The stated Special Meeting of the 2022 Preliminary Proposed Budget Formal Presentation of the Board of Commissioners of the Township of Abington was held via webinar and in-person at the Township Administration Building, Abington, PA., on Thursday, October 28, 2021, with President Spiegelman presiding.

CALL TO ORDER: 6:34 p.m.

ROLL CALL: Commissioners THOMPSON, BRODSKY, BOLE, CARSWELL, ROTHMAN, MYERS, ZAPPONE, DiPLACIDO, WINEGRAD, VAHEY, SCHREIBER, HECKER, SPIEGELMAN
Excused: Commissioners VAUGHN, BOWMAN

Also Present: Township Manager MANFREDI
Finance Director HERMANN

PLEDGE OF ALLEGIANCE

NEW BUSINESS:

Introduction of and Presentation to the Board of Commissioners of the Fiscal Year 2022 Preliminary Proposed Annual Budget:

Manager Manfredi said tonight is the first presentation of the FY 2022 preliminary proposed annual budget to the Board of Commissioners that will be available to the public tomorrow providing extra time for review and to ask any questions. Next step will be that the Board of Commissioners will consider adopting FY 2022 proposed budget at its Regular Business Meeting on Wednesday, November 10, 2021, and then the Board of Commissioners will consider adopting the final FY 2022 Annual Budget at a public hearing as well as adoption of the Tax Ordinance at its Regular Business Meeting on Thursday, December 9, 2021.

Presented was the 2023 Budget Adoption Calendar that includes extra steps in the process making it be more interactive and provides additional opportunities for the public throughout the course of the year and it is driven by the strategic plan of the Board of Commissioners.

Strategic Plan FY 2022 focus areas of Fiscal Sustainability: Infrastructure; Economic Growth; and Safe, Inclusive, Connected and Sustainable Community that integrates each focus area into how the Township does business, which is the basis for proposed budget.

Assessed value is the total value of the Township's property, and taxes are based upon that valuation, and in 2011, there was a climb where the assessed value increased, and the Township was able to regain additional income. In 2018, it began to decrease and has continued to decrease each year, and in 2020 to 2021, there was an even steeper decrease, so even though the millage rate did not increase in the past three years, we needed to make cuts to offset the decrease in value of the millage rate. So, the value of a mill is based on total valuation of assessed value and the formula is that it is divided by $1,000 at a collection rate of 98%. Chart showed that total assessed valuation in FY 2022 is less than 2021.

A property owner will pay $1.00 in property tax for every $1,000 of the taxable appraised value of the property. In Montgomery County, assessed value for an Abington Township homeowner's property was set at $150,000, then one mill of taxes would equal $150.00. At the proposed Township tax rate of 5.922, which is an increase, the average Township taxpayer will pay $888.27 in Township property taxes; an increase of $160.62 from 2021. Also, we are not including any increase in trash and sewer fees. Township staff took great measures to save dollars resulting in a no tax increase last year, but we cannot defer it any further as we need to deal with lost revenue and increasing expenses, so we worked hard to try to keep proposed millage rate as low as possible, and FY 2022 proposed increased millage rate is 1.071mills.

Real Estate Tax Distribution Chart was presented showing 77% to the School District; 14% to the Township; 8% to Montgomery County and 1% to Montgomery County Community College.

Tax rate and revenues by levy were presented noting that we have looked at ways to consolidate positions and utilize resources in various departments to reduce costs and maintain efficiencies. Regarding special levy for debt service, the Township has done an excellent job of managing debt, and in 2022, some of that debt will be paid off, and managing debt properly allows the Township to keep tax increase down.

2022 General Fund –

Fund Balance Policy:

The fund balance policy created by the Board of Commissioners ensures that there is three months cash reserve for operating expenses in which there is $11,142,952, and of that, the Township can only use $891,733 to balance this budget. This policy also establishes that excess revenues over expenses funds OPEB (Other Post Employment Benefit) liability; the capital fund and any fund equity that we would keep available is what we could use. Also, we need to strategically consider how we will fund capital projects as we cannot continue to rely on the property tax and take a stronger look at other taxes such as Business Privilege, Mercantile and other taxes. We will also review how the Township issues permits that covers the interdepartmental charges as well as the actual cost in providing services.

Revenue and Expense Review –

Ms. Jeannette Hermann, Finance Director, explained that the general fund budget from 2021 to 2022 is increasing by $3.2 million dollars and that is largely related to personnel and benefit costs, which continue to rise based on natural reasons, collective bargaining agreements, health benefits, pension costs and other raises, etc.

Debt Service and the Fire Department are listed separately on the new chart of accounts for 2022 as individual funds.

Regarding the decrease in debt service, the Township will be paying off the 2017 Note in 2022 of the general fund, so there will be no debt in the general fund going forward; however, there is still outstanding debt for the sewer and refuse funds.

Capital funds have decreased ($2,825,039) and the reason is that we reclassed several requested projects to ARPA (American Rescue Plan Act).

Chart was presented showing FY 2022 major cost centers by function that make up the general fund noting the online program is interactive to further explore data.

Revenue budget comparison from 2021 to 2022 shows expected increases in Earned Income, Mercantile and Business Privilege Taxes as it is a reestablishment of pre-pandemic levels staying on pace during 2021; however, there were more business tax refunds this year and we expect to see an increase in business tax refunds next year as well. Those taxes are prepaid, and when businesses close or have other issues, they seek refunds of those prepaid estimates. The Deed Transfer Tax did well this year due to increase in home sales and mortgage rates, although, we expect it to taper off as mortgage and loan rates are expected to increase slightly.

Expenditure budget comparison 2021 to 2022 reflects various items and salary/wages tend to increase every year, which is part of having a service-oriented government. One of the larger items is the gasoline expense and we hear in the news about fuel costs increasing; however, at the Township, we have managed to remain stable and there has been decreases as well as a decrease in usage for both diesel and gasoline and staff of Public Works and Vehicle Maintenance Departments have requested to decrease the budget by $100,000.00.

Residential Refuse Fee History and Sewer Budget History reflects static numbers and we do not anticipate any increase for either the refuse or sewer fees in 2022.

Capital Fund Review –

At the beginning of 2021 in the Permanent Improvement Fund, which is the capital fund for all Township projects, we had a balance of $7,814,846, and the end of this year after the estimated expenditures and transfers and incoming revenue, we expect to have a balance in that fund of $4,844,091. We propose to appropriate $3,339,481 of the total amount leaving a balance of $1,504,610 at the end of 2022. Program Summary Sheet was presented of proposed 2022 Capital Projects by department as well as a Program Summary Sheet of proposed 2022 American Rescue Plan ACT (ARPA) projects and the Township is able, under ARPA, to newly hire for positions that suffered losses due to the pandemic and we hope to reestablish the Township's service level for all residents of Abington Township.

Manager Manfredi added that the projects included in ARPA are critically essential to adding back certain positions to provide the level of the service that residents were used to at no additional cost to the taxpayers.

President Spiegelman asked for any comments from Commissioners.

Commissioner Zappone asked where is the information on the breakdown of manpower per department?

Ms. Hermann replied that information is in the Manager's Budget Message titled, "Compliment Chart" and there is a supplemental section of the online budget book, which includes all the position schedules.

Commissioner Zappone clarified that proposed is a tax increase. Is that correct?

Manager Manfredi replied yes of 1.071mills.

Commissioner Zappone said even though residents, who during the pandemic lost their homes, jobs and businesses, the Township is still proposing a tax increase. Is that correct?

Manager Manfredi replied yes, although, it is not a pleasant thing to have to propose for the reasons outlined.

Commissioner Zappone continued that the Township is expecting to receive approximately $8 million dollars back from PennDOT for the Tyson Avenue/Edge Hill Road project noting the project should be completed by December and then PennDOT will warranty it for another year, so the Township should receive those funds towards the end of next year, and he asked staff to check on it.

Manager Manfredi replied staff from Finance Department will check on it.

Commissioner Zappone said that the Township will also receive funds from the Federal government, so all those funds will be figured into the budget. Is that correct?

Manager Manfredi replied yes. Regarding the Federal government's American Rescue Plan Act, the Township received the first deposit that was in excess of $9.5 million dollars and this budget includes projects in that amount, for example, the HVAC for the Administration building needs to be replaced, and if it were not for those dollars, we would not be able to reduce the proposed tax increase because we would have to maintain the millage rate for debt service to pay for it.

Also, the Board of Commissioners approved engaging a firm to analyze what the Federal government's ARPA funds could be used for and there is a rigorous process in which there is a review and an analysis against the parameters of what can be done under that Act before it was included in the proposed budget.

Commissioner Zappone asked for the total amount of the Township's Fund Balance.

Ms. Hermann replied that the Fund Balance is currently $12 million dollars.

Commissioner Schreiber said regarding the ARPA projects, they are all good projects, and she is not against any of them in an ideal world; however, she is concerned that not all are critically needed. She agrees funds need to be spent on the Administration building as it is needed and probably more, but we are spending close to the same amount on parks and recreation, for example, the park that is being proposed is more than $1 million dollars and she has not seen a budget for it, and if a committee has been put together, we should be looking for any available grant money through DCED as well as from foundations; also she suggested looking into personnel who could assist with getting grants and business development to bring in revenue rather than spending money. She would like to see the guidelines on how ARPA funding can be used.

Manager Manfredi replied he will provide that information.

Commissioner Carswell commented that there is no fee increase for sewer and refuse and we are fortunate in Abington to have our own staff who collects trash and gets the job done well. Has there been any challenges that might impact those fees?

Manager Manfredi replied we are not being impacted by the labor shortage because our employees are Township-employees, and they are doing their work every day and there is no concern. Our Refuse Division and everyone in Public Works Department do an incredible job, and we have not felt the pinch as others have.

Commissioner Bole thanked all Township staff as there has been stretching to meet the demands of the job and the level of service capability has been stretched during the pandemic, so one of the proposals is in personnel that will help bolster the customer service that we bring to residents of Abington. He asked for further information on that such as in the Code/Engineering Department.

Manager Manfredi replied regarding the Code Department; in 2017, there were a number of directors' positions as well as other positions in which there were retirements and we discussed how we were going to move forward in a cost-efficient manner. When the 2020 pandemic hit, there were two critical positions that were not filled and this budget will add another fulltime administrative person and another part-time property maintenance inspector to the team as the volume of work, calls, and permits that goes through that office is incredible.

Regarding Engineering and Public Works Departments, every employee has been assisting while being down in personnel, and by adding two fulltime personnel to that department will free up administrative managers to get back to the work they were doing.

Also, it has been expressed to him that parks are a priority, and we need to begin investing in them whether it is routine maintenance or park improvements and we have been seeking grants through numerous venues, and we will have someone dedicated to managing projects and grants when we find the right fit for Director of Parks and Recreation. We are also looking at other positions that are critical in getting the work done.

Commissioner Vahey commented that the new budget book does not have a comparison to prior year's budgets, and although there is a general comparison, it is not down to the department and line item as it was previously. He understands the change in accounting system probably complicates it; however, he needs a point of reference to understand where the increases/decreases are, so if that could be done, it would be helpful to analyze and critical to have.

Manager Manfredi replied we will be able to provide groupings of comparisons and work to get each line item comparison as possible.

Commissioner Vahey continued that it seems to be lacking detail of prior budgets such as there is no further breakdown of salary expenses.

Manager Manfredi replied that is under the Supplemental section.

Commissioner DiPlacido questioned whether there was an announcement or specific time period of when to submit an application request for allocation of funds from the American Rescue Plan Act, and if so, he does not recall when that occurred.

Manager Manfredi replied yes.

Commissioner Rothman agreed with all comments made about how appreciative we are about the amount of work that goes into the budget as well as the tough decisions made last year that continue to be a necessity this year, and he is not a fan of raising taxes during difficult times; however, there is a standard of expectation that Township residents have. And in the name of transparency that we seek as a collective unit of the Board of Commissioners, we need to have a comparison to review side-by-side not only for the Board, but for the community.

Manager Manfredi replied that we recognize a comparison of 2021 to 2022 would be helpful and we will meet that challenge and find a solution; also, staff of the Finance Office are available to answer any questions.

Ms. Hermann added that when the link is received and made public, there will be the Table of Contents and it is noted to email Finance Department at onlinebudgetbook@abingtonpa.gov with any questions. Also, there will be five or six videos teaching on how to navigate through the book.

Commissioner Winegrad asked when will this video be posted for residents to view this presentation? Also, he thanked Manager Manfredi and staff for the work done throughout the year to get us through this difficult fiscal time.

Manager Manfredi replied that the video will be posted tomorrow.

President Spiegelman asked for any public comments.

Lora Lehmann, Bryant Lane, expressed concern about not having the budget documents for this meeting; also, about the amount of public speaking time. She also expressed concern about "not being able to participate in the budget until the very end," and about the Township's customer service. And she asked for further explanation on how assessed values are down and how the OPEB debt has changed.

Cakky Evans, 1132 Lindsay Lane, commented that the pandemic has been horrendous for so many people, and she thanked the Board of Commissioners and staff for their work as it has been a struggle; also, the customer service of our Township is world-class.

President Spiegelman announced that the Board of Commissioners will review proposed budget extensively and it will be available for public review. The next step will be to vote on Wednesday, November 10, 2021 to move the preliminary proposed budget forward towards final adoption.

ADJOURNMENT: 7:54 p.m.

Respectfully submitted,

Liz Vile, Minutes Secretary