



BOARD OF COMMISSIONERS' WORK SESSION

Wednesday, April 22, 2020, 11:00 A.M.

Willowbank Office Building
420 Holmes Street, Room 144
Bellefonte, PA 16823

The Board of Commissioners held a public work session associated with the COVID-19 pandemic to discuss the status of 2020 County revenues and expenditures. Commissioner Michael Pipe convened the meeting at 11:02 AM on Wednesday, April 22, 2020.

In attendance were Commissioner Michael Pipe, Commissioner Mark Higgins, Commissioner Steven Dershem, Administrator Margaret Gray, and Director of Financial Management Tom Martin.

Director of Financial Management Tom Martin presented a report of actual revenues through the end of March 2020 for comparison with those in 2019. He distributed the report, grant information from SAM, Inc., and CAFR information based on real estate taxes to the Board via email.

Reviewing revenues by type, the general fund real estate tax revenue, not including debt service, is currently on track through the end of March. Comparing March 2019 to March 2020, the difference is \$205,489 ahead in 2020. Each year the majority of real estate tax is collected by May 15, with the Board of Commissioners recent action to extend the face value period this may be pushed back into the summer months. Commissioner Pipe suggested that Tom look at pulling back the 10% fee until December 31 so the Board can appreciate reserves and cash flow.

The Hotel Tax, collected by the Treasurer, appears higher at this point however, that is due to the rate increase for 2020. The biggest months for hotel tax revenue are typically August, September, and October. With the cancellation of events this will affect fees collected by the Treasurer. It was the consensus of the Board to reduce the expected revenue to half of what was projected in the Budget.

State and Federal grant revenues will mostly impact funds outside of the general fund. The salaries and benefits for most positions that are grant funded are almost paid in full by those grants with a minimal county contribution. Tom spoke with Ryan Macaluso from SAM, Inc. and if they are to make adjustments the easiest place may be under the Human Services Block Grant. As a grant, the funding received is based on expenditures, so there is not a lot that can be done proactively. Transportation is different because the revenue is directly related to the number of trips provided. Tom suggested working closely with Ryan, Director of CYS Julia Sprinkle, Vicki Keith, and Human Service Administrator Natalie Corman to determine which programs are mandated and which the county can continue to fund.

In the offices of Adult Services, MH/ID Drug and Alcohol, and Aging the Board will wait to see what the State decides to do with funding and then react accordingly. Veterans Affairs and Adult Services have both seen an increase in the number of services provided.

BOARD OF COMMISSIONERS' WORK SESSION

WEDNESDAY, APRIL 22, 2020

PAGE 2

Commissioner Pipe requested that Tom run more numbers to present options for additional furloughs. This may come prior to the announcement of the State budget. Tom noted that in Transportation there was an increase in rates, therefore the 2020 Budget did not include a contribution from the general fund. With decreased trip volume the County will now need to offset expenses. Commissioner Higgins expressed concern if the State were to reduce funding to counties. Commissioner Dershem reminded the Board that there are programs the County would like to fund and programs that the County is mandated to fund.

The third largest revenue source for the county are fees, commissions and fines. This revenue was budgeted at \$9.2 million for 2020. Through March 2020 the county has collected \$1.8 million in comparison to \$2.35 million last year. This reduction is the result of reduced interconnectivity fees, Tax Claim fees and commissions that are not yet posted, and revenue from Probation that has not yet been received from the State. The impact in April is expected to be much greater due to office closures and limited hours. Tom will break revenues down into more detail to see which services will increase when offices reopen.

In 2019, the county saw an increase in interest earned. The 2020 Budget reflected a reduction in interest due to lower rates. Revenue through March is on track however, Tom anticipates that rates will remain low and may impact the overall total for 2020. Tom proposed reducing the budgeted revenue by 15% and the Board agreed.

The county receives reimbursement for out of county inmates, Conservation District salaries and benefits, and Court related services. Through March 2020, reimbursements are ahead of 2019. The largest reimbursements are from the Correctional Facility and numbers have remained consistent for January through April. Commissioner Higgins suggested that the Board decrease revenue for the Correctional Facility. Margaret suggested that the Board reevaluate the Correctional Facility's budget. With fewer tenant county inmates, potentially lower expenditures, and pending negotiation of the Prime Care contract it may be valuable to review the budget line by line. Commissioner Dershem added that placement of inmates should be an asset and not a liability. In regards to the Prime Care contract, Commissioner Pipe inquired about a credit due to the lower number of inmates. The current contract is going from month to month during negotiation and Margaret will follow up with the Warden.

Miscellaneous revenue for 2020 has been consistent through the first quarter of 2020. This fund includes Act 13 funds and Penn State's share of 911 Motorola maintenance and support. Tom expects the revenue to be fairly consistent moving forward.

Tom provided an overview of the pooled cash for February and an estimate for March. In February there were \$16.2 million combined in the General and Money Market accounts. This includes the 2018 loan through Kish Bank. In March, the balance was estimated at \$14.8 million. Tom will know more once the accounts are reconciled by the Controller's Office. The number will increase dramatically in May and is expected to be over \$20 million. Liquidity is important to process payroll and payables. If the State were to delay funding, the general account would be able to float the fund until funding is received. Two debt service bonds will drop off at the end of the year, remaining will be the RZEDB Bond for Centre Crest, the 2017 bond refinance, and Kish Bank financing.

The majority of the county expenditures are related to salaries and benefits, totaling almost \$26 million in salaries and \$12 million in benefits. A lot of contracted services are tied to grant

BOARD OF COMMISSIONERS' WORK SESSION

WEDNESDAY, APRIL 22, 2020

PAGE 3

funding from the State. Tom said it is important to plan ahead for 2021, looking at the ADC and the county's retirement contribution. The Controller should soon be getting a 2020 ADC number from Korn Ferry. The 2020 budget for retirement was \$2.5 million.

Commissioner Pipe asked to look at external allocations for 2020 and Tom distributed a spreadsheet to the Board via email.

Public safety allocations include \$1,500 each for Logan Fire Company, Undine Fire Company, Pleasant Gap Fire Company, and Bellefonte Emergency Medical, all of which have been dispersed; an allocation of \$25,000 for the firearms site and \$10,800 for EMS volunteer scholarships. Commissioner Higgins was open to discuss reduction of the 2020 scholarship allocation. He proposed \$2,800 for the year a reduction of \$8,000. Commissioner Dershem agreed and added that he would like to eliminate the \$25,000 budgeted for the firearms site, the Board agreed.

For public safety training, \$100,000 was budgeted for the CPI Fire Safety Training Site and \$10,000 for the Centre County Fire Chiefs Association. Tom reported that \$50,000 has already been disbursed to CPI and \$10,000 to the Fire Chiefs Association. Commissioner Higgins reported that training is currently halted and use of the training site may be limited to Centre County and adjacent counties. He added that the budgeted amount is for fixed costs. The Board was in agreement to leave the funding as budgeted. For 2021, Commissioner Pipe suggested reviewing the allocation for the Fire Chiefs Association.

One time payments under Conservation and Development have all been paid, those include the Moshannon Valley Economic Development Partnership (MVEDP), Bellefonte Intervalley Area Chamber of Commerce, Appalachian Food Works, Philipsburg Revitalization Corporation, Mobile Ag Lab, and Downtown Bellefonte, Inc. Commissioner Pipe proposed a reduction in funding for the Chamber of Business and Industry of Centre County (CBICC); to date \$25,000 has been disbursed. Commissioner Dershem agreed that reducing their funding by 50%, from \$100,000 to \$50,000 is reasonable. Commissioner Higgins was hesitant to cut economic development funding and was open to reallocating funds to help aid small businesses. With the consensus of the Board, Commissioner Pipe will be communicating this change to the CBICC. Discussing Spring Board and the Philipsburg Incubator, Commissioner Higgins reported that Spring Board was dividing facility expenses with other businesses and recently their partner Studio 1795 announced that they will be closing the space where Spring Board is located. He suggested renting rooms or space at local businesses to continue Spring Board, this would reduce costs for rent and potentially equipment. He further explained that Spring Board helps business start and grow, connects existing businesses with banks and loan programs, and sponsors seminars. Commissioner Pipe suggested a reduction of \$15,000 in the allocation, Commissioner Higgins was hesitant and countered with a reduction of \$10,000 suggesting the money be reallocated to help small businesses. With State and Federal funding available for businesses, Commissioner Dershem recommended eliminating funding for Spring Board. Due to the recent furloughs of County employees and the closing of Studio 1795, it is hard for the county to justify this expenditure. According to Commissioner Higgins, Federal and State funding was not received in Centre County. To help small businesses, Commissioner Pipe noted recent action taken by the Board to extend the face value of taxes from June 30 to September 30 with the potential to move the date back even further. He added that the Board has supported Spring Board for five years and again suggested scaling

BOARD OF COMMISSIONERS' WORK SESSION

WEDNESDAY, APRIL 22, 2020

PAGE 4

the funding back to \$10,000 and augmenting the remainder of the funding to SEDA COG. Commissioner Dershem was not supportive of allocating funds for any purpose other than operations of County Government. Instead of \$34,000 for Philipsburg and Spring Board, Commissioner Pipe offered a compromise; Commissioner Dershem agreed to the commitment for Philipsburg, however was adamant to eliminating funding for Spring Board. With the closing of Studio 1795, Commissioner Pipe asked who will receive the funds for Spring Board. Commissioner Higgins said the funding would cover management fees, marketing, and the Spring Board Startup Challenge. In the 2020 Budget, Tom reported \$23,700 remaining for Spring Board. Commissioner Pipe asked to hold further funding to Spring Board, this will allow Commissioner Higgins to meet with the Advisory Board and report back for discussion at a future budget meeting. Outstanding bills must be submitted as soon as possible for payment. The Board may have a future conversation about allocating funds to SEDA COG for loan applications. Funding for the Philipsburg Incubator will remain at \$6,000 and Commissioner Higgins will talk with the tenants about graduating from the incubator.

Commissioner Pipe asked that the county review what contracts and services are in place that are being paid for and are currently not being used, for example senior centers. Commissioner Dershem added that there will be an increase in home delivered meals. Commissioner Pipe confirmed that the week of March 8 there were 1,255 meals delivered by Transportation, the following week there was an increase of 200 meals. Margaret reported that Nittany Cleaning, who takes care of the Courthouse Annex, Sheriff's Office, Courthouse and several MDJ Offices, provided a credit for billed services in March that were not rendered. She has requested a list of contracts from Lisa Kerns in Financial Management, once available she will review. Tom will check with Lisa to see where she is at.

On a motion by Commissioner Higgins, seconded by Commissioner Dershem, the Board voted unanimously to adjourn the meeting at 2:13 PM.

Respectfully Submitted

Natalie Smith,
Executive Office Supervisor
Commissioners' Office