

GENERAL BUSINESS MEETING
OCTOBER 3, 2011

A general business meeting of the Palmer Township Board of Supervisors was held on Monday, October 3, 2011 at 7:10 p.m. in the Community Room of the Palmer Library with all Supervisors in attendance: David Colver, Robert Lammi, Michael Mitchell, Ann-Marie Panella and Robert Smith. Also in attendance were the Township Manager, Director of Public Services, Director of Public Utilities, Police Chief and Township Solicitor. Chairman Colver convened the meeting and led those present in the Pledge to the Flag.

2. APPROVAL OF DISBURSEMENT OF FUNDS – OCTOBER 3, 2011

INFORMATION

The report will be provided at the meeting.

DISCUSSION

On motion by Mitchell, seconded by Panella, and agreed by all, the Board approved the disbursement of funds for October 3, 2011.

3. APPROVAL OF MINUTES – SEPTEMBER 27, 2011

DISCUSSION

On motion by Lammi, seconded by Smith, and agreed by all, the Board approved the minutes of September 27, 2011.

4. DISCUSSION OF 2011 SEWER RATE STUDY

INFORMATION

The Board needs to approve/disapprove a sewer rate increase.

DISCUSSION

Paul Hosking, Director of Public Utilities, introduced Jeff Golding, Project Manager, Gannett Fleming. Golding said he has reviewed the sewer budget for several years now and back in 2008 he indicated to Paul that he had some concerns with the revenues and where the township was headed. Golding said it has held true for 2010, 2011 and now the 2012 numbers. Golding said the operating income is significantly less than the expenses. Golding said he feels it would be a good idea to look at increasing rates to offset the shortfall in operating income. Golding reviewed his report with the Board along with recommendations for various different percentage increases in sewer rates over the next five years. Golding said if you don't do anything now you will be in the hole by \$2 million in 2016. If you go with a 20% rate increase now in 2016 you would have \$238,752 as operating reserve. If you go with a 10% in 2012 and 5% the next four years you would have a reserve fund of \$92,254 in 2016. Golding said if you go with a 15% increase in 2012 with a 5% increase the following four years your operating reserve would be \$652,925. Golding said his last exhibit shows a 20% increase now and another 10% percent increase in 2015 which would give you an operating reserve in 2016 of \$554,252.

Golding said you have to remember your rates today are 10% lower than they were in 1999. At that time a surplus was building and the Board of Supervisors elected to reduce the rate by 20%. In 2005 the Board of Supervisors increased the rates 10% and that is where your rates are today.

Golding said the 2012 sewer budget that Paul Hosking has prepared shows you are going to have a negative impact in 2014. This shows that you need a rate increase and he would suggest a 20% increase. Colver said he is not going for a 20% increase. Colver said three years ago this Board started meeting with department heads to see if there were any big things happening with budgets and now we find out we are here. Hosking said he said for the past two years that we were heading in this direction. Hosking said we have been using our operating reserve each year. Colver asked if it is the treatment costs. Hosking said that is some of it but it also includes employee salaries and benefits. Hosking said we are trying to avoid having to make large increases like Bethlehem Township. Hosking said the revenues are flat. Lammi said when I look at the past four year comparisons your 2010 actual expenditure was \$2.9 million. In 2011 you budgeted almost \$3.7 million. Panella asked why the Repairs and Maintenance line item is projected going up significantly. Hosking said he budgets \$50,000 each year to cover the worst scenario. Hosking said if I have a catastrophic sink hole, like we had on Beaver Lane a few years back, I will go through that \$50,000 and then some. Smith said when someone asks me why such a big increase –I need to understand why. Golding said growth has remained stagnant over the last several years and it should remain that way for the next several years. Golding said the treatment costs have not been stagnant and they will continue to rise and it is passed along to you. Your employee's salaries will continue to rise also. You have a stagnant revenue source against an ever increasing expense column. Colver said if we would approve an increase when would it take effect? Hosking said it would be nice to get a whole year in, so our November billing would have the increase so we have it all in the 2012 budget. Colver asked how new homes effect it, like Woodridge Falls, etc. Golding said all the units won't come in for a year or two. We look at the next five year period to project increases in revenues generating units for the township. Hosking said he bases his numbers on what the building department expects in revenues.

Colver said he'd like to see some figures as to where the authority stands. Maybe there are other things we need to be talking about. Lammi said he'd like to see a projection for a 10% increase now and another 10% increase in 2014. Golding said Exhibit C would be close to that projection. Lammi said this whole economic downturn has to turn around sometime. Lammi said he did not think we should throw the whole 20% increase at the residents now. We can wait and see if the economy turns around and if we would need another increase later. Lammi said this is not the time to be doing something like this. Hosking asked if there is anything the Board would want us to do. Lammi said the projections for a 10% increase now and another 10% increase in two years. Golding said he will put that projection together. Colver said we aren't going to be ready to talk about this until possibly the first Monday in November to rehash these numbers.

On motion by Lammi, seconded by Smith, and agreed by all, the Board tabled the item until the November 7, 2011 meeting.

5. PUBLIC COMMENT

None

6. REPORTS

Township Solicitor

- Bruno had one litigation and one real estate item for executive session.

On motion by Mitchell, seconded by Panella, and agreed by all, the meeting was adjourned at 8:00 p.m. with one real estate and one litigation item for executive session.

Respectfully submitted,

Christopher S. Christman
Township Manager