

PRESS RELEASE

1. The Township was faced with an \$850,000.00 deficit based upon the proposed budget for 2019.
2. The Second-Class Township Code at section 3202 (c) prohibits the adoption of a budget where “the total appropriation exceeds the revenues estimated as available for the upcoming fiscal year.”
3. There has not been any real growth within the Township because of the moratorium placed on the issuance of new sewer taps by the Washington/East Washington Joint Authority. Upgrades to the pumping station and the installation of new sewer lines along Franklin Farms Road are required before any new taps will be issued. It is estimated these upgrades will cost in excess of \$1,000,000.00.
4. There are a number of reasons why the Township is in this financial predicament:
 - In the 2017 re-assessment, the Township lost approximately \$100,000,000.00 of real estate assessed value.
 - As a result of appeals filed by property owners (especially commercial property), the Township had to refund taxes in 2018 in excess of \$50,000.00.
 - The Township did not increase the millage, nor has there been any development that has made up for this loss in assessed property.
 - It is the belief of the current Supervisors that the Township has been operating at a deficit for a number of years and that the previous Secretary/Treasurer for the Township did not properly advise the Board of Supervisors on the financial condition of the Township and the decisions the Board needed to make. There is enough blame to go around. This Board and the Manager will be easy targets, as will the previous board, but that would be wrong. Arbitrator awards and decisions by previous boards going back decades all played a role. Lawsuits, grievances, and a “we want more” attitude by the police contributed greatly.
 - The Township incurred legal fees in excess of \$100,000.00 in negotiating the Labor Contract with the Police Union, forcing full arbitration of the Contract, and defending the grievances that were filed.
 - The Township had to defend sexual harassment and sexual discrimination lawsuits filed by two former female Police Officers within the department that cost the Township in excess of \$75,000.00 in legal, investigation, and payment of insurance deductibles, in order to settle the claims. Certainly, those were not the fault of this board, or previous ones.
 - The Township is presently defending a second claim of discrimination filed by Julie Ann Dotson, the former Secretary/Treasurer.
 - As a result of the claims, the insurance carrier for the Township has increased the annual premium and increased the deductible from \$5,000.00 per claim to \$25,000.00 per claim.
 - The Township has three years of audits to complete in 2019. This will be of significant cost to the Township. Because the former Secretary/Treasurer didn't see to the completion of these audits, a \$250,000 reimbursement for a 2016 bridge project hangs in limbo.
 - The prior Secretary/Treasurer never fully informed the Board of Supervisors of the status of the accounts, revenue, bills, and late payment fees and penalties that needed to be budgeted and paid in a timely manner.

5. The only options the Board had to balance the budget were to either raise taxes or make department cuts. To maintain the level of services, to balance the 2019 budget, and create a capital reserve for needed public projects (road) and for emergencies, we would need to raise the millage by two and a half mills. This would represent an increase in taxes of \$250.00 per \$100,000.00 of assessed value.

Example: On a home valued at \$200,000.00, the Township Real Estate Tax would increase by \$500.00.

In reality, we would just be “kicking the can down the road”. As we indicated, this problem has existed and been compounded for a number of years.

It should be noted that approximately five years ago, former Supervisor James Huff stated that the Township was in such dire financial need that he called on representatives of the State to discuss relief under the **Emergency Tax Assistance Program for Municipalities**. At that time, the Board refinanced the Bond increasing the yearly bond payment this township owes from \$65,000 a year to \$185,000.

6. In order to meet year end obligations, the Township has borrowed \$275,000.00 from the Recreation and Business Improvement Authority. These monies were used to pay the 2018 bond payment and the 2018 police pension payment. The Township will be obtaining a Tax Anticipation Note in the early part of 2019, but must pay back the Authority with these proceeds. A Tax Anticipation Note is a loan taken out by a Township to pay operating expenses, until taxes are collected in May or June.
7. In light of the background information and the fiscal emergencies facing the Township, the Board of Supervisors voted to take the following actions:
 - a. To disband the North Franklin Township Police Department effective December 31, 2018.
 - b. To appoint Officer David Borkowski as Officer in Charge to help in the closing of the department, until and not past midnight on December 31.
 - c. To instruct the Solicitor and the Township’s Labor Attorney, Phillip Binotto, to give the Officers and the Police Union Representative notice of the termination of the Police Department Officers as employees of the Township effective December 31, 2018, with the understanding that the Board of Supervisors are willing to engage in “effects bargaining” and that the Officers will be paid all of the benefits to which they are entitled under the 2018 Collective Bargaining Agreement.
 - d. To terminate Officers Fox, Cavanaugh and Bush immediately, but pay them through December 31, 2018.
 - e. To provide health insurance coverage for the full time Police Officers through January 31, 2019; to advise the health care insurance provider of the termination of the Police Officer positions; and to provide the appropriate Cobra Notice to the Officers.
 - f. To perform an inventory of the property of the Police Department, to advertise the Police vehicles for sale immediately through Municipal Bidding procedures, and to set bidding to be closed at noon on the Tuesday prior to the Board meeting in February.

