

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
SPECIAL BUDGET MEETING
MINUTES - NOVEMBER 10, 2010

A special meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on November 10, 2010. Chairman Smith called the meeting to order at 7:10 p.m.

Those present:

Board of Supervisors: Ron Smith, Chairman
 Greg Caiola, Vice Chairman
 Matt Maloney, Secretary
 Dan McLaughlin, Treasurer
 Pete Stainthorpe, Supervisor

Others: Terry Fedorchak, Township Manager
 Joe Menard, Citizens Budget Committee
 Michael Landy, Citizens Budget Committee
 Joy Taylor, Citizens Budget Committee

Mr. Fedorchak announced that this evening they want to go through Public Works, Liquid Fuels, and Basin Maintenance with Mr. Hoffmeister. Handouts were provided to the Board on leaf collection and recycling, operational projections over the next five years, and capital expenses over the next ten years.

PUBLIC WORKS BUDGET

Mr. Hoffmeister stated the Public Works Operating Budget includes street paving and snow removal. Mr. Fedorchak stated Building Maintenance includes what goes into taking care of the Township Building and the Public Works garage. Mr. Hoffmeister stated with regard to Revenues, in April, 2009 they instituted a \$100 per month, per contractor tipping fee. He stated prior to that time, approximately 80 contractors were using the Township's facility; and since the fee was instituted, they have had only about 24 contractors. He stated while revenue has been generated from the contractors, they also generated income from mulch sales. In 2009 there was a reduction in cubic yards of mulch, but in 2010, there was an increase. He stated they are estimating receiving \$12,000 in 2010 from the tipping fee. Mr. Smith asked the percentage of contractors from other areas who were utilizing the Township yard for dumping. Mr. Hoffmeister stated he would estimate this to have been 25% to 40% from outside the Township, but this has been cut down since the fee was instituted. With regard to the sale of mulch,

Mr. Hoffmeister stated they have contracted with an individual and generated income based on the cubic yards of single-ground mulch that they chip, and he estimates this will generate income of \$34,000. He stated they do save some of the mulch for the Township residents which they then double-grind.

Mr. Smith asked Mr. Hoffmeister if he has observed dumping in the Township as opposed to contractors bringing the material to the Township and paying the tipping fee; and Mr. Hoffmeister stated they feel there are people using the Samost Tract to dump material.

Mr. Fedorchak noted the Recycling and Leaf Collection Operating and Capital Budget. He provided a handout to the Board this evening. He stated they have looked at the operating expenses over the next five years for both leaf collection and the recycling program. Mr. Hoffmeister stated the recycling program is limited to natural waste. He stated residents and their contractors can bring wood, brush, leaves, etc. to the Township; and this program has been in effect for approximately fifteen years. He stated they use this to create single-ground mulch. He stated for many years this was transported to the Samost Tract where residents could then take it. He stated for the past two to three years, they have double ground that product, mixing it with leaves and letting it sit for two to three months to become a better mulch product. He stated the residents are encouraged to use it at no cost to themselves. He stated it also meets the requirements from the State to provide this type of organic operation. He stated in the last few years, the State has mandated that Municipalities provide semi-annual operations. Mr. Fedorchak stated twice a year the Township is obligated to sponsor this service. Mr. Fedorchak stated with the leaf collection and recycling program, they satisfy half of this requirement; and through the cooperation of the local waste haulers, the Township is required to establish a spring yard waste collection. In this way the Township meets the requirements of DEP and becomes eligible for the Performance Grant which was just received in the amount of \$115,000. He stated these semi-annual collections are required to be made curbside.

Mr. McLaughlin stated it appears they are getting \$115,000 for spending \$80,000; and Mr. Fedorchak agreed. Mr. Fedorchak stated the Public Works Department runs this program as cost-effectively as possible. He stated they purchased a tub grinder in 2003 at a cost of almost \$500,000; but the Township received a 90% Grant for this. He stated Mr. Hoffmeister has also done some creative things in terms of generating revenue for the mulch product that is produced. Mr. Fedorchak stated he feels they will need to look at this program in the future and determine if it is necessary to provide these services.

Mr. Maloney asked if the Township would still get the \$115,000 if they had done the program through the haulers only, and Mr. Fedorchak stated he feels they would still get this amount. Mr. Maloney stated this is a program where it is not clear that it makes sense to continue the program given that the Township is one of the few Municipalities

that provides it. He stated they were told by McCullough Waste Removal that they would charge an extra dollar a year to provide this service to their customers. He stated he is also concerned that the next time they need a new tub grinder, the Grant program for this will be gone; and Mr. Fedorchak agreed. Mr. Hoffmeister stated they have a 2003 machine, and the current price for that type of machine is approximately \$730,000.

Mr. Maloney stated with regard to the leaf assessment cost they had discussed the fee going from \$30 to \$40 next year; and he asked if this contemplates the cost of the recycling program as well, and Mr. Fedorchak stated it does.

Mr. Hoffmeister stated the leaf collection program has been in the Township for about thirty-three years. He stated at one point Lower Makefield was able to dispose of its leaves with the assistance of Mr. Patterson on the Patterson Farm. He stated leaves that are disposed without having become composted or fully degraded have a tendency to reduce nutrients in the soil. He stated a few years ago he determined with the farmer at Patterson Farm, that they would not land apply any leaves. Mr. Hoffmeister stated he has had discussions with the farmer recently, and they do intend to land apply leaves beginning in 2011 when they have had a chance to decompose to a point where they are more useful to the soil than previously. He stated they are storing leaves picked up from the eastern part of the Township on the Samost Tract prior to being removed and those that are from the northern and western section of the Township are being stored at the Patterson Farm. Mr. Hoffmeister stated in the past the Township had stored all of those leaves at Patterson; however with the quantity of leaves they have which is from 28,500 to 30,000 cubic yards, they do not have the facilities at Patterson Farm to store them. He stated last year he showed the Board what he intended to do to expand the operation, and they have done a portion of that. He stated with the ability of Patterson Farm to handle most if not all of the leaves, they will still have some costs to take them from Samost to Patterson to be spread on the property. Mr. Hoffmeister stated they cannot expect the Patterson Farm or the farmer to produce crops if they land apply leaves every year. He stated in 2011 they will land apply the leaves and sub-soil them, but in 2012 and 2013, they probably will not; and there will be an expense to remove those leaves elsewhere. He stated this year they were fortunate to have a company that was able to take a substantial amount of the leaves at no cost; however, most operations will charge \$3 to \$5 per cubic yard to remove leaves. He stated he intends to land apply the leaves as much as possible without detriment to the soil and the farmer. Mr. Hoffmeister stated on the Expenses, it will show that every third year there is a large amount of money included for disposal of leaves. He stated he has put in some money for truck transfer of the employees and vehicles.

Mr. Stainthorpe asked if it is feasible that Farmland Preservation land could also be used on a rotational basis so that the Patterson Farm does not take the brunt of the leaves. Mr. Hoffmeister stated while they could do this, he is still waiting for monies to be reimbursed to the Public Works Department for previously transporting leaves to the Farmland Preservation lands. Mr. Maloney stated Mr. Hoffmeister feels the Farmland Preservation Corporation should be reimbursing Public Works for this service since they are providing them fertilizer, but it is the farmers' opinion that they are not going to pay for this since they are offering their land. Mr. Stainthorpe asked if it would be better financially to pay these transportation costs as opposed to paying Waste Management. He asked if there is \$80,000 worth of transportation involved, and Mr. Hoffmeister stated there probably is not. Mr. Hoffmeister stated they need an area to accommodate two years worth of leaves since you cannot just take the leaves from the curb and immediately spread them.

Mr. Maloney stated the comment he has always heard is that the northern end of the Township is still not producing anywhere near their full volume of leaves, and Mr. Hoffmeister stated this is true for the northwestern part of the Township. Mr. Maloney asked if they have a sense as to how much more volume this will result in, but this was not known. Mr. Fedorchak stated a few years ago they were collecting 24,000 cubic yards of leaves; and last year, they collected approximately 28,000 cubic yards.

Mr. Menard asked the proposed leaf assessment revenue, and Mr. Fedorchak stated it is approximately \$415,000. He stated currently it is \$40, and it is proposed to go to \$50.

Mr. Koopersmith stated it appears they have a 1964 tractor; and Mr. Hoffmeister stated this is correct, and it is still working. Mr. Koopersmith stated in 2019 there is Equipment Expense of \$900,000, and he asked how they are able to project this cost in nine years. Mr. Maloney stated this is for a new tub grinder, and they are estimating this cost. He stated currently it would cost \$750,000, and they anticipate they will have to replace this in the next ten years, and they are estimating it to cost \$900,000. Mr. Hoffmeister stated they have had very good maintenance on the tub grinder, and they have to replace certain parts every year. He stated leaves wear out the cutting edges more than wood does.

Mr. McLaughlin asked where the \$415,000 from the leaf assessment goes, and Mr. Fedorchak stated currently it is going into the General Fund, and they do not have a special set aside capital reserve for these items at the current time. Mr. McLaughlin asked what would be needed in terms of an assessment to satisfy the capital needs. He asked if \$50 is sufficient. Mr. Menard stated they should take a portion of the assessment and put it into the capital improvement program earmarked for the Public Works leaf collection program.

Mr. Smith stated they must consider if the Township should continue to do this or if they should consider using an outside contractor. Mr. Maloney stated he feels the alternative is to have the haulers take them away as they do in most Municipalities. He stated between the leaf and recycling program, they are looking at capital needs over the next ten years of \$1.5 million, a large portion of which is the tub grinder. He stated this would result in \$150,000 they will need to fund annually to Capital. He stated they would need to increase the assessment from \$50 to \$70.

Mr. Menard stated over the next five years, they need to get the assessment to \$75. Mr. McLaughlin asked about the alternative; and Mr. Maloney stated last year when they were discussing this, Mrs. McCullough indicated that it would be either an additional \$1 a year or \$1 a month as the additional cost to provide leaf pick up to the residents. Mr. Maloney stated the leaves would have to be put into brown bags which would be additional work for the residents. He stated every other Municipality except one in Bucks County handles their leaf pick up in that way. Mr. Maloney stated last year the assessment was \$30, it is \$40 this year, and will be \$50 next year. Mr. Stainthorpe stated in some areas of the Township there could be up to seventy bags of leaves, and he does not feel the haulers would collect these for \$1 a year. Mr. Maloney stated they need to hear from the haulers exactly what the costs would be for them to provide this service to their customers. Mr. McLaughlin stated while they do not have to make a decision this year on this, they do need to discuss it. Mr. Maloney stated the longer they wait to start funding the Capital Reserve, the harder it will be.

Mr. Smith asked that Mr. Fedorchak communicate with the local haulers to find out what the costs would be for them to pick up the leaves. Mr. McLaughlin asked how this would impact elderly residents who would have to bag their leaves. Mr. Caiola stated they could hire someone or pay their landscaper; and if they are not paying the Township the \$50 to \$60 leaf assessment, they would have the funds to pay for this. Mr. Stainthorpe stated he feels the Township residents want leaf collection, but the question is do they want it at a cost of \$60 to \$70 per year as an assessment from the Township. Mr. Fedorchak stated he feel there is already a feature built into the collectors' service to pick up bagged leaves. Mr. Stainthorpe stated if there is a per bag fee, people who live in certain areas will pay more than those who do not have mature trees on their property.

Mr. Menard stated they put together some costs in terms of the impact on the individual household doing it a number of ways, and they will provide this to the Board of Supervisors.

BASIN MAINTENANCE DISCUSSION

Mr. Hoffmeister stated in 2010 there was a drought, and they did not have to mow for almost two months. He stated there are 140 basins in the Township. Approximately 115 of these the Township takes care of and some are mowed by contractors. Mr. Hoffmeister stated they have a two and a half to three week rotation getting to all the basins they maintain, and they try to have to contractors do this as well. Mr. Hoffmeister stated this year they were fortunate with the drought; however, they have a continuing problem with mowing roadside banks, basins, etc. He stated they have attempted to reduce that cost over the last few years by going to natural basins which reduces some of the mowing around the basins.

Mr. Fedorchak stated some years ago the Environmental Advisory Council initiated a natural basin policy (no-mow policy); and at first it met with some “push-back” but since then the Township has incrementally added to the number of basins that the Township either does not mow at all or have significantly reduced the mowing area. He stated they intend to continue to try to add more basins to this list. He stated the Basin Maintenance Fund came from new developments with a fee of \$7,000 per basin; but a few years ago they recognized that the fund was rapidly being depleted. He stated they have been able to reduce the number of part-timers mowing which has had a significant impact on the bottom line as has reducing the areas to be mowed. He stated since there is no more money in the fund, he is recommending that this be moved into the Public Works fund.

Mr. Stainthorpe stated he feels it is a good idea to allow more of the basins to go natural, provided these are attractive and not eyesores.

Mr. Maloney asked how many basins are naturalized, and Mr. Hoffmeister stated there are approximately twenty. He stated this is not just letting them go natural; it is also shortening the cut. He stated they have a new contract season coming up, and he and Mr. Fedorchak are going to look at the old contract. He stated there are ways that they can probably zone the Township with basins that are close together and then put this out for contract purposes.

Mr. McLaughlin asked how many basins could be done just by the Township employees, but Mr. Hoffmeister stated he would have to look into this further. Mr. Hoffmeister stated both the Township and contractors will be done for the season this week.

Mr. McLaughlin asked what would happen if they tried for one year to just have the Township do this as opposed to using any outside contractors. Mr. Fedorchak stated he would have concerns with the mobilization aspect of trying to get to the different basins if they were to do it exclusively in-house as they would lose a lot of mowing time going from basin to basin. He stated he is concerned that it would be difficult for the Township to keep up with this, and it would be a significance appearance change from one year to the next. Mr. McLaughlin asked how they know how many to allow to go natural, and

Mr. Fedorchak stated he and Mr. Hoffmeister toured approximately twenty to thirty basins and made a decision on a basin by basin basis what to cut. He stated in most cases, they are cutting the banks and leaving the bottom of the basin to grow. He stated the banks are adjacent to private properties, and they are trying to make a comfortable transition for the residents whose expectations may be that the entire basin will be mowed once every two to three weeks.

Mr. Stainthorpe stated if they took out the cost from outside labor, it would not go to zero as some of that cost would move up to personnel services. Mr. Fedorchak stated he is not sure that it might not be better to get more contractors as opposed to Township personnel.

Mr. Stainthorpe stated he would encourage the staff to move as quickly as they can to naturalize as many basins as possible. He stated additional items will be coming in the future County-wide with regard to stormwater. He stated natural basins increase the groundwater recharge and they have a lot of benefits. Mr. Fedorchak stated they do intend on doing this.

GENERAL FUND PUBLIC WORKS DISCUSSION

Mr. Hoffmeister noted one capital purchase is the new waste oil heater for the garage. He stated when the temperature reaches 30 or 40 for a constant period of time, they must shift over to alternate heating or they will get charged double the rate for the natural gas. He stated the existing waste oil heater no longer operates. He stated this is an expense they must incur by the end of this year or in January. He stated all the other items are straight forward

Mr. McLaughlin asked why they are going up from the 2010 projected on a lot of the line items; and Mr. Hoffmeister stated based on prices they have seen, and in discussions with the mechanics and sales personnel, this is what they feel they will need. Mr. McLaughlin stated he is concerned that if they over-Budget they will spend it, and Mr. Hoffmeister stated this is not correct.

Mr. Maloney stated it appears that they are assuming gas will be stable, and Mr. Hoffmeister agreed.

Mr. Maloney noted snow and ice control and stated for the past two years they have gone over the Budget of \$20,000. He asked the last time they were at \$20,000, and Mr. Hoffmeister stated he feels it was three to five years ago. Mr. Hoffmeister stated they can also use Liquid Fuels monies to cover some of these expenses. Mr. Fedorchak stated typically the early part of year accounting will expense personnel services. Mr. Smith stated he feels they should double this figure. Mr. Maloney stated he would suggest that they have a policy for this of using a three to five year rolling average on

what has been spent, and Budget it at that amount. Mr. McLaughlin asked if they could find other cuts such as in Highway Maintenance so that they can remain neutral. Mr. Stainthorpe stated he agrees that a rolling five year average is a good idea, and Mr. Fedorchak stated he will get this figure for the Board.

Mr. Menard stated they have listed a number of general questions on expenses. Mr. McLaughlin noted road signs, and Mr. Menard stated there is not a history or a pattern on this, and they asked how often they need to be replaced. Mr. Stainthorpe asked if the Township was making their own signs; and Mr. Hoffmeister stated this program is ongoing, and this would be a higher price if they were not making their own signs. Mr. Hoffmeister noted there is also a Federal law which requires that the Township have a plan in place by 2012 regarding sign reflectivity, etc. Mr. Hoffmeister stated they have to have everything shifted by 2015. He stated they have to have an inventory of every sign in the Township, and the plan will have to show when each sign will be replaced. He stated some new signs are already in place.

Mr. McLaughlin stated he would like \$12,000 to come out of Highway Maintenance and be put into snow and ice. Mr. Fedorchak stated possibly the Personnel Services Budget for recycling has been over-Budgeted. Mr. Hoffmeister stated he will look at this again and possibly this could be reduced somewhat. Mr. McLaughlin suggested they take \$12,000 to \$15,000 out of this area and put it into snow and ice. Mr. Fedorchak stated it appears that they will establish \$40,000 as the target number for snow and ice, but added he will still look into the rolling average.

Mr. Menard noted Utilities where there is an increase for 2011, and he asked how this fits into the PECO rates and what is being done with regard to alternative sources of energy in terms of pricing. Mr. Menard stated 35% seems high, and Mr. Fedorchak agreed to look into this. Mr. Menard stated they should get quotes from the new companies selling energy and added he just did this for all his commercial buildings, and he could help the Township with this.

Mr. Menard noted parts and supplies, and Mr. Hoffmeister stated this relates to the age of the equipment. Mr. Menard stated he assumes some of the equipment is dedicated to recycling and other equipment is used for other purposes as well such as the trucks; and Mr. Hoffmeister agreed. Mr. Menard asked about the employee benefit costs for the personnel and stated he feels they should break this out for the cost analysis and allocate the costs to the subgroups so that they can compare the costs. He stated they will work with Mr. Fedorchak on pulling out these numbers so everyone has a better idea of the true costs.

Mr. Stainthorpe stated under Personnel Services on Page 4 it shows that they are going to reduce the costs by \$70,000; and Mr. Hoffmeister stated as noted by Mr. Fedorchak earlier, they have reduced the number of part-time personnel and have also been able to reduce hours in relation to some other operations in the Township.

The Board congratulated Mr. Hoffmeister for the work he has done on this Budget.

SEWER BUDGET DISCUSSION

Mr. Fedorchak stated they have broken out the Capital Project and Capital Reserve for the first time. He stated also for the first time they have set aside \$500,000 into a Capital Reserve Fund. He stated this was recommended by the Citizens Budget Committee and the Sewer Authority. He stated they are doing this again for 2011, and for the foreseeable future.

Capital Projects were noted, and Mr. Hoffmeister noted Page 5 in the six-page hand out which was provided to the Board this evening. Mr. Hoffmeister stated they lined approximately 1,900 feet of the Buck Creek trunk sewer this year, and he assumes there will be another one next year. He stated they have already seen a reduction in flows to Yardley and ultimately to Morrisville for treatment. Mr. Hoffmeister stated things have changed over the last two weeks, and he has moved some things around. He noted the conversion of the Maplevale ejector station to a low-pressure system at a cost of 485,000 for next year. He stated Maplevale and Stackhouse Drive ejector stations are a 1966 vintage, and they are getting to a point where parts are difficult to obtain. He stated they have had good success with the low-pressure systems at Robinson Place and other locations, and they know that they can put in a pump station both at Maplevale and Stackhouse which should reduce costs.

Mr. Hoffmeister stated at the Morrisville Plant improvements, Lower Makefield has 43.6% of the capacity which is 7.1 million gallons; and as of 2009, Lower Makefield's percentage of the costs for their improvements is \$80,000. He stated he and Mr. Fedorchak have discussed whether they should keep \$200,000 in, and Mr. Hoffmeister stated he has reduced that to \$150,000 because this is about what they have seen over the last couple of years.

Mr. Fedorchak stated it is very important for the Authorities to provide Lower Makefield with five and ten year capital programs. He stated this has not always been provided from Morrisville. He stated this makes it very difficult for Lower Makefield to budget. He stated he has articulated the need for them to communicate to the Township numerous times. He stated certain years they have provided the Township an idea of what they are planning, but there are other years when that practice was not sustained.

Mr. Koopersmith asked about the impact on the sewer bills, and Mr. Maloney stated the sewer bill is a charge per gallon to the users of the sewer system.

Mr. McLaughlin asked if the \$590,000 is an annual maintenance cost or a one-time charge; and Mr. Caiola stated this includes the Settlement. Mr. McLaughlin stated he understands that there is an aging infrastructure, and Mr. Hoffmeister agreed that they require maintenance over time. He stated they have a ten-year capital program. He stated some things have been modified from what the Sewer engineer provided approximately three weeks ago. He stated they have tried to keep the capital expenses level over time.

Mr. Smith asked for background information on the Yardley Borough Sewer Authority Settlement, and Mr. Fedorchak stated they have been having discussions with the Yardley Borough Sewer Authority representatives; and there is a financial obligation that the Township has which is a contribution toward the sewer rehabilitation/replacement work that Yardley Borough Sewer authority performed approximately three years ago. He stated Yardley Borough also owes Lower Makefield for their share of the Canal Interceptor project which was constructed approximately four years ago. They have been trying to come up with a satisfactory conclusion but they have not reached this yet. He stated he understands that the Authority has new leadership, and they have reached out to the Township solicitor; and they anticipate that the Township will begin discussing this again early next year, and they will reach a conclusion. He stated they are putting in a number that they are comfortable with at this time. Mr. Smith stated this number is \$250,000.

Mr. Menard stated they are working with Mr. Hoffmeister's numbers to see what the number should be, and he stated he feels it will be a minimum of \$500,000 each year. Mr. Fedorchak stated they anticipate having the Sewer engineer and Mr. Hoffmeister present the ten year capital plan at the next Board of Supervisors' meeting.

SEWER OPERATING BUDGET

Mr. Fedorchak stated they have shown a 15% increase in the fees. He stated they have to cover the \$500,000 that they are transferring to the Capital Reserve to cover these items; and in addition, there is a 16% rate increase that is coming to the Township January 1 from the Bucks County Water & Sewer Authority.

Mr. Maloney stated they drew down the Reserve in the amount of the Capital Reserve transfer this year, so the projected 2010 net loss is \$456,000 to that fund. Mr. Maloney stated with the 16% cost increase, and the \$500,000 transfer to Capital Reserve, they are running red \$200,000 this year so a 15% increase is not enough to keep this stable.

Mr. Fedorchak stated the Sewer Operating Budget is by far the most difficult to control since 75% of the costs are totally out of the Township's control.

Mr. Menard stated they are not going to get the full benefit of the 15% increase in 2011 because of the timing of the bills. Mr. Maloney stated he feels if they made the sewer increase an additional 5% to 20%, it would probably make it stable in 2011. He stated he does not feel that the expenses are going to go down. Mr. Menard stated if you look at Philadelphia, they are not going down. Mr. Maloney agreed that it is a pass-through charge. Mr. Menard asked in order for the rate increases to be effective for the full year, when would the Board have to adopt an Ordinance, and Mr. Fedorchak stated it would have to have been done a couple of months ago in order to enjoy the full amount of the rate increase within a calendar year. Mr. Fedorchak stated they have assumed that they will get three quarters of the 15%.

Mr. McLaughlin asked if the rates are the same in Yardley, Newtown, and Lower Makefield; and Mr. Hoffmeister stated Yardley rates are higher than Lower Makefield because they all go to Morrisville. Mr. Stainthorpe stated Yardley Borough does flat billing so that it is a certain amount per household. Mr. Hoffmeister stated Lower Makefield bases their rates on a flat rate plus a metered flow per 10,000 gallons. He stated Lower Makefield is the only Municipality that charges a higher rate for more flow; and most charge a lower rate for the higher flows. He stated if you use 50,000 gallons or more, you will pay a higher rate than an individual who uses less. He stated he feels this is the right way to do it, and those paying less should not be penalized. He stated every gallon that goes through the sewer system has to be treated. He stated if you have a high water usage, you pay a higher sewer rate because it all goes to the treatment plant. He stated Lower Makefield is also the only Municipality that offers a discount for water that does not go to the sewer system. He stated in 2009, the Township gave \$116,000 credit for water that did not go through the sewer system. Mr. Hoffmeister stated some homeowners have separate water meters for water that is not going through the sewer system such as watering the lawn, filling pools, etc.

Mr. Menard stated part of the sewer bill is a fixed cost and part is for the flow and processing. He stated the major increase of the cost is on the processing side. He stated he feels if you use less, you should pay less.

Mr. Stainthorpe stated if Mr. Hoffmeister and the members of the Sewer Authority are recommending a 15% increase, he feels they should go with that. Mr. Maloney asked if the Board feels it is better to use the reserves to the greatest extent possible to keep rates

for an extra year lower, or should they raise them this year to the point that it is running neutral. Mr. Hoffmeister stated there was one member of the Sewer Authority who felt it should be at a higher level. Mr. Smith stated he felt three years ago they indicated they wanted to do it on an incremental basis so that it would not hit the public as hard.

Mr. Hoffmeister stated there was an increase of 15% in 2009 and discussion whether this should also start in 2010, and they rescinded that based on what was happening in 2009; however, at the end of 2010 they have seen a 16% increase coming in January and he is not sure what will happen with Falls and Morrisville. Mr. Hoffmeister stated the Sewer Authority meets next Thursday and they could discuss whether it should be a 20% increase. He stated the Board of Supervisors is welcome to attend that meeting.

Mr. Stainthorpe stated he sees this differently from a tax increase as it is a usage and every ratepayer has the option to use less water. He stated the revenues they collect should be revenue neutral and match what are the true costs. He stated he feels they have been remiss in the past feeling they were doing the ratepayers a favor by keeping the rates artificially low. Mr. Caiola stated these increases are things that the Township has no control over, and they should advise the residents that it is going up 20% because this is what it takes to run the system. Mr. Maloney stated he feels they should go with whatever percentage it takes to make it neutral. He feels this would be approximately 20%.

Mr. McLaughlin asked if there is any money in the Sewer Capital Reserve, and Mr. Menard stated it will be \$800,000. Mr. Menard stated he would be in favor of increasing the amount of the rate increase since he feels it is fiscally responsibly. Mr. Maloney stated the final ending balance in the Sewer Reserve Fund at the end of 2011 is projected to be \$240,000, and he feels the \$330,000 should be moved so that they end up with a zero balance in the Sewer Operating Fund. He stated the Sewer Operating Fund should run revenue neutral. Mr. McLaughlin stated he agrees that they should not have a Cash Balance and a Capital Reserve. Mr. Maloney stated they would then finish 2011 with \$550,000 in the Capital Reserve which is a full year worth of extra expense, and they would run the Operating Fund neutral since this is a pass-through cost.

LIQUID FUELS DISCUSSION

Mr. Menard stated under Expenditures on Page 2, the total expenditures projected is \$694,000; and if you take out engineering fees and a few other things, the other night at the Board of Supervisors they discussed road construction was \$800,000 a year, and this is about how much they will get in liquid fuels. He stated they used up all the money in Liquid Fuels on Public Works materials, repairs and maintenance; and if you take out the capital purchases and engineering this is \$105,000 so there is \$589,000 of costs but there are \$800,000 in road expenses, so they are short \$600,000 because they have not accounted for how to pay for the road construction. Mr. Maloney stated they are paying

it out of General Revenues in 2011. Mr. Fedorchak stated Mr. Menard is correct, and they have not addressed this. He stated for 2011 they have \$255,000 as a set aside for road resurfacing. He stated the \$25,000 in engineering fees is the engineer's time working toward the road resurfacing program. He stated the other fees are materials - \$82,000, outside labor - \$67,500; and those are costs associated with snow removal that they have dedicated from this fund. He stated the \$150,000 for personnel services goes toward Public Works salaries; and for 2010 approximately \$70,000 to \$80,000 of that was applied toward snow removal costs. He stated a good amount of the non road resurfacing items are going toward the support of the snow removal program. He stated one area they can re-examine is can they take some money out of the General Fund; and at some point they will look at the ending cash balance in the General Fund and dedicate some of that toward the road resurfacing program.

Mr. Menard stated he feels they are short \$700,000 for road resurfacing. Mr. Maloney stated they saw a projection of \$600,000, and now they are seeing \$255,000. Mr. Fedorchak agreed that there is a gap. He stated the goal is to get more money and get closer to the goal of \$600,000 to \$700,000 that Mr. Majewski indicated they should be putting in the road resurfacing program; and to get the Township there, he suggested that they re-visit the General Fund to see if they cannot take some of this but not jeopardize Safe Harbor.

Mr. Maloney stated they do have a schedule for road resurfacing, and Mr. Fedorchak stated they will need a number close to \$600,000 to \$700,000 every year. Mr. Maloney stated if they do not do this each year, it will make it even worse the next year.

ANNOUNCEMENT OF NEXT BUDGET MEETING

Mr. Fedorchak stated at the Budget meeting tomorrow evening, they will discuss Golf and Park & Recreation. The meeting will begin at 7:00 p.m.

There being no further business, the meeting was adjourned at 9:15 p.m.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Matt Maloney", with a long horizontal flourish extending to the right.

Matt Maloney, Secretary



Township of Lower Makefield

BOARD OF SUPERVISORS
Ron Smith, Chairman
Greg Caiola, Vice-Chairman
Matt Maloney, Secretary
Daniel McLaughlin, Treasurer
Pete Stainthorpe, Supervisor

NOVEMBER 2010 WARRANT LISTS AND OCTOBER 2010 PAYROLL COSTS FOR APPROVAL NOVEMBER 17, 2010 BOARD OF SUPERVISORS MEETING

Accounts Payable Warrant Report:		
Printed Checks:		
11/01/10 Warrant List	\$ 411,199.77	
11/15/10 Warrant List	\$ 385,209.58	
Manual Checks:		
11/01/10 Warrant List	\$ 50.00	
11/15/10 Warrant List	\$ -	
Total Warrant Reports		\$ 796,459.35
Payroll Costs:		
October 2010 Payroll	\$ 436,893.84	
October 2010 Payroll Taxes, etc.	\$ 197,260.62	
Total Payroll Costs		\$ 634,154.46
TOTAL TO BE APPROVED		\$ 1,430,613.81

