

Hybrid Meeting

- For Public Comment via Zoom, use the chat function to state your comment and the Zoom host (Gretchen Flack) will present it for you. State your name and address for the public record.
- For Public Comment in person, use the microphone and podium located in the front/left of the room. State your name and address for the public record.
- If you prefer not to, or for some reason are not able to ask questions tonight, please reach out to any of us by mail, email (Kennett.TWP@kennett.pa.us) or call us.
- For those in person, please wear a mask regardless of vaccination.
- For those in person, please spread out in the chairs.
- **Reminder: this meeting is being recorded.** If on Zoom, please hide your video if you are not actively watching the meeting and always stay muted until the Zoom host invites you to unmute. If in person, there is a slight chance murmuring will be picked up. Again, this meeting is being recorded.



Board of Supervisors Meeting

October 6, 2021 | 7:00 p.m. | Hybrid Meeting: Public Meeting Room, 801 Burrows Run Rd & Zoom

This meeting is being recorded.

Township Investigation & Resolution Update

Executive Session Announcements

Old Business

New Business

Bill Voucher

Motion to approve the October 6th Bill Voucher in the amount of \$543,786.71 and to approve total transfers in the amount of \$18,424.27.

Biohabitats Change Order

Motion to consider Biohabitat's Scope of Work and Fee for Change Order – Vegetative Survey to “Chandler Mill Road – Task Order #09 – Full Design Services Chandler Mill Road Greenway Segment” in the amount of \$4,547.50.

Resolution 2021-16

Motion to consider Resolution 2021-16 accepting dedication of a portion of the ultimate right-of-way of Waywood Road.

Agenda Amendment

2022 Budget Discussion

BOS Meeting Session 1 of 7, October 6, 2022

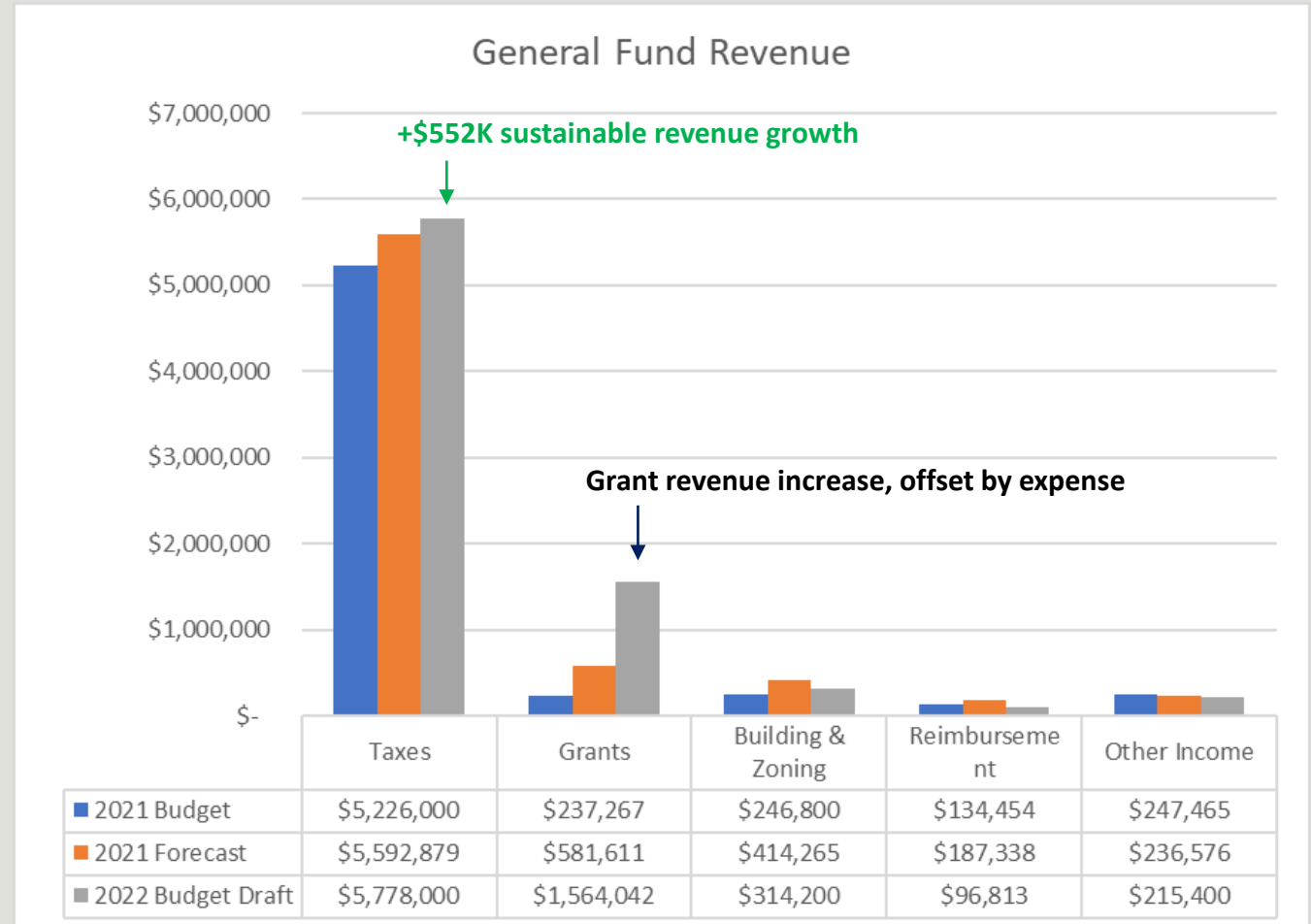
- General Fund Revenue
- Administration, Finance & HR
- Non-uniform Employee Benefits
- Insurance
- Planning & Zoning

The Preliminary Budget Schedule

- **October 6th BOS meeting: First public discussion: General Fund Revenue & begin Expenses**
- October 20th BOS meeting: Expense session 2
- November 3rd BOS meeting: Revisit expenses as needed; Open Space & Sewer Funds
- November 18th BOS Meeting: Full P&L review; revisit prior areas to begin making tough decisions to close the expected gap
- December 1st BOS Meeting: Final view/decisions for entire proposed budget; Request authorization to advertise for required 20-day public review
- December 15th BOS Meeting: *(No budget discussion. Still under 20-day review period.)*
- *Special Meeting Week of December 27th: Approval of Final Budget*

General Fund Revenue Overview

- **2022 Tax Revenue Budget +\$552K vs 2021 Budget**
 - This is based on performance that we expect to be sustainable
- **2022 Other Revenue Draft Budget +\$1.32M vs. 2021 Budget**
 - Other revenue is highly variable based on specific grants and other one-time items
 - This increase will be largely offset by corresponding expenses



Earned Income Tax: +\$533K vs 2021 Budget

+\$506K 2022 Budget vs. 2021 Budget

2021 Forecast assumes continuation of 16% growth vs. 2019.

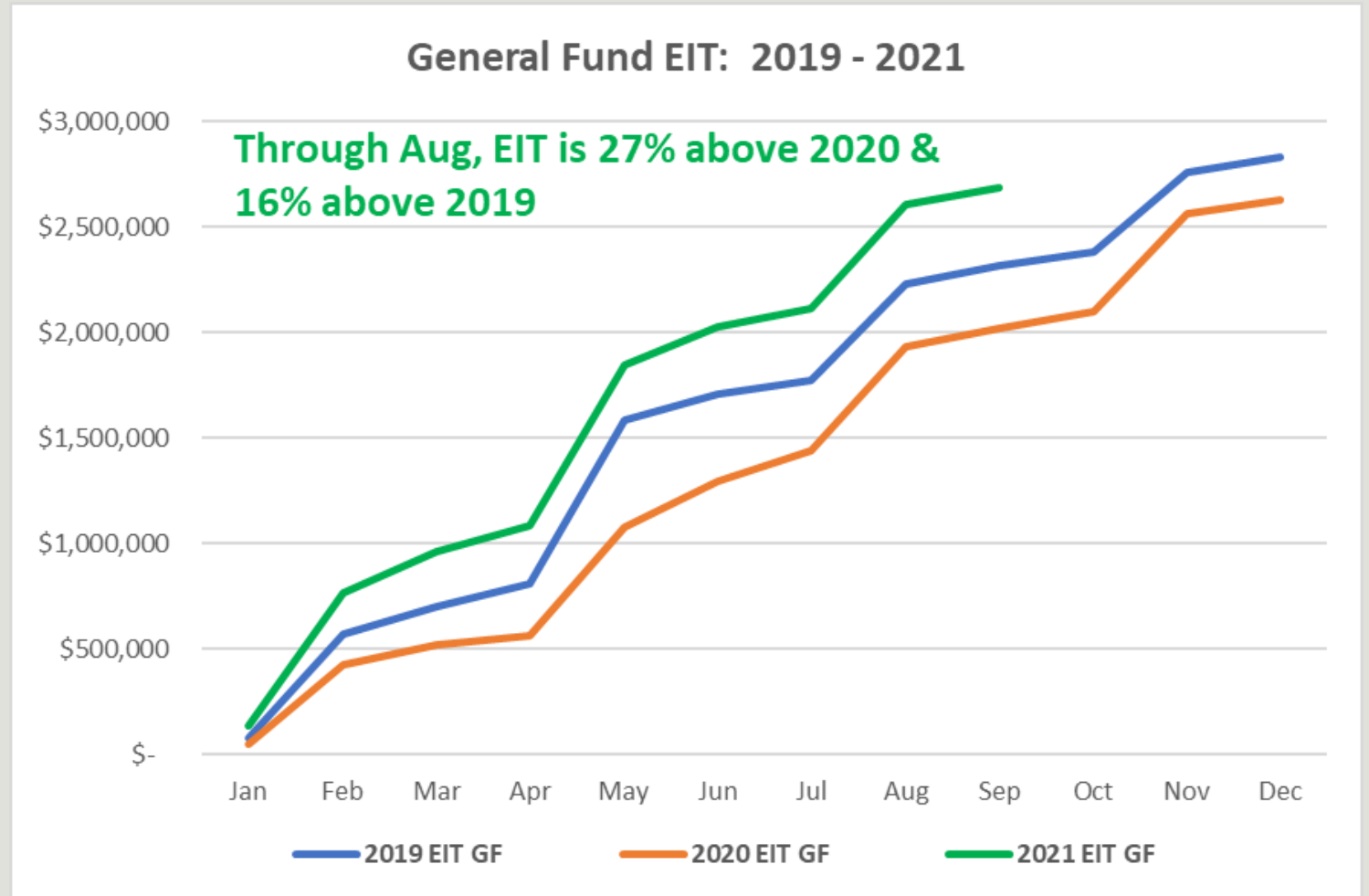
- Variance vs. 2019 indicates favorable underlying earnings for residents/workers
- Variance of +35% vs. 2020 is misleading given COVID timing impact to 2020

2022 prelim budget assumes 3% growth over 2021 Forecast.

Could be more conservative or aggressive.

Pending data from Keystone on growth from new developments and further understand drivers

Continue to refine before budget is final



Real Estate Tax:

2022 Draft Budget = \$1.73M, +\$61K to 2021B at same tax rates

- Taxable assessment for 2022 +\$51M or 2.84% vs. 2021
- Collection rate appears slightly higher YTD 2021; delinquent collections is also running ahead of 2020

Real Estate Transfer Tax:

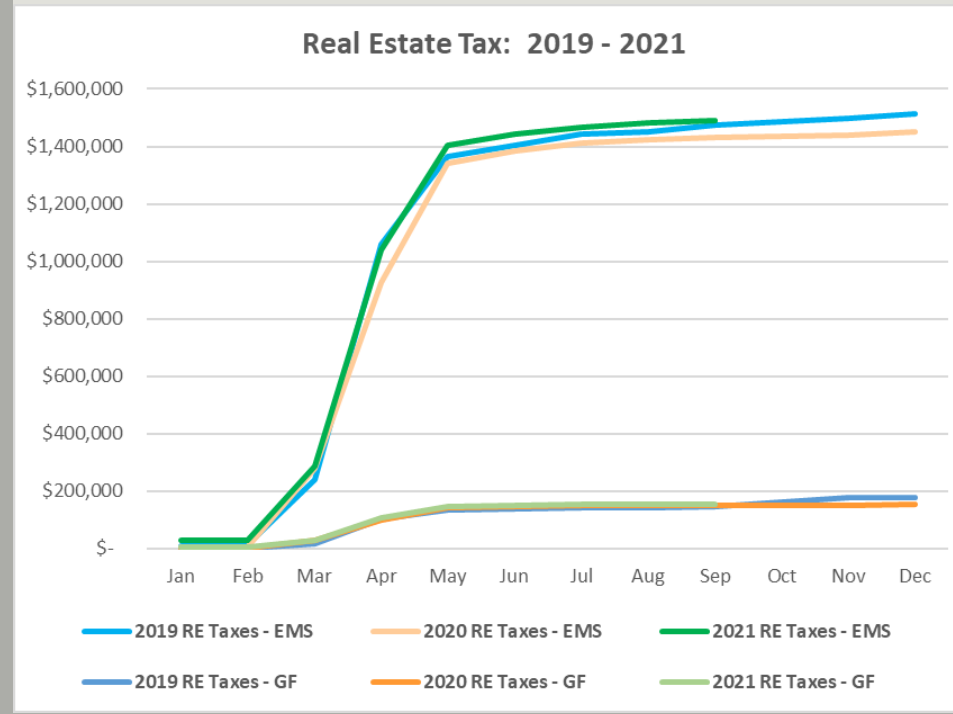
2022 Draft Budget = \$520K, +\$40K vs 2021 Budget

- 2021 Forecast = YTD + \$30K per remaining month = \$520K
- 5-year avg is also \$520K

Local Service Tax:

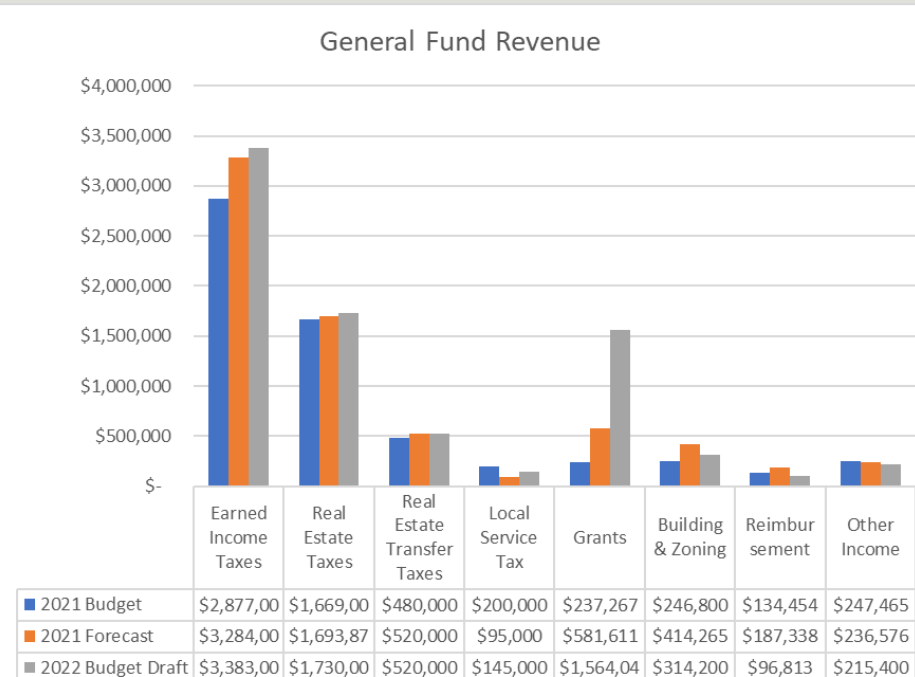
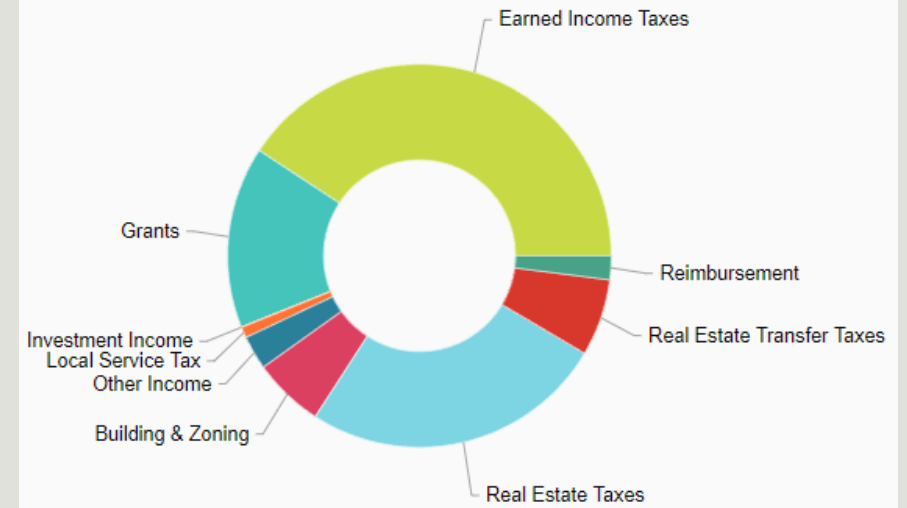
2022 Draft Budget = \$145K, -\$55K vs 2021 Budget

- New Local Service Tax for 2021.
- All employers are notified at the beginning of the year by Keystone, but have not all started remitting.
- Keystone has sent 2 sets of delinquent letters, starting to see response.
- For 2022, assume improved collection rate but not 100% yet

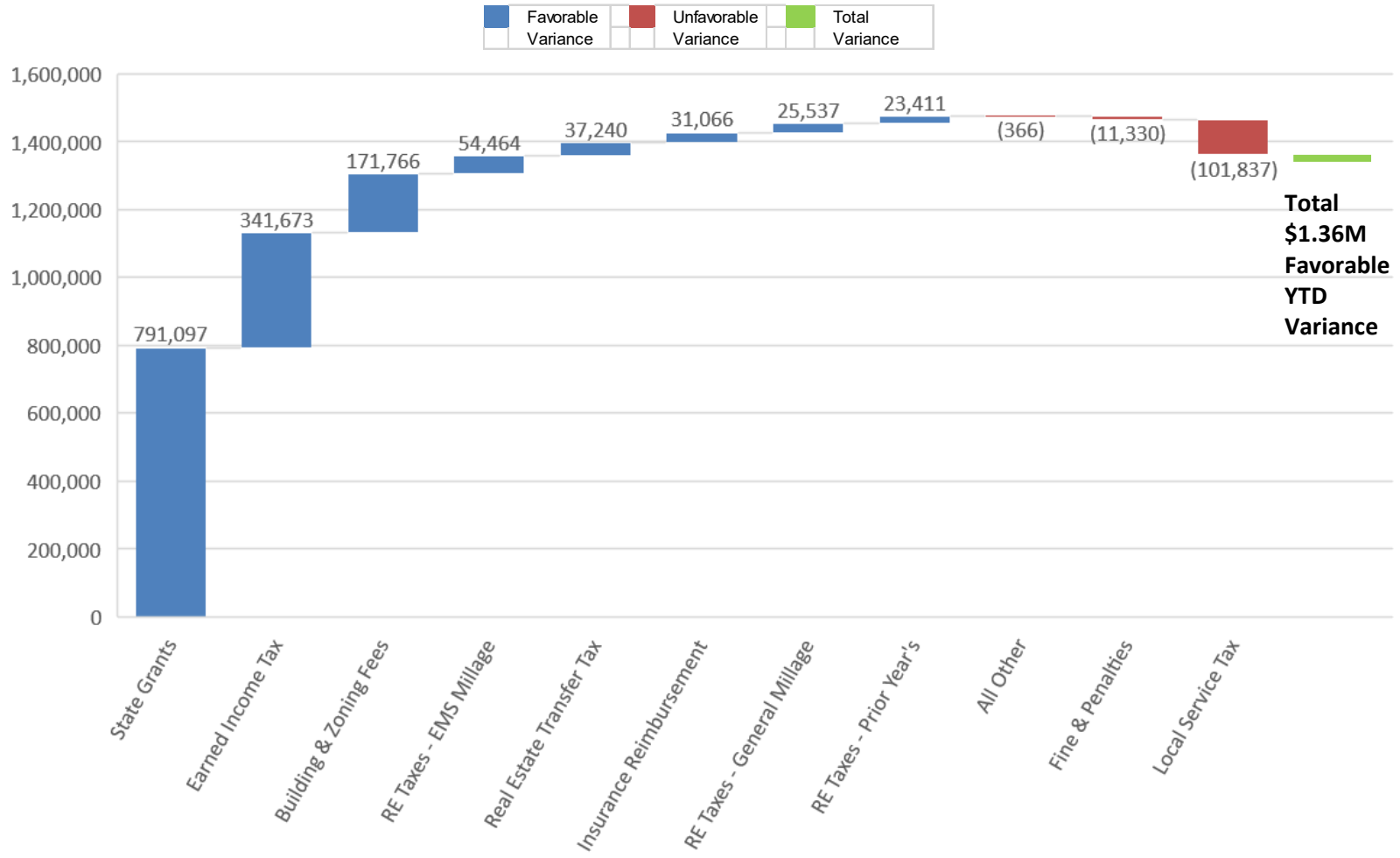


Non-Tax Revenue

- As you can see in the graphs, our various taxes make up most of our recurring revenue
- Grants and Permit revenue are the next most substantial
- Grant revenue 2022 draft budget of \$1.34M, which is remainder of CFA Western Greenway Grant; which would be directly offset by expenses
- Building & Zoning Fee (permit) Revenue draft budget of \$300K, +\$70K to 2021 budget.
 - Running strong YTD but based mainly on one large commercial project
- Cable Franchise Fee Revenue of \$168K for cable providers; gradually declining based on cord cutting
- Several other revenue sources are just pass-through income or reimbursements of expenses
 - State Pension Aid – offsets some of our Minimum Municipal Obligation
 - Foreign Fire Insurance Grant – passed on to Fire Companies
 - Worker’s Comp reimbursement from EMS Commission
 - Health Insurance reimbursement for employee contributions



General Fund Revenue Variance to YTD Budget



For Reference on YTD Performance:

General Fund revenue is exceeding YTD budget by \$1.36M largely driven by grant funds; however, it is also likely that there is underlying growth in tax revenue

+ \$435K ARPA Grant (restricted)

+ \$356K Kennett Greenway reimbursement, not specifically budgeted but offset by expenses

+ \$342K Earned Income Tax favorable variance largely indicating favorable underlying earnings for residents/workers

+ \$172K Building permit revenue driven by a large commercial project

+ \$141K Real Estate Transfer & Regular RE Taxes partially timing but expect some favorable variance

+ \$31K Insurance Reimbursement favorable due to disability reimb, which are offset by expenses.

- \$102K Local Service Tax is likely down due to implementation lag; pending update from Keystone

Admin, Finance & HR Department Summary of Budget Request

Administration Department request of \$394K, up \$44K or 12% from 2021 Budget

- Primarily due to underestimated legal and bank fees

Finance/HR request of \$376K, up \$72k or 24% from 2021 Budget

- Primarily due to approval of additional team member
-

- **Legal fees**

- Estimate based on \$5.5K/month + \$5K projects

- **Bank Fees**

- With interest rates going down, need to renegotiate bank fees

- **Staffing levels:**

- Via prior Board approval, we are still pursuing a new team member for Finance & HR. We are conducting phone screens and will start interviews soon.

Admin, Finance & HR Department

Summary of Budget Request (con't)

No other new items or requests in Admin, Finance & HR

- **HR Consulting (Contracted Services):**
 - We will continue a small budget for HR Consulting to get our HR Policies in place.

- **Audit**
 - Continue multi-year plan to improve accounting standards and develop a true Annual Financial Report in line with best practices.
 - Some accrual project work may move from 2021 into 2022; will adjust before budget is final.

- **Training & Conferences**
 - Given COVID-19 and workload we still haven't begun attending conferences and training as we should be. We have kept a consistent level of 2021 budget for next year.

- **Other general items in Admin remain similar**
 - Office supplies, printing & advertising, due & subscriptions, new hire expenses, misc.

Non-uniform Employee Benefits

Summary of Budget Requests

Non-uniform Employee Benefits estimate of \$636K, up \$84K or 15% from 2021 Budget

- Primarily due to:
 - benefit cost of new employees &
 - pension increase due to artificially low 2021 due to turnover

- Medical insurance assume increase is currently 3%.
- We just received notice that others are seeing increased in healthcare of up to 10%, which would result in **+\$38.5K** to the numbers above

Non-uniform Employee Benefits

Summary of Budget Assumptions

- No major changes for Non-uniform Employee Benefits other than normal cost increases
- Raise level not yet determined. Benchmarking with other Townships
- **Medical – placeholder 3%**
 - Just received notice that others are seeing up to 10% increase, which would result in +\$38.5K
 - Still evaluating employee contribution which is partially dependent on final increase. We are already requiring more contribution than most municipalities
- **457B:**
 - Keep as is: 50% match up to 3% of earnings
 - Launched program in late 2020; Great feedback from employees
- **Disability & Life Insurance: no changes**
 - Switched providers in late 2020: great experience with new provider
- **Pension:**
 - Adopt new documents shortly
 - No benefit changes; just formality with PMRS to standardize and simplify documents

Insurance

Summary of Major Items Requested

Insurance estimate of \$127K, down \$7.5K or 6% from 2021 Budget as Worker's Comp came in lower than expected

- This department is for insurance that is not specific to each employee: property, liability, bonds, worker's compensation, etc.
- No major changes; assume 5% general increase from 2021 Forecast
- Will review Cyber insurance with PIRMA given rise in attacks
- Public crime policy enhancement

Planning & Zoning Department

Summary of Major Items Requested

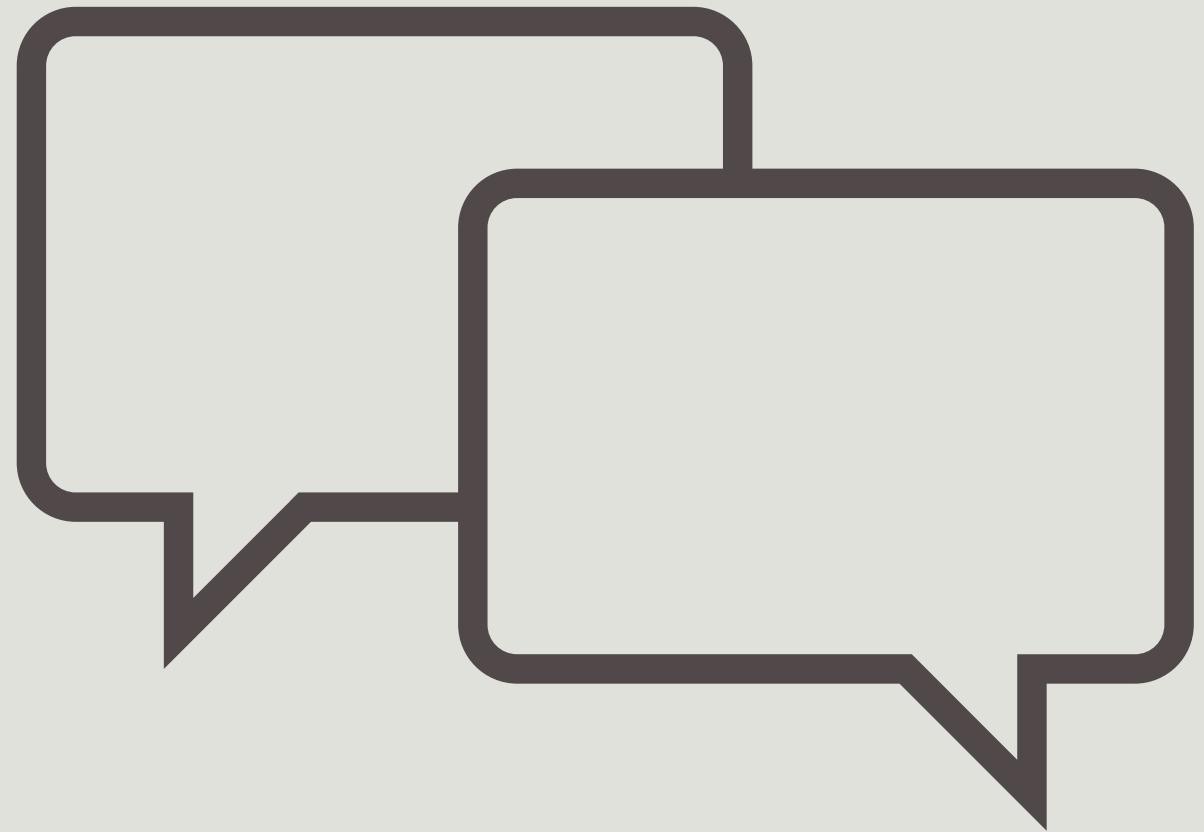
Planning & Zoning request of \$389K, up \$52K or 15% from 2021 Budget for late 2021 addition of Planner

- **Improve staffing level to enable a full-service Department:**
 - Search for a Planner is underway; Budget included starting mid-year but not yet hired. Retain in 2022 budget.
 - This will enable a holistic approach to Planning & Economic Development and relieve a large workload on a small team.
 - The Director serves as the Staff Representative for many Township committees & task forces which is not sustainable (Planning Commission; Zoning Hearing Board; Environmental Advisory Committee; Sustainable Energy Task Force; Historical Commission; others related to grant projects).
 - The role of the Building Code Official (BCO) including inspections will remain outsourced
- **Zoning task force update nearing completion**
- **Subdivision code next**

Public Comment

If you have a comment or question, please send a Zoom Chat now to the HOST (Gretchen Flack). Please include your name and address for the record.

If you called in, we will give you a moment to un-mute yourself (*6) once the chats are addressed.



Adjournment

Motion to adjourn.

Thank you for participating in this Board of Supervisors Public Meeting!
A recording of this meeting will be available on our website in the near future.