

Mount Joy Borough Council
Special Meeting Minutes
November 1, 2018

The Mount Joy Borough Council held a special meeting on November 1, 2018, at the Mount Joy Borough Council Chambers.

Vice President Youngerman called the meeting to order at 6:30 PM.

Invocation was given by Mayor Bradley followed by Pledge of Allegiance.

Roll Call - Present were: Councilors Deering, Fahndrich, Millar, Smeltz, Youngerman and Mayor Bradley. Councilors Glessner, Ginder, Hall and Reese were absent. A quorum was established.

Also present were: Public Works Director, Dennis Nissley; Borough Manager, Samuel Sulkosky. Members of the public present were Dave Schell (MSMJ) and Dale Murray.

Public Input Period

Dale Murray and Dave Schell presented Council with their budget request documentation which included a request letter and MSMJ budget.

End of Public Input Period

Budget Discussion

Vice President Youngerman initiated the budget discussion and asked for a motion to discuss the General Fund Budget. On a motion by Deering, seconded by Millar, all in favor to open the budget discussions. Councilor Smeltz requested the Borough Manager walk everyone through the budget process including highlights of the budget including major capital expenditures such as purchase of real estate.

Manager Sulkosky started by giving an overview of the revenue expected for 2019. Sulkosky stated the property taxes increase slightly and a reviewed the Lancaster County Tax Assessment Letter Sulkosky stated that a major new expenditure was the \$208,000 in line item 01.409.373 for the purchase of the Jury property. Youngerman noted that the Administration & Finance Committee instructed the Manager to remove \$208,000 use of fund balance under line item 01.301-001 which would have offset the real estate purchase.

Sulkosky referred Council to the debt service section 471 which had an estimate of new debt service of \$153,000 for financing of the municipal building. The Manager estimated debt financing at 3.75% interest for 15 years with an expectation of six months of payments. Sulkosky noted that Council has made no decisions concerning any financing options, so this number is subject to change.

Sulkosky discussed the Group Health Insurance costs for 2019 which did increase slightly from 2018 but is still considerably less than the Borough's Health Insurance costs prior to changing insurance carriers. Sulkosky noted that revenues for 2019 are relatively flat and expenses are relatively flat with the exception of costs for real estate acquisition. Sulkosky pointed out to Council the two new line items 01.410.301 and 01.410.315 were added as Civil Service Commission expenses as requested by the Public Safety Committee. Sulkosky stated that as per the Borough's Auditors, the Civil Service line items must be in section 410 and a new department cannot be created.

Smeltz asked what the is the percentage increase in the 2019 budget over 2018. Sulkosky answered that discounting the real estate purchase, the budget for 2019 is less than 2018. Smeltz asked how the Borough will finish up 2019. Sulkosky answered that a very small surplus is expected. Smeltz asked about the current fund balance. Sulkosky referred Council to the fund balance worksheet as of 10/31/2018 provided to Council. Councilors and the Manager held a discussion on the fund balance and the 25% required fund balance requirement. Sulkosky explained that the financing decision by Council should be made in mid-2019 with the interest rate and terms to be determined. Another financing option could be establishing a draw down during

construction and converted to a fixed term and rate after completion of construction in 2020. Sulkosky estimated the annual debt service to be in the \$300,000 a year range for at least 15 years.

Sulkosky discussed refund of prior year expenditures, line item 01.395.001. This number is not settled since we are waiting for surplus distribution from Benecon for health insurance run out costs which will be disbursed in July 2019. Sulkosky estimated the Benecon surplus distribution to be \$40,000 to \$50,000. Additional refunds are expected due to the escrow account established with Amtrak for the Jacob Street Bridge removal project.

Smeltz asked about the Cable franchise fees and the difference in the revenue expectation. Sulkosky stated that the \$120,000 revenue estimate is a forecast provided by Comcast as was the \$129,000 was for 2018.

Sulkosky notified Council that a few numbers were not yet certain such as health insurance premium cost since open enrollment is being held in November, dental and vision coverages which may increase a couple of percent. Youngerman discussed the debt service line item which was cleared in 2017 with payoff of debt and now we are looking at going back into debt.

Deering asked about wage increase amounts. Youngerman stated that the A&F Committee discussed the 3% in general. Millar talked about the four Public Works maintenance technician positions and the 100% turnover in 2018 due to low starting wage. The Public Works Committee recommended increasing the starting wage and increasing the hourly rate bumps for CDL licensing and pesticide license from \$.25 to \$.50 an hour. Millar cited the Nancy Hess Salary Survey and the recommended pay rate ranges. Millar stated that the Public Works Committee is recommending a change to \$15.50 an hour for the maintenance technician positions. Youngerman stated that historically we have used the CPI for wage rates increases.

Sulkosky reviewed to overall annual revenue historical for 2017 and 2018 and the proposed for 2019 \$4.388 million which is \$79,000 more than 2017. The total expenditures for 2019 is \$4.448 which is an \$300,000 increase due entirely to real estate issues.

Smeltz asked about transfers to capital for road expenditures. Nissley explained that road costs did not come out of capital in 2018. Road work in 2019 will use funds put into the Capital Fund. Nissley stated \$175,000 in 2019 Capital funds will be used for North Angle Street and the other \$175,000 will be from Highway Fund. Smeltz requested that another column be added to reflect percentage changes per line items.

Smeltz commented about MSMJ and the positive changes that have occurred. Smelts asked that in 2017, the MSMJ Manager was laid-off to an operational deficit. Smeltz asked if the issues have been resolved. Schell stated that money losing events have been eliminated and only profitable events will be held. Schell stated that sponsorships have increased and collecting on fees from vendors instead of collecting on some and not others. Further discussion occurred on accreditation of MSMJ. Schell stated that although fourth Fridays do not make money, they will continue to hold the events since it does not take much time and benefits the businesses. Sulkosky commended Dave Schell for writing a grant for help with records retention of flood damaged documents. Schell also reported that he would be assisting the Chief next year for a PLCB grant.

A discussion occurred on the bonus payments and how those bonuses had to be backed out prior to calculating a 3% payment increase. Sulkosky reported that pay increases were calculated by starting with hourly rates and working forward.

Smeltz inquired about the police union contract and the status of the stormwater projects. Smeltz asked if the Borough was compliant with the MS\$ permit reduction requirements. Dave Salley indicated that the Rotary Park and Pink Alley projects will meet or exceed stormwater reduction requirements based on the MS4 permit.

Youngerman made a motion to direct the Borough Manager to modify the 3% to 2.4% for all non-uniform employees except the Public Works Maintenance Technician positions that were discussed earlier. The motion died for the lack of a second.

Deering inquired about how the Borough Manager salary was developed. Sulkosky stated that he and the Administration Committee have not come to an agreement on a salary. Youngerman stated that they had discussed this at the committee level and the salary was subject to change after the Manager completes a

If you are a person that requires accommodations to participate, please contact Borough staff to discuss how we may best accommodate your needs.

21 East Main Street, Mount Joy, PA 17552 • (717) 653-2300
Fax (717) 653-6680 • borough@mountjoypa.org • www.mountjoyborough.com

salary survey of other Managers in the region. Youngerman stated that he would need to take a further at this and will make a recommendation to Council. Sulkosky stated the manager salary survey includes 14 Lancaster County municipalities and reflects population and 2018 salaries.

Smeltz pointed out that the bottom line is we are \$265,000 short in balancing the budget. Smeltz recommended that the building construction can be delayed until 2020 which would reduce the deficit by \$153,000. Further in 2020, the one time building of \$208,000 can be applied to debt service. The remaining \$112,000 additional deficit can tap into the fund balance and we can be at a balanced budget. A discussion occurred whether it would be prudent to maybe to do a small tax increase in 2019 and a small increase in 2020. Sulkosky mentioned that instead of delaying construction until 2020, a draw down with a repayment delayed until 2020 with ultimate conversion to a fix rate, fixed term loan post construction. Youngerman disagreed with the short-term delay of the taking on of \$3.5 million of debt. Youngerman stated that you cannot take on \$300,000 of debt service without the need to raise taxes. Smeltz suggested that Council consider purchasing the building in 2019, develop plans, arrange financing then initiate construction in 2020. Smeltz stated that he will not raise taxes if you do not need one. Smeltz said that he has heard the manager and the police that there is a need to address the facilities but suggests doing this in pieces. Smeltz stressed that Council needs to involve the community in building to support the building project.

A discussion was held on the percentage of real estate estimated to be collected in the budget which was stated to be 98% collection rate. A discussion occurred about how to allocate the \$30,000+ that was transferred to the Capital Fund earmarked for pension allocation. Sulkosky recommended that the \$30,000+ be allocated by Council to the non-uniform pension fund since it was underfunded currently. Sulkosky also reviewed the difference in interest by the utilization of PLGIT and the Borough's recent decision to close the Union Community Bank and transfer to Northwest Bank which will increase interest from .08% to 1.49% which will have a significant effect on the Borough's interest received.

Any other Matter proper to come before Council

Council was reminded that Monday, November 5th regular Council meeting starts at 6:00 pm due to the election.

There being no further business, Council adjourned the meeting at 8:55 PM.

Respectfully Submitted,



Samuel Sulkosky
Borough Manager/Secretary