

LOWER PAXTON TOWNSHIP  
BOARD OF SUPERVISORS

Minutes of Workshop Meeting held September 27, 2016

A special budget workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 5:13 p.m. by Chairman William L. Hornung, on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Supervisors present in addition to Mr. Hornung were: William B. Hawk; William C. Seeds Sr., Gary A. Crissman, and Robin Lindsey.

Also in attendance was George Wolfe, Township Manager; Steve Stine, Township Solicitor, John Barry, Brown and Brown of Lehigh Valley LP; Tim Houck, Finance Director; Jeff Kline, Public Works Director; Dave Spotts, Public Safety Director; Terry Bauknight, Parks and Recreation Manger; Lynn Wuestner, Friendship Center Director; Karen Hare, John Trish, and Watson Fisher, SWAN.

**Pledge of Allegiance**

Mr. Crissman led in the recitation of the Pledge of Allegiance.

**Public Comment**

Ms. Karen Hare, 5902 Pine Hollow Court questioned when the plantings will begin. She stated that Davis Landscaping was awarded the bid and they were unable to do it in the spring, but she was told that it would be done in September. She noted that it is September 27<sup>th</sup> and nothing has been done. She stated that no one has been contacted by Davis Landscaping so she wants to know when they will start the plantings. Mr. Jeff Kline answered that he is meeting with Davis Landscaping tomorrow where upon they will provide their dates to him. He suggested that it should be within the week. He noted that he will contact Ms. Hare and the Fields to meet with you once we get the date, the morning of the first date to go over some things since we have receive the temporary easements from both of you. He suggested that it should occur sometime around the beginning of October. He noted that they had to wait for certain plantings to come in but we are in the heart of planting season.

Ms. Hare noted that she knows nothing about maintaining the plants and Mr. Kenworthy stated that he would provide information to assist in that. Mr. Kline noted that Davis Landscaping has to keep after the plantings for a year as there is a one-year warranty on the items so they will be helping with that as well.

#### Presentation of 2017 draft budgets narratives

Mr. Wolfe noted that he will start and other staff members will make presentations in regard to individual department budgets. He noted that we will focus on the narratives noting that during the previous budget meeting we provided you with the tables without descriptions for those numbers. He noted that we will focus more on individual line items; not going line item by line item, but we would like to go to the important line items, highlighting specific issues of policy and procedure that you will need to know.

Mr. Wolfe noted that this continues to be a draft budget and it is not close to being done. He noted that the 2017 budget that you saw first time around was for revenues of \$23,089,050 and expenditures of \$22,728,872 with a difference in the black of \$360,178. He noted that those numbers have changed but we are still in the black by \$339,444. He explained that it is early in the process and for year-end estimates for 2016 we were showing a deficit of \$152,000 but now it is down to \$97,000. He stated that he expects that once the 3<sup>rd</sup> quarter numbers are in it should be gone and by the end of the year we should be in the black.

Mr. Wolfe noted that we will not be discussing the General Improvement Fund as he plans on bringing that to the Board at an upcoming workshop session. He noted that SCEMS will also make their 2017 budget presentation at an upcoming workshop meeting. He noted that items that we are working on at staff level which are not finalized yet are: stormwater, looking at several items to include consulting services to establish a stormwater authority, updating the Township mapping to comply with DEP requirements for MS4 Program, and the purchase of MS4 tracking software. He noted that this budget does not contain settlements for the four collective bargaining units. He noted that all wages for this budget were figured at a flat 3% and he expects that it will come in slightly under that. He noted that we have not received the health care cost increase numbers yet and we do not have our Workers Compensation numbers as well. He noted that he is also waiting for the IT budget from Appalachia. He noted that these numbers will be provided at the October or November workshop meetings.

Mr. Tim Houck noted for real estate taxes he put in a 1.5 % increase to cover the additional homes that will be built to make it \$5,650,000. He explained that he stayed conservative with the delinquent taxes. Mr. Crissman noted with the 1.5% increase is it based on a trend over the years. Mr. Houck answered that it is in between 1% and 3% for the last four years and he chose to use the low side.

Mr. Houck noted that the real estate transfer tax is budgeted for \$1.3 million this year and he did the same for next year. He noted, at this time, we may come in at \$1.2 million for the end of 2016. Mr. Seeds questioned how much is for this year. Mr. Houck noted through the end of August it is \$809,000. Mr. Seeds questioned if it included any large shopping centers for this year. Mr. Houck answered no. Mr. Crissman noted that you can't trend that number.

Mr. Houck noted for the Earned Income Tax (EIT) we budgeted for \$7.6 million but it looks like we will come in closer to \$7.4 million. He noted for the past four months we have been 5% below what we were last year, but we were told to expect that by Keystone because up through the early part of this year they were still coming across a lot of old stragglers that other collectors had. He noted, last year, it was higher than what would be normal. He noted that he brought down the estimate to \$7.4 million noting if you take our numbers that is what it should be. Mr. Crissman questioned if they are getting better in their collection of delinquents and are we getting more money. He questioned if they have improved their collection system. Mr. Houck answered that he attended a meeting last week and they have implemented new technology to try to catch the newer places like newer developments. He noted that one of the biggest problems that Keystone had was with the United States Postal Service as they would not send in their funds and backup information every quarter. He noted instead they did not send it in until March or April of the following year. He noted that they are trying to get that squared away as it has been their biggest problem as there are a lot of postal workers.

Mr. Crissman questioned how Keystone is doing with the money that they sit and hold because they can't find the right municipality to forward to. Mr. Houck answered that they don't really seem to have that problem anymore. He noted that it was a problem with the older collectors. He stated that you could speak to Karen McConnell at Central Dauphin School District or Susquehanna and Swatara Townships. He noted that they are getting much better at cleaning up other people's messes, and if they come across someone who is delinquent, they will

verify their employment even if they may be moonlighting on the side. He noted that we receive funds every week. Mr. Crissman questioned if they have improved their system and if we are getting our money. Mr. Houck answered yes. He noted when we revived our report for January through March, the year before it showed the break out of time frames that the money was for, and you can see there was only \$45,000 that was current time. He noted this past year, most all of it was current year. He noted that they are keeping up with the collections.

Mr. Houck noted that he spoke with Deb Casey at East Hanover Township and she said that they had Lancaster Tax Bureau for years and she noted that it was horrible as they would get money every three to six months. He noted that we are getting it every week now.

Mr. Houck noted that the local service tax (LST) was much higher than it was last year. He noted that he is keeping it conservative at \$1.4 million.

Mr. Houck noted that there is a 1.5% increase for the rental for Dauphin County for next year based on the federal CPI. He noted that we estimate getting a little over \$800,000 for State Aid. He noted that he budgeted a 3% increase for salaries at this time.

Mr. Houck noted that the telephone bill will be increased by \$12,000 as we pay the maintenance agreement every other year. Mr. Seeds questioned what that is for. Mr. Houck answered that it is to maintain the internal telephone system. Mr. Seeds questioned if you have a problem do they come to fix it. Mr. Houck answered yes. He noted that Larry Arnold with Appalachia is helping with these items.

Mr. Houck noted that we had \$365,000 in 2016 year's IT budget but he put \$375,000 in for 2017. Mr. Wolfe noted that he met with Mr. Arnold and part of the reason why the number was high this year was the significant hardware upgrades as well as the upgrades to Microsoft 360. He noted that Mr. Arnold is getting pricing for the revamp of the website as well as contacting someone who can upgrade the cameras and microphones in the Board room in connection to the PEG channel. He noted that we plan on including those two items in the 2017 budget but he does not have numbers for them yet.

Mr. Hornung noted that if you look at the complaints that we get every year, it would be good to solve the repetitive complaints as it helps with the public relations as far as the communication between the public and the Board. He noted that we seem to have a problem with the leaf waste collection. He questioned if it is possible to put GPS in the trucks so that the

people could look on the website to see where the trucks are. He noted when an employee starts the day and drives to his first spot it would show where they traveled and they may think that the trucks are picking up along that route. Mr. Wolfe noted that we don't own the trucks. He questioned if Mr. Hornung was talking about the leaf vacuuming program. Mr. Hornung answered yes and he stated that he would like to solve that issue as it would help to reduce some of the animosity that gets directed at our work force. He noted if we could come up with some kind of solution for that it would be helpful. He noted that it would save a lot of phone calls that staff has to answer. Mr. Kline noted that we get a lot of phone calls but it is getting better as we changed the system a little for the last two years. He noted that we continue to get phone calls. Mr. Hornung noted that people constantly complain that you are too early or too late but you do provide where staff will come back and pick up the leaves. Mr. Kline noted that happens constantly. Mr. Hornung noted that is not really efficient either so he requested that we come up with a better coordination for the plan to justify the expense of it. Mr. Wolfe noted that he understands what Mr. Hornung is looking for.

Mr. Houck noted that we spent a little over \$100,000 for solicitor's expense last year but he kept it at \$100,000 for next year. He noted that that the Firemen's Relief Association payment comes to the Township and it is given back to them as an expense. He explained that he kept the SCEMS at \$100,000 for next year.

Mr. Hornung noted that Mr. Houck stated that we spent how much for IT. Mr. Houck answered that we have \$365,000 in the budget. He suggested that it may come in lower for 2017. Mr. Wolfe noted that he plans on using up the difference on the webpage and TV issues.

Mr. Houck noted that the amortization schedule is not much different. Mr. Wolfe noted that the Board planned that the debt service for 2017 for interest and principal is about \$370,000 more than last year, and you raised taxes accordingly, but you will see that there is an increase in that number for our past borrowing. He noted that it is level debt service. Mr. Crissman questioned with the bump this year, do we level or do we have one more bump. Mr. Wolfe answered that this is the year that gets us to the leveling. Mr. Houck noted that the 2016 bond principal and interest, you will have bi-annual payments to be made in 2017. He noted that there was only one in 2016. Mr. Crissman suggested that we have level debt service for 15 years without any anticipated bumps again.

Mr. John Trish, 600 Prince Street, questioned if we are talking about the real estate taxes. Mr. Crissman answered no as we are talking about debt service. Mr. Houck noted that it is the payments that we have to pay on the bonds that we took out. Mr. Trish noted that all the houses that are being built in the Township with mortgages and taxes, he wants to know where it fits in. Mr. Wolfe noted that there is a 1.5% increase in real estate tax due to new development for 2017. Mr. Houck noted that is not for the tax rate, rather it is for what we are estimating what the new houses will bring in. Mr. Trish noted that the real estate taxes were increased and we are building all these houses. Mr. Crissman noted that is why he projected that we will receive additional revenue on real estate taxes. Mr. Trish noted that it is good news. He noted the reason he is here is that the Board wants to pass a budget and earlier he mentioned the Friendship Center (FC) and it is supposed to be separate. He noted that they are supposed to pay their own bills. He noted that he never sees where they pay their own bills because you approve everything for the FC separately. He noted that he will keep listening. Mr. Houck noted that the FC has their own budget and we will discuss that later.

Mr. Houck noted that social security is based on labor costs at 7.65% and the MMO for funding the pension plan will be \$1.86 million as we anticipate receiving State Aid at about \$800,000, so our portion will be a little less than \$1 million. He noted that it is the same as it has been in the past. He noted that Workers Compensation should be about \$300,000 for next year and dental, vision and insurance should be about \$190,000. He noted that he has \$2.5 million budgeted for medical insurance but we don't know what the increase will be for next year. He explained that he budgeted for 9%. Mr. Wolfe noted that the industry standard at this time is 11% and our self-insured pool is going to come in at 10% to 11%. He noted that he does not know where we will be individually because even though that will be the average for the pool some are above and some are below based upon performance. He noted that we should know that very soon. Mr. Crissman noted that the good news is that we are in the consortium and it is better than being out on our own. Mr. Wolfe noted for Workers Compensation coverage for this year we will receive a dividend from last year of \$45,000 on a \$300,000 expenditure and for health care we are looking at a refund from 2015 of \$350,000.

Mr. Hornung questioned why they raised it up 11% if they are going to provide a refund. Mr. Wolfe answered that the rates are based upon the actuarial evaluation of expected usage and

if you do better then you get money back; if you do worse you don't pay anymore. He noted that typically we have done better than the actuarial assumption.

Mr. Hornung questioned where the \$345,000 goes. Mr. Wolfe answered that it is put back into the line item. He noted that we also budget a refund as well.

Presentation by John Barry in regards to Terrorism and Cyber Insurance

Mr. Houck noted that John Barry is present to discuss the insurance proposal for Terrorism and Cyber Insurance. He explained that he has done a great job for us and we are paying a lot less than other municipalities.

Mr. Wolfe noted that Mr. Barry is here to discuss the Terrorism and Cyber coverage. He distributed a description of the Terrorism coverage and highlighted the important things the Board needs to know other than what Mr. Barry will present from the endorsement. He noted that the quote for the Township is \$1,600 and for the Authority it is \$868.

Mr. Wolfe noted that the first part is an explanation of what Terrorism coverage is.

Mr. Barry thanked the Board for its approval for the insurance coverage for the Township and the Authority. He noted that he needs to address the Terrorism coverage that you have rejected in the past. He noted that you may have felt that there was no exposure for the Township in regards to this but it is changing as you are aware of the domestic and international terrorism that is occurring and on the rise. He explained the big question is if an event falls under the Terrorism Act that the government set up after 911.

Mr. Barry explained that he wanted to provide an overview for the coverage as when the federal government is involved it gets very confusing. He noted each year they have changed the terrorism rules for where they will get involved and where they won't get involved. He noted that the problem is defining what a terroristic act is. He noted that it used to be just international terrorism but now it includes domestic so it is evolving. He noted if you opt not to take the terrorism coverage for property insurance and liability and umbrella you do not have the coverage if a terrorist act occurs and it is deemed a terrorist act within the eyes of the federal government. He noted the last event that had possible impact on terrorism was the Boston Marathon bombing. He noted that there have been some recent ones, but they may not reach that level. He noted that people who did not have this coverage did not want it to be declared a terrorist act so they would be covered; however, those who did have the insurance wanted it to be

declared as such so they could get the coverage under the additional insurance that they had been paying for. He noted if you don't have the coverage on the primary policy and an event occurs that is determined to be a terrorist act, you don't have the coverage for property, liability and umbrella. He noted if there is a liability claim, you have a responsibility in protecting the public.

Mr. Barry noted that brings in another element for the municipality. He noted that is another consideration. He noted for how many people who have it versus those who do not have the coverage, it is very hard to determine, but now a day's people are more concerned and for the cost that is involved, it is very insignificant compared to the overall costs. He explained that the Township cost would be \$1,694, and for the Authority it would be \$868 for the property, liability and umbrella coverage. He noted when it is that low you should consider opting for it so then there is no question if you ever have a claim that could be terrorism. He noted that the good news is that we saved overall for both the Township and Authority about \$10,000 on the package and had some additional improvements for the program having one carrier for everything.

Mr. Wolfe noted that we have the ability to purchase for the Township and not the Authority, given that the Authority is pipes in the ground and pumping stations. He noted that it is a minimal amount, but he questioned what the exposure is for the Authority. Mr. Barry answered from a property standpoint it would be, as the property values are not as high as the FC or the building complex, but as he explained to Mr. Weaver, there are crossover exposures. He noted that the pumping station may not be very valuable but if someone plants a bomb in one of the pumping stations and at the time someone is driving by in a school bus and it was deemed a terrorist act, and some kids are killed, you would not be covered. He noted that potentially that would bring in a terrorist act and it is not just defined on the property values or the exposure and you could also have someone do something of a bomb in a sewer line. He noted that would be connected to the Authority and for the amount of money involved you should consider the coverage. He noted that Mr. Weaver questioned it but you both would have it noting that you have crossover exposure as the Authority employees are hired by the Township. He noted if there is a security issue involved you would have the coverage for both.

Mr. Seeds noted if you cover this and they blew up this building, targeting the police department, is there a deductible and who makes the determination for terrorism. Mr. Barry noted that it is the same deductibles that you have and the federal government determines if it is

terrorism. He noted if they determine that it is not terrorism, you will still have protection for that. He noted if they do determine that it is terrorism then you have a problem. He noted when he last looked at the Boston incident in June there was still a debate as to whether it should be a terrorist act. He noted for the premium why put yourself in that position. He noted for the school bus incident they would question why you did not provide proper security to prevent a bomber from getting into the pumping station.

Mr. Barry noted if you remember 911, and the big aftermath of claims that they said the Port Authority, New York City everyone was filing suits because of the terrorism act. Mr. Barry noted that you would have the coverage both ways, but the question regarding terrorism was if it intended to cause bodily harm or effect the operation of the government.

Mr. Trish questioned who makes that decision. Mr. Wolfe noted that prior to 911, our insurance package coverage that would cover an act of terrorism, but after 911, all the insurance companies decided that they were not providing the coverage anymore, so the federal government adopted an act that says that they will underwrite a portion of it and we will provide stop loss for it and the insurance companies are required to offer it. Mr. Seeds noted that it is like flood insurance.

Mr. Crissman noted that the deductible would be commensurate with the current policy, but what are the limits. Mr. Barry answered the same as the limits on the current policy. Mr. Crissman noted for the past terrorism acts and claims that have been filed, how many claims are settled and deemed terrorist acts. He noted that the policy states that there are three certifications that are necessary and they must come from the Secretary of the Treasurer, Secretary of Homeland Security and the Attorney General. Mr. Barry answered that he does not have that figure, but he noted if you don't have the coverage you will not have it if it is deemed terrorism. He noted if you do have the coverage, you don't have to worry, it is covered whether it is terrorism or not. He noted that it is not important to get the certifications if you have the insurance. Mr. Crissman noted that we won't get anything. Mr. Barry explained, if you don't elect to have it and it is considered a terrorist act, you are not covered, but it doesn't matter whether or not if the government declares it, if you have the coverage you are covered. Mr. Crissman noted that the premium is minimal.

Mr. Wolfe noted if this room would blow up right now and it is not an act of terrorism, we already have coverage but if it is an act of terrorism, we are out of luck if we don't have coverage. He noted if we have the coverage, we are covered no matter what the determination is.

Mr. Crissman questioned if we are paying double for the same coverage. Mr. Wolfe answered no, you are paying for terrorism on one hand and property liability on the other hand. He noted if it is a property liability claim, there is no problems, but if it is a terrorism claim and we don't have the coverage, property liability does not pick it up.

Mr. Hornung noted if we take both and something happens and we don't have terrorism I would assume that you would not pay until it has been determined, but if we have both we will be paid right away. Mr. Barry answered that is true. He noted that the carrier will pay if you have both coverages, but if you don't have it they will delay until they determine what it is. He noted that is what happened in Boston and his last research is that it has not been determined. He noted that it is the bureaucracy and political decisions that need to be made.

Ms. Lindsey noted that you are only talking about \$2,000 and if you don't have it and it is an act of terrorism we are up the creek without a paddle. She noted for \$200 a month it is something we really need to think about.

Mr. Crissman noted that we need to talk about the Cyber Security coverage. He noted that we need to discuss this as well. He noted, specifically, how it relates to outside customers who would be paying a sanitary sewer bill or purchasing classes, etc. at the FC. He noted that it would cover hacking and intrusion into our systems. Mr. Wolfe distributed a copy of the policies for the Township and the Authority to the Board members.

Mr. Barry provided a quick example, with cyber-attacks and liability you see it a lot with the large credit card processors who have problems. He noted that it is a breach situation and that is where it started evolving but it has broaden to HIPPA rules, and privacy items, information that you have in your computer systems. He noted that information that you have in hard copies and paper. He noted that he likes to call it privacy coverage, whether it be cyber or information gets out about social security numbers, date of birth, HIPPA information, medical records and someone files a claim for that breach. Mr. Crissman noted that it would cover any Human Resource records.

Mr. Barry noted if you are talking credit card data, the first thing you have to do by law is to give notice to everyone that there was a breach and there is a lot of expense to that process. He noted that it is built into this policy. He noted that the categories list some of the information but you have coverage for and expenses to do that. He noted that you are required in many states to purchase retail credit protection for those people to alert them if someone starts to use their credit cards. He noted if a hack occurs, you need a consultant to find out why it occurred and that expense is picked up in the program. He noted if someone goes out and uses that data and secures a new car or something large then that person turns around and sues you. He noted that the credit history would be impacted. He noted that the Wells Fargo hearings discussed what impact their maneuvers had on the credit report for the intentional acts to try to promote their organization internally. He noted that you would have that potential liability. He noted that cyber extortion and crime is built into this. He noted that he had a recent incident where someone basically sent an email to an organization that needed a check sent out and it looked like the president of the company was requesting it but he wasn't. He noted that the person involved asked to verify it. He noted that it occurred in a township situation where a fax came in requesting the account information to give the fuel use to certain files. He noted that a lower level person sent it out and all of a sudden the bank calls and said are you buying equipment in Soviet Russia. He noted that they had a \$225,000 transfer request. He noted that it was some type of extortion as it was a trick and device incident.

Mr. Barry noted that the overall premiums used to be higher but you have a quote for both the Township and the Authority. He noted that the options are for various ranges of protection to include \$500,000; \$1million or \$2 million. Mr. Wolfe questioned if Mr. Barry had a recommendation for which limit to choose. Mr. Barry answered that he never recommends limits as it is your choice but anything is better than what you have now which is nothing. He noted that most of his clients are taking \$1million. He noted that he can't say that it will be enough. He noted that depending on the level of cards and it is your decision. He noted that the bottom line premium includes all the categories that he mention and the same for the Authority as it is smaller in size, but there is credit card exposure there. He noted that more people are purchasing this coverage. He noted for the one case he described they went after the bank and the bank stopped the transfer and they may have only lost half the amount. He noted that account had a

deductible of \$10,000 so the amount was under that. He noted that he had another instance with a trick and device where there was a transfer as an order came in for something someone ordered and they stated if you can't have it by this time, there was a check deposited, cancel half of it. He noted that they sent back half of the money that was sent to them, and within a week they got a request to cancel the entire order. He noted that it was an international situation and they sent back the second check. He noted that two days later the bank called to say that the check was a stolen check from another country in the UK. He noted that the bank showed it as cleared and they argued with the bank. He noted that we paid on that claim as well. He noted that trick and device scams can occur using and not using computers.

Mr. Seeds questioned what the deductibles are. Mr. Barry noted that the retentions are listed. He noted that you have \$5,000 as that is what most people are going with.

Ms. Lindsey questioned if a lot of credit cards are used at the FC. Ms. Wuestner answered yes. Mr. Barry noted if you have a 3<sup>rd</sup> party provider where it is transferred directly to them, you will still be brought in. He noted the question becomes what is your contract with them as you will need to get a certificate of their insurance. Ms. Wuestner suggested that 80% of the FC payments are made with credit cards.

Mr. Wolfe noted that staff recommends cyber coverage of \$1 million. Mr. Crissman and Ms. Lindsey agreed.

Mr. Seeds questioned if Mr. Wolfe recommended the terrorism coverage as well. Mr. Wolfe answered yes. Mr. Seeds questioned PSD Spotts. PSD Spotts answered for the minimum amount of money involved, yes for both. He noted that government entities are getting hack attempts thousands of times a day. PSD Spotts noted that an agency had their files seized and they paid a ransom to get them back.

Mr. Barry noted for the cyber security it is \$11,900 for the Township and \$6,686 for the Authority.

Mr. Wolfe noted that we need a motion tonight as part of this meeting as the coverage needs to be in place by October 1<sup>st</sup>. Mr. Barry noted that is for the terrorism. He noted that we are okay on the Cyber if you need more time. He noted that it is a separate company.

Mr. Crissman made a motion to approve the terrorism insurance for both the Township at \$1,694 and for the Authority at \$868 and also for the Cyber Protection for the Township at

\$11,980 and Authority at \$6,686, for the limit of \$1million dollars. Ms. Lindsey seconded the motion. Mr. Hornung called for a voice vote and a unanimous vote followed.

#### Budget discussion continuation

Mr. Wolfe noted that he planned on going through the budget process as it is shown on the agenda; however, at this time he could do the Community Development, Health, Building and Shade Tree during an upcoming workshop meeting. He noted that staff will provide the budgets for their departments at this time.

#### Police and Emergency Operations

Public Safety Director (PSD) Dave Spotts noted that he is not asking for any changes in the Emergency Operations Budget but in terms of the Police Budget, over 90% of the budget is driven by salary or contractual related payments under the Collective Bargaining Association (CBA). He noted with the raises that will be mandates by the new collective bargaining agreements that will go into effect next year, the overall budget only increased \$6,800 from this year's budget. He noted that he has two points to make, the 2017 budget has a contractual exposure under the CBA for payouts of accumulated and unused leave for people who retire. He noted if everyone who is retirement eligible would retire next year there is not enough money in the budget to cover it. He noted that he looked at the historical payouts against what we paid out and the number of people retiring against who was actually eligible to retire over the last several years and figure this number, assuming that we will have the same number of retirements that we have had in the past. He noted if everyone goes, that line item will be red-lined but he does not think that will happen based on past history.

PSD Spotts noted that he has two items that need to be finalized in terms of the police budget. He explained that he has a meeting tomorrow and a final meeting next week, but he would advise the Board that in terms of the 2017 budget, those will be relatively cash neutral with little or any movement to the total dollar. Mr. Crissman questioned what areas are they in. PSD Spotts answered that it would be civilian salaries and training.

Mr. Crissman noted that he assumes that nothing took a great jump as you indicated that the overall increase is only \$6,800. PSD Spotts explained that he made some adjustments where he thinks it was over-estimated for what the liability payout would be for somethings. Mr. Crissman requested PSD Spotts to identify those areas. PSD Spotts noted that the big one is

401.13 that was budgeted at \$400,000 and it has been reduced to \$307,000 to reflect a more accurate history of what we have been paying out. He noted that a relatively substantial rise was in the training, line item 410.24. He noted that it was budgeted in 2016 at \$20,000 and he has moved it to \$53,500 in 2017. He noted that he has a meeting tomorrow with a company that will provide one-time training and that figure is included in the budget but he is not 100% sold that he will go forward with it. He noted if we don't the money will come out of the budget.

Mr. Wolfe requested PSD Spotts to explain to the Board what you desire to have occur if it was acceptable. PSD Spotts answered that he is looking at a system of cognitive training that will allow the entire Department to be able to be trained to some key words and key phrases to better recall their training and actual field experiences. He noted that it provide neural pathways and mental markers. He noted that there is very hard science on this but the arena into public service sector is relatively new. He noted that it is occurring in several police academies including the Pennsylvania Sheriff's Academy, and the Baltimore City Police Department. He explained that he spoke to one of the new hires about this and he spoke favorably about it. He noted that it is a relatively new exposure to bring this kind of training into criminal justice realm. He stated if his command staff is convinced as they will be meeting with one of the principals of the company tomorrow, he is looking at a onetime investment of \$20,000 to have it ongoing into the future, a process that will help all our officers better remember critical core concepts in the field. He noted that he wants to take a harder look at the materials and training so the purpose of the meeting is to be shown some templates and lesson plans to get a better handle on it.

Mr. Crissman noted that cognitive skill and enhancement is not new. He noted that it is coming from other fields and he is very familiar with these programs. He noted that he is happy to see that there is a model to be used by the police departments. He explained that he will be anxious to monitor and to be provided progress reports in that area. PSD Spotts noted that he is extremely intrigued and sees a lot of potential benefit utility out of this but he needs to be convinced that there is a real chance of it working as advertised. He noted that the science is not new, but the application into the law enforcement community is relatively new. He noted it is also used in the United Kingdom where they have had studies done showing a 22% increase in function for officers under stress performing at a 22% better rate than officers who have not had the training. He noted that it is a significant upgrade in high stress events.

Mr. Crissman noted that it is a highly successful program but it depends upon the delivery. He noted if you can look at any other places that have done it, check to see how their delivery is done and then look at the assessments at the end because sometime the same programs deliver different results. He noted if it works here it is excellent. Ms. Lindsey noted that having one of the new officers being from Baltimore, he can fill you in on what is working. PSD Spotts noted that Baltimore is using it in their Police Academy but not for the service pool. He noted that the United Kingdom is only using it for emergency driving response and they have not expanded it. He noted that there is not a lot of information out there on this yet, and if we move forward we will be on the cutting edge.

Mr. Seeds questioned if the officers receive training to deal with people who have mental issues. PSD Spotts answered that all the officers are trained to do this as it is a mandatory requirement from Municipal Police Officers Education and Training Commission (MPOETC). He noted that all the officers have the training but it is only one prong of an overall issue, as it includes training, policy and review and investigation. He noted that he has significantly revamped all of those recently and he is looking at that. He noted that some of the new techniques that are coming out use time as a diffuser and de-escalation techniques, and we are sending our people to those kind of trainings. He noted that today more than ever those kinds of skills are needed. He noted that it is an extremely complex issue.

Mr. Wolfe noted if you look at many of the incidents that are in the national news, you will see officers who have reacted outside of how they have been trained as they are acting in the heat of the moment, and hopefully what PSD Spotts is recommending to you will be a tool to assist officers to rely more on their training then their reaction. PSD Spotts noted that is exactly what this is about.

#### Public Works and State Aid

Mr. Kline noted that he can pretty much echo the early part of PSD Spotts presentation in that he has stayed pretty much the same, trying to keep every line item close to this year's budget. He noted that the budget is up \$60,000 and half is in salaries. He noted that \$10,000 is for the MS4 budget that will need to be increased each year.

Mr. Seeds noted that Mr. Kline is recommending an increase in the costs for yard waste. Mr. Wolfe noted that is not Mr. Kline's budget. He noted that would be in Mr. Shoaff's budget and he will cover that when he gets to it.

Ms. Lindsey questioned if we can get any more money from the State for the roads that we take care of. Mr. Kline answered that we try every year but it goes by the mileage that they deem that we take care of. He noted that they have a formula that they use. Ms. Lindsey noted that it has been the same for three years. Mr. Kline noted that it is an estimate as he does not know what the final number will be. He noted if it is bumped up it won't be much.

Mr. Kline noted that there really is not much of a difference in his budget.

Mr. Wolfe requested Mr. Kline to go over the equipment purchases. Mr. Kline noted that most of that is in the State Aid Budget.

Mr. Kline noted that he estimates to receive \$1.5 million in State Aid but it could go down \$20,000 or up. Mr. Crissman questioned if you will get that information or will we be in guess mode even when we finalize the budget. Mr. Kline answered that they sent Mr. Houck an estimate and it is normally right around that amount. He noted that he is allowed to use 20% to go towards equipment as he likes to keep the equipment up to date and in good shape. He noted that we continue to pay on three leases for the sweeper, dump truck and the loader. He noted that there will be three new purchases of a small dump truck, a new backhoe and new mower for the big roadside tractor. Mr. Seeds questioned if you can do trees and small branches with it. Mr. Kline noted that you can but it doesn't make a pretty cut.

Mr. Kline noted that he has \$814,000 for paving, up \$150,000 from last year.

Ms. Lindsey questioned if at the end of the leases, will we have to purchase the equipment. Mr. Kline answered we will own them. He noted that most of that equipment will last at least ten years or more. Ms. Lindsey questioned if the leases were for three years. Mr. Kline answered that it was three, four and five years as the loader was for five years and we are in the fourth year of that lease. Ms. Lindsey questioned if we will sell the backhoe. Mr. Kline answered that it will probably be traded in as they offered \$30,000 for it. Ms. Lindsey questioned if we have anything that is left over that needs to be sold. Mr. Kline answered yes and he is waiting for new purchases to put the old stuff out and it will happen shortly. Ms. Lindsey questioned if we will do the same that we did before. Mr. Kline answered yes.

Mr. Crissman questioned if we get rid of it faster than having a public auction. Mr. Kline answered that you get a wide scope. Mr. Wolfe noted that we are getting better prices.

#### Parks and Recreation

Ms. Terry Bauknight noted that there were not many changes on the revenue side, however, looking at the fee in lieu money for what was anticipated in 2016, it was somewhat higher although we did not get anywhere near that as it was estimated at \$85,000. Mr. Crissman questioned if it was based on past history or is it a shot in the dark. Mr. Wolfe answered that it depends on what developments come forward and go to the final phase. He noted that we have in the past contacted developers and asked them what they are doing and every time we do that we get significantly inflated numbers.

Mr. Wolfe requested Ms. Bauknight to speak about the Paint Ball Agreement. Ms. Bauknight explained that she was told by Sean Reed that he bought out the other owners and is the sole owner. She noted that he provided the new information on insurance and he wants to continue the relationship and would like to have the lease agreement redone in his name. She stated that she provided that paperwork to Mr. Wolfe today. Mr. Crissman suggested that it would make it easier to work with him as you would only be dealing with one person.

Mr. Seeds questioned when the lease ends. Ms. Bauknight answered that it is indefinite and requires a 60 day notice to end. Mr. Crissman noted that it must have an automatic rollover.

Ms. Lindsey questioned if there are any issues with them at this time. Ms. Bauknight answered that there are none.

Mr. Seeds questioned if we should be talking about this. Ms. Bauknight noted that he is struggling very hard to be on the Township's best side. She noted that anything that we ask, he accommodates. Mr. Seeds questioned if the lease is high enough. Ms. Bauknight answered yes. She noted that the date that was given to her for the new LLC agreement was in January but Mr. Reed was waiting to get the actual agreement before he approached her. She noted that she budgeted maintaining the same number.

Mr. Seeds noted that Ms. Bauknight budgeted an increase in the pavilions. Ms. Bauknight answered yes, in the rentals of \$5. She noted that it was based on what other Townships are charging. She noted that we have nice facilities and some are new.

Mr. Seeds questioned if the fee in lieu is budgeted and spent each year for maintenance and improvements for existing parks. He noted that there is \$153,000 in the budget. Ms. Bauknight noted that moving to expenses, in 2017 there is a substantial amount of fee in lieu that is maturing that needs to be spent. Mr. Seeds questioned if it has to be spent in 2017. Mr. Wolfe answered that it has to be spent within three years. Mr. Seeds questioned if it does not have to be spent in a geographic area but it has to be spent within three years of receiving it. Mr. Wolfe answered that is correct. Mr. Seeds noted that is something new. Mr. Wolfe answered that it is not new as we have been doing this for over ten years. Mr. Seeds noted, at one time, it had to be spent in a particular geographic area. Mr. Wolfe noted that has not been practiced for a long time. Mr. Seeds noted that we can't accumulate it so that we would have a large amount and use it to develop a new park. Mr. Wolfe answered that we have to spend it within three years. Ms. Bauknight noted with the rate that the fee in lieu has been coming in it seems like it has been dropping the past few years. She noted that she would not anticipate that we could accumulate a large amount.

Ms. Bauknight noted in the expenses for 2017 there are a number of improvements listed such as pavilion roofs, parking lot resurfacing, ball court resurfacing, tennis court, volleyball court at Koons, and basketball court at Brightbill. She noted that she is also looking at Centennial Acres and Forest Hills as well. Mr. Wolfe noted when the Board did the strategic plan two years ago we recognized a need to address some maintenance of facilities and we took a chunk out of that this year and will do the same next year. He noted that we are not looking at new at this point in time, with the fee in lieu money, we are looking at basically rehabilitation of the existing facilities.

Mr. Crissman noted that going back to revenues, other than the increased fees that you identified by \$5, are there other items in revenues that you see as a major jump over last year or it is pretty much the same. Ms. Bauknight answered that there are minimal jumps such as field rentals and program fees. Mr. Crissman noted that you identified \$5 increase for field reservations. Ms. Bauknight noted that we bump the summer playground program a little each year. Mr. Crissman noted that \$1 and \$2 are minimal amounts to raise for usage. He noted that he is not pushing it but questioned if it was too small and should we do more. Ms. Bauknight answered for field reservations it has been a dollar a year so she is doubling that one. She noted

that some organizations reserve a large chunk of fields so it is an area that she would like to grow even more based on what they are doing in other townships. She noted that we have to maintain and upkeep the fields. Mr. Crissman noted that \$2 or \$5 doesn't go far when you need to redo a tennis court. Ms. Bauknight noted that they are paying for lights and we don't rent tennis courts like we would a field. Mr. Crissman noted that we pay for those things through our taxes but for some items, the consumer would not mind paying a little more to use it. Ms. Bauknight noted that the rates for non-residents are typically higher.

Mr. Seeds noted that Brightbill and Koons Park tennis courts were done. He questioned what will be done in 2017. Ms. Bauknight noted that she will probably do Forest Hills and Centennial Acres as they are in worse shape and Kohl in 2018. Mr. Wolfe noted that this is a work in progress and we are still evaluating what will be done in 2017.

Ms. Lindsey questioned if anyone gets new playground equipment in 2017. Ms. Bauknight answered that she is looking to purchase equipment in 2017 to be installed in 2018 as we receive matching grants.

Ms. Bauknight noted that we would really like to use Heroes Grove more and expand it to bring in more concerts as well. Mr. Hornung questioned if they wanted to put a covering over the playing area. Ms. Bauknight answered that it was included in Phase III of their program. Ms. Lindsey noted that you are looking at maybe two years for that. Mr. Seeds noted that they are waiting to hear about grant funding.

Mr. Hornung noted that he has been approached by some people as to what has been going on in the City of Harrisburg, as they don't like going down there for events. Ms. Lindsey noted that they have to pay to park as well. Mr. Hornung noted that he was asked if we could have an Arts Festival at Heroes Grove, but we would need some coverings. He noted that this is something to think about to see if we would want to promote it as an additional facility that could be a little more usable all winter long and more attractive to some of the performing arts to get them into the amphitheater since no one wants to go to Harrisburg.

Mr. Crissman questioned if he heard that the City was pumping a lot of money into Reservoir Park to do the band shell over to have more concerts. Ms. Lindsey noted that they do a lot of concerts there. Mr. Hornung noted with the crime factor in downtown Harrisburg, people don't want to go down there anymore. He questioned if the Township wants to pick up and

provide an area for people to do for these events. He noted that he told them that he would bring it to the Board to look into a future budget as something we could do in the future.

Mr. Seeds noted that Heroes Grove has no plans for any type of roof over the seating, just over the stage area. Mr. Hornung noted if we had larger crowds, we would have to provide some type of an enclosure. Mr. Seeds suggested that is where we need the cooperation of the school district. Mr. Hornung noted that this is something that the Parks and Recreation Board should look into. He questioned if we could charge for it to provide an income stream that would make it financially viable. Ms. Bauknight noted that there is a rental fee for the amphitheater but as far as charging for ticket prices... Mr. Wolfe noted that there are two ways to generate revenue, the first an admission fee or a booth rental fee. Ms. Bauknight noted that there are also opportunities for sponsorships. Mr. Wolfe noted that they can generate a decent amount of revenue but they are a ton of work. He noted that the other issue is if you did an Arts type festival with music, you don't have a lot of space for an Arts Festival left in Brightbill Park. He noted if you tried to commandeer one of the baseball fields to use, you would have issues with damage to the fields. He noted that the crowds trample the facilities and the sports organizations would have a hard time with that. He noted that it is a great idea and Ms. Bauknight would be happy to look into it.

#### Friendship Center

Mr. Wolfe noted that this is not a general fund budget, it is an enterprise fund, that has a budget separate from the general fund and it is totally for the Friendship Center (FC). He noted that there are Township revenues that include the \$100,000 annual contribution that is used to offset the use of the facility by the Parks and Recreation Department and there is a rental fee for that space. He noted that there is a \$25,000 contribution for costs incurred by the Senior Center as it exists at the East Annex as they don't pay a rental fee to the Township so the Township pays a fee to the FC to cover the cost of the Senior Center. He noted that there is a debt service smoothing amount where the Township has taken the mortgage of the FC and extended it for an additional eight years and in doing so you see additional revenue in the amount of \$170,000 go to the FC which will be paid back at the conclusion of the existing debt. He noted that other than those three items all of the \$2.2 million budget is generated by the FC.

Ms. Lynn Wuestner noted that the salaries are estimated at the same 3% until we know what they will be. She noted that \$502,000 out of the \$2.3 million involves salaries and benefits.

She noted that the LPAC Swim Team started this week. She noted that in the past they started to use the FC less and went to Central Penn and East Pennsboro for a year, but they have maximized the amount of time and lanes that we can give them this year. She noted that we had a two year contract with them that will end in the spring. She noted that they currently pay \$30 a lane but we should see a significant increase with their rental of the facility.

Ms. Wuestner noted when she started her budget this year, she met with Mr. Wolfe, Mr. Houck and Ms. Bauknight to split out exactly how Parks and Recreation is to be divided. Mr. Wolfe noted that it is a good point, noting when the FC was first established as an enterprise fund, we were doing proper accounting for about 95% of the operation but there was a mixing of accounting of staff for 5% of the overall budget. He noted when we separated the two operations from indoor recreation to outdoor recreation, both Ms. Bauknight and Ms. Wuestner did an audit of facilities and staff and completely accounted for everyone in the proper budget. He noted if you are outdoor recreation you are in the Parks and Recreation Budget and if you are indoor recreation you are in the FC budget. He noted that certain people's salaries are split appropriately for what they do.

Ms. Wuestner noted that it is the first week of class and the nice thing about offering classes with the memberships, the membership income has grown significantly. She noted if we were to end the year now with all our bills we would be \$70,000 in the black. She noted that the aquatics area still has a full program to book and we are at about \$20,000 shy, normally bringing in \$60,000 to \$80,000 a session.

Ms. Wuestner noted that this was the first full year that we were able to include the Day Camp income and expenses in the FC budget with the expenses being \$85,000 and the income of about \$165,000. She noted that we made about \$80,000 in profit. She noted, in the membership category, they have increased and we will be through our first full year of offering free classes with membership. She noted that we are in the first week of classes and we are off the charts. She noted that we still have income for the classes that are covering the fees that we have to pay. She noted that Ballard King had stated that the FC would lose quite a bit of money over the first three years trying to catch up, but we are more in the positive as we know that is what the people wanted.

Ms. Wuestner noted for the insurance memberships, the goal was \$165,000 and we are sitting at \$120,000 as of September averaging \$15,000 a month. She noted that we project to come in \$40,000 ahead of what we projected. She noted that we took a hit when we first started to take these programs but now we have active adults who utilize the facility. Ms. Lindsey noted that they know that we don't get paid if they don't swipe the card. She noted that they thought the insurance company paid so much a year but she continues to tell people that they need to swipe the card for the FC to get any revenues.

Ms. Wuestner noted for expenses, the administrative personal costs increased significantly since they had to take on some of the people who previously were under Parks and Recreation. She noted, at one time, she had seven full time managers to include Mr. Luetchford, Ms. Bauknight and Ms. Wuestner and the other managers. She noted that Ms. Bauknight was removed and now we are at five. She noted that Ms. Bauknight has one manager so we are down one. She noted that the one full time position was filled using a substitute manager and wellness hours, noting that it saves money on salaries and benefits. She noted that she may come back if she feels that she needs the full time position back but she thinks with the coming of age and computers that they can do it with less. She noted with the computers there is less need for some clerical help as well.

Ms. Wuestner noted that Parks and Recreation pays half time for the office manager salary. She noted that the maintenance custodian salaries can't be completed until the contracts are settled. She noted for the full time service desk personnel, she moved some of those funds to Parks and Recreation. She noted that they are paying 20% of that line item as opposed to paying 50%. She noted that they went through office supplies and the copier machines and split them accordingly, to include the program guide.

Ms. Wuestner noted with the bids coming in for the renovations to the FC, some of the line items are up in the air.

Mr. Wolfe noted that the priority project is multiple improvements to the FC, and it is part of the General Improvement Fund Budget. He noted that it was put out for bid as individual projects and he expects to bring it to the Board for action the first meeting in November, and may be discussed at a workshop session before that.

Ms. Wuestner noted that 18 years ago, the year before the FC was built, they imported the Class System for registration for the Parks and Recreation Department. She noted that they have used that same hardware system up to now but Class is going out of business and it needs to be converted to a new system. She noted that staff has been meeting, getting prices and discussing the options. She noted that it will need to be in the 2017 budget but we do not know what it will cost as we are still looking at two different companies.

Mr. Houck suggested that the decision will be made within a couple of months. He noted that Ricky from Appalachia is also heavily involved in the process. He noted that the old system is going out December of 2017 and Class is planning to transition to another newer software that works in today's IT market. He noted that we are comparing costs with different companies. Mr. Crissman questioned if we would use Ricky for that process or simply do our own RFP and submitting it for consideration by others. Mr. Wolfe answered that Ricky is serving as our staff for the technical portion of the project. Mr. Crissman noted that he would assist in the transition as well. Ms. Wuestner noted that the new company would bring in their staff for the installation and training.

Mr. Wolfe noted that we are at a point where the Authority meeting is ready to start and he questioned if anyone has any questions at this time.

Mr. Hornung questioned where you would get the money to replace the hardware. Ms. Wuestner suggested that there may be some areas of her budget that she would have to change to add this in. Mr. Wolfe noted that that part of the expenditure of the software comes from fees assessed at the time of swiping the credit card and some comes in delayed fees, the transaction fees. He noted that other parts comes from savings in the overall maintenance fee as this is a cloud operation and will not have a maintenance fee. He noted that we are analyzing all of that but we don't know what the budget impact will be if anything at this point.

Mr. Seeds noted that we have money left over from the bond issue. Mr. Wolfe answered that those funds can't be used for this.

Mr. Crissman questioned if we anticipate that we will have the expenditure in 2017. Mr. Wolfe noted that we may have it in 2016 or at least a portion of it. He noted that we know we need software and our hardware is up to date and can handle the system. He noted that there

won't be any need for additional hardware. Ms. Wuestner noted that it concerns more the transactions fees that we will incur and currently incur with our current system.

Mr. Hornung questioned if we could lease the equipment. Mr. Wolfe answered that we are looking at the potential for that as well. Ms. Wuestner noted that the Cyber Insurance will be very handy as we do a lot of transitions.

Continued discussion regarding the Supervisor's Strategic Vision Plan

Time ran out and this item was not discussed.

**Stormwater Guarantee**

6435 Gallop Road – Ryan Wilkerson

A release of an escrow with Lower Paxton Township in the amount of \$5,000.00

Mr. Crissman made a motion to approve the one stormwater guarantee. Mr. Seeds seconded the motion. Mr. Hornung called for a voice vote and a unanimous vote followed.

**Adjournment**

With there being no other business, Mr. Crissman made a motion to adjourn the meeting, and the meeting adjourned at 7:05 p.m.

Respectfully submitted,

Maureen Heberle  
Recording Secretary

Approved by,

William B. Hawk  
Township Secretary