A workshop meeting of the Upper Pottsgrove Township Board of Commissioners was held on Monday, January 7, 2019, at the Upper Pottsgrove Administrative Office, 1409 Farmington Avenue, with Commissioners Trace Slinkerd, France Krazalkovich, Renee Spaide, Martin Schreiber and Elwood Taylor present. Also present were Township Solicitor Matthew Hovey, Police Chief Francis Wheatley and Township Secretary Michelle Reddick.

**MOMENT OF SILENCE** – The Commissioners requested a moment of silence in honor of the men and women who have served or are currently serving our country in the armed forces.

**PLEDGE OF ALLEGIANCE** – Those assembled pledged allegiance to the flag.

**OPENING COMMENTS** – There were no opening comments.

Solicitor Hovey advised there will be an Executive Session later in the meeting to discuss a personnel matter and a matter of litigation.

**TRANSITION STATUS/TOWNSHIP MANAGER UPDATE** – Acting Township Manager Fran Wheatley reported that our part-time financial assistant Victoria resigned on December 27, 2018. He further reported Michelle and I have been working hard since then, and Michelle has been handling payroll and accounts payable. However, he noted there are some concerns regarding line items in QuickBooks and how items related to budget and payroll were set up in QuickBooks. Therefore, we reached out to our auditors at Maillie, and they have recommended Donal to assist us with sorting out these concerns and reviewing line items and how accounts and payroll items have been set up with QuickBooks. Please note the former manager handled setting up all of the items related to line items, the budget and payroll in QuickBooks. Fran Wheatley noted, thanks to Michelle, payroll was completed today with a little assistance from Ashley Rose, one of our fire police who has knowledge of QuickBooks. He reported we will be moving forward in searching for a replacement for Victoria, and he is hopeful to get some feedback on this matter in Executive Session. Michelle acknowledged Fran Wheatley covered everything well but wanted to add a few comments. She advised the priorities in the office have been paying bills and paying employees, and noted these items have been completed. However, we will definitely need to look for a replacement for Victoria, and as Fran stated, we will be looking for feedback on this matter. Fran noted the consulting contract for Donal Renninger has been forwarded to Chuck’s office for review and requested Matt follow up regarding this matter. In response to a question from E. Taylor, Michelle explained Donal used to work for Reinsel, Kuntz and Lesher, the township’s previous auditing firm, and she is now a consultant on her own. She further explained there are some audit adjustment entries along with some issues with our beginning balances in QuickBooks, and there is a fine line where Maillie cannot assist us with these matters since they are our auditors. Therefore, we had to seek out other options, and Donal comes highly recommended by Maillie. T. Slinkerd explained there are several audit adjustment entries as part of the last couple audits which need to be handled. Therefore, we are going to move forward with getting those handling these entries for 2017
along with closing out the books for 2018 so we can move forward with the audit. T. Slinkerd noted he has been well pleased with the efforts both Fran and Michelle have put forth with the transition. Fran advised he cannot take credit. He advised Michelle has been the one running the show and is familiar with the day-to-day operations, and I have been assisting her in those efforts. Fran also noted the contract for consulting services from Donal is $85.00 an hour which is a discounted rate she has offered to the Township as her normal rate is $125.00 an hour. He advised this is a good rate as we received a quote from another firm which was $292.00 per hour. He noted we would like to move forward with this sooner rather than later and plan to utilize the funds budgeted for the financial assistant position. He also noted this is important for ensuring the budgeted line items are up to date and the QuickBooks numbers are in order so we can move forward with the 2018 audit. In response to a question from E. Taylor, Michelle advised it is our understanding there is no one at Dallas Data who is familiar with QuickBooks. Fran advised we do have a QuickBooks consultant, Dianna Patton, who was recommended by Department of Community and Economic Development. He explained Dianna is certified by QuickBooks and has assisted us in the past. However, it is difficult to get in touch with her, and she doesn’t always return phone calls in a timely fashion. In response to a question and concern expressed by E. Taylor, Michelle explained QuickBooks is not a municipal fund accounting software, but it can and does work for municipal accounting so long as items are set up correctly within the system. Fran followed up by advising the former Township Manager thought this would be the way to go for finances and payroll. However, everyone we have spoken to over the last couple weeks has recommended the Township consider outsourcing payroll with the changing tax structures and having to keep up on all the updates. Fran explained we have researched this matter and received a quote from Express Data Systems to outsource payroll at a cost of $190.00 per month which includes all tax filings and completion of W2s. He further explained we are looking to do this and will be utilizing funds budgeted for the financial assistant position to cover these costs. Fran noted we still need someone in house to process information related to payroll, forwarding the information to the payroll company, making journal entries in QuickBooks related to payroll along with other financial and administrative duties.

**CALENDAR REVIEW – Meeting Dates** – T. Slinkerd explained the meeting dates were discussed previously by the Board along with chairs of all the committees. He provided a slide showing the meetings dates for all Boards, Commissions and Committees for 2019. He briefly reviewed the upcoming meetings for January.

T. Slinkerd explained we have put together a draft of the plans for road work and sewer work and provided a slide outlining these plans. He noted John will talk regarding the sewer work, and he will talk the road piece in Justin’s absence.

**Sewer Plans** - John Bealer reported the plans for 2019 include the Regal Oaks Phase 2A sewer project which includes 26 EDUs and an additional 7 EDUs for home along Gilbertsville Road which can be included. He noted there is money included in the budget so we will be moving forward with these projects. He further reported the Sewer and Water Committee met with the
residents of Regal Oaks at their meeting last Tuesday, and there are some items for discussion; however, no decisions are necessary at this time. John outlined projects to consider for future years which include the project to connect the remaining homes in Regal Oaks in 2020, the project to complete connections on Ming Drive and Moyer Road in 2021, the project to complete connections on Horseshoe Drive, Bruce Drive and Broadmoor Road in 2022, and the project to complete connections on Continental Drive and Old Orchard Drive in 2023. He explained we certainly want to complete the proposed projects for 2019 and 2020, but further discussion and planning will be necessary for the other projects. In response to a question from R. Spaide, J. Bealer explained the project for Ming Drive/Moyer Road will include homes along Moyer Road all the way to Gilbertsville Road. However, he further explained the sewage flows will go in the opposite direction to Sprogels Run development. T. Slinkerd explained the Commissioners will be able to use this information as they get questions from residents concerning upcoming sewer projects. He referenced the 2019 sewer budget, and noted it includes the reserve balance along with the project fund balance. J. Bealer noted we are hopeful we can obtain another grant in the future, but we are not certain whether this will happen. In response to a question from E. Taylor, J. Bealer explained an upgrade to the Hollyberry Court pump station will not be necessary until we complete the project for Horseshoe Drive, Bruce Drive and Broadmoor Road. He further explained it will only involve upgrading the pumps within the pump station. In response to a question from Dennis Elliott, 576 Evans Road, J. Bealer explained he does not anticipate there will be any reduction in sewer rates as the Township has existing sewer debt which must be paid and other projects to be completed. John reported the residents of Regal Oaks are asking the Township to consider waiving the non-refundable application fee and permit fees for their sewer connections. The total fees included for these connections are the tapping and connection fees at $5,447.52 a non-refundable application fee of $50.00 and a permit (inspection) fee of $79.00. The residents are also requesting any information on grants or loans available to assist with the costs for the connection. He noted we will investigate through our State representatives and DCED whether there is any funding available. The residents are also requesting documentation regarding the mandate from the Department of Environmental Protection for the Township to connect these properties to public sewer. He noted he will research this matter and provide the documentation. The residents also requested information regarding water service for the development. He explained to the residents the Township does not maintain a water system so this information would have to be provided by Aqua who has the franchise in this area for water service. He noted the Township has reached out to Dave Rinehart of Aqua to obtain this information. There was also a request from the owner of 2038 Mimosa Lane to extend the timeframe in which they are required to connect. He explained the Sewer and Water Committee recommends an extension to October 31, 2019 for the owner to complete their connection which is the same as the extension previously granted for 2058 Mimosa Lane. He noted this matter will need to be discussed and approved by the Board of Commissioners. He recommended this matter and the one concerning the request for waiver of the application fee and permit (inspection) fee be added to the agenda for the next Board of Commissioners. He noted members of the Sewer and Water Committee along with the residents of Regal Oaks agreed not to schedule another meeting at this
time, but rather provide any updates via email. He also noted the Sewer and Water Committee agreed letters should be mailed out ahead of time to residents concerning future projects. In response to a question from T. Slinkerd, Solicitor Hovey provided his opinion that the Township could not make any specific recommendations for plumbers but could conceivably create a forum for contractors to advertise or offer services. The Commissioners agreed there was no interest to create that type of forum or conduit. In response to a question from F. Krazalkovich, J. Bealer explained the Township is forcing the connections in Regal Oaks. He further explained the Township will not actually make the sewer connections, but rather lien the properties for tapping and connection fees if not paid. In addition, the Township will initiate a sewer bill for those properties who do not connect in an attempt to encourage residents to connect their properties. He advised these policies were utilized in the past and are in accordance with our Ordinance. M. Schreiber noted, in the past, the Township had to borrow money to connect properties in Regal Oaks to public sewer.

Road Plan – T. Slinkerd outlined the proposed road projects for 2019. The proposed roadwork which will go out for bid include Kummerer Road, Pineford Road, Mervine Street (if not, then Orlando Road) and Diamond Street. The in-house road work will include Willow Street, North Street, Old Orchard Drive and Farview Lane. In response to a question from M. Schreiber, T. Slinkerd explained the multi-modal grant was not received as it needed to include another mode of transportation. He further explained this matter will require further discussion on our end before proceeding with further discussion with Pottstown. In response to a question from E. Taylor, T. Slinkerd explained milling work was done to Kummerer Road. He further explained the additional work necessary to set the millings was not completed; therefore, most of the millings have washed away. In response to a question from Dennis Elliott, 576 Evans Road, T. Slinkerd advised road work on Detweiler Road has already been completed. Fran Wheatley advised there are areas which need to be fixed, and that work will be completed in the future.

FINANCIALS

Funds – T. Slinkerd advised the actual approved budget for 2019 has been provided. He explained the Board will need to consider developing a four to five-year budget which includes making the General Fund healthy.

Pensions – T. Slinkerd noted the 2017 numbers show assets of $3,444,684.00 and liabilities of $4,624,620.00. He further noted the State rates our pension fund, and the last several years our ratings have dropped significantly. He explained it is difficult to predict our returns on investment, but he wants Board members to understand we need to make sure our pension fund is healthy. He advised we do not have any mandatory remedies from the State at this time based on our current rating; however, we want to make sure we do not get any mandatory remedies in the future. In response to a question from M. Schreiber, T. Slinkerd explained each pension fund, uniform and non-uniform, have their own rating, but the State will calculate the funds
together. T. Slinkerd is recommending we increase the non-uniform contribution to pension plan to five (5) percent which is what the police are currently contributing. E. Taylor advised he would like to see what impact the increase in the non-uniform contribution will have on the pension fund and how much the Township is contributing over the five (5) percent for the uniform pension plan. F. Krazalkovich advised he would like to see how putting all new non-uniform employees on a defined benefit plan and existing non-uniform employees on a defined contribution plan will affect the solvency of the plan. M. Schreiber advised he would like to see all employees transition to a defined contribution retirement plan and away from pensions (or defined benefit). However, he questioned once the transition to a defined benefit plan is completed and the recipients of the pension proceeds are no longer eligible to receive (i.e., are deceased), what would happen to the remainder of the principal of the pension fund. Solicitor Hovey advised he is not prepared to answer that question but would be glad to research this matter if the Commissioners feel it is necessary. T. Slinkerd advised there is a relative risk with the return on investments. In response to a question from M. Schreiber, T. Slinkerd advised a professional firm chooses the investment funds. In response to another question from M. Schreiber concerning a significant increase in our minimum municipal obligation a few years ago, Solicitor Hovey explained this was due to an increase in mortality rates.

Audit – T. Slinkerd advised there are entries which need to be corrected and audit adjustment entries which need to be made, but we should be on schedule to have the audit start in early March.

FIRE COMPANY AGREEMENT – F. Krazalkovich outlined changes he is recommending to the Memorandum of Understanding between the Township and the Fire Company. The changes include: (1) removing from the recitals the language regarding negative aspects of the parties’ relationship; (2) maintaining Township oversight and authority over the fire company’s finances, as well as its operational leadership; (3) including language which addresses perceived or actual conflicts of interest between the Township and the Fire Company; (4) elimination of paragraphs 6 and 7; and (5) creating language which mandates the development of a standard for response. R. Spaide noted the Fire Service Committee was started, because the Fire Company was closed. E. Taylor expressed concern he does not believe we should give up all oversight but rather we should maintain the Committee and its oversight of the Fire Company. T. Slinkerd advised he believes we should have the Fire Service Committee, or the President or Vice President of the Fire Company oversee the Fire Company. He noted we may need to look at various versions of a revised agreement. M. Schreiber suggested we wait until the fire study is completed before making any revisions. F. Krazalkovich noted the results of the fire study will not affect the agreement but could affect the response cover. He requested the consideration for action to authorize the Solicitor to prepare draft revisions to the Agreement be placed on the agenda for the January 22nd meeting.

BUSINESS/ECONOMIC DEVELOPMENT – F. Krazalkovich requested the consideration for creation of an advisory committee for business and economic development be placed on the
agenda for the January 22nd meeting. He explained the committee would consist of business owners, Board of Commissioner members and members from the community. He further explained the committee could be integrated with the County, the Department of Community and Economic Development along with PDIDA in Pottstown. He explained he is not certain the proper mechanism for creating such a Committee. In response to a question from R. Spaide, F. Krazalkovich advised it would include the Commerce Drive area along with other areas. E. Taylor noted access to Commerce Drive has always been an issue with developing this area.

**Dennis Elliott, 576 Evans Road**, explained there was a business meeting years ago related to this matter which included State representatives, but the issue was public transportation.

**John Bealer** provided information to the Board on a company started by the son of one of our Sewer Committee members who is a certified drone pilot. He noted the company specializes in real estate and event photography and didn’t know if the Township would have an interest in these services.

**EXECUTIVE SESSION** – The Board adjourned into executive session at 8:25 pm to discuss personnel and litigation with possible action to follow. They reconvened at 9:03 pm.

**ADJOURNMENT** – There being no further action, the Board adjourned the meeting at 9:04 pm.

Respectfully submitted,

Michelle L. Reddick, Township Secretary