



801 Burrows Run Road
Chadds Ford, PA 19317

BOARD OF SUPERVISORS SPECIAL MEETING via ZOOM MINUTES

November 12, 2020
7:01 p.m.

Present: Dr. Richard L. Leff, Chairman; Whitney S. Hoffman, Vice Chair; Scudder G. Stevens, Supervisor; Eden R. Ratliff, Township Manager; Amy Heinrich, Finance/HR Director; Roger Lysle, Public Works Director; Matt Gordon, Acting Chief of Police

1. CALL TO ORDER

Chairman Leff called the meeting to order at 7:01 p.m., explained how the virtual meeting would proceed and gave COVID-19 update. Hoffman reminded everyone to also be mindful of the surrounding municipalities positive cases since shopping is shared with them.

2. OLD BUSINESS

There was no old business.

3. NEW BUSINESS (ACTION ITEMS)

4. 2021 BUDGET DISCUSSIONS

(www.kennett.pa.us/DocumentCenter/View/4386)

Ratliff introduced this special meeting and explained that the goal is to present the proposed 2021 General Fund budget that will outline all the budget requests. Heinrich will present scenarios for a deep cut of those requests and a more moderate cut of those requests, as well as address additional potential revenue options. He explained that Dina McIlvaine will be providing real-time updates to the numbers depending on how the discussions with the Supervisors and the public evolves. Ratliff went on to address many of the comments from the public that felt tax increases would be due to the allegedly stolen funds of the prior Manager. He said that was not true and added that the funds stolen were reserve funds across multiple funds (mainly the sewer, the general, and the open space fund) and are different from the operating funds that he and Heinrich are presenting tonight. Ratliff reminded all that they are working closely with the District Attorney's office and expect to recover the funds that were stolen from the reserve funds. He reiterated that there are no plans to make up for stolen funds via tax increases. Ratliff then explained the timeline of this budget process and that this working session tonight was to get feedback, not for the Board to come to any conclusions at this time.

Discussion:

- Leff asked for clarification on the different funds which Ratliff provided stating that each fund (general, sewer, open space) is its own budget with its own expenses and revenue.
- Stevens thanked Ratliff for stating the distinction between the stolen funds and the budget at hand for this meeting.
- Heinrich recapped the process and the schedule of this 2021 budget. She encouraged everyone to look at the 33-page document being presented tonight, which is available on the Township website. Heinrich then proceeded to present the report. She said due to departments being understaffed and the ongoing strategic projects of the Township, the Township cannot continue with current revenue as is. She explained the amount of requests made by the staff, committees, and community partners along with an option for an extreme cost reduction and an option for moderate cost reductions. She highlighted two possible tax increases: a Local Service Tax and the Real Estate Tax.
- Victor Manning (100 Woodale Dr) asked to clarify what month the 2020 year-to-date is through. Heinrich answered mostly October with a little November.
- Stevens asked if the moderate cost reduction option include the extreme option, or if they are two totally separate calculations. Heinrich said two separate calculations and explained the difference between the two options.

Community and Economic Development

- Heinrich summarized the Community and Economic Development Requests between contributions, economic development, open space, and Township committees and programs along with the extreme and moderate cost reduction options.
- Ratliff highlighted the Economic Development Director for Historic Kennett Square is subject to a Memorandum of Understanding which the Board adopted in September. However, it has not yet been approved by the Borough of Kennett Square.
- Leff, Hoffman and Stevens discussed these contributions. Hoffman stated that she did not know how to continue to support all of them without raising taxes. Stevens said that he believed prior commitments, such as to the Library Capital Campaign were already committed to, therefore could not be cut. He also said he wanted to discuss whether the Township had too many people working in too many offices and whether they were being paid too much. Heinrich said that each department would be explained in detail and that the position of she and Ratliff is that the current staff is working as hard as possible and cannot keep up as is and therefore cannot be cut in any way.
- Leff outlined some differences between the extreme and modest proposed cuts and said that for some line items, perhaps an amount in between the two would be appropriate. He also agreed with Stevens regarding the prior commitments to the Library. Leff proposed specific changes that McIlvaine updated.
- Stevens asked for details about the Holiday Village and the Library Scholarship which show a \$0 budget. Heinrich and Ratliff explained the Township's lack of involvement with the Holiday Village moving forward.
- Leff asked if the MOU for the Economic Development Director with the Borough was agreed upon by the Borough and Ratliff explained it is not at this time.
- Leff also asked when the future agreement with TLC would be in place. Ratliff said that it is unclear if that agreement will be in place for 2021 although they remain hopeful.
- Stevens and Heinrich discussed the difference between listing TLC's contribution as contracts and the different cut scenarios.
- Andrew Gold (8 McCarthy Rd) asked via Zoom chat, "what happened to the money for the mushroom festival this year since it was canceled." Heinrich explained and confirmed it did not get spent.
- Jim Volovich (109 Willow Glen Dr) commented via Zoom chat, "Kennett Township can advise the organizations we are supporting that taxpayers cannot afford these expenses. We can change our mind. This includes the library."
- Kathryn Pearlstine (14 Montbard Dr) asked via Zoom chat, "How was it decided to cut community contributions vs. other budget items? How were these scenarios decided on vs. other possibilities? Could the supervisors please give background on how we got to this point?" Heinrich and Leff explained in detail the process and the multiple previous meetings leading up to this one.
- Wendy Cooper (358 E Hillendale Dr) commented from a nonprofit perspective that many of the proposed cuts are to those organizations that are hurting the most in our community because they are nonprofits.

- Victor Manning (100 Woodale Dr) asked for an update on the Library construction and if budget cuts could be considered based on the construction timeline. Ratliff outlined last year's presentation by the library and the already agreed upon contributions by the Township which would make it difficult to remove the \$121,000 contribution for 2021. The Library will offer a presentation early in 2021 with updates.
- Stevens asked why the Brandywine Valley Scenic Byway was not cut in the extreme scenario and Ratliff said because there was a standing commitment.

Police Department

- Heinrich recapped the Police Department moderate and extreme reduction scenarios.
- There was discussion between Stevens, Heinrich, Leff and Ratliff about the potential scholarship program proposed by the Kennett Township Police Department. Stevens is in favor of this considering the recent resolution in support of black lives that was passed a few months ago. Ratliff explained the logistical challenge of the Police Academy being closed which prevent this from moving forward at this time. Gordon offered details as to how this will still move forward over time and will not be forgotten about.
- Leff, Heinrich, and Ratliff explained the current staffing situations of the Police and how they impacted the salary line item that includes the hiring of two new full-time officers. Ratliff added the collective bargaining agreement that is in place for the police outlines salary increases.
- Stevens asked Gordon if the Township would pay less for hiring a new officer than it would pay for the 200 overtime hours currently worked. Gordon confirmed. Stevens and Heinrich discussed specific numbers between those two scenarios and ultimately the numbers do not wash. Stevens said that the main reason to consider this is therefore the safety factor of the officers.
- Hoffman commented that they have thought about, once all of the Township's needs were covered, if the Township could help defray costs of the Police Department by offering policing services to other Townships, such as Pennsbury or Pocopson. She asked Gordon if that would be a possibility if the total number of officers were 11. Gordon said yes. Hoffman asked if this is something that can be done in 2021 and Gordon and Ratliff said it was a work in progress and they are not ready to go public with this idea at this time and this budget proposal here assumes that this type of agreement would not be in place for 2021. Stevens pointed out that to pursue something like this, we would have to add even more staff, to which Ratliff said the other Townships would be covering those costs.
- Leff asked if two officers were added, how many more vehicles would be needed. Ratliff said that with the budgeted replacements, no additional vehicles need to be added to the fleet for 2021.
- Leff commented that the Township has been trying to hire two part-time officers (unsuccessfully) and asked if only one full-time officer would be sufficient. Ratliff explained that the part-time officers they were attempting to hire were 32-hour per week officers, so moving to two full-time officers would only be an additional 16 hours plus benefits. Further discussion ensued about the current staffing and the risks it poses to the officers and Township. Stevens asked for clarification on why it needs to be two full-time officers which Ratliff again explained. Gordon added the fact that often part-time officers are typically looking for a full-time position which increases the risk for needing to replace them should they be hired elsewhere full-time.
- Hoffman asked if relying on State Police for the overnight hours was still an option. Gordon explained that the State Police only handle calls that are active and in-progress, so many of the calls would not be responded to. He said that if a full-service Police Department is what Kennett Township wants, then it needs to be invested in. Hoffman gave the example of the reports of recent break-ins and asked if the State Police would come out for those calls. Gordon said they would make a report, but there is no guarantee as it depends on their calls for service and their needs.
- Ratliff and Heinrich again presented the data from the October 7th Board of Supervisors meeting and discussions continued surrounding why the Police need more funding.
- Ron Stellon (12 Balmoral Dr) asked via Zoom chat, "For 410.196 does the township put all employees in to same medical insurance program or are police separate? Are there options for looking for more competitive medical insurance rates for township staff?" Heinrich answered that all employees are in the same Blue Cross Blue Shield program and offered more details on that plan and other options.
- Lori Stewart (543 Bayard Rd) stated via Zoom chat, "medical/dental insurance more than doubled (I think it's in excess of \$100k more but can't read it while I'm typing). Any comments on that large increase? I too strongly support our police but am questioning the benefit costs. \$85k increase in dental/medical seems excessive. so...two more officers is almost doubling the medical/dental benefits." Heinrich answered that the

large increase reflects the two potential new hires and assumes they would require full family coverage. She added that the 2020 budget was lower as there were vacancies that were filled throughout the year. Stewart asked for clarification on how many officers Kennett Township currently has and Heinrich answered nine (9) including the Acting Chief.

- Nancy Dunbar (314 Longwood Dr) commented via Zoom chat, “I would like to suggest creating a special committee in 2021 to analyze the need and viability of a Twp police force,” and asked, “what percentage of the township budget is allocated to Police?” Heinrich said that for the 2020 forecasted budget, it is ~29% of the overall budget and if fire and EMS are added, it goes to 40%. For 2021 requests, police, fire and EMS goes up to ~45%. Dunbar added, “Mr. Gordon mentioned police support of Longwood Gardens. How does Longwood Gardens reimburse the township? Is it per hour? Are our reimbursement rates competitive? Maybe Longwood Gardens should pay for our extra officers?” Gordon said he was referring to the added volume of people Longwood Gardens brings to the Township and that Longwood Gardens does reimburse the Township for special event requests.
- Dunbar then commented, “Revenue opportunity: I see a lot of speeding on Rt 52 and Burrows Run Rd, but I never see the police pulling over speeding vehicles. this is a great opportunity to collect revenues through speeding tickets. Birmingham Twp does an outstanding job in this area.” Gordon responded that it is difficult to do everything that is expected with one police officer on duty and provided an overview of everything the current officer on duty did that day. Ratliff added that a traffic ticket provides \$12.50 of revenue to the Township. Stevens said, and Gordon agreed, that if traffic tickets are contested, more police officer time is taken while they are in court for that.
- Hoffman asked if it was possible to add a fee to Kennett’s citations similar to the one she recently read about in Newark, Delaware. Gordon said that is already on there and it goes to the state for ambulance services.
- Dunbar commented via Zoom chat, “we need to think hard about the future. What will 2021 and 2022 look like from the police budget perspective. Seems very out of control to me. Other idea: maybe police dept is not our core competency so we should consider merging with Kennett Borough.”
- Kathryn Pearlstine (14 Montbard Dr) asked via Zoom chat, “If our police department goes beyond Kennett to help other areas, do they provide anything into our budget? I understand Whitney’s comment, but Scudder said that we are already providing coverage outside the Township. Is there an opportunity to reduce the overall cost of policing by combining our force with the Borough force?” Gordon said that it is common for police departments to have mutual aid agreements in place and Kennett Township specifically renewed theirs during COVID-19 to include the State Police, Kennett Square, Southern Chester County Regional Police and Oxford. He said that those other departments help KTPD a lot more than we help them. Stevens corroborated that with a recent example he witnessed. Leff added that merging departments has been investigated in the past and ultimately money is not saved. If a good opportunity comes along in the future, it will be given consideration.
- Pearlstine added “How does our crime rate compare to Pennsbury, Chadds Ford, and other neighboring Townships?” Gordon did not have those numbers on hand to be able to respond.
- Stevens asked if he was correct in saying Pocopson, Pennsbury and Chadds Ford do not have police departments. Gordon confirmed.
- Hillary Fowler (177 Penn’s Manor Dr) commented via Zoom chat, “We’d rather have 2 police officers than adding admin staff to the township. Also, can some of the admin duties be farmed out to remote workers? For example, I have a FT job but I’m looking for a PT job that can be done remotely nights and weekends that would be strictly data entry...” Ratliff said that the cost savings compared to the inefficiencies of outsourcing that kind of work would not come anywhere close to supporting the \$240,000 needed for the two full-time police officers. Heinrich added that there are not really data entry specific duties that would be applicable to this type of outsourcing and there was discussion of the current admin staff and some of their duties. Ratliff and Leff thanked Fowler her for comment and said they are always open to creative ways to run the Township more efficiently. Stevens added that the most expensive part of any business is the personnel and, in this case, adding two officers. He said they [Supervisors] are responsible for the safety and welfare of the community while providing backup support to make the government work, which is frustrating work when there is so little left over.
- Jim Volovich (109 Willow Glen Dr) commented via Zoom chat, “Will the police officers accept the reduction of income with the elimination of overtime?” Ratliff commented that the terms of their employment are negotiated by a collective bargaining agreement do not guarantee overtime and feels most would appreciate a more regular schedule without overtime. Gordon agreed and stated they would rather work less than more.

- Craig Parrish (605 Inverness Ct) asked via Zoom chat, “How many full-time officers are currently in the budget?” Ratliff answered that the 2021 proposed budget takes the current nine (9) full-time officers including the active chief, to 11. Parrish also asked, “is there a direct relationship for backup with the Stat Police in Avondale as there used to be?” Ratliff said Gordon addressed that earlier with the many mutual aid agreements currently in place. Parrish asked, “Has Matt had direct input into and approved the equipment required that is in the budget?” and Ratliff answered that Gordon was the originator of this budget request.
- Al Geddis (122 Montana Dr.) asked via Zoom chat, “Is there a 5 year projection of police costs? Have we justified the continued need of our own force?” Ratliff said that yes there is an understanding of those costs but that would take a separate meeting to discuss. He said that the Police Department is still in the building phase as getting to a fully functional 24/7 department takes time, and it has only been two years. The most difficult part of building is finding quality personnel. Leff added the lack of quality candidates is why the two part-time positions were not filled.
- Geddis added via Zoom chat, “we are now talking about ‘increases.’ Was any of this included in the ORIGINAL proposal for us to have our own police force? That was what, a mere two years ago?” Ratliff said that he is not going to take the time at this meeting to give a full analysis of what was discussed two years ago unless the Board desires it.
- Geddis commented, “I hate the idea of speed ‘traps’ for what that might be worth. The real question is what do we have a police for? Crime, traffic control, school bus loading, etc” Ratliff explained how every month, Gordon gives a detailed report that breaks down the crime experience in Kennett Township and stated those reports are available on the website to look at.
- Diane Fourney (103 Meadow View Ln) asked via Zoom chat, “don’t we have back up from PA state police?” Gordon said that the backup you request may not come from where you want it to; it all depends on the call volume at the time and who is closest and available. Although mutual aid is there, it is not guaranteed that it will work in the optimum form every time. Hoffman added that State police will not enforce everything our PD does such as nuisance calls. Gordon agreed and said that the State police are also short on troopers and have a larger area to cover.
- Jackie Brison (107 Quail Lane) asked via Zoom chat, “how about a regional police department, has that been investigated? Do full time officers pay anything towards their health benefits?” Ratliff said their benefits are subject to their collective bargaining agreement (CBA) which does not expire until 2022. Heinrich added that per the CBA, the police do not contribute towards their benefits, but the non-uniform staff does contribute, and the amount will be increasing. Gordon addressed the regional department idea and said that it has been investigated but ultimately was not what everyone wanted or needed. Stevens added it was last looked at in 2014 but deemed an inefficient use of personnel, the relationships with the community and our officers would be lost, and ultimately it would be more expensive.
- Hillary Fowler (177 Penn’s Manor Dr) asked via Zoom chat, “The 2020 forecast of \$100,000 for legal services (within the Police Department area) is \$98,000 over budget. Why?” Ratliff said that there were a number of significant personnel investigations, some of which are still ongoing, that were not anticipated in 2019 that needed to be absorbed in this budget. Fowler asked if this was regarding Lisa Moore and Ratliff said no.
- There was discussion between the Board and staff about which items, if any, they would like to see modified for 2021, which items are nonnegotiable due to the CBA. Discussion also included in-car cameras with Ratliff stating his support of having them.

Fire & Ambulance

- Heinrich summarized the past discussions surrounding fire and ambulance, including the fact that the Kennett Fire and EMS Regional Commission sets the amount the included municipalities pay, and what Kennett Township will pay in 2021 is a 15% increase.
- There was discussion about the Fire Marshall and potentially moving that to a volunteer position like the Emergency Management Coordinator.
- There was discussion about fire hydrants.
- Heinrich stated that essentially the recommendation of potential real estate tax increase is almost entirely to support fire and ambulance.
- Henry Schlimme (9 Black Rock Rd) asked via Zoom chat, “Does fire and EMS budget remove Kennett amb coverage?” Ratliff answered that the discussion surrounding the service providers for Kennett Township,

whether the Board decides to move to one service provider or not, does not impact the 2021 budget but it would impact the 2022 budget.

Public Works Department

- Heinrich reviewed the budget requests from the Public Works Department.
- There was discussion of staffing in this Department relative to the size and growth of the Township. Heinrich and Ratliff agree that they need another staff member, but in efforts to prioritize the needs of the entire Township, this position is recommended to be cut. Leff asked if adding two part time summer helpers would be advantageous. Lysle said there are a limited number of duties a part time employee can perform due to certifications and training that is required. Hoffman asked if additional equipment would be necessary with additional staff. Lysle said not at this time.
- Open space properties and who is responsible for maintaining them (TLC or the Public Works Department) was discussed by Stevens and Ratliff.
- The Surface Treatment line item was discussed at length as well as the Road Paving/Rebuilding line item as these are recommended to be cut in both the extreme and moderate cut scenarios.
- Stevens asked if there was a contribution from trucking companies that use the roads and require the repair and widening of them. Lysle said no but talked about the liquid fuel tax paid at the gas pumps to help with roads and explained that due to COVID-19, income from that is expected to be down as people did not drive as much. Heinrich added specific numbers for that liquid fuels budget and talked about what specifically that would pay for.
- Heinrich, Lysle and Leff discussed the expense for Drainage Materials and the Repair and Maintenance on the garage doors and roof of the maintenance shop, including if it was possible to only replace sections of the roof. Lysle said that was not advisable.
- Heinrich said she wanted the public to understand that the Township is not spending money lightly. All of the requests are all for necessary things and the only way she can see to meet the requests is with a tax increase. As a Township resident, that increase would impact her directly and does not want to have to suggest it.
- Ryan Curran (1115 Kaolin Rd) asked if there has been any consideration to adding solar panels to the roof to make it more green. Ratliff said that yes, but he is cautious about putting significant investments onto a structure that needs so much work and feels more research would be necessary. Curran said he too would like to see more research before anything is spent on the expensive roof. Stevens added that while he is in full agreement in wanting to get to solar panels, the roof must be done first regardless.
- Lysle listed all the reasons a new lawn mower was needed, including for back up if the current mower needs repairs and the impacts on his staff's hours. Leff again asked about the potential for adding a second part-time crew member for the summer. Heinrich asked if the part-time position would take over all the mowing. Lysle did not think a second part-time employee was needed and said that he hopes the one will handle most of the mowing.
- Heinrich explained her process for trimming ~\$30,000 on the moderate scenario and ~\$60,000 on the extreme scenario and said it is hard to cut by specific line items since extreme weather directly effects some.
- Heinrich summarized the budget requests for the Township Building.
- Lori Stewart (543 Bayard Rd) commented via Zoom chat, "I think Roger needs more help as someone who witnesses the daily demands on our township maintenance crew."
- Andrew Gold (8 McCarthy Rd) asked viz Zoom chat, "why not do sheet metal which would last 50 years on a sloped roof?" Lysle said that question was posed to the contractor who gave him the estimate and it was determined that there was not enough pitch on the front half of the roof to allow for that.
- There was discussion between the Board and staff about which items, if any, they would like to see modified for 2021 with input from Lysle about which items he deems as most important, and which items are considered maintenance and which are not.
- Lysle said that under the Surface Treatment, the oil and chip included two separate roads, approximately \$33,000, that could be broken out of the full budget amount of \$120,000.
- Jackie Brison (107 Quail Ln) asked via Zoom chat, "does the Township get more than one quote when requesting services? Like the new roof and garage doors, etc." Heinrich answered that for the purpose of budgeting, we could only get one contractor to come out but once something is approved, a very formal bid process is required and followed.

- Lori Stewart (543 Bayard Rd) asked via Zoom chat, “are we still required by law to maintain a brush pile? The cost of grinding is pretty substantial and the pile maintenance is time consuming for the staff.” Ratliff said the brush pile is coveted in the Township and it would be difficult not to support that. Lysle added it was started with the no-burn policy.

Planning and Zoning Department

- Heinrich reviewed the budget requests from the Planning and Zoning Department and explained that both the moderate and extreme cut scenarios eliminate the hiring of a Building Code Official but keep the hiring of a Planner.
- Ratliff added that this department used to consist of three full-time employees (compared to the two currently working) and would like to get the department back to that capacity by adding a full-time Planner that was already approved in the 2020 budget. It was not filled in 2020 due to not finding the right candidate.
- Stevens asked why the Planner could not also be contracted out as the BCO position is and discussion continued about the history of the department, the evolution of the role of Director of Planning and Zoning, and the disadvantages of contracting a Planner. Hoffman added that ultimately the Township would be better served, and it would be more financially advantageous to have the Planner position be “in-house” verses contracted out.
- Heinrich commented that Kennett Township has a lot more volunteers and committees than other municipalities which ultimately make more work for the employees. Ratliff added that those many volunteers and committees are part of what makes Kennett Township unique and we are lucky to have them.

Administration, Finance & HR Departments

- Heinrich commented that there were not many changes made to the requests from these departments for the moderate or extreme cut scenarios.
- There was lengthy discussion surrounding the current staff in these departments and how much work they all do.
- Hoffman added her appreciation of the staff, their level of detail and transparency.
- Heinrich detailed the remaining line items in this budget, commenting items that could potentially be reduced, projects they are still working on (employee handbook), and the 2020 overage due to staff turnover (see Contracted Services – Admin).
- Leff and Heinrich discussed the Auditing Services and the increase proposed in 2021 due to moving from a cash basis accounting system to an accrual basis accounting system.
- Hoffman asked about the bank fees and Heinrich explained the work she has already done to renegotiate many of those fees.
- Nancy Dunbar (314 Longwood Dr) commented via Zoom chat, “question about the bank service charges. I work in banking and want to know why is the township paying \$600 per month in bank fees? I am curious what bank the township has an account with. I work with JPMorgan Chase which may offer more competitive rates.” Heinrich explained the fees and the great interest rate she cannot find anywhere else.
- Lori Stewart (543 Bayard Rd) commented via Zoom chat, “I’d appreciate a complete list of admin staff including Amy’s staff.” She was directed to the Staff Directory on the Township website which is current and up to date.

Employee Benefits

- Heinrich explained that numbers here are the result of the moderate and extreme cut scenarios from the Public Works and Planning and Zoning Departments. The Police are not listed here. She also explained the reduction in the Employee Incentive/Appreciation line item.
- Leff and Heinrich discussed the employee contribution for their health care.

Engineering

- Heinrich commented that there is not a lot of room to change these services and recapped the other line items in this section.
- Stevens asked if it was possible to slow down the work of the trial consultants. Heinrich explained that a lot of the costs are in the 2020 forecast as the trial consultants had to do a lot of work to clean up what had been done prior to them, and those items have already been approved by the Board at prior meetings. For 2021, she

said we must limit the scope to only complete those projects necessary to complete the grant that is expiring in June.

No Reductions

- Heinrich explained that these two pages are items that are contracted or previously committed to.
- There was a discussion between Stevens and Heinrich about the differences in file sharing options. There was also discussion about Teams versus Zoom.
- Heinrich detailed the other items in this section.
- Hoffman asked why the Bond cost went down. Heinrich said that it was an estimate and some of the bonds were coming up for renewal.
- Heinrich stated that they are not specifically budgeting for the fraud investigation or the recovery. That will remain separate from the General Fund budget.

Dina McIlvaine presented the updated numbers after taking all of the Board's discussions into account.

General Fund Revenue

- Heinrich explained the different options for potentially increasing Real Estate Taxes and levying a Local Services Tax (LST). (See page 24 of the presentation: www.kennett.pa.us/DocumentCenter/View/4386)
- Leff stated that unless they make further cuts, there needs to be additional sources of revenue, either a combination of an increased mil rate and LST, or a slightly higher mil rate and no LST.
- Leff said that by law, they must pass a balance budget. Heinrich clarified that they must pass a balanced operating budget. She said that although she does not recommend it, they could pass a budget that shows a deficit for capital items.
- There was discussion about the amount of reserves the Township has and the surplus from the 2020 budget due to COVID-19. Ratliff added that the reserve levels are not where they should be.
- Hoffman asked what the minimum, viable tax increase would be. Heinrich answered the difference in the mil rates and said that 1/10 of a mil, or \$78,340, is the smallest increment.
- Hoffman commented that increasing taxes now is especially difficult due to the impacts of COVID-19 on everyone.
- Heinrich explained the latest findings in the EIT that the Township has not yet collected, saying that the amount not yet collected went from ~\$300,000 to ~\$200,000. While we are not down as far as we were, we still cannot break even on the budget for next year. She added that from the data she has, on average residents are doing OK (up 6%) and the largest impact on the Township is from non-residents (down 2%) who work in the Township and who live in a non-EIT municipality (Delaware or Delaware County).
- Heinrich discussed other areas where she could adjust forecasted amounts, such as with the Transfer Tax. Discussions continued with the Board and Hoffman commented that while she is not excited to raise taxes, she was not sure what else could be done.
- Steven Freilich (14 Montbard Dr) commented via Zoom chat, "A flat \$52 tax is regressive by definition. Have you looked at the demographics of the impacted workers to be certain that you are putting an undue burden on those least capable of paying?" The LST tax was explained and Heinrich reported that there are 231 people, or 7% in the Township who make between \$12,000 and \$22,000 according to 2019 data from Keystone. She presented a chart that outlined income by tiers, or how many workers of the Township would be affected at what income level. 28% of Kennett's population makes over \$100,000, 24% make between \$40,001 and \$100,000. Only 18% of this population make under \$40,000 but over \$12,000 and of that, 7% would be affected by this tax.
- Hoffman asked if someone who works seasonally would have to pay the LST all year or only when they work. Heinrich answered it is by payroll, so only when they are working.
- Leff asked how it worked for small businesses and Heinrich said anyone who records payroll would have to pay it, although she is not sure how it works for a sole proprietor.
- Ron Stellon (12 Balmoral Dr) asked via Zoom chat, "Why are the projected real estate transfer taxes down to \$370,000 vs. YTD of \$532,000?" Heinrich again stated that she could be more aggressive in her forecasting.
- Bob Whipps (405 Winterberry Dr) asked via Zoom chat, "is there any requirement to reevaluate property values every so many years. There are probably many properties not paying their fair share. Is Longwood gardens or any part in KSq. If so do they pay real estate taxes?" Heinrich said that only a very small part of Longwood Gardens is in the Township and Stevens added that as an exempt nonprofit, they only pay tax on

what they do in their restaurant. The county is responsible for reassessing property values and, Heinrich explained, that is done when there is a permit for a major renovation although they do occasionally full reassessments.

- Jim Przywitowski (107 Millbrook Dr) asked via Zoom chat, “why are revenue data changing in the various options? I thought the options were cost reductions.” Heinrich explained that to break even with each cost reduction scenario, the Township still needs a revenue increase. Leff summarized the scenarios.
- Kathryn Pearlstine (14 Montbard Dr) commented via Zoom chat, “My concern is that the scenarios are focused on relatively small dollar amounts (\$1000 and less items are being discussed by the supervisors) vs. looking at where the large dollar amounts in the Township are being spent.” (This comment was made earlier in the meeting and had since been addressed.)
- Duane Clark (135 Davenport Rd) asked via Zoom chat, “My questions is how does Budget 2020 compare to 2019?” Heinrich commented that she did not have 2019 numbers in front of her, but she is close to having a much more complete view of that year since the audit is wrapping up.
- Ron Stellon (12 Balmoral Dr) asked via Zoom chat, “In my many years of leading major departments I have never seen an “extreme” budget reduction option with a 25% “increase” in salaries and benefits. The BOS really needs to challenge each and every current township headcount before adding staff.” Ratliff said that part of the budget development process includes the Board meeting in executive session to review personnel data, including the review of every staff member and their salary in detail to make sure it is appropriate.
- Steven Freilich (14 Montbard Dr) commented via Zoom chat, “the process being used is a bit strange in that it starts with requests rather than starting with revenues vs. 2019 and 2020. If we don't have enough revenue, we should zero base all costs, identify our largest items, determine how much of that we truly need, and only after that start to look at add-on costs.” Ratliff commented that there is a lot of missing context from Freilich’s analysis and that this is the sixth budget hearing on this topic. Heinrich elaborated on this process and the importance of looking at the requests as a public entity.
- Nancy Dunbar (314 Longwood Dr) asked via Zoom chat, “why is there a 35% increase in salaries over one year?” (This comment was made earlier in the meeting and had since been addressed.)
- There was a discussion with Leff, Stevens and Heinrich about why the current taxes are higher and the answer is now there is a full-time \$2 million Police Department and the cost for fire and ambulances are only going up as volunteers companies decrease. Stevens pointed out that on average, the KTPD is low, that comparable Departments cost more.

5. PUBLIC COMMENT

- Lori Stewart (543 Bayard Rd) commented that she would appreciate being able to print and call later if she has any questions because this was the first time she was seeing all of these numbers and it was a lot to digest. Ratliff welcomed her calls and questions. Stewart also thanked everyone for their hard work in preparing this material.
- Andrew Gold (8 McCarthy Rd) commented via Zoom chat, “If the township survived for years without the money Lisa Moore stole why do we need a tax increase. The burden on the citizens especially in a pandemic is ridiculous.” (This comment was made earlier in the meeting and had since been addressed.)
- Linda Carter (822 Starvegut Ln) commented via Zoom chat, “when did we agree to such spending? How much are we absolutely committed? Why the land conservancy? Scudder knows history? There seems to be no formal existing relation between township and TLC.” (This comment was made earlier in the meeting and had since been addressed.)
- Nancy Dunbar (314 Longwood Dr) asked via Zoom chat, “the public works dept does an outstanding job. How does the Twp communicate with PennDOT in regards to maintenance needs on Rt 52? Specifically there are bumps that need to be smoothed out.” Ratliff said that Lysle does communicate to the Chester County Road Master at PennDOT. He also said that Rt. 52 was supposed to be improved this year, but those improvements were pushed back due to COVID-19. He is hopeful they will be done in 2021.
- Lauren Klein (103 Sassafras Drive) asked via Zoom chat, “Was the Penns Manor perpetrator arrested?” Ratliff has not heard of any arrests made yet.

- Mike Pia Jr. (595 Bayard Rd.) commented via Zoom chat, “Thank you to supervisors and staff. Lots of hard work and hard decisions. Please keep investing in infrastructure, and preserve open space before its gone. Thanks for all you do.”

6. MOTION TO ADJOURN

Motion presented by Stevens to adjourn. Hoffman seconded the motion. The motion was passed unanimously with no discussion.

The meeting adjourned at 11:55 p.m.

Respectfully submitted,
Eden R. Ratliff
Township Secretary