

UPPER MAKEFIELD TOWNSHIP

Financial Advisory Committee Meeting

August 13, 2014

The August 13, 2014, public meeting of the Upper Makefield Township Financial Advisory Committee was convened at 7:00 p.m. In attendance were the following members of the Financial Advisory Committee: Chair Laurie Hosie, Vice Chair Steve Markin, Treasurer Kevin Mealey, Member Richard Krollman, Member Bob Needle, Supervisor/Liaison Larry Breeden, and Interim Township Manager David Nyman. Also in attendance were Supervisors Tom Cino, Mary Ryan and Mike Tierney, Northampton Township Manager/Bucks County Tax Collection Committee Chair Bob Pellegrino, and Keystone Collections Group representative Rose Harr. Members of the public were also present.

I. Call to Order

The meeting was called to by Chair Laurie Hosie at 7:10 pm.

II. Approval of the Minutes of July 9, 2014

A motion was made by Mr. Needle and was seconded by Mr. Krollman to approve the meeting minutes of July 9, 2014. Motion carried by a unanimous vote.

III. Ad Hoc Member Introduction

Vic Ameye was introduced as the ad hoc member (non-voting) appointed by the Board of Supervisors for EIT discussions.

IV. Special Presentation: Earned Income Tax Factors

Rose M. Harr, Vice President of Client Relations for Keystone Collections Group, was introduced. Ms. Hosie reviewed the FAC's goals – namely, reviewing collections processes and identifying what can be done to improve EIT forecasts.

Ms. Harr shared highlights regarding PA Act 32 which created the county-wide collection process. She informed the group that all banking is done electronically with state mandated monthly reports issued to the municipalities. She shared data tied to the 20 top filers in Upper Makefield (who were not named) noting that they comprise about 24% of total collections. Half of these individuals are self-employed. She also noted that out-of-state employers are not required to deduct EIT, although many do.

In terms of collection flows, the “worst-case” scenario of monies flowing from the taxpayer to Keystone to Upper Makefield is as follows: following quarter-end, employers have up to 30 days to submit monies to Keystone, which in turn has up to another 30 days to remit the monies to Upper Makefield. In practice, Keystone strives to remit monies to Upper Makefield less than a week after they receive it.

With regard to forecasting, Ms. Harr indicated that Keystone starts with prior year collections (what Keystone has received – not what has been submitted to Upper Makefield), analyzes by quarter and performs an average, which is a cash projection. They do not remove unusually large amounts (Note: a follow-up email from Keystone representative indicated they do, in fact, subtract “outlier” EIT payments from projections since they assume they are not repeatable). Keystone is

able to do a stratification by income levels if desired. All of their programs are proprietary. They are typically able to provide customized reports requested within 7 days. They will provide us with a list of special reports requested by other municipalities as Upper Makefield staff may be able to leverage these going forward.

Robert Pellegrino, President of the Bucks County Tax Collection Committee (TCC) and Northampton Township Manager, reviewed the process he follows to determine earned income tax projections relying significantly on his experience and best practices. He admitted that EIT is difficult to forecast. He does not rely on estimates from Keystone, but rather uses historical data, variations in collections, and the state of the economy, including the CPI and employment rates. He noted that 42% of Upper Makefield's filers earn over \$200,000, making forecasting even more difficult given the higher likelihood of compensation in the form of bonuses and stock options, which are less predictable than regular salary. (As a reference point, in other local communities, then number of large filers is more like 20%).

V. Board Liaison Report

Mr. Breeden reported that the Board of Supervisors tasked the FAC with examining healthcare at their July 17, 2014 meeting.

VI. Other Business

Healthcare: The Board of Supervisors would like a survey of plans for each category of employee, seeking to maximize cost effectiveness, i.e., provide essentially comparable coverage but at a lesser cost. Mr. Breeden reviewed the contract status for the Township's two unionized groups. It was suggested that the Committee review the materials previously provided for the next meeting.

The FAC requested that the Township Manager invite two potential Ad Hoc candidates to the next meeting – Brian Bark and Tom Kegelman, both of whom have specialized expertise in this area.

VII. Public Comment

Ronnie LaNasa, Washington Crossing, suggested the Committee review a recent Delaware Valley Insurance Trust (DVIT) presentation and consider adding an HR person as an Ad Hoc member, even possibly more than one Ad Hoc member. He thanked the Committee members for volunteering, suggesting they need to define benefits to compensation strategy and need to establish employee trust. He suggested the Committee seek someone with both union and non-union experience and be a current HR and benefits consultant. He suggested moving to paid-time-off (PTO) instead of sick/personal/etc days and consider fixing the non-union healthcare plan suggesting that if the Township does not remain competitive, it will lose its best employees.

VIII. Adjournment

A motion was made by Mr. Krollman and seconded by Mr. Needle to adjourn the meeting at 8:50 pm. Motion carried by a unanimous vote.

Approved: September 10, 2014

*Next meeting – September 10, 2014 at 7:00 p.m.
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