

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

September 30, 2015

7:00PM – Radnor Township Municipal Building, 2<sup>nd</sup> Floor, Administration Department

---

### **Agenda:**

1. Project Updates: To be presented by the project leaders and will include a brief discussion on how we plan on scheduling working group meetings to get these projects wrapped up:
    - a. IT / Software Update (10 Min)
    - b. Monetizing Assets Update (10 Min)
    - c. Capital Asset / Forecast Update (10 Min)
    - d. Unfunded Liability Review (5 Min)
    - e. Engineering Services Review (5 Min)
    - f. Township Staffing Level Review (5 Min)
    - g. 145 King of Prussia Analysis (formally “BioMed” site) Update (1 Min)
    - h. Audit Update - Complete
  2. Old Business:
  3. Public Participation
  4. Adjourn (the goal will be no later than 8:00PM)
- 

### **Attachments:**

1. CARFAC 2015 Priority Matrix
2. July 8, 2015 Meeting Minutes

**Radnor Township, PA**  
CARFAC 2015 Priority Interest Matrix

	<b>Priorities</b>	Michael Antonoplos	Mark Blair	Edward Caine	Vacant	E. Martin Heldring	Jerry Linden	Carl Rosenfield	Jeff Ruben	Marty Dwyer	Township Staff
1	Prepare BioMed Redevelopment Analysis: CARFAC to prepare an analysis highlighting the financial impact that the redevelopment would have on the Township's long-term forecast (to include quality of life / traffic as well)	Yes	Lead						Yes	Yes	Yes
2	Review the unfunded liabilities on an on-going basis and report back to the Board annually. In addition, with respect to the pension liability, review the legality and financial impact of "pension spiking." This analysis will look at the impact of modifying this practice as it relates to the decision to reduce or eliminate the 20% bump-up assumption in the actuarial report.		Yes			Yes	Yes		Lead		Yes
3	Continue to update, refine and design additional approaches to using the five-year planning model. Further, in 2015, conduct a comprehensive review of the Township's capital program, with the goal of providing recommendations on program funding, execution, forecasting and any other aspects as they relate to the Township's finances.	Yes	Yes			Lead	Yes				Yes
4	Assist in the design and implementation planning on an information technology solution for the Township		Yes				Lead				Yes
5	Monetizing Real Assets: Continue to work with Board and Administration on identifying and making recommendations regarding assets to monetize	Lead	Yes					Yes		Yes	Yes
6	Reopen analysis of the Township's approach to providing engineering services to the Township. Expand the project to include specific performance/ delivery metrics that can be tracked and reported		Yes							Yes	Lead
7	Review the Township's current and historical full-time staffing levels, and examine the levels required to provide services to taxpayers up to the standards specified by the Board; report to the Board.		Yes			Yes			Yes		Lead
8	Oversee the Audit Plan and process; interact with the public accounting firm's staff.		Yes	Lead				Yes			Yes
9	Continue to work with staff to improve financial controls and processes.		Yes	Lead				Yes			Yes
10	Participate in reviewing public-private partnership possibilities on a case-by-case basis for any non-real assets (to include tangible assets and services)	Yes	Yes					Lead		Yes	Yes

Citizens Audit Review & Financial Advisory Committee  
July 8, 2015  
Radnor Township Municipal Building  
Finance Department, 2<sup>nd</sup> Floor  
301 Iven Ave., Wayne, PA 19087

### Meeting Minutes

The meeting was called to order by Chairman Mark Blair at 7:09PM. The meeting was attended by CARFAC Committee members Mark Blair, Jerry Linden, Carl Rosenfeld, Martin Heldring and Marty Dwyer. Committee members Michael Antonoplos, Jeff Ruben and Ed Caine had scheduling conflicts and were unable to attend. Assistant Finance Director Bob Tate represented Township staff. Finance Director Bill White was unable to attend. No members from the public were in attendance.

The Committee discussed the following items:

1. New Business

- a. **Mercantile Tax Regulations:** Mr. Blair shared concerns and dissatisfactions expressed by a business taxpayer with the Township's business tax ordinance and regulations. The taxpayer's main sentiments were that the tax was judged to be unconstitutional but grandfathered, that the regulations were subject to interpretation, the exclusion is not inflation-adjusted, and that the auditors seemed more concerned with gouging taxpaying businesses than tracking down scofflaws. Moreover, he is reluctant to approach the Board of Commissioners. This seemed to stem from a recent audit conducted by the Township's auditor and the taxpayer feared some form of retaliation if he were to publicly comment on his experience. Mr. Tate noted that the case sounded familiar and discussion ensued on the application of the regulations and taxability of transactions when there is more than one business location. Mr. Tate stated he would check with the auditor and find out more facts relating to the audit and without compromising confidentiality would report back to the committee. Mr. Blair noted the need to further inform and educate business owners on the history and purpose of the mercantile and business privilege levies and to distinguish them from the Local Services Tax.

Further discussion ensued regarding a large non-profit health care provider in the Township and whether real estate tax was paid and how the businesses operating in the same location were taxed. Mr. Tate noted that there were some for-profit entities reporting and paying business tax while those under the umbrella of the non-profit parent company were exempt.

Mr. Blair requested that the CARFAC scorecard be updated for 2015. Mr. Tate will confirm with Mr. White and work on updating and distributing the scorecard. Mr. Blair also asked that the log of pending commitments for the various workgroups and full committee be reinstated.

2. Project Updates:

- a. **IT/Software Update:** Mr. Linden provided an update noting that the workgroup met with Mr. Tate and Ms. Conn just prior to the full CARFAC meeting. They analyzed the 10 year pricing models from each of the vendors, compared the hosted solution with the in-house solution, and reviewed staff feedback on each of the vendor products. Mr. Linden noted that feedback indicated New World was favored the least, that the incumbent SunGard product would work but is not preferred, and that the Tyler product was most favored. Mr. Linden noted that more information is needed regarding ownership of the software, whether hosted through the vendor or hosted elsewhere, and that staff would gather the data and report back to the workgroup. Also discussed was the need for accurate infrastructure and on-going operating costs to host the software in-house to provide a cleaner comparison to the off-site hosted solution. Such costs include any necessary renovations to the Township server room, the cost of servers and racks, and additional resources, whether in-house or contracted to maintain the servers.

Mr. Blair requested that, once CARFAC arrives at its final purchase recommendation, a progress report be prepared to summarize the process that staff and CARFAC have participated in for reaching it. Staff will develop the report and distribute to CARFAC for review prior to circulation to the Board of Commissioners, which is anticipated to be in September.

- b. **Monetizing Assets Update:** Mr. Antonoplos being absent provided an update via email which Mr. Blair shared. The appraisal for the North Wayne Field has been ordered while appraisals for the Township building, Senior Center and Public Works facility are in process of preparation. In addition the St. David's Nursery continues to express interest in the Cottage at the Willows.
- c. **145 King of Prussia Road Analysis (former BioMed site):** With sale of the property to University of Penn Health System there was no further discussion on the topic.
- d. **Capital Asset / Forecast Update:** Mr. White communicated via email prior to the meeting that the initial draft of the capital update would be circulated by Monday, July 13, 2015.
- e. **Unfunded Liability Review:** No new information at this time as the workgroup plans on scheduling the first meeting. Mr. Tate noted he reached out to the pension actuary and expects a response within a week regarding the updated valuations and sensitivity analysis regarding changes in the interest rate assumption.
- f. **Engineering Services Review:** Mr. Blair noted the workgroup held its meeting the previous evening with Mr. Blair, Mr. Dwyer, Mr. White, Mr. Tate and Public Works Director Steve Norcini in attendance. Mr. Blair shared Mr. Norcini's sentiment for focusing on customer service and the potential for using the website to provide measurable and improved customer service, eventually in the form of dashboard reports that focus on key performance indicators (KPIs).

Mr. Rosenfeld suggested that as part of measuring customer service, CARFAC interview a developer for feedback on lead-time and approval process. Mr. Rosenfeld had a previous commitment and departed at 8:19PM.

Mr. Dwyer recommended that any contract for engineering services include performance specifications with fixed and measurable terms and conditions.

- g. **Township Staffing Level Review:** The working group will meet on Tuesday, July 14, 2015 for its initial meeting.
  
  - h. **Audit Update:** Mr. Blair provided an update on the meeting with Board of Commissioners in Executive Session on Monday, June 15<sup>th</sup>, 2015, noting that the financial statements and report were well-received and accepted by the Board. Mr. Caine informed the Board of new GASB standards to be implemented for 2015 and noted that the financial statements for 2013 and 2014 contained this restated information in the footnotes. In addition, Commissioner Fisher noted his appreciation for the hard work of staff and CARFAC in reducing the number of audit comments.
3. Old Business:
- a. **Comcast Agreement:** Mr. Tate noted that the Administration is working with the solicitor and outside counsel who specialize in cable franchise agreements to review the terms of the proposed Agreement. Mr. Linden noted there was an article in the Suburban paper about Radnor Studio's contract to service Lower Merion Township.
  
  - b. **Moody's Rating Call:** No new information to report.
4. Public Participation: None

Adjourn: There being no further business, the meeting adjourned at 8:35 PM.