

November 10, 2010
Township Building

A regular meeting of the **FINANCE COMMITTEE** was held tonight, Chairman Michael J. Swavola presiding. Members present were Commissioners Hampton, Haywood, McKeown, Portner, and Sharkey. Also present was ex-officio member Simon. Staff members present were Township Manager David G. Kraynik; Director of Fiscal Affairs Joseph Galdo; Assistant Township Manager Bryan Havir; Public Works Superintendent Mark McDonnell, Public Works Coordinator Rudy Kastenhuber; and Director of Engineering, Zoning & Inspections David Lynch. Also in attendance was Finance Officer Stephen Burns. A Public Attendance List is attached.

1. Ms. Lady Savage requested that she pay her real estate taxes at the 2% discount, as well as a waiver on any penalty amount, since she did not receive the bill for the township and county portion. She did receive the school district bill and subsequent notices. Mr. Burns stated that the bills come out of his office and they are sent to the correct address (her primary residence) and the address was again confirmed when she initially came in for payment. The bill sent was for a face amount of \$2,724.00 and with the 10% penalty the amount is \$2,997.00.

Upon motion of Mrs. Hampton, and approved by the Committee, it was recommended that the Board of Commissioners allow Lady Savage, 8324 Fenton Road, Laverock, to pay the 2010 Township Real Estate Tax Bill in the amount of \$2,724.00 with no penalty.

2. A review took place of the Executive Financial Summary Report for the period ended October 31, 2010 (see attached five-year analysis). Commissioner Simon posed a question to Mr. Kraynik with regard to the Earned Income Taxes (EIT) budget number for 2010.

Mr. Kraynik responded that he believes the current budget number to be a good estimate, but that he will continue to monitor the current collections for EIT. The Committee approved the Executive Financial Summary Report.

3. Upon motion of Mr. Portner, and approved by the Committee, it was recommended to the Board of Commissioners the adoption of an Ordinance approving the following transfers within the 2010 Operating Budget (see attached):

<u>Department</u>	<u>From</u>	<u>To</u>
Sanitary Sewers	\$ 3,798,030	\$ 4,018,030
Administration-Miscellaneous	\$12,504,673	\$12,284,673

4. Upon motion of Mr. Portner, and approved by the Committee, it was recommended to the Board of Commissioners that the following transfers within the 2010 General Operating Budget be approved by Resolution (see attached):

By Resolution

<u>From</u>		<u>To</u>
<u>Sanitary Sewers</u>		<u>Sanitary Sewers</u>
01-043 PADOT Contract Manhole Adj.	\$ 40,000	01-041 Treatment Costs \$ 140,000
01-043 Wages, Longevity Scheduled	\$100,000	

5. Upon motion of Mr. Portner, and approved by the Committee, it was recommended that the Board of Commissioners adopt a Resolution appointing Berkheimer Tax Administrator as the Township's Earned Income Tax Collector effective January 1, 2011. See attached.

6. Upon motion of Mr. Sharkey, and approved by the Committee, it was recommended that the Board of Commissioners adopt a Resolution adopting the 75% Amortization Option for the Township's Four Pension Plans. See attached.

7. Mr. Kraynik gave a status report on an upcoming bond issue. He is working with department heads to determine the amount of the issue. He stated that Chris Corcoran, of PNC Capital Markets will run the numbers for debt schedules and will determine the most opportune time to go to the market, but that this will most likely occur January or February 2011. Mr. Kraynik stated that he has been tracking the amount of current capital dollars left.

8. A review of the President's 2011 Budget Message and Proposed 2011 Operating and Capital Budgets took place. Mr. Kraynik circulated a November 10, 2010 memorandum that shows the 2011 Budget gap being reduced. See attached. The memo shows the potential tax increase being reduced by various measures and stands currently as an 11.5% increase. Commissioner Haywood stated that he would like to see any proposed tax increase of a preliminary nature be under double digits. Commissioner McKeown stated that we have a deficiency in commercial properties (ratables) and this is directly impacting the millage. Commissioner Hampton stated that we need to look closely to see if we can go below the double digit increase. Commissioner Swavola stated that we need to be ready to reduce services (cut 1 or 2 programs) and that maybe a 15% reduction from all departments may be necessary. Mr. Kraynik stated that he is currently compiling 3%, 4%, & 5% reduction scenarios, which will most likely result in the reduction of personnel. The 15% reduction request will decimate some departments. The recommendations he will present to the Commissioners will address cost

savings. Another tool that should be looked at is a possible sewer rate increase. Commissioner Simon inquired about the pending police arbitration decision since this will directly impact the budget. Mr. Kraynik has spoken with labor counsel and an arbitration award should be handed down soon. Mr. Kraynik stated that he will approach all the unions for possible concessions. Mr. Kraynik reminded the Commissioners that they need to approve the Preliminary Budget per the Home Rule Charter.

Upon motion of Mr. Portner, and approved by the Committee, it was recommended to the Board of Commissioners that the Preliminary Operating Budget for 2011 be adopted as per the November 3, 2010 Budget Message and incorporating recommendations in Item #3 of the Township Manager's November 10, 2010 memorandum.

Upon motion of Mr. Portner, and approved by the Committee, it was recommended to the Board of Commissioners that the Preliminary 2011 Capital Budget and 2011-2015 Capital Program be adopted as per the November 3, 2010 Budget Message.

Mr. Burns requested what percentage of the township budget does the police salary and benefits represent? Mr. Kraynik stated that he did not have the information in front of him, but that it can be answered by reviewing the budget.

9. Old Business – None
10. New Business – None
11. Citizen's Forum.

Mr. Robert DeMaria, Limekiln Pike, Glenside, handed out literature regarding a Bio-Fuel Vapor Research Proposal. He wanted the Commissioners' support. Commissioner Swavola questioned what was actually being requested, and that the Commissioners need to

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study the literature. Commissioner Hampton volunteered to contact Abington Township and the EAC to see if what was being requested is viable and appropriate.

There being no further business, upon motion of Mr. Portner, and approved by the Committee, the meeting was adjourned.



David G. Kraynik
Township Manager

Per: Joseph Galdo, Jr.
Director of Fiscal Affairs



PUBLIC ATTENDANCE LIST



Public Works Committee @ 7:30 P.M.
Finance Committee @ 7:45 P.M.

Wednesday, November 10, 2010

Township Building

(Please Print Clearly)

Print Name	Mailing Address	Telephone Number	E-mail Address
Adam Walker	Baltimore, MD	410-470-3888	
Pam Conti	PB Americas Philadelphia	215 209 1249	conti@pbworld.com
Paul Shultes	PennDOT/AECOM	215-983-8858	c-pshultes@state.pa.us
JUSTIN RUBY		215-646-5595	jruby@meqr.com
Joe Stuckert			stuckertelec@aol.com
Ann Eckert			lerkerto@gmail.com
Barb Duff	8 Hewett Rd.	215 885-1566	beduffy@comcast.net
Chris Blazic	WV Wesston WV 26187	215 886 8096	chblazic@comcast.net
Ch. McHugh	127 Hewett Rd		
Tom McHugh	127 Hewett Rd		
Emily Stine	101 Cliff Ter	215 277 5733	stine.emily@gmail.com
David Schultz	15 Waverly	-	
Wanda	10175 Market #301 Phila Pa 19133	215.614.3838	

FIVE YEAR ANALYSIS - AS OF OCTOBER 2010

	2010	2009	2008	2007	2006
Expenses	83%	83%	82%	83%	84%
Revenues	88%	89%	87%	90%	88%
EIT	77%	65%	66%	72%	83%
Group Health Ins.	79%	79%	83%	81%	89%
Real Estate	97%	97%	96%	96%	97%

ORDINANCE NO. _____ - 10

AN ORDINANCE AMENDING ORDINANCE NO. 2197-09 ENACTED DECEMBER 16, 2009, AFFIXING THE TAX RATE FOR THE YEAR 2010 AND APPROPRIATING SPECIFIC SUMS ESTIMATED TO BE REQUIRED FOR THE PURPOSES OF TOWNSHIP GOVERNMENT DURING THE CURRENT FISCAL YEAR.

The Board of Commissioners of the Township of Cheltenham hereby ordains:

SECTION I. That Section 2 of Ordinance No. 2197-09 enacted December 16, 2009 setting forth amounts appropriated for expenses for various departments, is hereby amended and modified as follows:

DEPARTMENT	FROM	TO
Sanitary Sewers	\$ 3,798,030	\$ 4,018,030
Administration-Miscellaneous	\$12,504,673	\$12,284,673

ENACTED into an Ordinance this 17th day of November, A.D., 2010.

TOWNSHIP OF CHELTENHAM
BOARD OF COMMISSIONERS

BY: _____
Morton J. Simon, Jr., President

ATTEST:

David G. Kraynik, Secretary

Township of Cheltenham

Montgomery County, Pennsylvania

Board of Commissioners

Morton J. Simon, Jr., President
Harvey Portner, Vice President
Kathy A. Hampton
Art Haywood
Charles D. McKeown
J. Andrew Sharkey
Michael J. Swavola

Township Manager

David G. Kraynik



Administration Building
8230 Old York Road
Elkins Park, PA 19027-1589

Phone: 215 887-1000
FAX: 215 887-1561
Website: cheltenhamtownship.org

MEMORANDUM

DATE: November 4, 2010
TO: Finance Committee
FROM: David G. Kraynik, Township Manager
SUBJECT: Budget Transfers

As I have indicated several times this year, sewer treatment costs paid to the Philadelphia Water Department have exceeded the budgeted amount due to extreme weather conditions during the first quarter.

As a result, I am recommending two (2) budget transfers as follows:

1. By Ordinance (see attached):

FROM: 1. Administration Misc., Group Health Insurance, 01-163-05-89-701, \$145,000
2. Administration Misc., Unallocated Appropriation, 01-169-05-96-000, \$75,000
TO: Sanitary Sewers, Treatment Costs, 01-041-14-46-550, \$220,000

2. By Resolution:

FROM: 1. Sanitary Sewers, PADOT Contract Manhole Adjustments, 01-043-14-41-588, \$40,000
2. Sanitary Sewers, Wages, Longevity Scheduled, 01-043-14-21-000, \$100,000
TO: Sanitary Sewers, Treatment Costs, 01-041-14-46-550, \$140,000

Respectfully submitted.

DGK:amf

cc: Joseph Galdo, Fiscal Affairs Director

**A RESOLUTION AUTHORIZING THE APPOINTMENT OF A
TAX COLLECTOR FOR THE COLLECTION OF EARNED INCOME
AND NET PROFIT TAXES LEVIED BY CHELTENHAM TOWNSHIP**

WHEREAS, PA Act 511 of 1965, the "Local Tax Enabling Act" permits municipalities within the Commonwealth to levy local taxes including a tax on earned income and net profits; and

WHEREAS, in 1991, the Board of Commissioners enacted the "Cheltenham Township Earned Income Tax Ordinance", levying a tax on earned income and net profits on residents and non-residents of Cheltenham Township; and

WHEREAS, Pennsylvania Act 32 of 2008 required the creation of a single earned income tax collection district and appointment of a single tax collector in each county of the Commonwealth; and

WHEREAS, the Montgomery County Tax Collection Committee conducted a thorough and competitive selection process to appoint an Earned Income Tax Collector for the municipalities in Montgomery County; and

WHEREAS, the Montgomery County Tax Collection Committee selected Berkheimer Tax Administrator as the County-wide Earned Income Tax Collector on September 7, 2010; and

WHEREAS, PA Act 31 requires Pennsylvania municipalities to utilize the single earned income tax collector effective January 1, 2012, however, there is an option to utilize the County-wide tax collector as early as January 1, 2011.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Cheltenham Township, Montgomery County, Pennsylvania, that Berkheimer Tax Administrator be appointed as the Earned Income and Net Profit Tax Collector for Cheltenham Township, Montgomery County, effective January 1, 2011, to be compensated at a rate of One and Thirty-Nine Hundreds Percent (1.39%) of the taxes collected.

ADOPTED this 17th day of November, 2010.

BOARD OF COMMISSIONERS
OF CHELTENHAM TOWNSHIP

By: _____
Morton J. Simon, Jr., President

ATTEST:

David G. Kraynik, Township Manager/Secretary

**CHELTENHAM TOWNSHIP POLICE PENSION PLAN
CHELTENHAM TOWNSHIP SALARIED EMPLOYEE PENSION PLAN
CHELTENHAM TOWNSHIP HOURLY EMPLOYEE PENSION PLAN
CHELTENHAM TOWNSHIP BOARD OF COMMISSIONERS PENSION PLAN**

RESOLUTION NO. _____-10

**ADOPTING THE REDUCED AMORTIZATION OPTION
FOR CHELTENHAM TOWNSHIP PENSION PLANS ACCORDING
TO CHAPTER 6 OF ACT 205 OF 1984 (P.L. 1005, NO. 205),
AS AMENDED BY ACT 44 OF 2009**

WHEREAS, in calculating the 2011 Minimum Municipal Obligation, Cheltenham Township elects to utilize the 75% amortization option as allowed by Act 44 of 2009 for the Cheltenham Township Police Pension Plan, Salaried Employee Pension Plan, Hourly Employee Pension Plan and Board of Commissioners' Pension Plan.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of Cheltenham Township, Montgomery County, Pennsylvania, that the reduced amortization be adopted for the Plan, effective with the 2011 Minimum Municipal Obligation calculation.

I do hereby certify the foregoing to be a true and correct excerpt from the minutes of the Township of Cheltenham Board meeting held on November 17, 2010.

**BOARD OF COMMISSIONERS
OF CHELTENHAM TOWNSHIP**

By: _____
Morton J. Simon, Jr., President

ATTEST:

David G. Kraynik, Township Manager/Secretary

MEMORANDUM

DATE: November 10, 2010
TO: Finance Committee
FROM: David G. Kraynik, Township Manager
SUBJECT: 2011 Budget Status Report #2

1. Changes to budget as per the October 5, 2010 Workshop (\$174,101)
 - a. Budget deficit reduced from \$3,062,905 to \$2,888,804. Tax increase of \$221 or 21% for average assessed house.
2. Changes to budget as per the November 3, 2010 Budget Message
 - a. Budget deficit reduced from \$2,888,804 to \$1,999,517. Tax increase of \$154 or 14.7% for average assessed house.
3. Changes to budget as per the November 10, 2010 Finance Committee meeting (\$428,645)
 - a. Revenue: Sale of Recycling Containers \$500
 - b. Expense: County Planning Commission Consulting Fee (\$2,622)
Expense: Cheltenham Transit Service \$10,000
Expense: Delaware Valley Insurance Trust (\$90,832)
Expense: Delaware Valley Workers' Comp. Trust (\$18,737)
Expense: Health Insurance (\$320,954)
 - c. Budget deficit reduced from \$1,999,517 to \$1,570,872. Tax increase of \$121 or 11.5% for average assessed house.

Memo to Finance Committee
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- d. For better accounting purposes, the budget will be increased by \$292,920 on both the revenue and expense sides (Fire – Cost Center 60) to reflect a pass-thru of ACT 205 state monies to the five (5) fire companies.

Respectfully.

DGK:amf

