

**LOWER MACUNGIE TOWNSHIP
BOARD OF COMMISSIONERS**

The Board of Commissioners conducted a special meeting on November 30, 2009 in the Township Building, 3400 Brookside Road, Macungie, PA 18062. President Kline called the meeting to order at 7:00 p.m.

CALL MEETING TO ORDER

PLEDGE TO THE FLAG

<u>ROLL CALL</u>	E. Keller Kline, President	Present
	Deana M. Zosky, Vice-President	Absent
	Douglas Brown, Commissioner	Present
	William Spaide, Commissioner	Present
	Julianna Timmcke, Commissioner	Absent
	Peter Nelson, Township Solicitor	Present
	Bruce E. Fosselman, Township Manager	Present

Commissioner Kline stated that the Township has put their insurance coverage out to bid and he has heard from one insurance agency, CM Stauffer Agency, that Brown and Brown, the current insurance broker for the Township, has tried to block other agents from contacting insurance companies. Though this is all legal, Mr. Kline felt that this really does not help the Township get the best bid since agents are locked out of getting quotes. It was Mr. Kline's suggestion that all the bidders for the Township insurance coverage be granted permission to be broker of records, for the various policies for the Township, where possible.

Motion by Commissioner Spaide, seconded by Commissioner Brown to have CM Stauffer Insurance as the Broker of Record for the application of the National Casualty Public Liability Insurance. There were 3 ayes. Motion carried.

ARRANGEMENT FOR AUDIT SERVICES FOR YEAR ENDING DECEMBER 31, 2009

Joe Ludrof, 2100 Alexander Dr., hoped that the cost of the 2009 audit would be less than previous years, since the Township had less problems with their accounting and financial department. Township Manager Fosselman stated that for 2008 the cost for the audit services was \$32,000 and the proposed 2009 audit services would be \$24,000.

Grayson McNair, 5030 Valley Stream Lane, asked if Commissioner Zosky had any comments regarding the proposed audit services from Reinsel. Township Manager Fosselman stated he had not received any comments from any Board Members.

Commissioner Kline asked Solicitor Nelson if he had any concerns with the scope of work language that was in the engagement letter provide by Reinsel. Mr. Nelson stated that Reinsel had removed the 2 paragraphs regarding hold harmless and limits of liability provisions that he had concerns with and he is now satisfied with the language in their engagement letter.

Motion by Commissioner Spaide, seconded by Commissioner Brown to approve the firm of Reinsel, Kuntz and Leshner to perform an audit of the Lower Macungie Township's governmental activities, business-type activities, major funds, and aggregate remaining fund information as of and for the year ending December 31, 2009 for a price not to exceed \$24,000. There were 3 ayes. Motion carried.

LOCAL SERVICES TAX ORDINANCE

Ordinance 2009-14: AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF LOWER MACUNGIE TOWNSHIP, LEHIGH COUNTY, PENNSYLVANIA, ADOPTING BY

**LOWER MACUNGIE TOWNSHIP
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ORDINANCE A LOCAL SERVICES TAX TO BE ADDED TO CHAPTER 159 OF THE LOWER MACUNGIE TOWNSHIP CODIFIED ORDINANCES AND AUTHORIZING THE COLLECTION OF THE LOCAL SERVICES TAX AND PROVIDING FOR EXEMPTIONS TO SAID TAX IN ACCORDANCE WITH PENNSYLVANIA LAW.

Commissioner Kline led the discussion by explaining that his goal, when appointed by the Lehigh County Court of Common Pleas was to make sure of two things: 1) that the level of services provided by the Township employees continued at a high level and; 2) the Township would not dip into the \$7.4 million of general fund reserves that he and the fellow Commissioners inherited as of January 1, 2008. The preliminary budget discussions of 2010, beginning in September of 2009, reflected the need to transfer monies from the general fund reserves of \$1.8 million. After the first budget meeting the transfer from the general fund reserves was cut to \$1.3 million and after the last budget meeting, the transfer from the general fund reserves was sliced to \$1.1 million. With the adoption of the Local Services Tax, the Township would realize revenue of \$400,000 per year, which would make the transfer of monies from the general fund reserves approximately \$700,000. Mr. Kline stated that he would like to see the Township not have to use any of the general fund reserve monies, but the transfer of \$700,000 would still leave the general fund balance at the end of 2010 with a healthy surplus of \$8.1 million. Mr. Kline also stated that if the Township ever started a police force, that a real estate tax would be inevitable, so keeping a healthy general fund reserve was important. Commissioner Spaide and Brown agreed that this tax was necessary to help offset the diminishing revenue sources from the earned income tax and real estate transfer tax.

Grayson McNair stated that he was concerned about using the general fund reserves and that Lehigh County had a similar scenario where they started dipping into their reserve fund and ended up depleting the reserves altogether.

If the Township starts using the reserve fund, where does it stop. With the possibility of a police department and the expenditures needed for the transportation impact, as well as the sewer I & I work, the Township must be very prudent with their monies.

Mr. McNair is in favor of the Local Services Tax, but still felt uncomfortable with using any of the general fund reserves. Mr. McNair also inquired if the Township Treasurer would be collecting this tax. Township Manager Fosselman stated that Keystone Collections Agency, the vendor that collects the earned income tax, will be used for the Local Services Tax at a 2% commission rate.

Ben Galiardo reminded the Board of Commissioners that 25% of the Local Services Tax must be earmarked for emergency services.

**Motion by Commissioner Kline, seconded by Commissioner Spaide to adopt Ordinance #2009-14 authorizing the collection of the Local Services Tax. There were 3 ayes.
Motion carried.**

The meeting of the Lower Macungie Township Board of Commissioners adjourned at 7:32 PM.

Bruce E. Fosselman
Township Manager
December 1, 2009