

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
SPECIAL BUDGET MEETING MINUTES – NOVEMBER 12, 2009

A special meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on November 12, 2009. Chairman Maloney called the meeting to order at 6:05 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
 Chief Ken Coluzzi
 Ethan Shiller, Citizens Budget Advisory Committee
 Joe Menard, Citizens Budget Advisory Committee

POLICE

Chief Coluzzi stated all of the projections in the Police budget would be under for 2009. In 2010, there will be no additional overall cost increases in the Police budget and his budget is actually under the 2009 budget. In 2008, he added 3 additional officers but will lose 2 officers to retirement and one officer tragically passed away recently. He said he would not add any further officers but is asking to replace those officers. Chief Coluzzi noted his department has been reducing their overtime hours. In 2008, overtime came in at \$190,000 and 2009 there were no additional overtime hours but his budget came in at \$200,000 because of the 4.25% salary increase.

Chief Coluzzi said his department secured numerous grants this year, \$6,600 for new defibrillators, \$335,000 from the Department of Justice a Bucks County Gang Group grant the Township is administering and the Township will receive \$5,000, a \$42,000 grant to upgrade the fingerprinting equipment. He stated that \$14,000 was applied to the Smooth Operating program for traffic control, \$5,200 in grants were received for Pennsbury sports events from the Pennsylvania Liquor Control Authority.

Chief Coluzzi said he is asking to hire 3 officers at the beginning of 2010 to replace the 3 outgoing officers. Mr. Caiola asked when the officers would be hired. Chief Coluzzi said ideally he would hire the officers at the beginning of 2011 but they would go through the Police Academy first then would start patrolling by mid-year. Mr. Stainthorpe asked at what level would the officers be hired and what would the downside be not to replace the officers. Chief Coluzzi said we have been playing catch up in this Township for years to be at the proper number of officers and to maintain the level of protection where it should be he needs 3 officers.

To be comfortable, he would like to have a total of 40 officers on the street including him and right now he only has 38 officers patrolling the streets.

Mr. Caiola asked what drives Police overtime. Chief Coluzzi said an increase in officers keeps overtime low. He said last Community Pride Day he saved 4 officers from overtime because he used officers during the regular shift. He stated that vacation holidays and sick time take up 10% of added overtime. Court attributes 28%, an increase in traffic citations attributes 50% and an increase in arrests causing officers to be in court and traffic enforcement is 5%, special assignments, drug operations, and special events are 27%, and 12% for training all add up to the overtime his officers put in for. Mr. Caiola asked if there is an uptick in crime during the holidays and Chief Coluzzi said he staffs his shifts more during the holidays.

Mr. Smith asked how much time is committed to patrolling CVS and Kohl's shopping center. Chief Coluzzi said we spend a lot of time at both locations.

Mr. Smith talked about the Police log the Board receives and asked what is going on in the Township. Chief Coluzzi said the Police log the Board and the newspapers receive do not report all that is going on in the Township because some things are still under investigation and confidential. Mr. Smith asked where the money goes for Police forfeiture. Chief Coluzzi said the Township gets a partial refund from that money for overtime. The Township would see more money if the Township made a very large seizure that is under federal jurisdiction.

Mr. Menard noted the arrests are up 51% and asked if that is attributed to more traffic arrests or from higher-level crimes. Chief Coluzzi said crime is up because of the economy and his officers are younger and more aggressive than a few years ago. Mr. Menard said overtime in 2009 was \$200,000 and \$190,000 in 2008 and thought there should be lower overtime in both years. Chief Coluzzi said more arrests cause more overtime and if we hire more officers we will not use as much overtime.

Mr. Menard asked where are the revenues for fines and costs on violations. Mr. McCloskey said we budget those revenues in the General Fund and came in at \$80,000 noting that number has increased from last year but we are still under budget. Chief Coluzzi said we won't see an increase in revenue from arrests but would see more revenue from traffic violations. He said the Police Department brought in a total of \$204,000 in revenue last year. Mr. Caiola said he heard discussions on DARE program cuts and asked if our Police Department will receive a grant next year. Chief Coluzzi stated the program funding has been cut to \$11,500 for the public schools and \$4,000 for the parochial schools and would continue.

Mr. Smith asked how much do we carry Yardley in policing. Chief Coluzzi said we occasionally backup Yardley because we don't want any Police officers to get hurt and that crime could expand into the Township. Mr. Stainthorpe noted that Lower Makefield has mutual aid with other neighboring towns.

Mr. Menard talked about how Police shift work is structured and asked if Chief Coluzzi would ever chose another structure. Chief Coluzzi would prefer officers to have different shifts so he could interact with the officers on a regular basis. Mr. Menard suggested that Chief Coluzzi explore different options of shift work to reduce his budget.

Mr. Menard asked Chief Coluzzi what capital expenses and fleet management looks like for the next 5 years. Chief Coluzzi said he is trying hold onto and maintain his best vehicles as his first fleet vehicles and older vehicles are used as his second fleet. If he could, he would replace 4 to 5 vehicles but he is deferring that purchase as long as he could.

Chief Coluzzi excused himself from the meeting.

GENERAL FUND SUMMARY

Mr. McCloskey said there has been discussions to fund the Pension increase by borrowing from the General Fund to maintain the safe harbor range for the Township. He said we could look at the budget through two scenarios, first the outcome of a no mil increase in the 2010 budget or the outcome of a one-mil increase in the General Fund. With a one-mil increase we will see a positive cash balance in 2011. Mr. Stainthorpe said he would like to see what cuts such as personnel, could be done without raising one-mil but staying close to the present services before he makes a final decision. Mr. Maloney said rather than general department cuts he would like recommendations for specific personnel cuts attached to names of people to be kept confidential to put a personal attachment on this suggestion.

Mr. McCloskey talked about a budget that might get us close to safe harbor, not in it, but we could revisit that range quarterly. Mr. Stainthorpe said that we need a Municipal Services tax and he is not happy about the one-mil increase but could do with a $\frac{1}{4}$ or $\frac{1}{2}$ mil increase instead. Mr. Maloney said he would like a narrative of the results of being outside safe harbor range and how it affects the Township's credit rating.

Mr. Maloney said the budget should be ready for advertisement by the November 18th meeting.

Mr. Menard asked how conservative Mr. McCloskey's forecasts were for the 2011 fund balance. Mr. McCloskey said everything was flat lined in 2009. Mr. Menard said the Township would need a one-mil increase in 2011 to get to safe harbor. Mr. McCloskey said the Township should not have the increased Pension contribution in 2011.

GOLF COURSE

Mr. McCloskey distributed the 2010 summary sheet prepared by Kemper for the Township. He said the budget was too optimistic on rounds projected at 38,200 for 2010, which is a 2,000 round increase from 2009. They asked Kemper to cut back the number of rounds by 1,000. Mr. McCloskey said the golf course has a capital projects wish list and asked for \$230,000. He stated there was a \$140,000 loss in operating expenses and a \$360,000 capital loss. Mr.

Stainthorpe asked what are some of the proposed capital improvements. Mr. Maloney said some of the projects are tee box replacement and replacement of the vandalized entrance sign. The Golf Committee and Kemper worked together to determine needed investments in the golf course.

Mr. McCloskey said they talked about revisiting the capital projects budget in 2010. He stated that rainfall has really hurt the golf course this year. There will be no rate increase this year. Mr. Smith asked why there were budget losses in January, February and March. Mr. McLaughlin said if we raise rates we could make up the deficit. Mr. Maloney said a fee increase has to be tied to demand and we are priced well above other courses already. Mr. Smith asked what is the competition doing with fees. Mr. Maloney said most other courses are not as debt heavy as we are.

Mr. Menard stated if we are anticipating good summer weather the capacity of rounds will go up and demand will back up. Mr. Maloney said if the weather improves and economy doesn't we will still do well. The projected loss on the golf course in 2009 is \$226,000.

Mr. McCloskey said the Township is pushing Kemper to find other sources of income such as outings, parties and fundraisers.

Mr. Zachary Rubin asked in the Kemper contract if they meet the threshold will they get a bonus and did they meet that threshold this year. Mr. Maloney replied that Kemper did not meet their threshold this year. Mr. Menard asked what is the amount of the golf course surplus. Mr. McCloskey stated the surplus is \$700,000 down from \$900,000. The Board talked about the pros and cons of raising rates. Mr. Maloney suggested the Township use the surplus fund if it is needed and could replenish it if economic times improve. Mr. Menard said the Township takes a risk with a fee increase, which could cause the rounds to go down, and the Township would be criticized. He suggested the Township hold the line on rates.

Mr. Fedorchak, Mr. McCloskey and the Board agreed if there were any further discussions on the budget it could be done by email before the budget is presented at the next Board of Supervisors meeting.

There being no further business the meeting was adjourned at 7:15 p.m.

Respectfully Submitted,

Greg Caiola, Secretary

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
SPECIAL BUDGET MEETING MINUTES – NOVEMBER 11, 2009

A special meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on November 11, 2009. Vice-Chairman Smith called the meeting to order at 6:05 p.m.

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

Others: Terry Fedorchak, Township Manager
 Brian McCloskey, Finance Director
 Hank Hoffmeister
 Ethan Shiller, Citizens Budget Advisory Committee
 Joe Menard, Citizens Budget Advisory Committee

PUBLIC WORKS

Mr. Hoffmeister said that he had included a paving program in the 2010 budget but because the state cut back their funding to the Township through liquid fuels he cut his budget. The state cut back funding from \$720,000 to \$690,000. Mr. Stainthorpe asked if the state gave a rationale for the cutback. Mr. Hoffmeister said he did not know why. Mr. McCloskey stated the liquid fuel money is based on consumption and obviously consumption was down last year.

Mr. Fedorchak asked if the state gives it a flat cent per gallon reimbursement and Mr. Hoffmeister stated the state is trying to. Mr. Hoffmeister also stated the amount of allocation in April will be cut back because of the decline in usage. The cutback will have an affect on his proposed vehicle purchase. He is restricted to use 20% of the liquid fuels money towards the amount of the purchase price but can use the money towards paving. He noted he would be replacing the oldest vehicle in his fleet.

Mr. Fedorchak asked Mr. Hoffmeister to talk about the detention basin project. Mr. Hoffmeister said the EAC suggested The Township stop mowing some of the Township basins and letting them go natural. Not only is it good for the environment it will save the Township money. They choose about 12 low profile basins as a test. The basins are being maintained by his part-time people and Township employees and he is thinking about contracting out the mowing in the future on the basins that will still be mowed. Mr. Fedorchak asked Mr. Hoffmeister if he has seen any savings from the lack of mowing the basins. Mr. Hoffmeister said he could get the number on the amount saved following this meeting. Mr. Fedorchak asked if the Board wishes to continue and expand this basin program and the Board agreed to move forward with the program. Mr. Fedorchak said he and Mr. Hoffmeister will expand the program and will continue

to educate residents. Mr. McCloskey said he thinks the Township will save about \$5,000 in mowing costs this year.

Mr. Smith asked Mr. Hoffmeister how many full-time people he has. Mr. Hoffmeister said he has 12 to 13 full-time mechanics. Mr. Smith asked Mr. Hoffmeister how many part-time people he has and he replied 5 part-time people. Mr. Smith asked how many times are the leaves collected in the fall. Mr. Hoffmeister said his department collects the leaves twice and sometimes three times, noting his goal is to be finished by Christmas. Mr. Smith asked what is the cost of leaf collection and is there savings that could be realized if we contracted that service out. Mr. Fedorchak referred to the Public Works expenditure section of the budget and leaf collection comes in at a cost of \$427,000. Under the 2010 General Fund revenue the Township will receive an assessment of \$355,000, which is \$40 per household. It was discussed to raise the fee to \$50 per household in 2010 noting there are 9,000 plus households in the Township. Mr. McCloskey stated in 2010 revenues will exceed expenses noting for years leaf collection hasn't been able to cover expenses until 2010.

Mr. Smith said two-thirds of the numbers in the Public Works budget will increase in 2010 such as personnel services and benefits and asked why. Mr. McCloskey stated the budget was down in 2009 from 2008. Mr. Smith asked if Public Works is budgeting higher in 2010. Mr. McCloskey said the budget is higher because things like road materials and fuel were charged back to liquid fuels in 2009 to cover certain expenses and our liquid fuels funding chargeback will be down in 2010. Mr. Hoffmeister said we also had a very mild winter in 2009, which also helped to lower expenses. Mr. McCloskey said should we have a mild winter again we could chargeback certain expenses to liquid fuels.

Mr. Fedorchak referred everyone to the capital improvements section of the budget and storm sewer/storm water management in 2010. Mr. Hoffmeister said he has some unforeseen waterway bed maintenance on bridges planned in 2010. Mr. Fedorchak stated that Remington, Vernick recently surveyed the Township bridges for safety following the recent tragic bridge collapse but he hasn't looked at the report yet. Mr. Hoffmeister said he looked at the report with the estimates for any work and our bridges are generally in good condition. There is a problem with keeping the areas under the bridges in good condition. He talked about a minor issue on the Black Rock Road Bridge. Mr. Fedorchak said he received the report on the Black Rock Bridge with the estimate for the work from Remington, Vernick and asked if that work is reflected in 2010 the budget. Mr. Hoffmeister said that no work is planned on that bridge in 2010.

Mr. Smith asked how did the Public Works overtime stand in 2009 versus 2008. Mr. McCloskey said Public Works was under budget.

Mr. Hoffmeister talked about the need for new vehicles in his fleet. He said the vehicles he needs are more expensive than he planned but by spending more he doesn't want to be cut short in other parts of his budget like salt for the winter. Mr. Maloney noted the 2010 Public Works budget includes a truck for \$70,000, \$70,000 for salt and \$220,000 for paving projects. He said he is fine with the budget as is.

SEWER

Mr. McCloskey stated at a recent Sewer Authority meeting it was recommended to him that there would be no rate increase for 2010. He noted in 2009 there was a 15% rate increase and a proposed 15% increase in 2010 but the Sewer Authority rescinded that 2010 recommendation. Mr. Stainthorpe asked why the recommendation changed. Mr. Hoffmeister stated they met their budget demands, reduced flows to agencies, installation of the canal interceptor, expensed the minimum amount of money to Morrisville and they are now seeing a payback.

Mr. McCloskey stated the Sewer Authority recommended a capital reserve fund for emergencies. Instead of hitting the public with huge increases they decided to hold-off on the second rate increase. He stated in 2009 they started putting aside \$500,000 a year for the sewer capital reserve fund for a total of \$1 million by the end of 2010, equal to almost 1 mil. Mr. McCloskey asked for a target of 2.5 million for the reserve, noting they used the cost of the interceptor as their benchmark. Mr. McCloskey stated the Township invested 1.5 million in upgrades and repairs to the sewer system and is now seeing a payback.

Mr. Maloney said if we are transferring a cash balance into a reserve fund each year and will we need a rate increase in 2011 to continue the \$500,000 reserve contribution and Mr. McCloskey replied yes.

Mr. Maloney asked what the net revenue to the Township would be with a 15% increase. Mr. Hoffmeister stated there would be increase of \$300,000 to the fund. Mr. Maloney asked if operating expenses stay level would we wipe out the cash balance if the money were put in reserve. Mr. Hoffmeister said the fund balance is currently \$750,000.

Mr. Fedorchak said the Township would make a contribution toward the sewer reconstruction project in Yardley in the range of \$250,000 to \$270,000 but Yardley Borough is asking Lower Makefield for \$750,000 towards the project. He will be having further discussions with Yardley Borough on what the Township is expected to contribute in the future to additional projects noting this project could set a precedent so we need to carefully decide on our contribution amount.

Mr. Hoffmeister noted that Bucks County Water and Sewer and Falls Township are not imposing a rate increase this year. Two (2) years ago we were hit with a 58% increase from Bucks County and the Township did not pass the increase onto the residents.

Mr. Hoffmeister stated that leaf pickup will start tomorrow and he hopes to be finished by Christmas. Using the Samost tract for leaf operations is helping to keep costs down. Last year he had 8,000 pounds of leaves removed from Patterson Farm by an outside contractor to be made into topsoil. Patterson Farm can no longer handle the leaves and he is finding outside sources to take leaves. He also found a company that is interested in taking first ground mulch by using our operations with their staff at no cost to us. Joe asked why would a company do that at no cost to

the Township? Mr. Hoffmeister said we would supply the machinery and the fuel and they would supply the personnel.

Mr. Menard asked if the sewer rate came into effect because of the 58% increase. Mr. Hoffmeister said there was a 24% increase from Bucks County and a 58% increase from Falls Township, which was dictated by Philadelphia because the Township purchases from them. Mr. Menard asked if there could have been a better formula for the increase rather than a 15% increase across the board and suggested we look at the costs of service. Mr. Stainthorpe asked if it is less expensive to treat in one area or another and do we need to set zones. Mr. Hoffmeister said we do not have separate sewer districts in the Township and to do so now is expensive and could have legal challenges.

Mr. McCloskey asked when we do have a rate increase why are we not required to go through the PUC. Mr. Menard said the Township sewer is not a utility they are an authority. Mr. Fedorchak said we do not provide service outside of our Township boundaries as well.

Mr. Menard asked for a clarification on line item 600 under sewer. Mr. McCloskey stated that Mr. Hoffmeister is working on adjusting the flows on Lindenhurst Road. Mr. Menard suggested the sewer capital reserve fund should be moved separate from the operating budget and Mr. Maloney agreed.

OPERATING FUND

Mr. McCloskey referred to the 2010 General Fund revenue summary sheet and stated the 2009 ending balance is 9 million and he projects the Township will finish the year \$170,000 above that number. He said the transfer tax is down \$300,000, recycling revenue is down and interest income is down all for a total of almost 1 million. On the positive side, Chief Coluzzi received a grant for a gang violence program and that money goes in and out of the General Fund. Other unforeseen positives were the Makefield Elementary renovation, which netted \$220,000 in permit revenue, and the Township saw a \$25,000 to \$30,000 increase in insurance dividends. Mr. McCloskey said that 2009 could have been a challenging year but it ended well.

Mr. Maloney asked Mr. McCloskey and Mr. Fedorchak if they have done any research among municipalities on their permit fees to determine if the Township should raise its permit fees. Mr. Fedorchak said he would have an answer for him tomorrow.

Mr. McCloskey stated we budgeted tax receipts at 97% this year and so far we are at 99% noting that delinquent tax collection has increased. Mr. Caiola asked how many homes in the Township are in foreclosure and Mr. Fedorchak replied not many compared to the past.

Mr. Fedorchak stated the total assessed value for the Township from the county did not decline but increased slightly. Mr. Maloney noted that charges for services increased by \$50,000 in 2010 and asked if Ms. Frick increased her fees or was it an increase in projects. Mr. McCloskey

said that Ms. Frick bases the number in the budget on what she forecasts and she forecasts an increase in projects.

Mr. Menard asked if tax appeals are granted after a certain date could the Township get a payback. Mr. McCloskey said the taxes are charged going forward not retroactive. Mr. Smith asked if permitting in 2010 is projected less than 2008 and Mr. McCloskey replied yes.

Mr. McCloskey stated the 2009 expenditures will come in under budget and the Township will use liquid fuels money for roadwork and materials. He noted benefits are right on target for 2009. He anticipates expenditures exceeding revenues in 2010.

Mr. Maloney noted there is a \$150,000 grant in central government and police. Mr. McCloskey stated that grant is only in Police.

Mr. Caiola referred to recycling on page 2, grants and asked for an explanation. Mr. McCloskey said there are two components to the grant. One grant is from the Consortium and the other is from the Otters agreement. The Township chose to collect commissions from Otters in the amount of \$100,000 last year. In 2009 the commission is down from Otters to approximately \$25,000. Mr. McCloskey said the big issue in 2010 would be the required minimum contribution to the pension fund of \$335,000 and the Township is locked into that for two (2) years although the market is coming back up. Mr. Fedorchak said he would get answers from the actuary this week regarding the Pension fund contribution. Mr. McCloskey stated that is a large number if taken through a mil. The Budget Committee recommended taking the money from the Capital Improvement fund to cover the contribution to the Pension fund.

Mr. Maloney asked where the Pension fund is in the budget. Mr. McCloskey said the 2010 expenditures are less than 2009. Mr. Maloney asked if the Township plans to fund the additional contribution from the surplus and Capital Improvement fund and Mr. McCloskey replied yes.

Mr. McCloskey said they are also budgeting the transfer tax at the lowest amount in 10 years. He said the budgeted expenses for 2010 are less than 2008 but the Township continues to maintain the same level of services without raising salaries or an increase in personnel.

Mr. Stainthorpe asked what are we looking at for millage for 2010 and Mr. McCloskey replied 1.5 mils. Mr. McCloskey said if the Board approves the transfer for the Pension fund the mills would be reduced to a one-mil tax increase. Mr. McCloskey stated the Township is looking to adopt a local services tax, which is a tax, placed on people who work in the Township and would be capped at \$52/year. He stated that we are one of only a few Townships that do not have a local services tax. Mr. Fedorchak stated that persons making less than \$12,500 would not be taxed.

Mr. Maloney asked if a proper survey was done to determine the number of employees that would pay the tax for budget projections. Mr. McCloskey said the survey was not exact but he budgeted \$185,000 conservatively. He suggested we need act quickly to enact the tax. Mr.

Fedorchak said we must advertise the tax at the next Supervisors meeting. Mr. Smith asked if the Township could enact a business tax like Yardley Borough and Mr. Fedorchak replied yes.

Mr. Maloney asked for an explanation of the insurance increase in 2010. Mr. Fedorchak said we budgeted a 10% increase in insurance for 2010. Mr. Stainthorpe asked if any savings could be realized if we bid out non-health insurance. Mr. McCloskey said no noting the Township received credits and other benefits from the present insurance company. He said he is always looking to save the Township money in other areas. Mr. Stainthorpe asked if we looked to save money on the telephone system and Mr. McCloskey said the Township just saved \$4,000 on the telephone system.

Mr. Menard referred to the General Fund and asked where are the Aria legal fees located. Mr. McCloskey said those fees are under Zoning and Planning. Mr. Stainthorpe asked if an increase in fees for the appeal were budgeted for 2010 and Mr. McCloskey replied no. Mr. Maloney said the focus of the case in 2009 was to build the case and the 2010 focus on the appeal may not cost too much more money.

Mr. McCloskey said that Elm Lowne was included in the 2010 budget with \$35,000 in expenses and could be taken off the budget if it is sold.

Mr. Stainthorpe asked what is the value of one-mil this year and Mr. McCloskey said one-mil is \$40 per household for a total of \$498,000, the same as last year.

Mr. Maloney asked if it is the intention to fund the Pension from the capital fund for the next two years. Mr. Menard said he would not put more than \$335,000 in that fund this year.

Mr. Harold Cooper Smith asked if money is transferred to cover the pension fund would that eliminate a tax increase. Mr. Maloney said no it would reduce the increase.

The Board agreed to reconvene budget discussions On Thursday, November 12th at 6 pm in the Township Building. There being no further business the meeting was adjourned at 7:30 p.m.

Respectfully Submitted,

Greg Caiola, Secretary