark referred members to the Fire Apparatus Fund sub-section of the Capital Budget. He noted that the draft capital budget includes funding to cover the purchase of the new aerial/pumper ordered for Middletown Fire Company, with delivery anticipated in late 2018. The draft budget does not project any future apparatus purchases at this time, as no information on projected purchase dates or vehicle costs has been provided by the Fire Apparatus Committee. With the planned 2018 vehicle delivery and payment, the Apparatus Fund projects a zero balance at the end of 2018, and a slow buildup of dedicated property tax

proceeds in future years to be available for future apparatus replacement needs. He stated that the Township could provide a bigger funding cushion for future purchases by taking advantage of the PEMA 2% loan program for fire apparatus, which could provide a maximum loan of \$150,000 toward the cost of the aerial apparatus for Middletown Fire Co., which would then leave a balance in the apparatus fund at the end of 2018 to build toward future purchases. This reduced cost loan program was utilized in all previous apparatus purchases by the Township. Committee members agreed that this loan option should be projected as a source of funds in the Capital Budget for 2018.

Mr. Clark then referred members to the spreadsheet projecting Capital Budget funding through 2023 for all capital projects except the fire apparatus replacement. He noted that the available ending balance projected for 2018 includes the unallocated \$200,000 of funds from the 2016 Sunoco payment. He stated that based on the proceeds from the property tax currently being allocated to the Capital Budget and funding amounts currently proposed to be allocated to the various projects, there are funds available in future years that Council can allocate to complete some of the current projects where total project costs have not yet been fully identified and funded. However, it is likely that additional funding will need to be obtained at some point to complete all of the current projects, once timing and total project costs can be further refined in 2018.

Committee members had no further questions on the Capital Budget. The committee agreed to continue review and discussion of the draft 2018 budget at the regular Finance and Administration Committee meeting on December 4. There being no further business, the meeting was adjourned by Mr. Carlson at 6:20 P.M.

Respectfully submitted,



W. Bruce Clark, Recorder