Record of Proceedings: January 21, 2014
West Chester Township Board of Trustees
Work Session- 2014 Operational Budget

Convene: President Lang convened the meeting at 5:30 p.m..
Roll Call: Mr. Lang, Mr. Welch, and Mr. Wong responded.
Pledge of Allegiance: Lead by Jeff Shipley from Boy Scout Troop 674 and repeated by those present.

(Fiscal Officer's note: Much of the following minutes have been excerpted from a prepared outline compiled for the 2014 Budget Work Session. A PowerPoint program was used in the work session presentation, the slides are referenced sequentially throughout these minutes, and a copy of the referenced slide is attached at the conclusion of these minutes.)

Mrs. Boyko welcomed everyone to the 2014 Operational Budget Work Session and said their focus will be on the primary funds; fire, police, roads, and the general fund. She said they were using best practices in developing the budget, but they were amenable to changes in how the new Board would like the operational budget developed and presented in the future. Since 2005 the Township has been examining every aspect of its operation given significant changes to the economy.

Annually West Chester had experienced increased property valuations since 1996, and West Chester experienced a 14.9% aggregate decrease in property values from tax year 2009 to 2013, referencing PowerPoint **slide #1, "Impact of Reduced Property Valuations-All Funds"**. While the County Auditor's office is reporting a minor increase of 0.18% in property values for 2014, West Chester is projecting a 2.0% reduction, adjusted to address any potential tax delinquencies or potential tax revisions.
She said it is therefore critical as the economy continues to struggle and West Chester matures, every effort be made to protect property values and sustain development, strengthening West Chester's economy by promoting economic development, retaining a marketable workforce, and preserving property values of a maturing housing stock by encouraging property maintenance and livability.

Mrs. Boyko said that each of the directors speaking that evening would represent how their individual departments play a role in sustaining property values in the community through their daily operations and efforts. One example of these efforts is a multi-disciplinary task force established with representatives from Police, Fire, and Community Development. Through this task force, staff has worked closely with homeowners associations, high-density housing developments and businesses to ensure properties are safe and compliant, but in a manner that fosters collaboration and encourages an ongoing dialogue that promotes ongoing communication between the Township and the property owner.

Strategically, staff has calculated projected liabilities and unforeseen circumstances, which has led to a more concise and carefully considered operational budget. This practice has allowed the

Township to remain within self-imposed budgetary constraints and build a carryover which demonstrates fiscal solvency and that will benefit the community as it matures.

All fund budgets reflect increases in personnel costs due to obligations from current collective bargaining agreements, a 23% increase in health care costs and potential liabilities for separation payouts, etc. Consistent with our commitment to continuous improvement, the 2014 budget process continues to formulate more precisely those expenses – salary, benefits, and potential compensation liabilities – retirement, separation, etc. – attributed to the Township's largest expense – personnel.

Mrs. Boyko said the themes offered throughout the preparation of previous budget processes are all applicable to the 2014 Operational Budget:

- reduced revenue streams from extended conditions and trends of a challenged economy;
- continued commitment to managing escalating infrastructure maintenance and replacement costs;
- regenerated approach to expenses and operations; and
- addressed impact of all on delivery of services.

She then introduced Finance Director Ken Keim to review the revenue and budgetary history of the primary funds.

Mr. Keim said the operational budget represented activities from 10 funds: the general fund, four separate road funds, the cemetery fund, multimedia and marketing fund, police fund, fire and EMS funds. He said Tax Increment Financing funds, project funds, debt service funds, financing funds, state and federal grant funds as well as other minor funds were not considered a part of the operational budget.

Referencing **slide #2, the "2014 Operational Budget General Fund Carryover"**, Mr. Keim said a deliberate effort was made by boards of trustees beginning in 2005 to build General Fund carryover in order to sustain the Township's assets as the community matured. In 2009, as the chart illustrates, the General Fund's carryover was first impacted by a transfer to the Road & Bridge Fund and efforts to build a Sustainable Infrastructure Fund.

Referencing **slide #3, "2014 Operational Budget- General Fund Revenues"**, he said it clearly illustrated their budgetary practice of conservatively projecting revenues based upon the larger economic climate. In each year, beginning in 2010, actual revenues have soundly exceeded budgeted revenues in the General Fund. Actual revenues to the General Fund, however, have been decreasing since 2010 due to reductions in property tax collections, Local Government Fund, interest earned on investments and other sources. 2013 is the first year we experience the elimination of Estate Tax in the General Fund as well as Tangible Personal Property Tax as revenue sources in all of our primary funds. Fortunately revenue from the JEDD has helped compensate for some of these diminished revenue sources, while operational efficiencies and cost savings have helped to keep expenses in check.
In 2014, they project revenues of about $3.6 million, continuing to demonstrate pessimism in revenue sources reflective of the larger economy. Their conservatively projected revenues are $2 million less than was receipted in 2013.

Referencing **slide #4, "General Fund Revenues & Expenditures"**, Mr. Keim said Budgeted revenues for 2014 continue to anticipate 2% reductions in property tax collections, although the Butler County Auditor has announced a very small increase (.18%) in property values for 2014.

He then referred **to slide #5, "General Fund Actual Revenues & Expenditures (Actual & Budgeted)**, saying 2014 budgeted expenses in the General Fund of nearly $7.5 million are almost $1.5 million greater than 2013 actual expenses. This increase is accounted for with a $270,000 payment to the City of Fairfield for contract obligations related to the JEDD; continued support of a $75,000 contribution to The National Voice-of-America Museum-of-Broadcasting; continued support of a $65,000 contribution to Partners in Prime; and the $1.5 million transfer to the Roads.

Some notable capital expenses in the 2014 operational budget proposal, as illustrated in **slide #6, "General Fund/General Fund Notables"**, include:

- $250,000 in undetermined capital improvements for the revitalization of U.S. Route 42;
- $70,000 for American's w/ Disabilities Act improvements to Keehner Park.

When the Trustees were asked if there were any questions, Mr. Wong recalled Mr. Welch commented at the last Trustee meeting that alternative funding could be pursued for the Smith Road Connector. Mrs. Boyko interjected that a discussion on that or any other specific project could occur at another meeting, but they wanted to focus the discussion that evening on the operational budget on the whole. There were no other Trustee comments or questions.

Mr. Keim resumed his comments, referring to **slide #7, "Roads Carryover"**, saying the budgeted revenues in the Roads and Maintenance Funds for 2014 are just more than $3.7 million, slightly less than 2013 actual revenues. A slight reduction is anticipated in each of the Roads Funds revenue sources due to impacts of the larger economy; and revenues shown on slide #7 did include a direct subsidy from the General Fund of $1.5 million.

The road funds' 2014 budgeted expenses of $4.2 million are greater than the previous two years and exceed projected revenues, as shown on **slide #8, "Roads Revenues"**. Budgeted expenses, however, are within available resources of $6.4 million. Mr. Keim concluded this presentation discussing **slide #9, "Roads Revenues & Expenditures"**, and **slide #10, "Roads Revenues & Expenditures" (Actual & Budgeted).** Thereupon Mr. Keim turned the program over to Community Services Director Tim Franck.

Mr. Franck observed that much of West Chester's corporate and residential development occurred 15 to 20 years ago, therefore our infrastructure was reaching maturity and will begin to require greater investment for replacement and maintenance. This includes roads, curb, storm drains and facilities. West Chester's visibility, accessibility, and location have long been cited as significant attributes for encouraging economic development. A strong commitment to maintaining and replacing this infrastructure is critical to sustaining the community's reputation as a great place to live and do business. The Community Services Department works collaboratively with Police, Fire and Community Development to track and monitor those infrastructure conditions that impact safety and which have the potential for impacting property values. Whether it's cleaning graffiti from park facilities and overpasses, repaving a roadway, or

repairing signs and filling pot holes, these all affect the community's aesthetic and therefore property values.
In order to direct the most resources possible to these services, they continue to seek operational efficiencies and constrain costs. One example of this is through the successful relationship with the Butler County Engineer's Office to ensure the best investment of taxpayer dollars. In the coming year, he said they anticipate a $600,000 reduction in cost to West Chester residents through this partnership with BCEO.

Mr. Franck then reviewed **slide #11, "Roads & Maintenance – 2014 Roads Resurfacing Program"**. He continued by saying that in 2014, $950,000 has been budgeted in Road Funds to pave 10.37 miles of roadway. This, he said, was this most aggressive asphalt paving program undertaken since 2008. Of the 10.37 miles, the Butler County Engineer's Office will pay to pave .16 miles of township roadway. West Chester will pave 1.72 miles of county roadway and 1.62 miles of township roadway within township TIF Districts at a cost of $1 million from TIF Funds (not the Township Road Fund).

An additional $367,000 has been requested for 12,450 lineal feet of curb replacement/repair on Township streets scheduled for paving in 2014.

The 2014 budget proposal also requests $230,000 for slurry sealcoat application on 6.65 miles of roadway. Black Mat Slurry is a product applied to roads in good condition to protect them and extend the life of the pavement.

Mr. Franck continued by saying the department's salary expense has been reduced for 2014. In December 2013, Foreman Jim Rigsby was promoted to Roads and Maintenance Superintendent. His Foreman duties have been absorbed by current staff and salary expense has been adjusted to reflect this change. In addition, two laborer/operator positions have not been filled.

Referencing **slide #12, "Roads Funds Notables"**, additionally requested notable budget items were identified in their request:

- $275,000 for purchase of road salt for the 2014-15 snow season, this is in addition to the money already budgeted and encumbered in 2013 for the current snow season.
- $190,000 has been requested for critical culvert/storm pipe replacement and repairs – 14 sections of pipe in various locations throughout the township are planned for replacement and/or repair in 2014.

Also noted were 11 sections of storm pipe that were impacted in 2013.

Mr. Franck then asked if there were any questions. Mr. Lang, noting the $190,000 budgeted for culvert/storm pipe replacement and repairs, asked that Mr. Franck let him know specifically which culverts/storm pipe were earmarked for replacement and repair this year. Mr. Lang then asked for an account of the increased revenue between 2011 and 2012 in the roads budget. Mrs. Boyko attributed it to a fund transfer. Mr. Welch asked staff to elaborate on the partnership with the Butler County Engineer's Office that would result in the Township saving $600,000. Mr. Franck said the Township and county exchange roads resurfacing services. Mrs. Boyko noted eligibility of TIF funds for certain areas rather than funding from the Township Road Fund.

Mr. Wong asked for which streets were going to be resurfaced and slurry sealed. Mrs. Boyko said she would get the names of the impacted streets to all three Trustees.

Mr. Keim then addressed **slide #13, "Fire & EMS Carryover"**, saying The Fire Department continues to maintain costs within the constraints of a levy approved by voters in 2006. The carryover of $16.5 million appears substantial due in part to the unrealized expense of constructing and equipping a 6th fire station to serve the northwest quadrant of the Township.

Mrs. Boyko interjected that, although financial resources must be reserved for the potential need of a 6th fire station if or when development demands it, the Fire Fund is stable and its financial solvency has and will remain well beyond its levy life. She confirmed to Mr. Welch that the Township has some limited shared services with Liberty Township in the northwest quadrant of the Township.

Mr. Keim then resumed, commenting on **slide #14, "Fire & EMS Revenues" (Actual & Budgeted), slide #15, "Fire & EMS Revenues"**, as well as **slide #16, "Fire & EMS Revenues" (Actual & Budgeted)**: The Fire Department has budgeted more than $14.7 million in expenses in 2014, nearly $2 million more than 2013 budgeted expenses. This is due to equipment replacement costs that Chief Goller subsequently discussed.

Fire Chief Tony Goller then addressed the Board, saying that in 2006 West Chester residents approved a levy in support of the Fire Department with the projected need that the levy would help fund the construction and operation of a sixth fire station in the northwest quadrant of the Township. To date, cost/benefit analysis of the potential project and development demands have not warranted this fire station and, in the best interests of the taxpayer, they have not moved forward with the project. He said they will continue to monitor this situation, ensuring service to this quadrant of the community from existing stations and utilizing automatic mutual aid on reported structure fires with Liberty Township. This was utilized twice in 2013. The Fire Department has kept its commitment to taxpayers, preserving carryover for this potentiality and because the Fund's carryover appears substantial, the operations of the department can be funded within the constraints of the existing levy for the foreseeable future. Due to enhanced fire codes, diligence in enforcing these codes, and quick response times, there are fewer fires in relation to the development today, fires are held in check causing less damage than would have been the case without these codes, and property insurance rates are reasonable.

In the fire service, he said they measure their success by the number of lives saved, as well as loss of commercial and residential buildings due to fire. These numbers will have a direct impact on the property values in our community, our fire department's reputation, and especially insurance premiums. An active, professional firefighting force helps to protect the Township's property values and sustain a safe residential and business community.

In terms of Property lost and saved in West Chester in 2013, commenting on **slide #17, "Fire Department – Outreach Recap"**, Chief Gollar observed:

- The total value of property that was impacted by fire in 2013 was: $120,257,865. Of that value $552,711 was lost.
- The value of property saved through intervention of the fire department was $119,705,154 (or 99.54%).

- The total value of the contents of buildings impacted by fire in 2013 was $30,729,599. Contents value lost was $243,380.
- The value of contents saved in 2013 with intervention from the fire department was $30,486,219.
- In 2013, they experienced a 9.6% decrease in calls for service, after a 4.65% increase in calls from 2011 to 2012.
- Response time was reduced in 2013 by 13 seconds (5:51 in 2012; 5:38 in 2013) through use of new technology such as AVL and video conferencing.
-

Chief Gollar also reviewed **slide #18, "Fire & EMD Funds Notables"**, expressing the following needs:

- $600,000 to replace a 1989 Engine as part of our fleet replacement program.
- $500,000 for replacement of Self-Contained Breathing Apparatus that has reached its life expectancy. Most of the SCBA equipment was purchased in 2004, but some was purchased as early as 2002. We have applied for Assistance to Firefighters Grant to offset the cost, but the replacement of the equipment will be necessary regardless of the outcome of the grant.
- $225,000 for remounting of a 2003 medic unit. Savings will be realized by purchasing the chassis only and re-using the patient compartment box.

He concluded by saying that in 2014, the Fire Department was anticipating expenses nearly $2 million greater than 2013 budget due to several long-term capital expenditures for equipment. Equipment scheduled for purchase in the coming year while costly has service life ranging from 8 to 25 years (a medic unit 10-12 years, SCBA's 8 - 10 years, and the Engine 20 – 25 years). In the case of a medic unit scheduled for purchase in the coming year, the Township will realize a savings by reusing the patient compartment box and replacing only the vehicles chassis.

Mr. Wong praised the department. Chief Gollar responded to questions from Mr. Welch about the Self-Contained Breathing Apparatus, and elaborated at Mrs. Boyko's request. Mr. Lang praised the Chief for his presentation and the reduction in response time. The Chief then responded to questions from the Trustees, and concluded his presentation.

Mr. Keim resumed moderating the work session, noting that the Police Fund was the last fund to be reviewed that evening. From **slide #19, "Police Carryover"**, he observed that property value reductions had the greatest impact on the police levy fund. Collections receipted in 2011, the first year after the police levy was approved, were $800,000 less than certified in 2010 when the levy was renewed. Over the past three years since the levy was approved, that translated to a total of $2.4 million in revenue that was anticipated with the new levy, but was not realized. Therefore, the revenue was less robust than anticipated and was impacting carry-over. Referencing slide #20, "Police Revenues" (Actual & Budgeted), the police department is budgeting just more than $14.4 million in expenses in 2014, about $300,000 more than was budgeted in 2013, and about $1.7 million more than actual 2013 expenses. Mr. Keim then introduced Police Chief Eric Niehaus for the Police Fund presentation.

Chief Niehaus said that, as is true with the Fire Department, their mission was also to protect life and property. A competent, well-trained and effective police department will continue to keep

West Chester safe and help us do our part in making West Chester a desirable place to live. Public safety is critical to maintaining property values in our community. But what is even more critical is for everyone to work together toward the common goal of maintaining property values. As Judi mentioned, he said the departments have worked together to address a variety of property related issues through the Property task force. He referred to the "Broken Windows Theory" which is based on the notion that things such as broken windows are signs that nobody cares, which leads to a greater fear of crime, and in turn can lead to more serious crime, which can then lead to repeating this cycle and a further spiral of decay. This task force helps them identify and resolve these problems at an early stage so that they do not spiral into decay.

He said an important component of their policing strategies involved our residents and businesses. Keeping them "well-informed" on matters of crime prevention and involving them as added "eyes and ears" in the community. Crime prevention education and outreach to our residents and businesses is a proven tool in reducing crime and solving crimes, **reviewing slide #20, Police Department – Outreach Recap"**. He added that these efforts add little to no cost to operations. In 2013, Neighborhood Watch groups increased by six, bringing the total number to 35. Neighborhood Watch groups have been instrumental in generating information that supports policing efforts in the community. Three of the new watches were part of the major enforcement blitz organized by Captain Rebholz to address a rash of theft from autos in beat 1 and 4 areas (The Tylersville corridor from Lesourdesville-West Chester Rd to Butler Warren Rd).
The Citizen Police Academy graduated its 8th & 9th classes in 2013. Many CPA alumni regularly help at public education events and the first ever CERT (Citizen Emergency Response Team) training class was completed this year, improving our CPA program and giving the Township more volunteer resources. These volunteers reduce our reliance on uniform patrol officers at these public education events which in turn allows us to reduce overtime expenses. More than 305 homeowners benefitted from the police department's unoccupied home checks. Homeowners register through the Township's website letting us know when they are going to be away from their homes for vacations, etc. Patrol officers are given notes on these houses and check them with the knowledge that the residents are away for a period of time.

The Police Department had reduced costs through implementation of 12-hour shifts, use of in-field reporting and other operational changes. Budgeted expenses for 2014, however, were greater than 2013 actual expenses due 23% increase in health care costs, $45,000 in ammunition, $500k in potential payouts of accrued liabilities, and some critical capital expenses. When possible, purchases are made from asset forfeiture fund, Drug Law Enforcement fund, and grants are sought, etc. in order to most efficiently allocate police levy resources. They currently have a combined total of approximately $67,000 in reimbursable grant money for HVEO and OVI that offsets our overtime expenditures.

Referencing **slide #21, "Police Funds Notables"**, Chief Niehaus noted that some of the 2014 notable budget request included:

- $330,000 for the purchase of 8 new vehicles as replacements. This cost includes all additional equipment to convert for road patrol.
- $60,000 for firearm replacements to be charged to the Drug Law Enforcement Fund.

- $40,000 for repairs to the fire range used for officer training. The expense will be charged to the Drug Law Enforcement Fund.

Chief Niehaus then responded to numerous questions from the Board.

Mrs. Boyko then concluded the work session by recognizing efforts by staff to improve their operational efficiencies, and praised the departmental leaders for their work ethic and commitment.

Mr. Lang commended Mrs. Boyko for her preparation and then adjoined the work session at 7:25 p.m.

(Fiscal Officer note: The preceding 7 ½ pages are narrative minutes. The signatures of the Fiscal Officer and Board President appear immediately below. Following this page are 21 pages of slides/visuals referenced herein. There are a total of 29 pages in this document.)

Respectfully submitted, **Approved,**

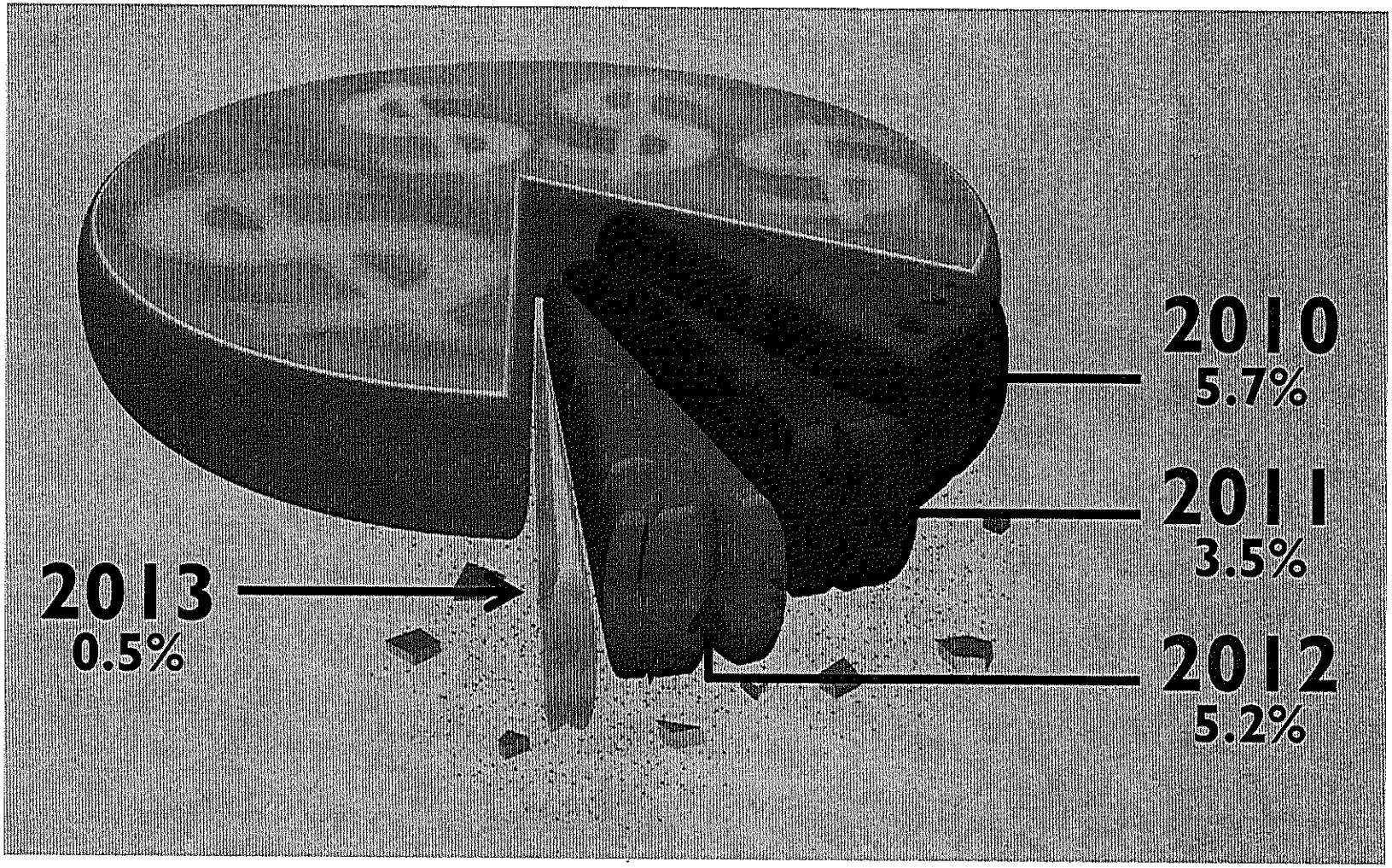
_____ _____

Bruce Jones, Fiscal Officer **George Lang, President**

DRAFT

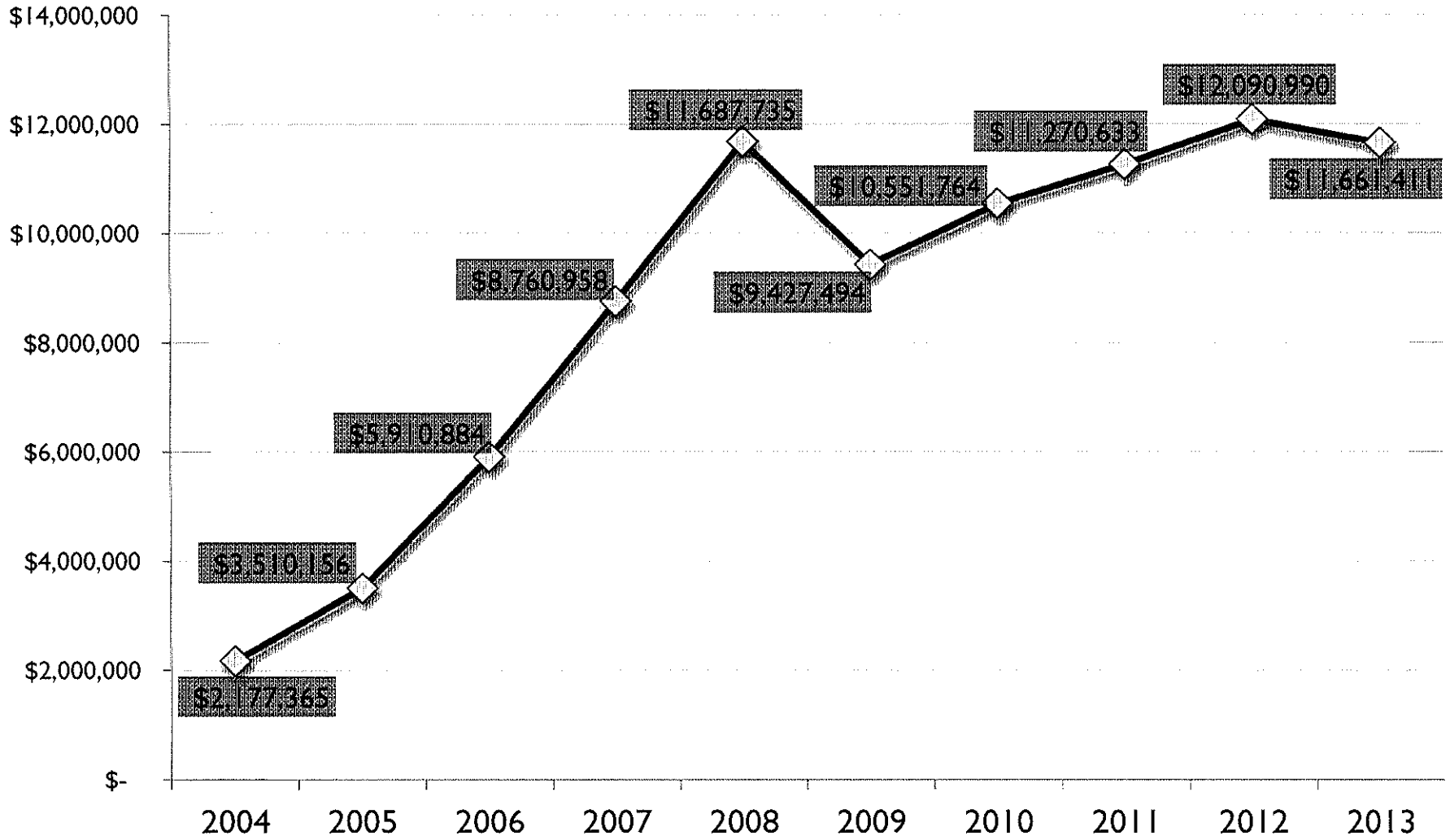
Impact of Reduced Property Valuations

All Funds



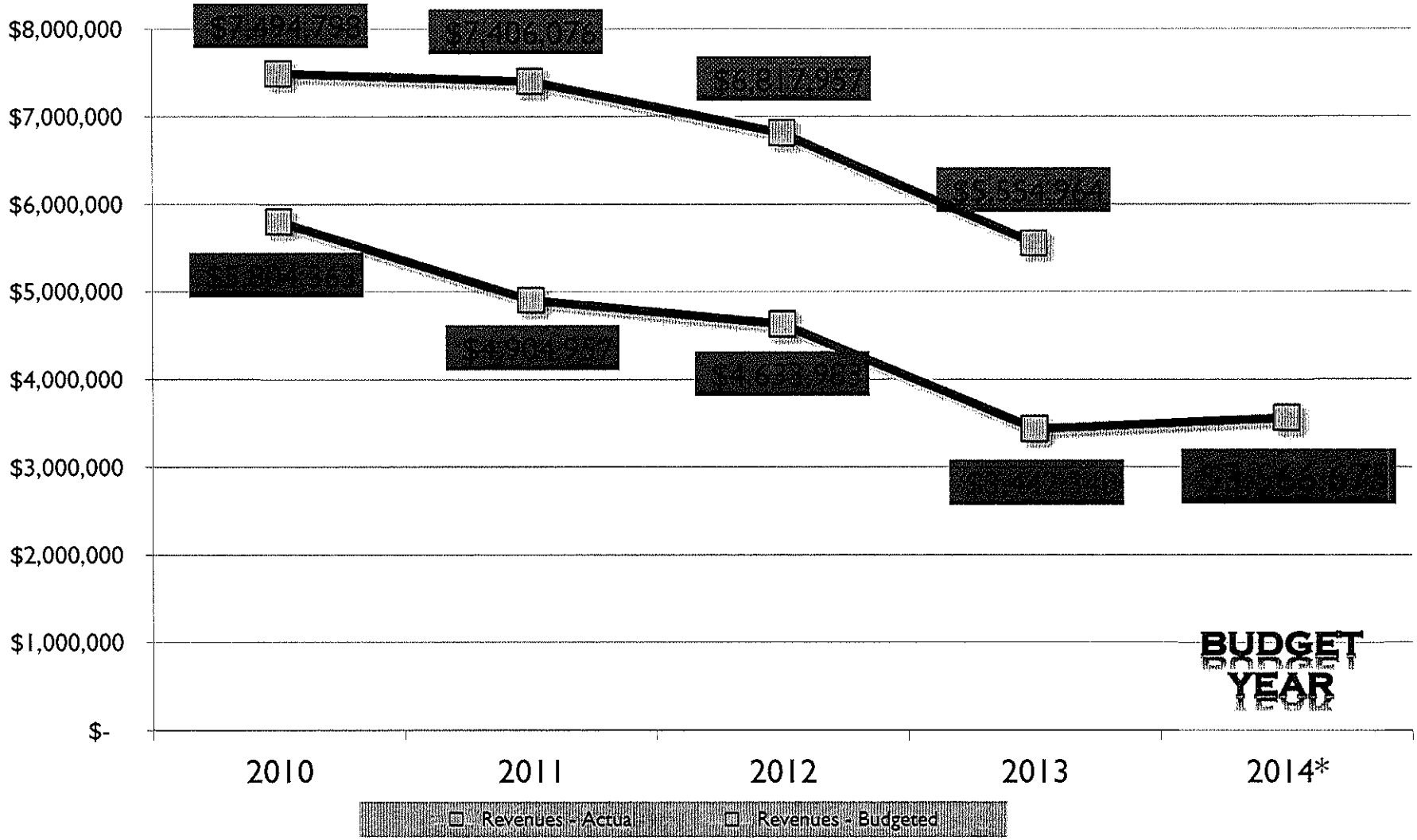
2014 Operational Budget

General Fund Carryover



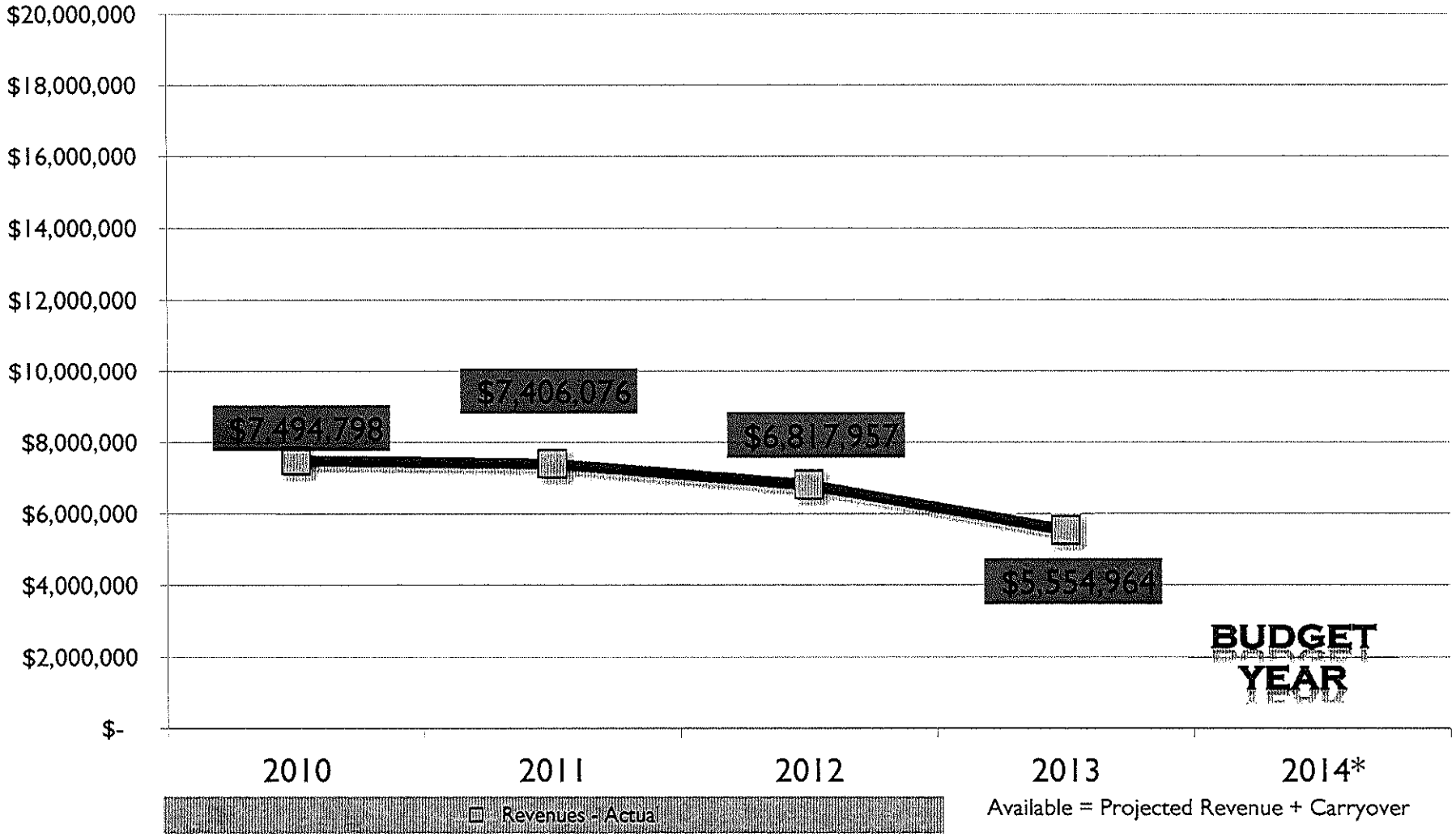
2014 Operational Budget

General Fund Revenues



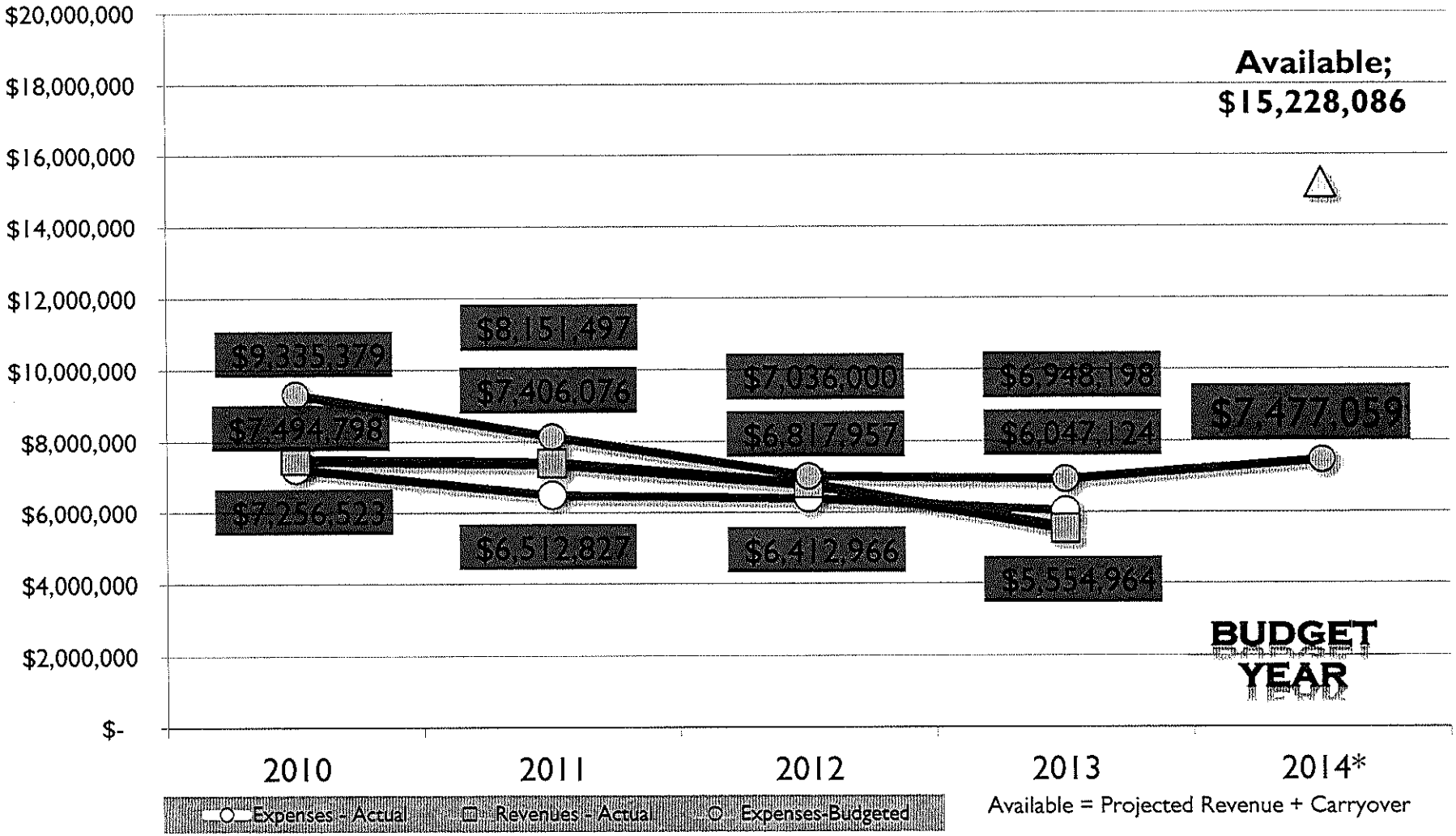
2014 Operational Budget

General Fund
Revenues & Expenditures



2014 Operational Budget

General Fund
Revenues & Expenditures



Available = Projected Revenue + Carryover

General Fund

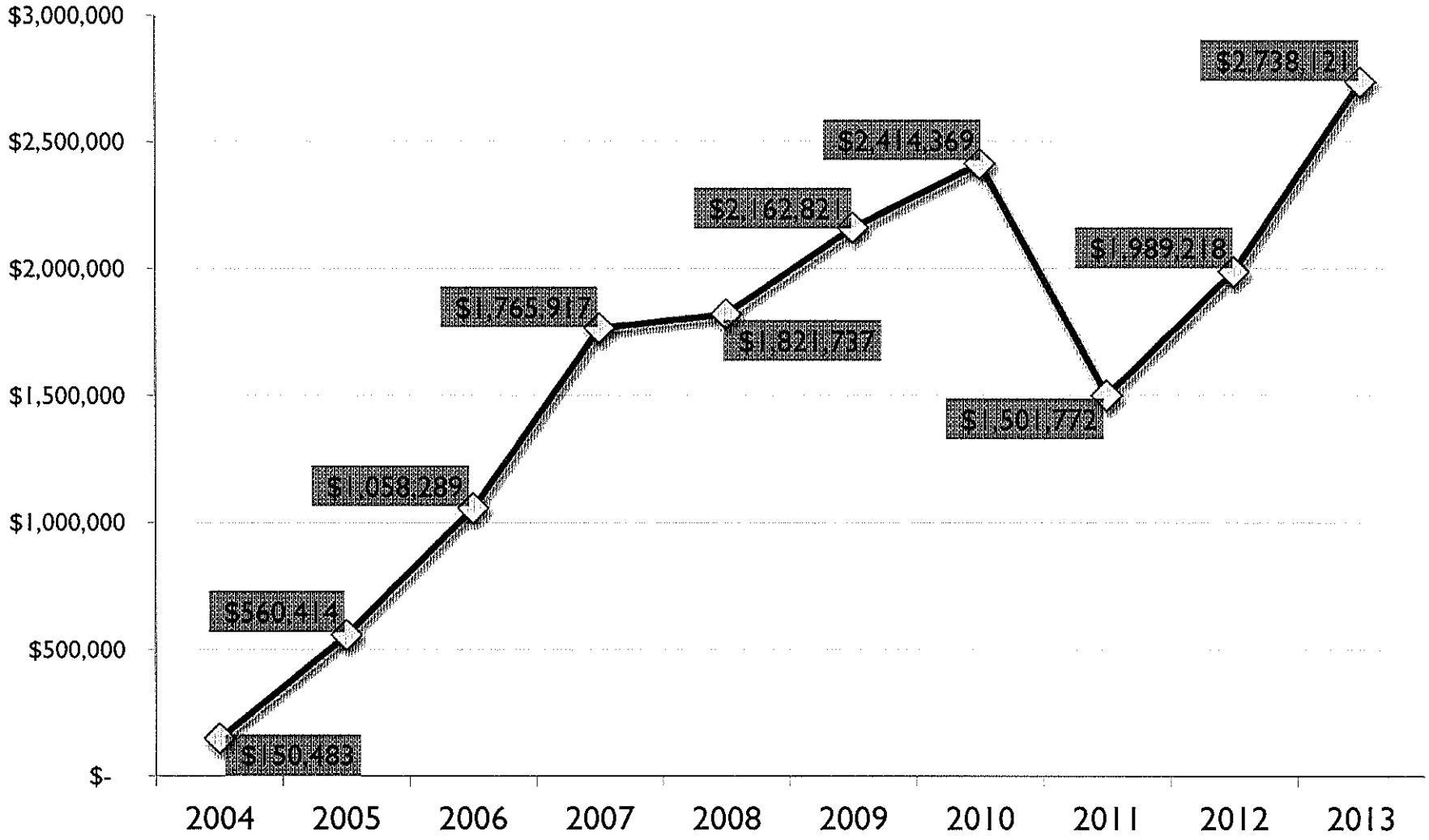
General Fund Notables

- $250,000 for undetermined improvements for the revitalization of U.S. Route 42
- $70,000 for ADA improvements to Keehner Park

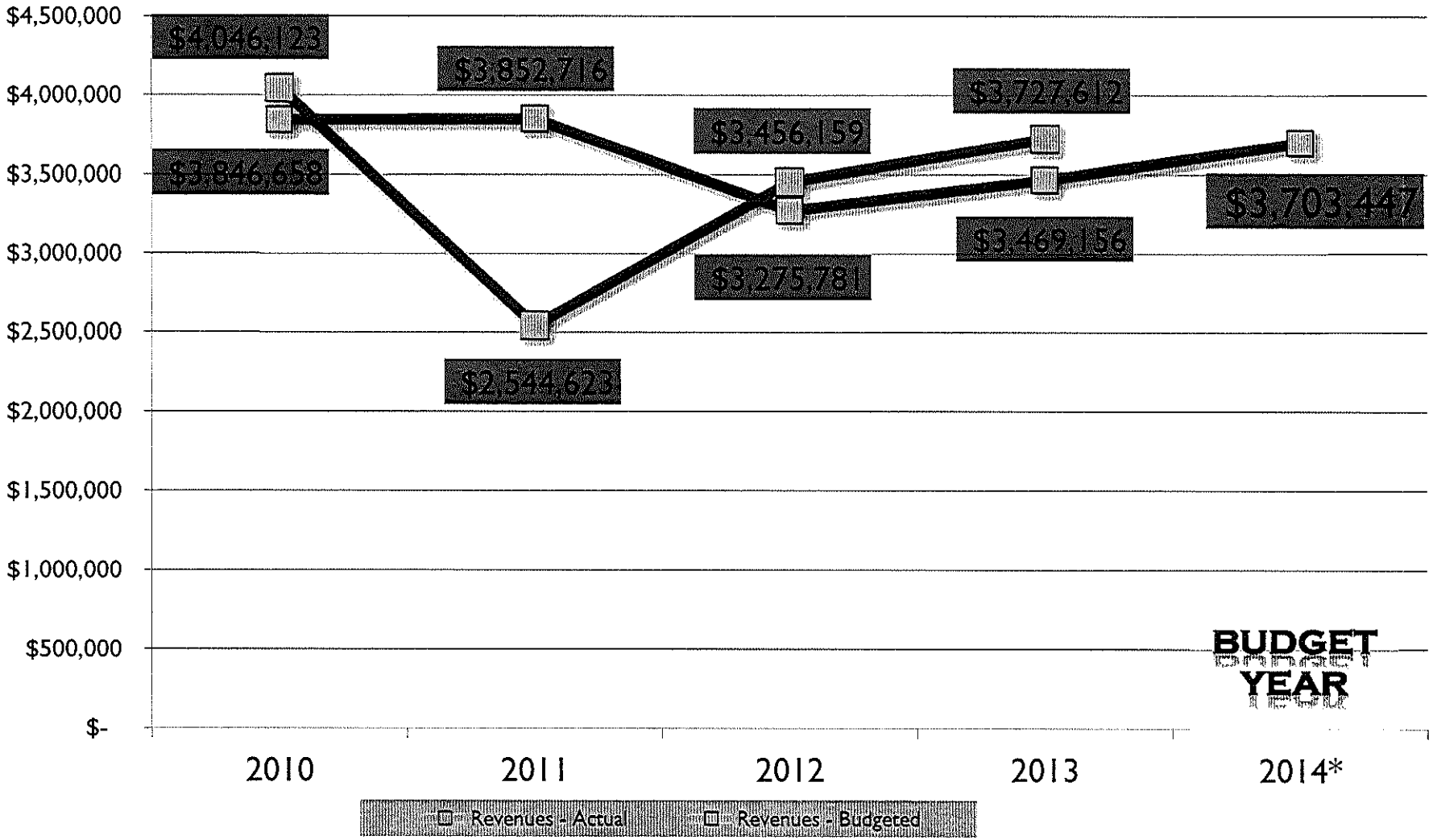
TIF Capital Improvement Projects

- $5 million for Civic Centre Boulevard Extension
- $6 million for improvements to UCB and Interstate 75 ramps
- $1 million for resurfacing of county roads within West Chester as part of the shared services arrangement with the BCEO
- $1 million to design and replace or install irrigation systems, lighting and landscaping on UCB

Roads Carryover

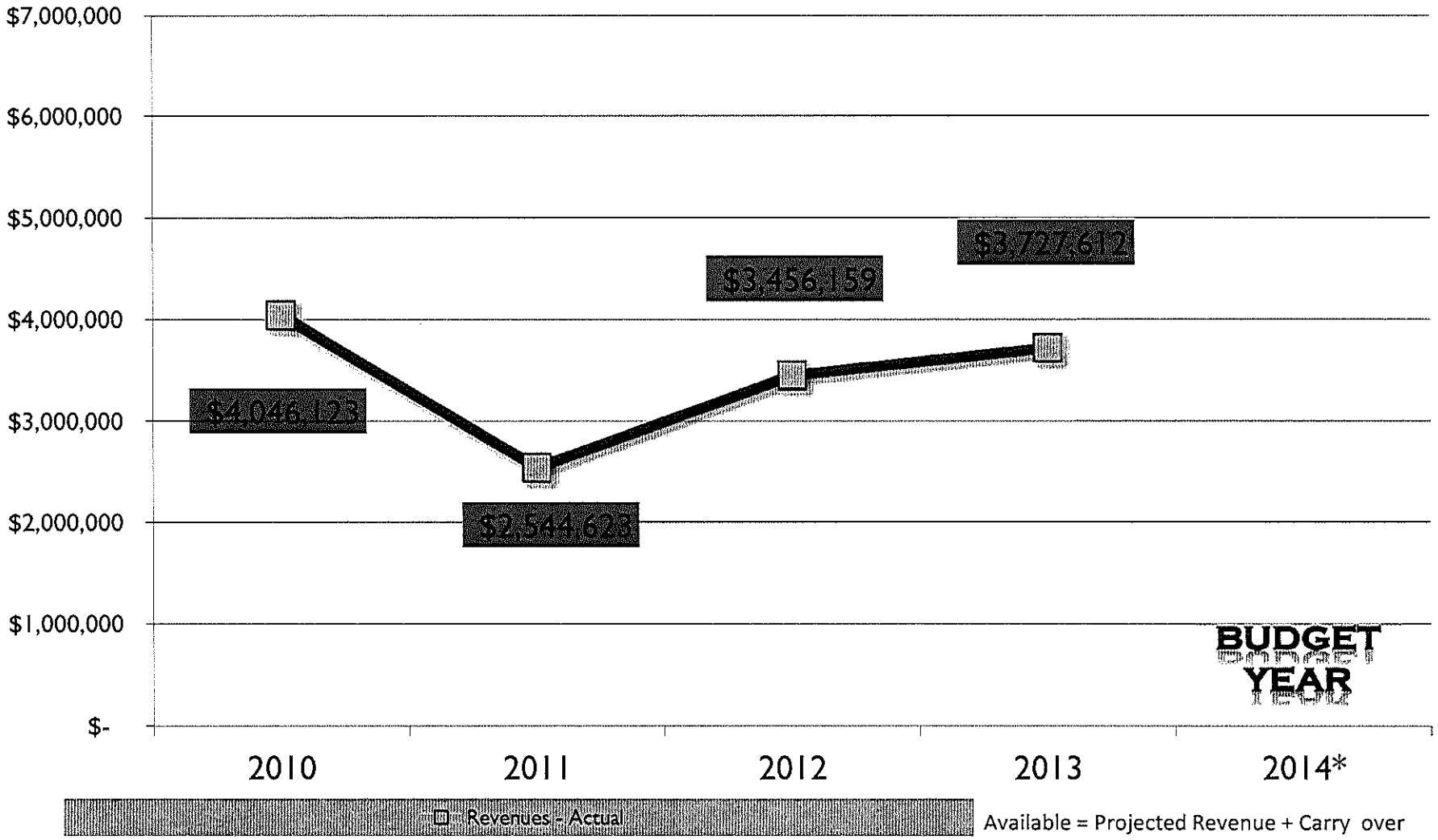


Roads Revenues



Roads

Revenues & Expenditures

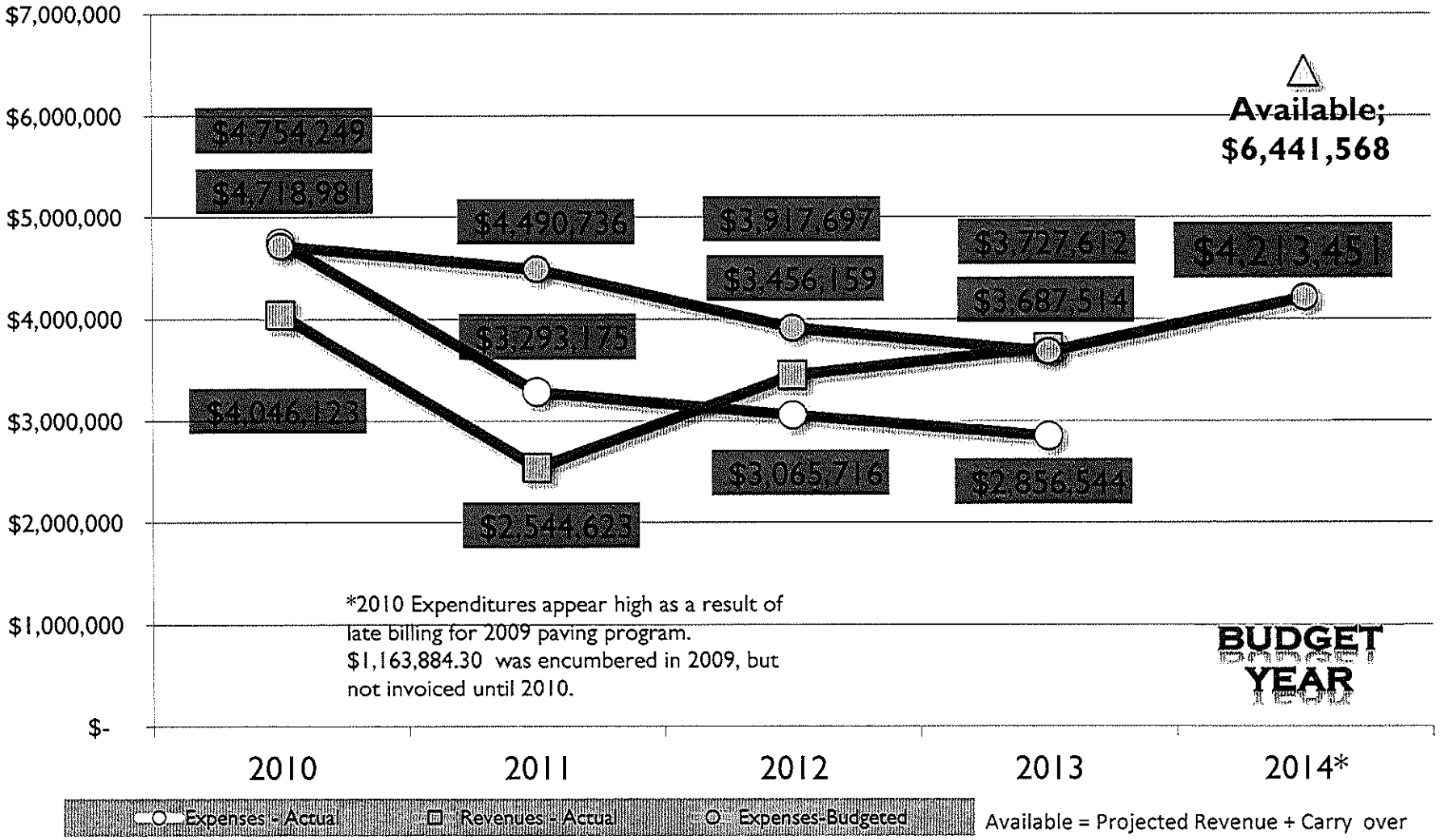


Available = Projected Revenue + Carry over

2014 Operational Budget

Roads

Revenues & Expenditures



Available = Projected Revenue + Carry over

Roads & Maintenance

2014 Road Resurfacing Program

The Township currently has 220 center-line miles of roadway

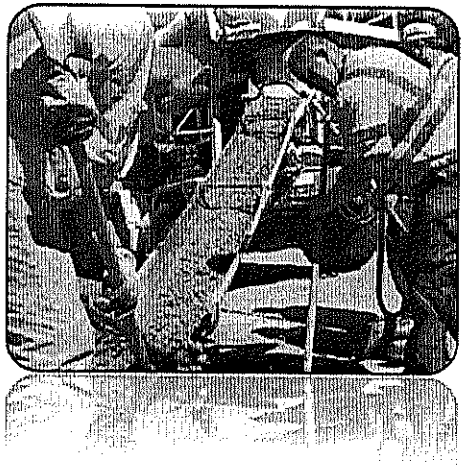
Asphalt Paving:

- **$950,000 to pave 10.37 miles of roadway**
  - **BCEO will pay to pave 0.16 miles of township roadway**
  - **West Chester will pave 1.72 miles of county roadway & 1.62 miles of township roadway in TIF districts at a cost of $1 million from TIF (not the Roads Fund).**
- **$367,603 for 12,450 lineal feet of curb replacement/repair**
- **$230,000 for slurry sealcoat application on 6.65 miles of roadway**

Roads & Maintenance

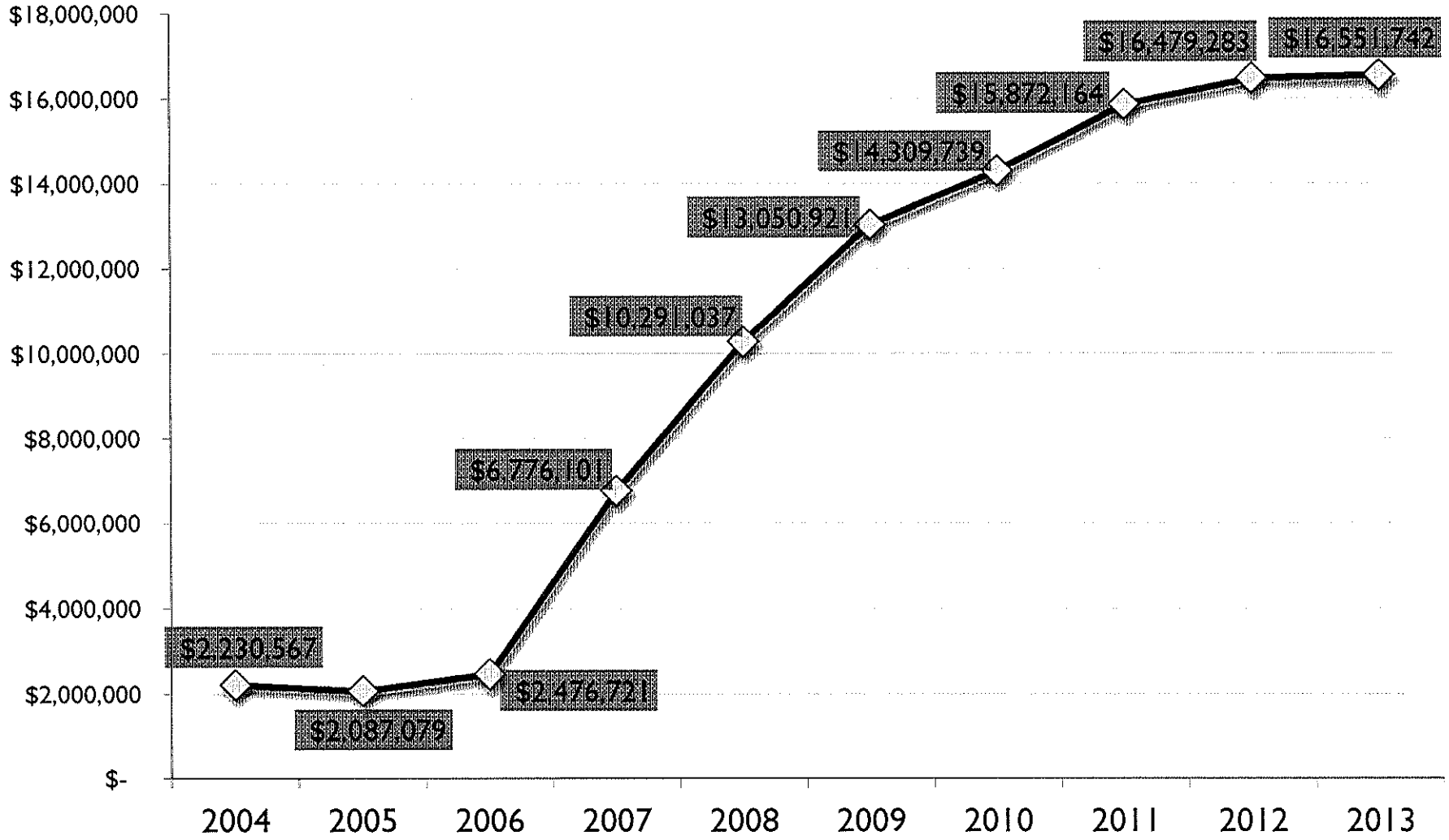
Roads Funds Notables

- **$275,000 for purchase of road salt for the 2014-15 snow season**
- **$60,000 for purchase of a replacement for a 1996 pick-up truck to be equipped for snow removal and salt application**
- **$190,000 for critical culvert/storm pipe replacement and repairs**

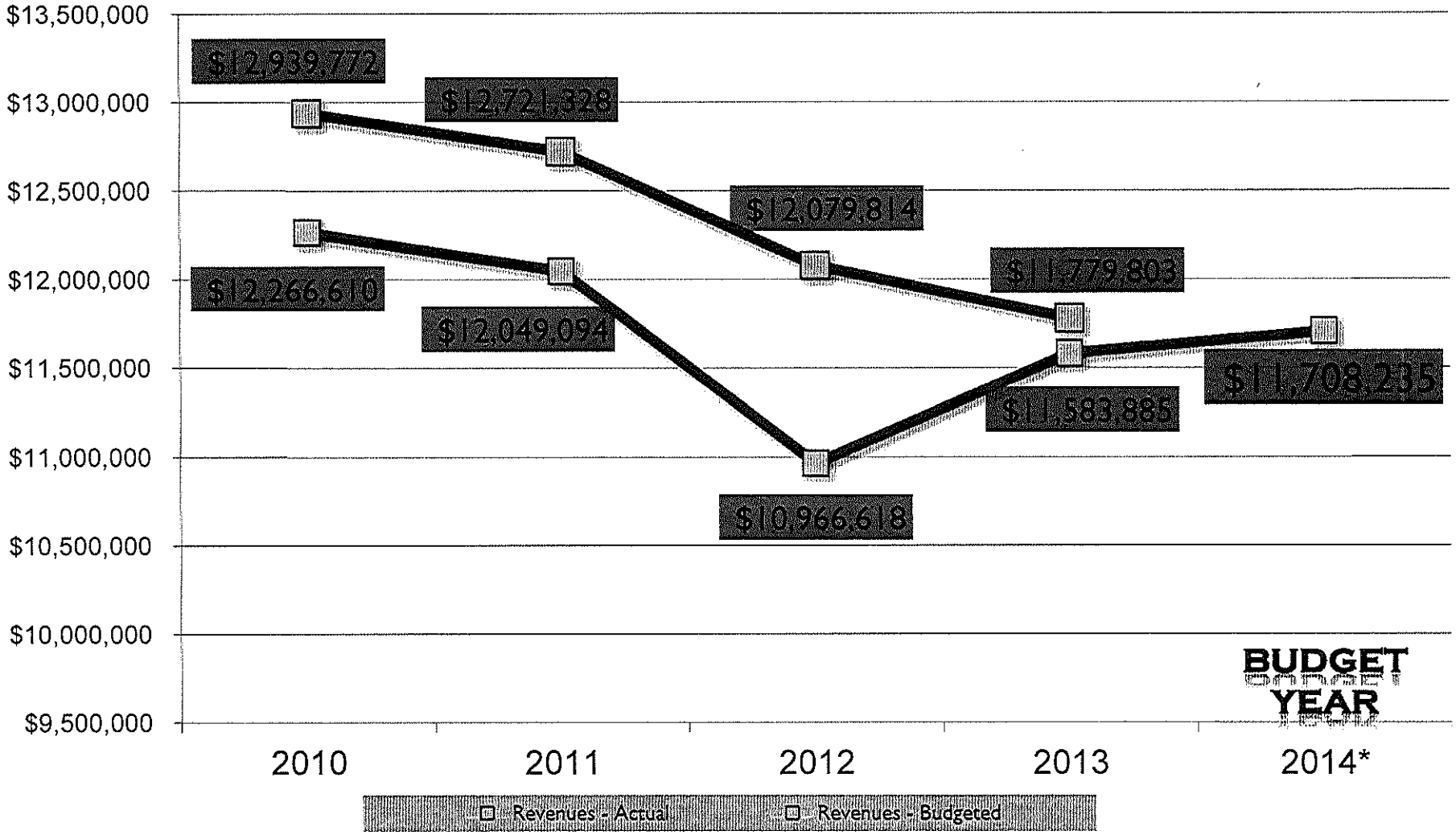


2014 Operational Budget

Fire & EMS Carryover



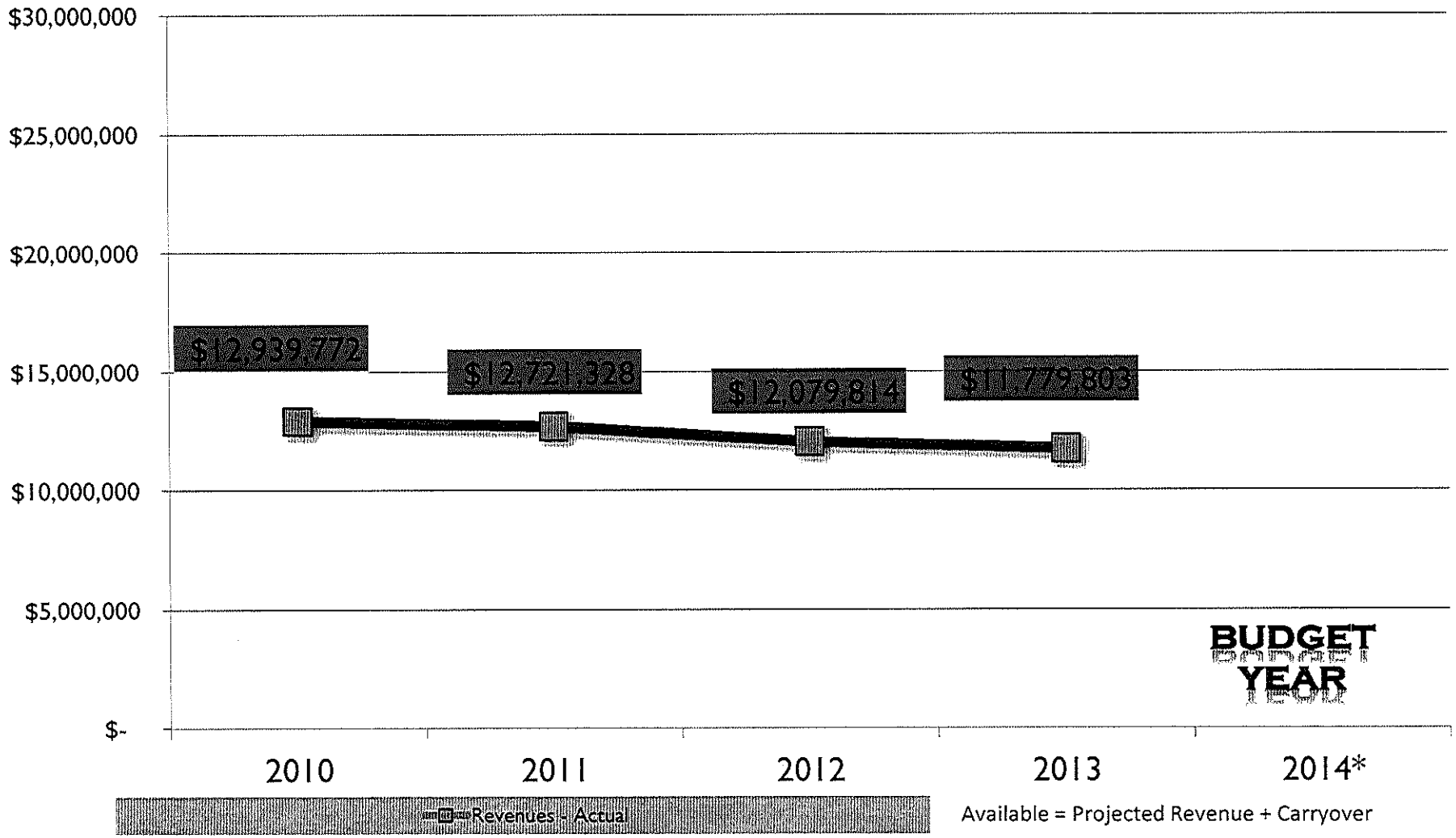
Fire & EMS Revenues



2014 Operational Budget

Fire & EMS

Revenues & Expenditures

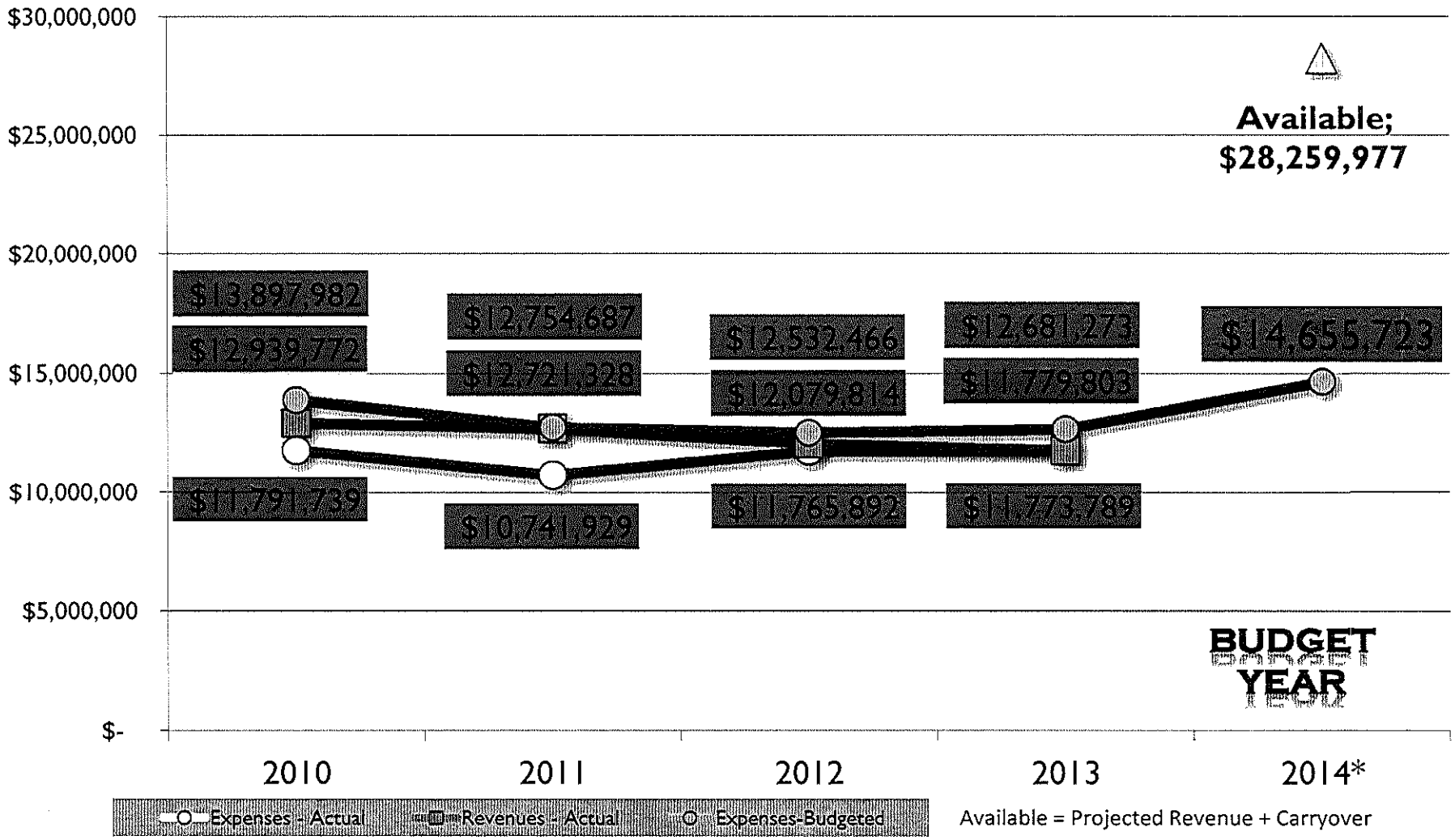


Available = Projected Revenue + Carryover

2014 Operational Budget

Fire & EMS

Revenues & Expenditures



Available = Projected Revenue + Carryover

Fire Department
Outreach Recap

In terms of property lost and saved in 2013:

- Value of property affected by fire: $120,257,865
  - Property loss: $552,711
  - Property saved through FD interventions: $119,705,154 (99.54%)
- Value of contents of these properties: $30,729,599
  - Contents loss: $243,380
  - Content value saved through FD intervention: $30,486,219

- 9.6% decrease in calls for service in 2013
- Response time reduced by 13 seconds
- Public Education: Nearly 11,000 residents reached through educational programming offered
- 132 CPR classes with 746 students total

Fire Department

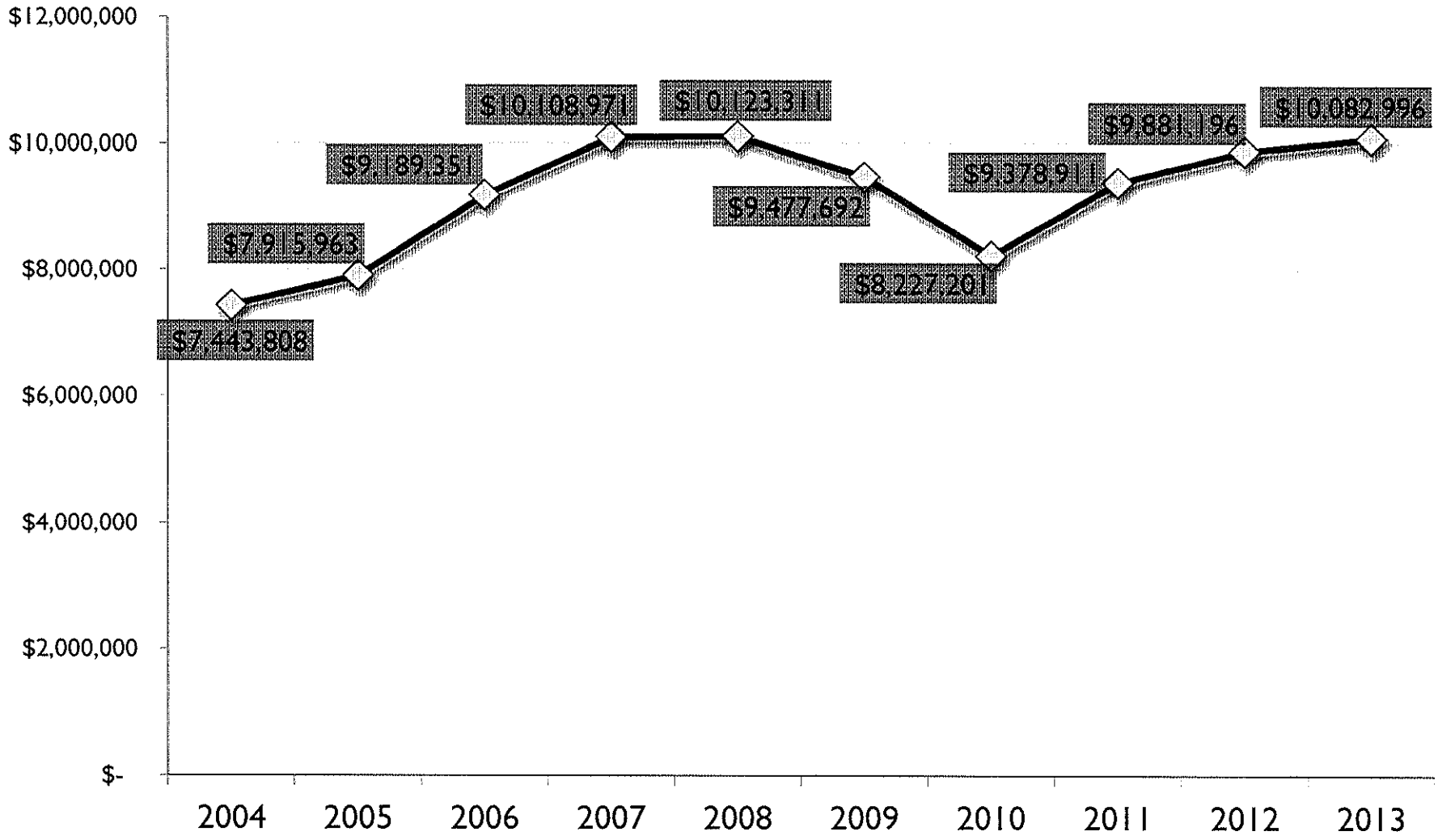
Fire & EMS Funds Notables

- $600,000 to replace a 1989 fire engine
- $500,000 for replacement of Self-Contained Breathing Apparatus
- $225,000 for remount of 2003 medic unit
- $25,000 for roof repair at Fire Station 75

Operational Expenses:

- An increase in personnel costs
- Anticipate a 5 to 8% increase in drug and medications costs for our EMS units
- Increase in repair and maintenance of apparatus and facilities

Police
Carryover



Police Department
Outreach Recap

- 163 public appearances with 20,490 people reached
- 6 new Neighborhood Watch groups for total of 35
- "Be the Difference" events focused on anti-bullying
- Citizen Police Academy graduated its 8th & 9th classes
- More than 300 homeowners benefitted from the police department's unoccupied home checks
- Workplace safety programs
- ALICE Training

Police Department

Police Fund Notables

- **$330,000 for 8 new road patrol vehicles as replacements**
- **$60,000 for firearm replacements to be charged to the Drug Law Enforcement Fund**
- **$40,000 for repairs to firing range used for officer training to be charged to the Drug Law Enforcement Fund**