

WARMINSTER TOWNSHIP BOARD OF SUPERVISORS
MINUTES OF THE PUBLIC MEETING
Thursday, December 28, 2010 7:00 PM
Special Meeting 2011 Final Budget

MEMBERS PRESENT: Gail E. Johnson, Chairman
Frank Feinberg, Vice Chairman
Leo I. Quinn III
Thomas E. Panzer, Esq.
Ellen S. Jarvis

STAFF PRESENT: Robert V. Tate, Township Manager, Treasurer, Secretary
David J. Sander, Attorney, Friedman Schuman
Jim Krueger, Municipal Services Director

1. Call to Order: The Public Meeting of the Warminster Township Board of Supervisors, duly advertised in public notices, was held at the Township Building, 401 Gibson Avenue, Warminster, PA. The meeting was called to order at 7:00 P.M. by Gail E. Johnson, Chairman.

Pledge of Allegiance: Led by Mr. Feinberg, was followed by a moment of silence for our men and women in uniform around the world.

2. Announcements, Correspondence, Awards:

Supervisor's Announcements:

Mr. Panzer requested distribution of copies of the final budget to the public. Mr. Tate stated that copies were being made and would be available shortly.

Mr. Quinn apologized for being absent from the meeting on December 27th.

Upcoming community events were announced by Mr. Tate. Additional information is available on the Warminster website, www.warminstertownship.org or on the Township's local TV channel.

3. Old Business

A. Consider Approval of Memorandum of Agreement for AFSCME Local 2289 (WTEO)

Mr. Tate summarized the Memorandum of Agreement which was agreed to by the Board on December 27th. It was accepted by the union late today.

A motion was made by Mrs. Jarvis, 2nd by Mr. Johnson to accept the Memorandum of Agreement for AFSCME Local 2289 (WTEO) between the Warminster Township Board of Supervisors and the Warminster Township employees organization otherwise known as WTEO, AFSCME Local 2289.

(This motion was not voted on)

Discussion: **Mr. Quinn** asked how this compared to the Public Works agreement. Mr. Tate cited the differences between the two agreements and stated that the difference was nominal. Mr. Johnson said the agreements were close to being equal. Mr. Quinn then asked about the pension plan to which Mr. Johnson explained the differences on whether an employee leaves before or after they are vested. Mr. Panzer asked about the discussion of the offer of the AFSCME leader last night. He continued that the document in question was not emailed until 5:15 this evening. Mr. Joseph Banks, Desk Clerk at the Police Department gave information on the clerical employees at the Police Department and how they are utilized. Mr. Panzer pointed out that the Board was not given notice on which employees would lose their jobs. He also questioned the

layoff and pension contribution sections of the agreement. He said the document was received too late in the day for him to take action.

A motion was made by Mrs. Jarvis, 2nd by Mr. Quinn to table the acceptance of the Memorandum of Agreement until the details can be cleared up and reviewed more accurately. Vote to approve 3-2 (Mr. Feinberg and Mr. Johnson voted no).

Mr. Johnson stated that he believes the discrepancy was a clerical error. Mr. Feinberg added that the last email of the day sent by Mr. Tate stated that we had all agreed to the terms of the agreement. The terms that we looked at last night were included “down the string” of emails. Mr. Tate stated that the steward agreed. He continued that there is a typo in the MOA and two per cent in 2012 if needed would make the agreement complete. (This would include 2013 if needed). Mr. Sanders added that it would be good form if the MOA contained both the reference to the pension contributions for 2012 and a reference to what happens in 2013 if the parties to the contract mutually agree. He further stated that the Board has the authority to take action on this conditioned on the addition of the language we are discussing regarding pension contributions in 2012 if actuarially sound and contributions in 2013 if the agreement is mutually extended.

After the vote to table, Mr. Johnson stated that it would be added to the agenda on January 3rd

B. Consider Approval of Final Budget 2011

The Final Budget for 2011 was presented by Mr. Tate for approval. The total expenditures are \$23,960,915. The budget includes a tax increase of 5 mills. A comparison of 2010 and 2011 expenses is shown in the Executive Summary which is available to the public. In preparing for the 2011 draft budget, the deficit was approximately \$3.4M. A detailed and thorough explanation of revenues and expenses by funds is provided to show where the money comes from and where it is spent. When taxes are increased by 5 mills only 9 per cent of the real estate taxes are controlled by the Supervisors and are separate from the school district taxes of which 74 per cent goes to the school district with 17 per cent going to the county.

Mr. Johnson stated that each of the Collective Bargaining Units agreed to no pay increases, concessions on health insurance, and pension plan contributions in 2011. Mr. Feinberg stated that the tax increase would be approximately \$175 per house, broken down to \$14.58 per month.

4. Public Comment:

Mark Gindhart, 653 Mueller Road asked about the golf course and whether it is profitable. Mr. Feinberg answered that we broke even this year due to changes at the course. We are looking at proposals for outside companies to manage the course which would bring in revenue for the Township.

John Gonzales, a township resident added that part of the equation is that the golf course contributes \$500,000 to the debt service.

Dick Ludwig stated that no decision would be made until the proposals from outside sources are evaluated in 2011 by Mr. Tate and the Supervisors. Whether the golf course is under the direction of the Township or leased out has not been decided. Mr. Tate added that since inception, the golf course has generated and funded the general fund with a gross amount of \$3.7M. Over a period of time money was loaned back to the golf course when they could not cover the debt service of approximately \$1.6M. Mrs. Jarvis added that, while she is a critic of the golf course, the golf course is the principal way in which we treat our storm water and provides a lot of open space in the Township. It is an environmentally sound way to use our land while serving the debt service.

Mr. Gindhart then stated the 300 Year Anniversary Celebration, the videographer and Parks and Recreation were costly expenses while people were losing their jobs. He feels the job of the government is to protect, not

entertain. Mr. Johnson stated that it is appropriate to celebrate the 300th Anniversary of the Township. He continued that the Township would realize some revenue and the people on the committee are working toward making this a break even enterprise. Mr. Gindhart asked for the Board to reconsider some of the numbers in the budget.

Bob Vegetable, Meadowwood Lane observed that some expenses in the budget may have been pushed into 2012 and asked about forecasting for 2012 and if a projection is available. Mr. Tate responded that preliminary budget projections have been done with the process starting in July and August. Revenue is tied not only to real estate taxes but to the economy, business taxes, development within the Township, and other sources which are more at risk. He added that a projection for 2012 has not been started. Mr. Vegetable suggested that the budget be started earlier to avoid the last minute scramble. Mr. Feinberg stated that the Board planned to start in September in the future. Mr. Sanders added that the budget could be changed after March and that items could be added to or not used as the Board sees fit.

Supervisor's Discussion on the Budget:

Mr. Quinn: Questioned Mr. Tate about the contributions to the pension plan going back to 2008 when he suggested that employees contribute to the plan. Mr. Tate stated that the language in the pension ordinance states that the Board can ask for contributions. The language states that the Board may ask for contributions to the pension, subject to collective bargaining. Mr. Johnson stated that the Board does not have any power to impose contributions on unions. Mr. Tate added that the pension plan is not actuarially sound and that is why the police were asked to contribute at this time. Mr. Quinn continued with the real estate tax that the Board controls. It is 12.7 mills and it is requested that it go up to 17.07 mills which is a 41 per cent increase on that portion of resident's taxes. He continued with the deficit of \$3.4M reduced to \$2.2 with negotiations.

Mr. Johnson: stated that no one on the Board is happy with the budget but something has to be passed by the end of the year and this is the best we have been able to come up with.

Mr. Panzer complimented Mr. Tate on the Executive Summary and the impressive spread sheets that have been produced. He focused on the revenue section and questioned how the numbers are figured. Mr. Tate replied that a formula calculates the components. Mr. Panzer continued with questions regarding fee in lieu of at Erickson properties, miscellaneous reimbursements, budgeting building permits and what projects the estimate is based on. Mr. Tate responded with the TOD project, Christ Home, County View, Costco, Wawa, an office building at Franklin Lot #5 and McDonald School (exemption for schools). Mr. Panzer then asked about the Major Fund Category which includes short term borrowing and how the amount is going to be repaid. Mr. Tate is looking at proposals from local banks to lend us \$1.5M with terms to repay in June, September, and December with interest. Mr. Tate plans to present a summary to the Board with banks, rates, etc. at the Reorganization Meeting on January 3 so that the Board can be aware of the options and shortly thereafter ask for the Board's selection of the lending organization. Mr. Tate added that the revenue estimate for 2011 is conservative. Mr. Panzer then asked about the Tree Fund and how it is split between General Fund and Park and Recreation. It is now in the General Fund. Mr. Feinberg, Mr. Panzer, and Mr. Quinn took a salary reduction of ten per cent and Mr. Johnson's full waiver of his salary was noted. Public Works retiree's group insurance plan and benefit costs was examined.

Mrs. Jarvis asked about the capital projects in Building Improvements for \$60K. Mr. Tate listed the upgrades and improvements Park and Recreation needs.

A motion was made by Mr. Johnson, 2nd by Mrs. Jarvis to approve the Final 2011 Budget. Vote to approve, 3-2 (Mr. Panzer and Mr. Quinn voted no).

Mr. Quinn stated that the Supervisor's salary, at \$4,375 has been the same for 19 years in the state of Pennsylvania. He reiterated that the Supervisors took a ten per cent pay cut in an effort to help the Township. He then read a statement which is included at the end of these minutes.

Mr. Feinberg stated that from 2002 through 2006 there were three real estate tax increases. Over those years, the Township portion of the budget cumulatively was increased 240 per cent. There have been no tax increases in 2007 through 2010 and the millage has been increased. The big majority of our revenue is from taxes. He continued that what is happening in Warminster is a result of what is happening in Washington and Harrisburg. We are limited and inhibited on what we can do. We are hoping to see an improvement in the economy in 2012. We need to keep watching expenses. He promised that the budget would be tracked on a monthly basis so that we have a warning if anything happens plus or minus.

Mrs. Jarvis stated that hard negotiations took place for some of the agreements. We had many meetings with not all Supervisors attending. This is our budget and we should be working together. She feels the Board has become divisive and stated that politics should not be part of the budget. All Supervisors should participate fully because the budget is for the community. She stated that the Board did their very best and is not happy with the budget.

Mr. Panzer added that he has been in multiple executive sessions and at this public meeting dais and attempted to assist in solving problems. He stated that many of his suggestions were voted down. This budget reflects a past failure to plan. He then asked Mr. Tate about Storm Water in the budget to which Mr. Tate gave a detailed explanation.

Mr. Quinn stated, that regarding the contract negotiations, only two supervisors are permitted to be at any negotiations, if you have three it is considered a quorum. At our last executive session we had a 5-0 decision to table the police contract and something changed within nine hours.

C. Resolution #2010-21 – Establishing the Real Estate Tax Millage for 2011

Resolution #2010-21 was read to the public by Mr. Johnson.

A motion was made by Mrs. Jarvis, 2nd by Mr. Feinberg, to approve Resolution #2010-21, Establish the Real Estate Tax Millage for 2011. Vote to approve 3-2 (Mr. Panzer and Mr. Quinn voted no).

D. Resolution #2010-22 – Setting the AFSCME Local 1598 Employee Contributions to the Pension Fund and Health Benefit Plan for 2011

Resolution #2010-22 was read to the public by Mrs. Jarvis.

A motion was made by Mr. Quinn, 2nd by Mrs. Jarvis, to approve Resolution #2010-22, – Setting the AFSCME Local 1598 Employee Contributions to the Pension Fund and Health Benefit Plan for 2011. Vote to approve 5-0.

Note: Correction required under Prescriptions, 30 Day Mail Order changed to 90 Day Mail Order.

E. Resolution #2010-23 – Setting the Police Contributions to the Pension Fund and Health Benefit Plan for 2011.

Resolution #2010-23 was read to the public by Mrs. Jarvis.

A motion was made by Mrs. Jarvis, 2nd by Mr. Feinberg, to approve Resolution #2010-23, – Setting the Police Contributions to the Pension Fund and Health Benefit Plan for 2011. Vote to approve 4-1, (Mr. Quinn voted no).

F. Resolution #2010-24 – Setting the AFSCME Local 2289 (WTEO) Employee Contributions to the Pension Fund and Health Benefit Plan for 2011.

Resolution #2010-24 was read to the public by Mrs. Jarvis

A motion was made by Mrs. Jarvis to table this resolution for future consideration but it was removed by Mrs. Jarvis after Mr. Sanders' explanation.

Mr. Sanders explained the resolution could be adopted establishing the numbers because the language in the MOA speaks to future contributions and this resolution applied to 2011. These numbers won't change whether the MOA is adopted.

A motion was made by Mr. Johnson, 2nd by Mr. Feinberg to accept Resolution #2010-24, Setting the AFSCME Local 2289 (WTEO) Employee Contributions to the Pension Fund and Health Benefit Plan for 2011. Vote to approve 3-2 (Mr. Quinn and Mr. Panzer voted no).

Mr. Tate stated that it has been mentioned that consideration for favorable treatment be given to the at-will employees since we now have differences between the AFSCME WTEO group and the AFSCME Public Works group. We are following the AFSCME Public Works Contract. It would be more favorable for eleven of the 15 at-will employees if we follow the WTEO, which would be a two per cent pension contribution. This was a last minute change with the medical and prescription matching 2010-24.

G. Resolution #2010-25 – Setting the At-Will Employees Contributions to the Pension Fund and Health Benefit Plan for 2011

Mr. Feinberg read Resolution #2010-25 to the public.

A motion was made by Mr. Johnson, 2nd by Mrs. Jarvis to accept Resolution #2010-25, setting the At-Will Employees Contributions to the Pension Fund and Health Benefit Plan for 2011. Vote to approve, 4-1, (Mr. Quinn voted no).

H. Approval of the Minutes of December 16, 2010

A motion was made by Mrs. Jarvis, 2nd by Mr. Feinberg to approve the minutes of December 16, 2010.

Mr. Panzer and Mr. Quinn stated that they did not have an opportunity to read the minutes and asked that the motion be tabled.

A motion was made by Mr. Johnson to table the minutes until the Board meeting in January. Vote to approve, 4-1, (Mrs. Jarvis voted no)

5. New Business

A. Consider Approval of Agreement for Third Party Zoning and Inspection Services

Mr. Johnson stated that this has to be done before the first of the year because people have to be available to provide services. Mr. Tate has two proposals and has interviewed both companies and consulted with the professionals for their consideration. He is recommending that the Board appoint Keystone Municipal Services for the third party zoning and inspection services for 2011.

A motion was made by Mrs. Jarvis, 2nd by Mr. Feinberg to consider approval of agreement for Third Party Zoning and Inspection Services. Vote to approve, 5-0.

Mr. Panzer inquired if Keystone had been approved by the Township Solicitor and Engineer and if the motion was consistent with the proposal. Mr. Tate responded yes to both questions. Mr. Johnson stated that they have provided services in the past.

6. Supervisors Comments

Mr. Panzer: Thanked **Lt. Dominic Varacallo** of the Police Department for being at the meeting tonight. He stated that he hoped the question he had asked about the Chief and Lieutenants being in the Collective Bargaining Agreement or not, was not taken in the wrong context. The Reorganization Meeting is on January 3rd and he is looking forward to 2011 being very different procedurally with a more efficient operation by the Township, the Supervisors and the Board of Directors. He wants to cut the amount of emails he receives bombarding him with deliberations on details of contracts, etc. The communications issues in the Township need serious attention. He will continue to attempt to work through problems with the Board and hopes that people realize that not every statement that is made is a political, but is just about trying to deliver a good government. One of his New Year's resolutions is to spend less time on a daily basis dealing with the day-to-day operations of the Township. One of his resolutions is to batch process the Township emails. They are a constant interruption to people who have jobs and are unnecessary. The protocol moving forward should be established by how it works best for the Supervisors and the Manager. He hopes everyone has a Happy New Year and "let's go get them in 2011."

Mr. Johnson stated that he participated in some of these negotiations and also has a day job in which every minute he spends away from his office costs him money. He tries to be involved in all of the issues and appreciates the time the other members of the Board give. He agrees with Mr. Panzer that the email gets excessive and will try to figure out a way to curtail some of that. It would help all of us.

Mrs. Jarvis added that she too has several day jobs in addition to being a wife, mother and grandmother and probably has more jobs than everyone else. She stated that the Eagles were tied at half time and wishes everyone a Happy New Year.

Mr. Feinberg added that he does not have a day job and wished everyone a Happy New Year.

7. Adjournment

The meeting was adjourned at 10:10 P.M.

Respectfully submitted,

Robert V. Tate, Jr.
Secretary

Mr. Quinn's statement follows.

Dear Warminster Residents;

I have received numerous emails and calls, as a result of the flyer "Save Our Police. Some residents requesting that I would change my vote regarding the police MOA, (Memorandum of Agreement), so we could save their jobs and other completely disagreeing with the flyer asking me to please NOT change my vote, because we need to keep our costs in line and be mindful of ALL of our spending. I wish to reply to this overall issue. Four years ago, WT had a surplus of over \$1MM. The present budget is short \$3.4M. WT got into this situation due to a number of issues over the last three years.

1. The stock market crashed in 2008 resulting in the value of our pension to plummet. I suggested we immediately have our employees contribute 2% to their fund, but no-one on the Board would act upon my request. That would have been 6% that would have been put back into the fund which would have significantly reduced the \$1.3M, MMO, Minimal Municipal Obligation that is required, by law. This could have saved approximately 6 jobs or 2 mills of tax increase.
2. A new contract was negotiated, at the end of 2008 for 2009 which awarded 3-3.75% raises to all employees, while many of our residents were getting no raises and/or being laid off. (I voted NO.) Since no tax increase was proposed, I asked the other Board members and Township Manager many times, where is the money coming from to pay for these increases? No answer was given.
3. Last year, during the worst economic climate since the Depression, the Township Manager and the Chief of Police were awarded the largest salary increase in the history of Warminster Township. I, once again asked the BOS and Township Manger, why and where was the money coming from. Once again, they ignored me and my request and as a result, I voted NO for this budget.
4. This year, 2010 starting around March, Tom Panzer and I stated, at a BOS meeting, that we had no money and that we were broke!? We were short \$700,000 throughout the year and all of the money saving measures we suggested, (like cuts in spending and furloughs) were ignored, so we fell short and are now borrowing \$500,000 from our storm water reserves and not paying back until 2012.
5. Our revenues are down. Transfer taxes from homes sales and new business's totaling about a \$500,000 shortfall, but I said that was going to happen and that we needed to slow or reduce spending, but that did not happen, either.
6. In 2008, The other BOS members turned away the Circus that wanted to move from Parx Casino to WT, guaranteeing us a MINIMUM profit of \$1MM over a 10 year contract, for 2 weeks use of Warminster Community Park, at NO cost to WT!.
7. Many surplus funds have been raided and depleted and slid into the General Fund to cover these increased costs.
8. Last year, the Storm Water fund was reduced from 1.25 mills (\$400,000) to .25 mills (\$75,000) to help plug the hole created in the General Fund, due to the continual increased spending from rising salaries awarded by the other BOS's. This was done even though we have increased residents concerns to fix issues totaling \$1-2MM, at a minimum..
9. So how do we fix it? The present budget includes a lay-off off 21 employees AND raising taxes 4 mills.
10. Many areas of the budget have been reduced, by working hard with each department. We did go back to the Police Dept and received another \$85,000 reduction in costs, separate of personnel. We re-organized the Public Service, L & I Department, and Risk Management Departments resulting in 3 white collar managers being eliminated. All non-union personnel will see a salary freeze, contributions to their pension, prescription co-pays, and medical insurance contributions. All union personnel were asked to do as well and if they agreed to our request, **100% of their jobs would be in tact**. Two of the unions, AFSCME and WTO, that earn an average of about \$33,000 per year agreed, and it is much appreciated. (This offer by these unions saved 9 of the 21 jobs.) **The police, that make an average of \$72,000, before**

overtime, did NOT accept our offer. (Medium salary of Warminster residents is \$41,033 for males and \$33,032 for females.) The PBA chose to counter offer, which only saves WT approximately ½ to 2/3 mills (\$199,000) in 2011 still leaving a 1.5 mills shortfall. Their counter offer also locks WT into NO lay-offs until 2015, 4% raises, EACH YEAR, and no payments toward their medical, at all, **NOT ONE PENNY**. This offer increases the cost for police from \$6.9M to \$9.0M., over the life of the MOA contract. This is an increase of taxes of approximately \$660.00 per household, on average, or if you live in the Villa's of Five Ponds, over \$1,000. If the Police Union, (PBA), (and 3 other BOS truly cared about the residents of WT), they would not put us into a crippling financial situation now and in the future, the PBA would have chosen to accept the offer from the WT BOS..

11. The PBA's second counter offer to WT, which before the BOS tonight, saved just \$462 over the first offer. That is NOT a typo. This is \$462, dollars. This is the offer that Gail Johnson, Frank Feinberg, and Ellen Jarvis, decided was acceptable. So, these 3 supervisors are planning on approving this latest MOA, Monday 12/27 at 7:00pm. It probably cost WT 5-10 times more than that savings for the attorney's to meet and discuss this latest proposal. What a waste of OUR money!
12. In closing, I want to mention, again, that I believe in our Police and ALL of our employees. A proposal was submitted to the PBA by the BOS that would enable the PBA to keep 100% of the officers on staff and the Chief has stated that if police lay-offs were to occur the safety of Warminster residents would not be jeopardized. . During my 7 years on the Board I did vote to raise taxes, once. Back in 2005 when things were quite different than they are today. That tax increase initiated many efforts to invest in our Police Dept. We have all new bullet vests, ammunition, automation, vehicles, bicycle patrols, training for advancement and good pay. This year is really a tough year, financially, probably the worst ever in the history of Warminster Township, and all are being asked to sacrifice. I believe I have been elected, and re-elected, because I try to be fair to all, and mindful of balance. I hope you now better understand why I am taking the position I am taking. I will NOT change my mind. I voted NO regarding the last three years budgets knowing this is where we were headed. With this latest MOA contract our financial future is in further trouble. I vote NO on the PBA MOA and this budget.

Sincerely,

Leo Quinn
WT Supervisor