



ADMINISTRATION & FINANCE COMMITTEE

March 17, 2014

7:30 p.m.

Meeting Minutes

Call to Order: Chairperson Bunker called the meeting to order at 7:30 p.m.

Attendance:

- **Committee members present:** Chairperson Bunker, Councilor L. Durkin, and Councilor Marlowe.
- **Committee members absent:** Councilor Danilak and Councilor Golden
- **Others present:** President Pancoe, Mayor Foley, Manager Locke, Assistant Manager Bashore, Code Enforcement Officer Frank, and Tax Collector Wolff.

Public Comment: There was no public comment at this time.

Presentation

- **Barbara Merlie, Esq. – Act 511 Tax Audit Program:** Barbara Merlie, Esq. from Friedman Schuman appeared before the Committee in order to discuss a proposed Act 511 tax audit program. This would include business privilege, mercantile, and earned-income taxes. Ms. Merlie stated that this is a method to monitor Act 511 tax compliance and perform audits, if necessary. Ms. Merlie noted that the Borough will need to enact an ordinance implementing the local taxpayers bill of rights and issue a request for qualifications (RFQ) in order to perform the compliance audits.

Chairperson Bunker asked about the expenses involved in the process. Ms. Merlie stated that the Borough Solicitor's office would only be involved if an audit appeal is filed. President Pancoe asked if the Borough Solicitor's office performed the audits. Ms. Merlie stated that the Borough Solicitor's office is involved in assisting with collections and if an appeal is filed. Ms. Merlie noted that she recommends having decisions on appeals made during an Executive Session. President Pancoe asked about the auditor fees associated with this process. Ms. Merlie stated that the standard is \$110/hr. to \$150/hr. Councilor L. Durkin requested a comparison scale between the Borough and the other municipalities who implement this program. Councilor Marlowe asked about the process in previous years. Assistant Manager Bashore stated that the Borough has performed on-foot inspections for registered businesses and sends new businesses to Berkheimer. Councilor Marlowe asked about previous collection procedure audits. Assistant Manager Bashore stated that the Borough has not undertaken a collection audit in the past.

President Pancoe noted concern with potential backlash from the business community if this program is implemented. President Pancoe noted that it has been recommended to only

undertake a small number of audits per year. Councilor L. Durkin stated that the program may not be fiscally responsible if only a few businesses are selected. Mayor Foley asked how the audit selection would be made. Chairperson Bunker stated that the Borough would need to set policies for the audit procedures. Mayor Foley noted concerns over the disproportionate number of small businesses as opposed to large businesses.

The Committee directed the administration to prepare a sample policy and to provide a comparison of tax revenue compared to audit revenue collected. Ms. Merlie recommended contacting Berkheimer to obtain a delinquent list. Manager Locke noted his concern over business community backlash and asked about the backlash experienced in Conshohocken Borough. Assistant Manager Bashore stated that the backlash comes in the form of several appeals being filed and may be attributed to the relative newness of their program. Ms. Merlie noted that businesses often seek to abate the penalties and interest.

President Pancoe asked about how long an audit took to complete. Assistant Manager Bashore stated that he did not have that information, but would report back to the Committee. President Pancoe asked about the revenue generated versus audit expenses. Ms. Merlie provided examples showing the comparison. Manager Locke asked if any auditors were paid on a percentage basis. Ms. Merlie stated that firms work on an hourly basis. President Pancoe recommended developing a positive communication to business owners discussing the process. Manager Locke noted that, once advertised, the Borough will receive phone calls and recommended having an official response prepared. President Pancoe and Councilor L. Durkin will review the communication plan.

The Committee thanked Ms. Merlie for her presentation.

Reports

- **Tax Collector:** Ms. Wolff stated that the real estate tax bills were mailed out on February 21 and the first deposits were made on February 28. Ms. Wolff stated that the first payment to the Borough was made on March 14. Ms. Wolff noted issues with the records and with the sewer bills being separate. Chairperson Bunker asked if she has received any feedback from constituents. Ms. Wolff stated that constituents are generally happy with the process, but noted issues with people asking for payment information from previous years. The Committee thanked Ms. Wolff for appearing at the Committee meeting and urged Ms. Wolff to continue consistent, friendly practices.
- **JCA:** Councilor L. Durkin stated that the planned Restaurant Week will be held from April 22 through April 26. Councilor L. Durkin stated that the JCA is seeking to develop a monthly newsletter for the JCA.
- **Library:** There was no report given.
- **Rec. Board:** Assistant Manager Bashore stated that there are two (2) scheduled meetings with interested candidates before the March 24 Council meeting and has one dedicated sponsor for the summer music series, as well as two other potential sponsors.
- **Borough / School District Cooperative Initiatives:** There was no report given.

Items of Discussion

- **February Financial Report:** A copy of the February Financial Report was provided to the Committee. Manager Locke noted that the real estate tax and sewer bills were mailed out. Manager Locke noted that the fee to Cheltenham Township for sewer construction expenses was paid and that the Borough will be eligible to receive reimbursement for its expenses toward the Act 537 once a grant is awarded to Cheltenham Township by the PA Dept. of Environmental Protection. Councilor L. Durkin asked if the payment to Cheltenham was a budgeted expense. Manager Locke noted that it was originally budgeted in 2013, but not paid so the rollover funds were placed in the 2014 to pay these bills.
- **Proposed Ordinance #2014-3:** On motion of Councilor Marlowe, seconded by Councilor L. Durkin, the motion recommending the adoption of proposed Ordinance #2014-3 passed unanimously.
- **2013 Financial Audit:** A copy of the 2013 Financial Audit was presented to the Committee. Chairperson Bunker noted to items to address outlined in the audit report that need to be addressed. Manager Locke reported that the checks noted in the report are unclaimed payroll checks and they have been turned over to the state. The total amount is less than \$700.00. Assistant Manager Bashore reported that the Borough is not working to close out any grants at this time.

ACTION: On motion of President Pancoe, seconded by Councilor Marlowe, the motion recommending approval of the 2013 Financial Audit Report for the Borough of Jenkintown passed unanimously.

- **Requests for Proposal**

- **Accounting Services:** Manager Locke stated that the proposals were distributed to the Committee for review and that he recommended the appointment of Major & Mastro LLC as the accounting firm for the Borough. Councilor L. Durkin noted that their rates for bookkeeping services appear to be above market rate and would like to review the other accounting services they provide, as well as if staff could be used to reduce costs. President Pancoe stated that she would speak with Major & Mastro LLC to determine if staff as opposed to the partners could provide certain services. Chairperson Bunker recommended managing Major & Mastro in order to ensure the most cost-effective work. Councilor L. Durkin stated that she would like to see continued discussion on developing more transparent and analytical financial reporting.

ACTION: On motion of Chairperson Bunker, seconded by President Pancoe, the motion recommending the appointment of Major & Mastro LLC as the accounting services firm for the Borough passed unanimously.

- **Sewer Rate Study:** Manager Locke stated that the Borough received four (4) proposals for the Sewer Rate Study and has narrowed it to two (2) proposals. Manager Locke stated that he had an independent sewer engineer review the proposals and the reviewer believed that either firm would be able to perform the work. Manager Locke stated that the difference between the two (2) is approximately \$2,700 and would like the firms to present before the

Committee. The firms will be invited to present in front of the April Administration & Finance Committee meeting.

- **Inter-municipal Sewer Agreement:** Manager Locke reported that the final version has been sent to the Borough for review. Manager Locke noted that the Borough Engineer has a few minor adjustments that will be made during a conference call and hoped to present the document to the Committee in April.

Old Business

- **Update on Fund Investment Research & Recommendation:** Manager Locke stated that the Committee had discussed investing certain funds of the Borough, including funds in the General and Fire Apparatus funds. Manager Locke stated that there are limitations in the both the Jenkintown and PA Borough Code, and noted that the interest rates are very low. Manager Locke recommended not investing these funds at this time, as the rates are not too different from the interest rates the Borough is currently earning.
- **Rec. Board Bank Account:** Manager Locke reported that the bank account for the Rec. Board has been established and is accessible through the Borough's eTreasury system.
- **PennVEST – Status Update:** Assistant Manager Bashore stated that he spoke with Tess Schlupp regarding PennVEST funding. The next cut-off date is May 14. Assistant Manager Bashore stated that there are unknown construction variables and Ms. Schlupp recommended applying for financing once all construction costs are known. Manager Locke stated that Cheltenham does not have its DEP permits yet. Chairperson Bunker recommended filing a waiver of no conflict. President Pancoe asked what the Borough's construction costs were. Assistant Manager Bashore stated that the Borough is responsible for a portion of Cheltenham's capital construction costs. Manager Locke reported that Cheltenham is in negotiations with the City of Philadelphia regarding construction of a new pipe system to the treatment plant.

New Business

- **Future Capital Projects:** President Pancoe stated that she would like Council to develop plans for capital projects and consider a bond to pay for the sewer project and future capital projects. Councilor L. Durkin noted that several items in the Borough's Revitalization Plan could be used as a starting point. Councilor L. Durkin noted that the Borough has discussed the development of a capital plan as part of the budgeting process.
- **Revenue Overview:** Assistant Manager Bashore reported that the Borough's Per Capita and Real Estate tax bills were mailed out, as well as the first quarter solid waste bills. Assistant Manager Bashore reported that the Borough has started to receive Act 511 tax disbursements. A detailed report will be provided at the March full Council meeting.
- **Resolution #2014-11: C2P2 Grant Application:** Assistant Manager Bashore stated that there is a funding opportunity under the PA Dept. of Conservation of Natural Resources C2P2 program. The proposed project is rehabilitation of the Jenkintown Playground. Assistant Manager Bashore stated that the Borough could apply as a small community, which would require no match up to \$20,000.00. Mayor Foley asked why the school district would not be the applicant. Assistant Manager Bashore stated that the Borough would be the applicant since the volunteer

group maintains the playground. Assistant Manager Bashore stated that he would reach out to the school district about being a partner in the project.

ACTION: On motion of President Pancoe, seconded by Councilor Marlowe, the motion recommending the adoption of Resolution #2014-11 passed unanimously.

- **Liquid Fuels Funding**: Manager Locke reported that the new transportation bill has allocated an additional \$9,000 towards the Borough's allocation and this has been deposited with the Borough.

Adjournment: On motion of Chairperson Bunker, seconded by Councilor L. Durkin, the motion to adjourn the meeting passed unanimously.