

A regular meeting of the **FINANCE COMMITTEE** for July was held tonight, Baron B. Holland presiding. Members present were Commissioners Areman, Brockington, Norris, Pransky, Rappoport, and Zygmund-Felt.

Staff present was: Interim Township Manager Terry Fedorchak, Director of Fiscal Affairs Bruce Rangnow, Township Solicitor Joseph Bagley, Esquire, and Assistant Township Manager Alyson Elliott.

Mr. Holland called the meeting of the Finance Committee to order at 10:25 p.m.

1. Mr. Holland opened the meeting by asking all residents to make an effort to support our local business who are struggling to regain their financial footing as a result of the COVID-19 pandemic.
2. Upon motion of Mr. Holland, the Committee unanimously accepted the Executive Summary Report for the period ending June 30, 2020.
3. Mr. Rangnow presented the outlined plans and dates for the proposed General Operating Budget and Capital Budget Preparation and adoption process for FY 2021.
4. Mr. Rangnow presented an update status on the Township's projected Operating Revenue loss to budget for FY 2020 due to the COVID-19 pandemic. At the present time the amount of the revenue loss is estimated to be \$2,040,000. Furloughing of Township employees, holdbacks on job replacements, a reduction in the Library funding allocation and other expenditure related adjustments all have taken place as a means to help offset the estimated 2020 revenue loss. As a result it is necessary for the Township to create the means by which the 2020 Adopted Budget can be amended to permit current and future reductions or elimination of budgeted appropriations.
5. Report of the Finance Officer – Mr. Nelson provided an update on the current real estate, business and earned income taxes collected this year as impacted by COVID-19 pandemic. The extended window for discounted real estate tax payments has ended with strong collections noted for the first half of 2020. While it is anticipated that the pandemic will negatively impact full-year real estate collections, it is believed that this impact will be fairly low. Mercantile and Business Privilege (Merc/BP) taxes are a lagging indicator, reflecting the liability created from 2019's business activity. Given the Merc/BP tax collections already received, the yearly results for 2020 will be strong. But it should be anticipated that a significant drop in Merc/BP tax collections will be incurred in 2021 due to lost business revenues in 2020. Local Service Taxes (LST) and Earned Income Taxes (EIT) reflect the greatest financial risk for the 2020 budget year as employee furloughs and/or job eliminations have an immediate, direct impact on LST & EIT tax collections. It is estimated that there will be a clearer understanding of the impact of COVID-19 and the economic difficulties it has imposed on the Township's finances and budget in the coming weeks.
6. Old Business – Mr. Rangnow acknowledged Ms. McClure's efforts to work with the Township on the 2020 Library Budget to achieve a mutually agreed upon reduction in the Township's allocation funding to Library in the amount of \$386,000 over the remaining balance of 2020. Ms. McClure provided detailed information on how she was able to revise and reconstruct the 2020 Library budget to conform to a Township funding reduction of \$386,000. She confirmed that this number would place a strain on the Library's budget, but is manageable.

**Recommendation to the Board of Commissioners:** Upon motion of Mr. Holland, the Finance Committee unanimously agreed to recommend the Board of Commissioners adopt a Resolution to reduce or eliminate one or more appropriations from the 2020 budget where it appears probable that the revenue available will be insufficient to meet the amounts appropriated due to the COVID-19 emergency.

7. New Business

- A. Mr. Holland introduced the need for a Voter Referendum to amend the Township Home Rule Charter to allow for a rate increase in the Township's portion of the Earned Income Tax (EIT) from 0.50% up to 1.0%. This action is essential to permit the Township to find another way to

increase revenue without burdening property owners on fixed incomes, as recommended in PFM's recently-completed financial study. Mr. Holland announced that a virtual Town Hall meeting will take place July 14, 2020 at 7:30 p.m. to discuss the proposed EIT increase. Residents will find additional information regarding the meeting on the Township's website.

**Recommendation to the Board of Commissioners:** Upon motion of Mr. Holland, the Finance Committee unanimously agreed to recommend the Board of Commissioners authorize advertisement of an Ordinance calling for a Voter Referendum to amend the Cheltenham Township Home Rule Charter to permit the Township's Earned Income Tax rate levied by the Township to be raised to 1% and recommended its subsequent adoption at special meeting of the Board of Commissioners to be held on July 29, 2020.

- B. The retirement of Mr. Rangnow, the Director of Fiscal Affairs was announced at the meeting. It is recommended that his services continue as a consultant for a limited, but unspecified time period.

**Recommendation to the Board of Commissioners:** Upon motion of Mr. Holland, the Finance Committee unanimously agreed to recommend the Board of Commissioners enter into an Engagement Agreement with Mr. Rangnow.

- C. The Committee discussed the need for a financial status update in August when a Finance Meeting is not scheduled. A Sinking Fund meeting, however, is scheduled August. Since the Township has not yet set a timetable for the incurrence of new debt for the funding of future capital project, it was determined that the August Sinking Fund meeting could be changed to a Finance Committee meeting.

**Recommendation to the Board of Commissioners:** Upon motion of Mr. Holland, the Finance Committee unanimously agreed to recommend the Board of Commissioners authorize changing the Sinking Fund Committee Meeting on Wednesday, August 12, 2020 to a Finance Committee Meeting.

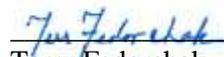
8. Citizen's Forum

*Tom McHugh, 127 Hewitt Road*, expressed his concerns over the possibility of the Township making quick decisions on matters of major impact and consequence to Township residents based on the content of the PFM financial management plan.

*Edie Cerebi, 300 Maple Avenue*, said the Township has improved in its efforts to inform the public and that, on the issue of the Voter Referendum for the EIT increase in particular, the Township needs to ensure that it is doing all it can to inform and engage the residents in this issue and explain the reasoning behind this Referendum.

*Rhonda Isser, Cheltenham Infrastructure Solutions*, also said she has been challenging the Township to do better in informing and engaging residents.

There being no further business, upon motion of Mr. Holland, the Committee unanimously agree to adjourn the meeting at 11:40 p.m.

  
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Terry Fedorchak  
Township Manager

Per: Bruce Rangnow  
Director of Fiscal Affairs