

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
SPECIAL BUDGET MEETING MINUTES – NOVEMBER 10, 2009

A special meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on November 10, 2009. Chairman Maloney called the meeting to order at 7:00 p.m.

Those present: Matt Maloney, Chairman
 Ron Smith, Vice Chairman
 Greg Caiola, Secretary
 Pete Stainthorpe, Treasurer
 Jason Simon, Supervisor (absent)

Others: Terry Fedorchak, Township Manager
 Brian McCloskey, Finance Director
 Ethan Shiller, Citizens Budget Advisory Committee
 Rick Heckman, Fire Department
 Larry Newman, Fire Department

FIRE DEPARTMENT

Mr. McCloskey stated the Fire Department is here tonight to make a presentation on their 2009 budget and their proposed 2010 budget. Mr. Newman stated their budget shows a deficit but they are managing it through the budget. He stated they are purchasing a new fire truck in the amount of \$602,000 to replace an older truck they are selling for \$250,000. The new truck will be smaller in length with a smaller engine. They applied for federal and state grants but they were turned down for the truck purchase. They applied for a state grant for \$600,000 in renovations to the Woodside Firehouse and are waiting to hear the outcome. Mr. Newman stated that Station 80 also needs renovations and repair to items such as the rotting windows but they hope to take care of the most necessary needs through the budget since grant money is dwindling.

Mr. Newman said he doesn't want the Fire Department to get into the situation of consistently asking for increases from the Township. They feel it is most ideal to look at predictable, sustainable increases over time to forecast expenses so both the Township and Fire Department could plan for the next 5 years. Mr. Newman stated they also need newer equipment to catch up with the advent of safer cars that are harder to get into in an accident.

Mr. Stainthorpe asked if the Township funding to the Fire Department is through the fire tax and Mr. McCloskey replied yes. Mr. Stainthorpe said if we have a fixed increase each year the millage would increase. Mr. McCloskey said the increase from 2009 caused expenditures to exceed revenues. We could take that increase from the General Fund to increase the fund balance for the Fire Department.

Mr. Smith referred to page 1 of the Fire fund. He noted expenses of \$25,000 for repairs and maintenance to the Yardley station and \$36,000 for repairs and maintenance to the Lower Makefield station. He asked if Yardley is paying their fair share of the budget. Mr. Newman stated that only 8% of the calls come from the Yardley station, so yes they are paying their fair share of the budget. Mr. Fedorchak asked Mr. Newman the same question. Mr. Newman stated we are running the same percentage of contributions and Yardley is at it's maximum of 3 mils for the Fire Department. If we look at the Commonwealth contribution it matches the Fire Department's numbers. Mr. Smith asked if the Fire Department asked Yardley Borough to make a contribution to match the contribution they are asking Lower Makefield for towards the budget. Mr. Newman said they can but noted Yardley is having financial troubles greater than Lower Makefield.

Mr. Fedorchak referred to the budget summary page. He asked if \$382,700 minus the capital reserve and the truck purchase is the Fire Department's budget target. Mr. Newman replied yes. Mr. Heckman said the Fire Department has 3 sources of income, public donations, the Township's contribution and Yardley Borough's contribution. They are trying to keep any increase low and steady. Mr. Newman said they have many compliance and safety issues with testing all year and those costs continue to increase.

Mr. Maloney referred to the operating expenses section of the budget. He asked how the state relief would help out. Mr. Heckman said there are a lot of capital items that are purchased by the Relief Association. The Relief Association runs as capital group only for operations expenses. He noted the Fire Department spent \$100,000 on insurance and physicals in 2009, which was paid out of that Association. Mr. Maloney asked if the \$70,000 they projected in 2010 in donations will be close to what has been collected in the past and Mr. Newman replied yes.

Mr. Smith asked of insurance would be less expensive through the Township. Mr. Heckman stated the Fire Department goes through the Volunteer Fireman Insurance Company and they have the lowest rates.

Mr. Smith asked if the Fire Department has estimated the effect the hospital would have on the Fire Department in the future and what would the Fire Department need to accommodate the influx of calls. Mr. Newman said whenever there is a new development it increases their runs and the Fire Chief would be able to answer in hospital's impact on the Fire Department best.

Mr. Shiller said Yardley Borough receives its share of state revenue and asked if they pass it onto the LMT Fire Department. Mr. Heckman replied yes. Mr. Shiller asked where is the pass through on the budget for that item. Mr. Heckman said it must be separate from the budget and it goes into the Relief Fund and 100% is passed onto the Fire Department.

Mr. Shiller asked why couldn't the Township take back its contribution to Morrisville since Morrisville services only one or more streets. He asked if we could challenge the map to have the entire Township serviced by Lower Makefield. Mr. Maloney said this is not the time nor place to discuss that and if someone needs assistance in emergency we will not draw lines.

Mr. Fedorchak asked when engine 80 would be replaced and Mr. Heckman and Mr. Newman said June 1st. Mr. Maloney said he feels the Township could handle a 2% increase in the Fire Department fund and we should revisit where the budget stands each year as we already do.

Mr. Caiola said he and the Board appreciate the Fire Department's constant upkeep of equipment and the great job they do to keep the residents safe. Mr. Heckman and Mr. Newman returned the same sentiment toward the Township to work with them.

Mr. McCloskey asked if the Fire Department tests the Township fire hydrants. Mr. Newman stated PAWC tests the fire hydrants. Mr. Shiller asked if there is a regulation from the Fire Department to flush the fire hydrants and could we take it down to once a year to save money. Mr. Fedorchak stated that is part of the rental fee to the Township and the flushing is necessary twice a year. Mr. McCloskey stated the Township received a notice of rate increase from PAWC and he does not believe the fund will have a negative balance because of it.

DEBT SERVICE

Mr. McCloskey said this is a tax-supported fund and in 2009 this fund had a negative balance. He noted the fund would swing back to a positive balance in 2010. The projected fund balance at the beginning of 2009 was \$20,000. In 2010, the long-term trend will be that revenues to exceed expenditures. Mr. Stainthorpe asked why and Mr. McCloskey said because of the way debt service is structured, interest rates are low right now and some notes will be paid off this year.

Mr. Maloney asked what would the long-term revenue be from the budgeted interest rates. Mr. McCloskey said historically he has estimated the interest rates higher than the Township is paying and he anticipates the Township should come out ahead of budget.

Mr. Maloney asked what the millage is for this fund and Mr. McCloskey replied 2.75 mils. Mr. McCloskey stated the Township could lower the millage in the future as the fund balance continues to increase. Mr. Fedorchak suggested using the excess in this fund towards open space purchase.

GARDEN OF REFLECTION/9-11 FUND

Mr. Maloney asked if the Garden of Reflection Committee has ever given the Township a business plan and Mr. Fedorchak replied no.

Mr. McCloskey said this fund is mature enough for us to have a handle on expenditures and their fundraising has been supplementing the fund. The Township would like to see a 1 million dollar endowment to fund the ongoing expenses for the memorial.

Mr. Maloney said this fund has a budget of \$195,000 with costs at \$175,000 and asked if the electrical work to be done at the memorial has been budgeted. Mr. Fedorchak stated the matter

has not yet been resolved but they have a handle on what needs to be done and they are working on a resolution. The Township has \$30,000 in escrow on the original contract to cover costs, noting that number is on the high side just in case the repairs are higher so that the work won't be a burden on the fund.

Mr. Menard addressed funding projects through the Committee's proposed endowment. He volunteered the Budget Committee to meet with the Garden of Reflection Committee to help them create a business plan to structure an endowment. Mr. Maloney stated he was at the meeting with the Garden of Reflection Committee about this issue and the Township has yet to receive a plan and would like the Budget Committee to step in if they could to help. Mr. Shiller said the Budget Committee recommended that the Township require Garden of Reflection Committee to sign a letter of intent committing them to perpetual maintenance of the memorial.

AMBULANCE

Mr. McCloskey stated the Ambulance fund is funded by a .25 mil with one payment to the squad next door. He noted that revenues historically exceed expenditures in this fund. Mr. Maloney asked how the millage is set for this fund. Mr. McCloskey stated that millage has been set at .25 since he has been employed at the Township. Mr. Smith asked what does the Ambulance Squad charge for a pickup. Mr. McCloskey said he doesn't know but they charge the pickup fee to the insurance companies. He noted the Township owns the Ambulance Squad building.

LIBRARY

Mr. McCloskey stated this fund has a healthy balance of \$85,000 to \$90,000 but that money is restricted to external structure projects and interior work to the building. Mr. Stainthorpe noted the fund has been stagnant for the past few years. Mr. Fedorchak stated the Township could indicate the presence of the fund to Bucks County who is in need of funds and they could tap into if they need it for our library.

5-MILE WOODS

Mr. McCloskey stated the Supervisors agreed to roll this fund into the Park & Recreation fund in 2010 noting it was shown as an individual fund in 2009. He noted there is a small amount of program revenue and rental of the manor house and the expenditures are \$30,000 to \$40,000.

Mr. Maloney asked if there have been any conversations with Mr. Heilferty to seek out additional revenue sources and Mr. McCloskey replied no.

PARK & RECREATION

Mr. Fritchey and Ms. Linney were present to discuss the Park & Recreation Budget. Ms. Linney stated they did not increase any accounts in 2010 and kept their budget the same as 2009. They

are asking for a new mowing tractor in the amount of \$42,000, which is the only capital request this year. There will be a capital construction project in 2010, the Mill Road bike path, which will cut onto Edgewood Road to cross to the Tax Office parking lot in the amount of \$15,000. There will be no increase in Park & Recreation employees in 2010.

Mr. Fedorchak asked Ms. Linney if they charge for labor and maintenance for Memorial Park services. Ms. Linney replied no, they have a contractor mow the memorial area. Mr. Stainthorpe and the Board agreed that Park & Recreation should charge back all maintenance at the memorial. Mr. Stainthorpe asked if the parking lot at Memorial Park is plowed in the winter and Ms. Linney replied yes. He asked why should the parking lot be plowed in the winter if it is closed. The Board discussed not plowing Macclesfield Park or Memorial Park when it snows to save money in the budget. It was mentioned that Macclesfield is used in the winter and the drive in the Park and up to the turf field should at least be plowed.

Mr. Maloney asked for a clarification of the Programs and Events section of the budget. Mr. McCloskey said when the budget is being prepared the Township is still receiving invoices from Community Pride Day. Mr. Stainthorpe noted Community Pride Day cost over \$70,000 in 2007. Mr. McCloskey stated the \$70,000 in 2007 included all of the expenses for Community Pride Day including the Public Works and Police overtime for the event but does not include the revenue receive from the event. Mr. McCloskey said last year the cost for the event was \$65,000 before revenue. Mr. Caiola and Ms. Linney stated this year the Township brought in the most revenue for the event. Mr. Maloney asked if the budget for Community Pride Day this year was is neutral noting the budget reads \$30,000 for revenue and \$30,000 for expenses.

Mr. Smith noted the budget shows revenue from Bucks Society Performing Arts in the amount of \$2,800 and asked what that is. Mr. McCloskey stated that money is a grant. He noted the Township has engineering fees in the amount of \$10,000 in 2009 and \$10,000 in engineering fees in 2010. Legal fees were \$41 in 2008 and they project legal fees in the amount of \$5,000 in 2010. Mr. McCloskey stated this fund is for unforeseen expenses of legal or engineering fees.

Mr. Menard stated there is a chargeback for Personnel Services from the pool in the amount of \$40,000 and asked what that is. Ms. Linney said this is for labor at the pool and infrastructure costs. Mr. Menard said there is only one reduction in the personnel side of the pool. He noted both charge backs should be done the same way for labor as well. Mr. Fedorchak said we could do that and spread out the salaries.

Mr. Shiller suggested setting up a capital reserve fund for capital projects or unexpected expenses/repairs pertaining to the pool. Ms. Linney stated there are 3 proposed capital projects such as the purchase of the John Deere mower for \$42,000, \$15,000 for the bike path and \$15,000 for the light dimmer boxes and those projects are budgeted within the Park & Recreation budget and the balance will cover those expenses. Mr. Shiller stated there is an ending fund balance of \$300,000 in Park & Recreation and that could be used for capital expenses. Ms. Linney said the fund balance is now being used for capital projects.

Mr. Menard stated there are a lot of different activities in Park & Recreation noting \$120,000 fee revenue and suggested taking out an estimate for other activities. He noted there should be a 5-year plan to raise user fees to cover costs of the user programs. Mr. Stainthorpe stated the Township raised user fees a few years ago and people were upset and said the fees shouldn't fund the tennis courts or paving bike paths.

Mr. Smith stated part of the problem of raising user fees is there is no formula for raising fees and the leaders of sports groups were upset. Mr. Fritchey stated user fees are for facilities that are permitted out to groups to use, getting preference over the public to use the facilities. It was never intended for Park & Recreation to be a revenue generating fund, noting that health and recreation are the core to government and that is the purpose of Park & Recreation. Mr. Stainthorpe suggested the Township look at charging user fees for the Township tennis courts.

Mr. Harold Cooper Smith, resident said the Township needs to find ways to fund the budget and we should do it through user fees.

POOL

Mr. McCloskey said in 2010 he projects an ending operating loss of \$100,000 in this fund. He noted there was a 5% reduction in memberships in 2009. Pool revenues are \$795,000 with \$772,000 in expenditures. Mr. McCloskey stated the Pool had a healthy fund balance in 2009 with the increase in the membership fee for the first time in many years. Ms. Linney said the projected maintenance and repairs in 2010 are an ultraviolet sanitation system in the lap pool, landscaping in the concession area and additional pool furniture. Mr. McCloskey stated the equipment came in \$20,000 higher than the request but it is important to improve the appearance of the facility and to invest in the asset. Mr. Smith asked what was the increase in the membership fee this year and Mr. McCloskey replied it was a 10% increase.

Mr. Maloney asked where do capital improvements to the pool stand and if any improvements need to be done how will improvements be paid for with a projected fund deficit. Ms. Linney stated that membership could not fund capital improvements, but a bond could.

Mr. Menard stated the pool is a large capital facility and we never know when something might break. We need to devise a long-term capital improvements budget for the Pool. Mr. Smith agreed with Mr. Menard's suggestion. Mr. Fedorchak stated that a report was prepared a few years ago for projected repairs to the Pool and it covered capital expenses for at least 5 years. Ms. Linney agreed with Mr. Fedorchak.

Mr. Shiller referred to page 5 of the Pool budget. He asked when daily fees were raised for seniors and after 5 pm entrance did it impact the number of visitors to the Pool. Mr. Fritchey said the Park & Recreation Board agreed to increase the senior's fee from \$1 to \$4, group swimming lessons from \$20 to \$25, and private swimming lessons from \$10 to \$15 per session. The Board added a 7-day guest booklet for \$50 and a 10-day guest booklet for \$65. The Board is thinking

of eliminating the weekly pass. Mr. Stainthorpe said he supports the Park & Recreation Board's suggested increases.

Mr. McCloskey said the Pool has historically generated \$10,000 in guest fees per year.

The Board agreed to reconvene budget discussions on Wednesday, November 11th at 6 pm in the Township Building. There being no further business the meeting was adjourned at 9:00 p.m.

Respectfully Submitted,

Greg Caiola, Secretary

