

**Citizens Audit Review & Financial Advisory Committee (CARFAC)**

August 21, 2013

7:00PM – Radnor Township Municipal Building, Finance Department

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**Agenda:**

1. Approval of Minutes from July 24, 2013 Meeting (attached)
  2. 2013 Action Item Updates by Working Group (see Action Item Report attached):
    - a. Planning:
      - i. RATE Negotiation Update
      - ii. \$8.0 Million Distribution
      - iii. Excess Fund Balance Policy
      - iv. Five Year Plan Updates
      - v. Citizen Centric Reporting Update
    - b. Operations:
      - i. Willows Proposal Update
      - ii. Open Space / Ardrossan Analysis
      - iii. Open Space / Cresa Report Analysis
      - iv. Storm Water Funding
      - v. Act 511 Discovery Contract Proposal
    - c. Audit:
      - i. Financial Software discussion
  3. Old Business: Open Action Items to be addressed
    - a. Document need for Street Sweeper (Attached)
  4. General Discussion
  5. Public Participation
  6. Adjourn
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**NOTES:**

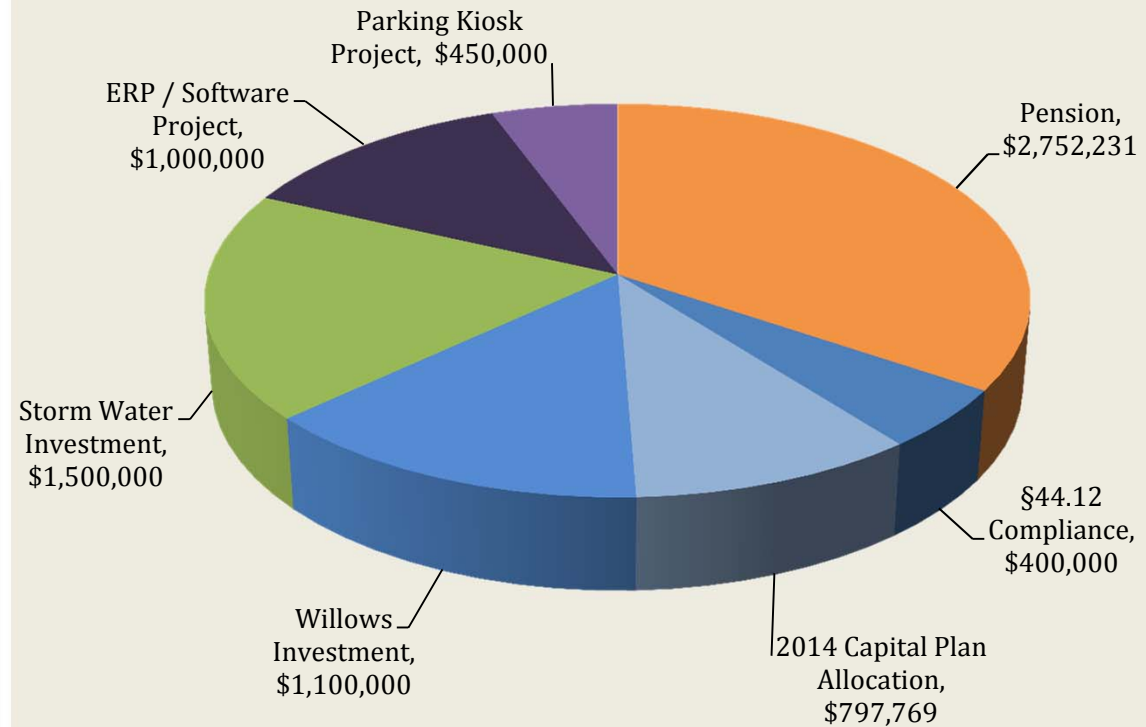
Priority	Amount
Pension	2,752,231
\$44.12 Compliance	400,000
2014 Capital Plan Allocation	797,769
Willows Investment	1,100,000
Storm Water Investment	1,500,000
ERP / Software Project	1,000,000
Parking Kiosk Project	450,000

**Additional Notes:**

1. Township is researching the impact of contributions towards Pension as it relates to the treatment of those contributions on the amortization of the unfunded liability, and future MMO payments.

2. The Township is forecasting an excess fund balance of over \$3.0 million for 2013: One of the priorities with those funds will be to increase the target balance of 15% to 25% (+\$2.4m) to offset the risk associated with the fact that BPT is becoming such a large percentage of the Township's revenue base.

## Proposed Thoughts With Regard to Distribution of \$8M BPT Tax Settlement



**Radnor Township**  
**CARFAC – List of Action Items**  
**Updated September 18, 2013**

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**CARFAC – Committee as a Whole**

- I. CARFAC Scorecard
  - a. Mercantile Tax Refunds: proactively returned **\$59,160** to nine establishments to-date
  - b. Swap: Increased Swap discount from 11.4% to 12.0%, generating **\$31,078** in savings
  - c. Swap: Eliminated future costs and risks associated with variable rate bond market and swap payments to Counter Party (conservatively estimated to have saved the Township **\$2.6 million**, documented)
  - e. 2004 Bond Refund: NPV savings of **\$2,013,920** or 14.198% of Refunded Principal
  - f. Contributed to the development of a dedicated OPEB Fund to begin the process of funding the long-term liability to be built into the 2014 budget and ongoing five year forecast
  - g. Participate in the 2012 Audit process; Met with BOC to review issues; Recommend Acceptance of the Independent Auditor’s Report and Audited Financial Statements

**Planning Working Group**

- I. OPEB Funding Strategy
  - a. Review RATE Negotiation progress/ Items as they relate to OPEB / Pension project – **No Update at this time (no meetings or progress since last update)**
  - b. Incorporate any OPEB funding strategy into five-year plan – **Administration to incorporate the 10 year ramp up funding method with the Manager’s Recommended 2014 Budget**
- II. 2014 Budget / Five Year Plan Updates
  - a. Five Year Plan to be analyzed in concert with the 2014 Budget process – **September**
  - b. Work with Administration preparing options on the use of the \$8,000,000 settlement – **Held an initial meeting: Admin. Going to work with Mockenhaupt to get a better understanding of how additional contributions are treated by actuary.**
  - c. Develop Excess Fund Balance Policy
- III. Stakeholder Communications (a.k.a. “Citizen Centric Reporting”)
  - a. Research/publish the citizen-centric reporting approach – agree on theme, frequency and format – meet with web-site developer/consider e-mail strategy
  - b. Plan is to design the initial CCR for distribution at budget time. Thereafter we plan to publish twice per year.

**Operations Working Group**

- I. 2014 Budget: Estimated revenue assumption review with Administration – **Schedule meeting for late August/ early September**
- II. Analyze Willows proposals (Administration recommendation, which included CARFAC’s work, was submitted to the BOC on June 6. BOC heard the Administration’s recommendation on June 24 and on July 8<sup>th</sup> authorized administration to enter negotiations with Conroy Catering). **Bill White to keep CARFAC updated on negotiation progress ahead of the August 26 special Board of Commissioner Meeting: No updates since July meeting.**

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III. Open Space / Ardrossan

- a. Begin required Open Space Policy analysis once the Ardrossan facts are received
- b. Review Solicitor's written description of Orphan Court procedures.
- c. Review Solicitor's opinion on 29 year lease.

IV. Open Space / Cresa Report

- a. Review report and verify the Township's cost to own property - Administration (Bob T.) to develop a matrix of all property by location, date acquired, acreage, cost, fair value, purpose, zoning and other notes. (Initial Draft Distributed by Bob T. on May 31 and reviewed further with working group on July 3<sup>rd</sup> – Michael A. addressing several open items)
- b. CARFAC to meet with Elaine Schaefer on September 9<sup>th</sup> prior to the Board of Commissioner meeting to discuss the Township's broad open space objectives.
- c. CARFAC to then meet with the entire Board of Commissioners in executive session (acquisition of real estate) prior to the September 23<sup>rd</sup> meeting to review open space plan.

V. Storm Water Strategy

- a. Administration will distribute Storm Water details presented at the July 8 Board of Commissioner meeting, at which time the Storm Water Ordinance was introduced. The anticipated adoption is scheduled for September, with the first invoices going out in January 2014. This plan is uncertain at best. It is unknown when the ordinance will be adopted and even less known when the bills will go out (2014?).

VI. Business Tax Discovery

- a. Township to counteroffer 25% rather than 32% per proposal
- b. Bob Tate to redistribute [amended] agreement to working group by June 27 – Attached to August agenda

**Audit Working Group**

- a. Financial Systems – consider framework for evaluation of software

**Township Administration**

- a. Bill to ask PFM for a proposed approach to managing the OPEB trust funds [5/15 meeting] – Working with the finance advisor on updating the engagement contract to include OPEB: This will take some time, but should be complete by the end of the year.
- b. Reassess ADP as a vendor [4/17 meeting] - Ongoing
- c. Document need for Street Sweeper (PW Director) [3/20 meeting] – forthcoming by August 2<sup>nd</sup>

July 24, 7:00 p.m.

Radnor Township Municipal Building  
Administration Department, 2<sup>nd</sup> Floor  
301 Iven Avenue, Wayne, PA 19087

**Meeting Minutes**

The meeting was called to order by the Chairman Mark Blair at 7:00 p.m. The meeting was attended by Laurent Chardonnet, Leigh Gourmand, Karl Bupp, Michael Antonoplos, Mark Blair, Jerry Linden, and Joe Ellis. Messrs. Jim Bowes and Ed Caine had work conflicts and were unable to attend. Township staff member present was Finance Director Bill White.

The Committee discussed the following items:

**1. Approval of Minutes:**

a. Public Meetings:

- i. June 19, 2013 Meeting minutes – approved 7-0 as amended

**2. 2013 Action Item Updates by Working Group:**

a. Planning:

- i. RATE Negotiation Update: No update at this time.
- ii. Five Year Plan Updates: Discussion was had regarding the incorporation of this item into the 2014 Budget process, scheduled to begin in August. CARFAC also discussed its role with analyzing options on how to invest the \$8 million in BPT settlement income (in August). Finally, the 2014 Budget Calendar was reviewed and CARFAC scheduled meetings accordingly to include their review of the budget during the process (attached).
- iii. Citizen Centric Reporting: No update at this time.

b. Operations:

- i. Willows Proposal Update: Finance Director Bill White provided CARFAC with an update on the negotiations up to this point. CARFAC requested that the Administration keep them aware as negotiations proceed.
- ii. Open Space / Ardrossan Analysis: CARFAC discussed its role as it pertains to the Open Space Policy approved by the Board. Further, it was noted that this item should be reviewed in concert with the Open Space / Cresa report as part of a broader open space analysis. To that end, CARFAC mentioned reaching out to the Board of Commissioners to meet in September to discuss plans moving forward.

- iii. Open Space / Cresa Report Analysis: Several items in the analysis are still being finalized. Once complete, the Working Group will review in advance of meeting with the Board in September.
  - iv. Storm Water Funding: Finance Director Bill White updated CARFAC on the presentation in June and the introduction of the Storm Water Ordinance at the July 8 meeting. Further discussion was had on difference between a fee and increasing property taxes as well as the underlying reason / need for maintaining the entire system. It was agreed that Bill White will distribute the storm water material presented at the prior meetings to CARFAC.
  - v. Act 511 Discovery Contract Proposal: This item was held until the August meeting.
- c. Audit:
- i. Publishing of the CAFR / GFOA Certificate Program: It was noted that the 2012 CAFR was published and available to the public and that the Township met the GFOA's June 30 deadline for consideration of the Certificate of Achievement for Excellence in Financial Reporting.
  - ii. Audit Wrap Up: Mr. Bupp noted his conversation with the audit partner who oversaw the Township project which included two minor improvement items for next year: (a) receiving the Management letter prior to the audit close out, and (b) the auditors need to be represented at the public meeting in which the Board considers accepting the audit report.
3. **Old Business: Open Action Items to be addressed:**
- a. Reassess ADP as a vendor [4/17 meeting]: Finance Director Bill White noted that the Administration was proceeding with the test payrolls and that ADP had changed the contact on the project. This is still ongoing.
  - b. Request Orphans Court process outline from Solicitor [4/17 meeting] Finance Director Bill White had not heard back from the Solicitor since the June meeting and will follow up again.
  - c. Request Solicitor's opinion on the 29 year lease option [4/17 meeting] Finance Director Bill White had not heard back from the Solicitor since the June meeting and will follow up again.
  - d. Establish outline and deadline for Solicitor "clean up" of outstanding property items identified in the Cresa report [4/17 meeting] Finance Director Bill White had not heard back from the Solicitor since the June meeting and will follow up again.

- e. Add CARFAC to weekly Email of newsletters [4/17 meeting] This was complete, however several emails appear to not be working, perhaps due to spam / incorrect email addresses.
  - f. Document need for Street Sweeper from Public Works Director [3/20 meeting] Finance Director Bill White will distribute the document from the Public Works Director by August 2<sup>nd</sup>.
4. **General Discussion:** None
5. **Public Participation:** No members from the public were present
6. **Adjourn:** Being no further business, the meeting was adjourned at 9:40 p.m.

# Memorandum

**To:** William M. White  
**From:** Stephen F. Norcini, PE *SFN*  
**CC:** Robert A. Zienkowski, Township Manager  
**Date:** 8/20/2013  
**Re:** Street Sweeper/CARFAC

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The Public Works Department is well aware of the significant cost of the mechanical street sweeper noted in the capital budget. The expected lifespan of unit is approximately ten years, perhaps as long as twelve.

Our goal is to best serve the residents of Radnor Township not just by the services we provide, but doing so in a fiscally responsible manner.

The justification for the purchase of the mechanical sweeper is based on several criteria:

#### Frequency of Sweeping

The Public Works Department sweeps all the Township's streets three times per year; spring, summer, and fall. There are very few days from April through December that a street sweeper is not on the road. This amount of use precludes the borrowing of a unit from another municipality. Another municipality may lend Radnor Township a sweeper for a few days to assist us in a real problem (assuming that the municipality in question is not experiencing the same issue, as in clean up after a tropical storm). Due to this amount of use, renting the mechanical sweeper would not be prudent. Some municipalities sweep the streets at the same frequency as our Township, so both Townships would require the unit at the same time, again precluding the borrowing or sharing of a sweeper.

#### Types of Use

The mechanical sweeper provides the best service in the spring, when cleanup is heavier due to the length of time from the last sweeping. The mechanical sweeper is also the best unit to use when Public Works performs the final sweeping of the year, in the fall. This sweeping is done as part of our leaf collection program, and the mechanical sweeper is the best unit to pick up the leaf debris following collection.

#### The Correct Equipment for the Job

The mechanical sweeper is the unit of choice when cleaning up after large storm events. Since there is no suction hose in these types of units, larger size debris is able to be removed from the road. Having this unit on hand gives the Township the ability to provide an immediate cleanup response after such emergencies. Another benefit of this sweeper is the ability to be used in sub-freezing temperatures (for a limited time), whereas the vacuum sweeper is unable to do so. Again, this gives us additional capabilities for clean up when needed.

We have look at what tasks the unit is required to perform, and how often the frequency of these tasks. The price of the sweeper definitely is cause for CARFAC to request some verification of its need. The tasks, frequency of use, and ability to respond to emergencies point to the purchase of the unit. This unit is an integral part of the Public Works fleet.