

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
SPECIAL BUDGET MEETING
MINUTES – SEPTEMBER 24, 2013

A special Budget Meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on September 24, 2013. Chairman Stainthorpe called the meeting to order at 6:35 p.m.

Those present:

Board of Supervisors: Pete Stainthorpe, Chairman
 Dobby Dobson, Vice Chairman (joined meeting in progress)
 Dan McLaughlin, Secretary
 Jeff Benedetto, Treasurer

Others: Terry Fedorchak, Township Manager

Absent: Kristin Tyler, Supervisor

Mr. Fedorchak noted the Summary Page with regard to General Fund Revenues. He stated as previously reported the Township has done well in 2013, and he anticipates it will continue to be an excellent year. He stated Revenues will exceed Expenses. He stated much of this is due to Grants from FEMA and PEMA which were reimbursements for Township costs having to do with Hurricane Sandy. He stated with regard to Expenses, 2013 will be close to the Budget forecast leaving approximately \$300,000 to the good comparing Operating Revenues to Operating Expenses which is a good start to the year.

Mr. Fedorchak stated he took some of the surplus and applied it to next year's Road Resurfacing Program so they are guaranteed to have at least \$700,000 for 2014; and he added they may be able to add an extra \$100,000 to \$200,000 depending on the final balances at the end of the year. Mr. Fedorchak stated they are now spending approximately \$800,000 per year on the roads.

Mr. Dobson joined the meeting at this time.

Mr. Fedorchak stated with regard to Revenues versus Expenses for 2014 they project a variance of approximately \$97,000 which is less than 1% of Expenses; and at the end of the year they anticipate an ending fund balance of approximately \$1.68 million.

Mr. Fedorchak noted the last two columns under Revenues – 2013 Projected and 2014. He stated he reported at the last Board meeting that for the first time in three years they have seen the Township's overall assessed value increase. He stated while the drop over the last three years has been miniscule it was driven by people getting their homes reassessed, and this has now bottomed out. He stated Regency and Edgewood Village are also coming on board so the trend is upward. He stated they are at \$519 million total assessed value up from \$516 million.

Mr. Fedorchak stated with regard to the Local Service Tax Berkheimer serves as the Tax Collector for this tax. Mr. Fedorchak stated this year he engaged the Auditors to do a "forensic" audit gathering information on the businesses, and they should know shortly if they have everyone on the list that they should. Mr. Fedorchak stated once this is done, he will have the Auditors work on gathering information about the Cable TV Franchise fees.

Mr. Fedorchak stated with regard to the Deed Transfer Tax, he is projecting \$1,050,000; and it may be more than that. He stated with four months left, they are well over \$800,000. He stated it may slow down toward the end of the year. He recommended that they Budget \$1,050,000 for 2014 as well.

Mr. Fedorchak noted Licenses and Permits including the Cable TV Franchise Fee which has gone up 20% over the last four years. He stated this is the 5% that Comcast and Verizon tack on for certain services. He stated last year for the first time what was received from Verizon exceeded what was received from Comcast.

Mr. Fedorchak stated under Rents and Royalties he has shown zero for rent for Patterson Farm, and this is because he has set up a Patterson Farm Expense Fund; and all Revenues received including the rental from the greenhouse, Mr. Stewart, and the Cottage will go into this Fund, and all Operating and Capital Expenses will be drawn out of this as well.

Mr. Fedorchak noted Page 2 under Revenues. He noted the two Grants received were a result of an extraordinary amount of effort on the part of the Public Works personnel putting the Grant Application together. He stated they may get another \$4,000 to \$5,000 as well. Mr. Fedorchak noted the State Shared Revenue which is the State Pension aid which will be corrected to show \$419,500; and next year he will project this at \$420,000.

Mr. Fedorchak stated with regard to Permits, he is keeping it the same for 2014 that it was for 2013. He stated Toll Bros. is projecting another forty homes for next year and Brookshire Estates is coming on line as well as a few other small developments.

Mr. McLaughlin asked about the Toll Bros. contribution, and Mr. Fedorchak stated \$475,000 will be paid to the Township by the end of this month. He stated this is the end of the eighteenth month after the Township issued the first Certificate of Occupancy. He stated the next contribution will be in another eighteen months in the amount of \$450,000.

Mr. Fedorchak stated Leaf Assessment will remain at \$50.

Mr. Fedorchak stated the Inter-Fund Operating Transfers were set up two years ago based on the recommendation of the Citizens Budget Committee. These are the fees paid to reimburse office overhead. Mr. Benedetto asked why the Golf Course is at zero through August 31 and other Funds have paid. Mr. Fedorchak stated the Golf Course will be charged \$25,000. Mr. Benedetto stated the Community Pool pays \$28,500, and he asked how this charge is calculated. Mr. Fedorchak stated there is a fairly complicated matrix which he could provide to Mr. Benedetto. Mr. Stainthorpe stated Ms. Liney does spend a lot of her time on the Pool but spends no time on the Golf Course.

Mr. Fedorchak stated the casualty, property, and workman's compensation is covered under Delaware Valley Insurance Trust; and every year the Township receives dividends based on performance of the Trust overall and the Township's individual loss.

Mr. Benedetto stated the Township just took on a \$4 million increase in Debt Service. Mr. Fedorchak stated they have also refinanced a number of issues over the years which has saved the Township money. Mr. Fedorchak stated over the next several years there will be level Debt Service Payments. He stated one Issue will drop off in 2019, but then another Issues comes up, and this was done by design years ago. He stated the intent is that the total Debt Service payment is close to being the same.

DISCUSSION OF POLICE BUDGET

Chief Coluzzi stated in 2014 the largest increase is Personnel Services coming in at \$98,400 which is reflective of a 2% anticipated increase in salaries. He stated the Township and the Police are in negotiations now, but they put the 2% increase in for the first year of the Contract. He stated Overtime is \$212,000, and it was \$205,000 in 2013; and the reason for the increase is the increase in salaries which is reflected in the overtime hourly rate.

Mr. Stainthorpe asked if they split the Crossing Guards expense with the School District, and Chief Coluzzi agreed. Mr. Stainthorpe asked if they will also get a 2% increase, and Chief Coluzzi agreed that it is usually across the board.

Mr. McLaughlin asked about the Police overtime; and Chief Coluzzi stated while overtime reflects replacement for Officers who are on vacation or call out sick, the majority of overtime is due to Officers making arrests. He stated they also provide special services such as Harvest Day and much of that is reimbursed. Chief Coluzzi stated this year they had to bring in more Officers for Harvest Day than they had committed to because of the significant increase in traffic they experienced. He stated they will only be reimbursed for the Officers they committed to this year, and they will have to reconsider this next year as this was the first time Harvest Day was held at Shady Brook. He stated for the other events they know from year to year how much staffing they need to devote.

Mr. Menard asked about the projection of \$268,000 for overtime for 2013, and Chief Coluzzi stated this is based on history, volume of crime, etc. He stated the \$268,000 is the gross amount which is before all of the reimbursements. He stated they took into consideration that the reimbursement would be coming in, and they did the same in 2014 and added the percentage rate for the additional salaries which he feels is a realistic figure.

Mr. McLaughlin stated he wants there to be an attainable goal in terms of Overtime that also shows fiscal responsibility. Chief Coluzzi stated he is comfortable with the Overtime figures they have been asking for each year. He stated this gives him a cushion for the unexpected events such as weather emergencies and crime patterns.

Mr. Benedetto asked about Personnel Services. He asked if two Officers are leaving who will not be replaced; and Chief Coluzzi stated they have accounted for the Officers leaving and for their replacements. Mr. Stainthorpe stated the replacements will be at lower salaries, and Chief Coluzzi agreed.

There was discussion about the salary of the Animal Control Officer. It was noted that she does not get any benefits, and this is a part-time position. Chief Coluzzi stated a few years ago he did advocate for her to get more money, he stated she does do a good job. Mr. Dobson asked how many calls she gets on an annual basis, and Chief Coluzzi estimated that she gets 800 calls a year. A majority of the Board agreed the Animal Control Officer should receive a 5% increase this year.

Chief Coluzzi stated Gas and Vehicles Parts have been increased several thousand dollars based on projections for 2014. Mr. Kall stated gas is trending upward, and they are currently paying approximately \$3.10 a gallon for gasoline and \$3.70 for diesel fuel.

Mr. Menard asked about the mobile phones, and Chief Coluzzi stated these are the Police radios, and there is a FCC mandate to do narrow banding. He stated they were going to have to make their first payment in 2013; however, it has been postponed.

Capital Reserve was noted, and Chief Coluzzi stated they are looking to buy five new vehicles. He stated they have six vehicles that have over 100,000 miles. He stated there are first-line vehicles which are used every day; and once a vehicle is not suitable for first-line use, they put them into a second-line function where Officers use them for special details, and they even go into a third-line function with those vehicles used as decoy vehicles which is very successful in deterring crime. He stated he would like to get back on the rotation track for the Police vehicles.

Mr. Jason Simon asked the time line if a first-line car goes out of service. Chief Coluzzi stated this would depend on why it is out of service, and they may have to use a second-line car which they would not want to do. He stated they have been able to manage and not risk liability to Officers or the public, but he would like to get back on track replacing vehicles. Chief Coluzzi stated currently there are seven first-line vehicles and thirteen second-line vehicles. He stated there are a total of twenty-eight Police cars and four motorcycles. He stated there are five Detective cars and two Administrative unmarked cars. Mr. Stainthorpe stated the second-line cars all have over 100,000 miles.

Mr. McLaughlin asked what happens to the five cars being replaced, and Chief Coluzzi stated they do sell cars and some of the second and third line cars go to other Departments such as the Road Department.

Mr. McLaughlin stated they bought three Police cars last year. Chief Coluzzi stated the life span of a first-line car is four to five years. Mr. McLaughlin asked if they buy five new Police cars this year, would they get a reprieve next year; and Chief Coluzzi stated they will still need one new car next year. It was agreed to purchase five new Police cars in 2014.

Mr. McLaughlin asked if they still have excess cars in the Township for which they are paying insurance, and Mr. Kall stated this past year they have disposed of six vehicles. Chief Coluzzi stated the Township uses their vehicles as long as possible. He stated the Country standard is Michigan State Police, and they rotate their Police cars out between 65,000 and 80,000 miles so Lower Makefield is well above this.

DISCUSSION OF PUBLIC WORKS BUDGET

Mr. Kevin Kall was present. Mr. Fedorchak stated Public Works General Fund Revenues includes Permits which vary from year to year. He stated they have projected \$8,700 for this year, and they will budget \$10,000 for next year. He stated PECO is looking to streamline their process when they do new gas installations, and they are looking for quicker Permit turnaround. They have projected a significant number of increases in gas services for 2014.

The recycling yard service fee was noted, and Mr. Kall particularly noted the sale of mulch. He stated they projected \$28,500 for 2013, and next year they will be more aggressive with the wholesalers and try to sell some of the mulch. He stated the Township still has a significant amount of product left as a result of the hurricane.

Mr. Benedetto asked about the changes made with regard to the recycling yard, and he asked if this is the reason the number has dropped. Mr. Kall stated the residents have not stopped using the yard. He stated expenses were more than revenues as a result of the hurricane. He stated they came up with a new rate structure, and the big contractors stopped coming into the yard because of the charges. He stated any resident can come in with their landscaper to dump materials; but if the landscaper comes in on their own, they are charged. Mr. Kall stated more residents are now coming in with their landscapers so they are still taking in a significant amount of product.

Mr. Benedetto asked if they will still be offering residents the delivery of mulch for a fee. Mr. Kall stated they did hire a number of part-timers to clean out the basins in the spring, and they utilized them as well to deliver the mulch to residents. Mr. Benedetto asked why they are not continuing that service in 2014, and Mr. Stainthorpe stated they were competing with private businesses. He stated they will continue to offer free mulch to residents to get themselves, but they will not be offering delivery. It was noted this service had been offered due to the excessive mulch available following Hurricane Sandy.

Mr. Stainthorpe stated at some point in the future they need to consider the replacement of the tub grinder and whether they want to continue the program. Mr. Benedetto asked where the mulch is now going to be stored, and Mr. Fedorchak stated Mr. Kall has been working on a number of alternative sites. Mr. McLaughlin asked if those sites will be as accessible to the residents. Mr. Kall stated currently mulch for resident pick up is outside the entrance of the recycling yard. Mr. Kall stated they want to use Snipes as a leaf-staging, leaf-composting area. He stated there is also the possibility that a local farmer will farm the front four acres of the Snipes Tract. Mr. Kall stated he does not feel Snipes will be an area where residents would come to pick up mulch or drop off leaves.

Mr. Benedetto asked about the sale of mulch to businesses, and he asked if this was not needed by contractors because they had so much material of their own due to Hurricane Sandy. Mr. Kall stated because so much material was available, the last round of mulch removed was in excess of 5,000 yards and cost the Township approximately \$2.50 a yard to move. He stated paying for removal of mulch is the norm for most Townships

Mr. Stainthorpe stated he feels that while the Township should not be in the mulch business competing with private businesses, he does feel they might want to continue to help resident dispose of yard waste. He stated they have bought two tub grinders with State Grants in the past, but he does not feel that option exists any more. He stated most Townships do not have an operation like Lower Makefield does. He stated they will need to consider in the future if they want to continue this program when the tub grinder needs to be replaced.

Mr. Simon stated he agrees that the Township should not be in the mulch business.

Mr. McLaughlin asked if they would still pick up leaves, and Mr. Stainthorpe stated he feels they would still pick up leaves. Mr. Kall stated he feels they should discuss the situation with local contractors and offer the product to them at a competitive price.

Mr. Kall noted Expenditures for Building Maintenance and Personnel Services which will be slightly over Budget due to the fact that they did a significant amount of capital improvements around the Township property, and the labor that was used to do that work in-house was charged to that account. With regard to Repairs and Maintenance, they will also be over Budget as they had significant repairs done to the boiler and HVAC system in excess of \$12,000 this year. He stated this should drop off with the replacement of the boiler. Mr. Fedorchak stated this was part of the Bond Issue. Mr. Menard asked if the \$59,000 for 2014 will be less because of this, and Mr. Fedorchak agreed it will be.

Mr. Kall stated under Recycling Personnel Services they had to grind more this year which is why they will be over Budget by approximately \$7,000. He stated usually they grind fifty days a year, and this year they were in excess of eighty days of grinding and moving material. He stated any material that had to be moved off of the Samost Tract to clear the land was charged to Recycling.

Mr. Menard asked about overtime, and Mr. Kall stated overtime is usually charged to Highway. He stated none of the recycling tasks performed moving mulch involved overtime.

Mr. Kall noted Gas and Diesel, and they are showing a 20% increase. He stated the price of diesel is \$4 a gallon currently. He stated after discussions with Mr. Fedorchak they are looking to reduce this from \$18,000 to \$15,000.

With regard to Leaf Collection, Mr. Kall stated last year they came in \$26,000 under Budget due to efficiencies created. He stated they cut out the lunch hour for those doing leaf collection which resulted in one and a half extra loads per crew which cut down the total time they were out. He stated they had to start the leaf season right after the hurricane, and there was a significant amount of debris that was mixed in with the leaves which prolonged the process. He stated they are forecasting a slight increase for Township crews since the Township employees did have several hours overtime during the week.

Mr. Benedetto asked if there are any Capital Expenditures for replacement of equipment next year, and Mr. Koll stated they have nothing on the Highway side. He stated they did purchase a boom mower this year. He stated over the next few years they will have to make some leaf equipment purchases as well as some small dump trucks.

Mr. Kall stated with regard to Basin Maintenance, this is the first time in a number of years that the Township took complete ownership of all the open space and basin maintenance as previously one-third of it was contracted out. He stated they Budgeted \$48,000 which was what was previously Budgeted for Township labor, but they are projecting \$66,000 by the end of the year. He stated there was \$21,900 in the Budget for contractors since they did not know when they did the Budget last year that the Township was going to do all the work, and this \$21,900 will help offset the expense. Mr. Stainthorpe asked why they did away with the contractors, and Mr. Kall stated it was done for quality control.

Mr. Kall stated they are getting a handle on grass cutting. He stated they had five mowers out five days a week cutting 110 properties. He stated they also had a very wet season, and they incurred a significant amount of expenses for repairs. He stated they were Budgeted for \$6,000 and as of today, they are at slightly over \$12,000 with four weeks left of cutting. Mr. Kall stated a lot of this was wear and tear on the machines due to trying to keep up with the height of the grass.

Mr. Benedetto asked the number of full and part-time employees in Public Works, and Mr. Kall stated there are eight part-time employees who are utilized to do basin maintenance and minor work that needs to be done on the properties. He stated they have ten full-time highway employees and two full-time garage employees. Mr. Benedetto asked if their Contract is up as well, and Mr. Fedorchak agreed it is. Mr. Benedetto asked Mr. Kall if he feels they are adequately staffed given they are taking on additional work by not contracting work out. Mr. Kall stated this year they

brought in some extra part-time employees to perform more highway tasks, and this has worked well. He stated one employee did go from full-time to part-time. He stated they see good results with the part-time employees.

Mr. Kall stated next year to help reduce basin maintenance expense, they will look at the salary base and possibly re-structure how they pay the part-time employees.

Mr. Kall stated with regard to Highway Maintenance, Contracted Services were Budgeted at \$47,000, and they are trending up to \$70,000; and a lot of this was the tree work that was done up until June as a result of the storm. Mr. Kall stated they recouped as much as they could from FEMA.

Mr. Benedetto asked about the Snow and Ice costs, and Mr. Kall stated they had one snow storm last year. He stated they did have a significant number of salting events, and they salted six to seven times. He stated they do recoup costs from Liquid Fuels. Mr. Fedorchak stated in 2010 the storm at the very end of the year was a three-day event, and it cost the Township approximately \$80,000.

Mr. Kall stated they purchased a brine applicator which is preventative, and you can plan the event better. He stated if it is known that it will be strictly a snow event and not a rain to snow event, they can pretreat the road and preschedule people to come in. He stated once the roads are pretreated, they can then go out and start plowing. Mr. McLaughlin stated if it rains first, you do lose the brine. Mr. Kall stated they are looking into entering an Inter-Agency Agreement with Middletown Township to purchase the brine at a lower cost. He stated forty gallons of brine covers one mile. He stated they can pretreat the roads up to forty-eight hours.

Mr. Benedetto stated the Road Resurfacing Budget for 2013 is \$690,000. He stated currently they have not spent anything, and Mr. Stainthorpe stated they have not yet paid the contractor for the paving program as they as they are still working on it. Mr. Benedetto stated they are Budgeting the same amount for next year, and Mr. Fedorchak agreed.

Mr. Simon asked if there is a schedule for what will be done in 2014 for road resurfacing, and Mr. Koll stated now is the time that they go out to look and start targeting areas. He stated there is a twenty-five year resurfacing document that they follow; and he looks at the streets included for the next five years to determine what should be done in 2014. He stated some are streets that should have been done this year, but there was a higher priority in other areas based on the conditions of those roads. Mr. Simon stated he was told by members of the Board that the parking lot for the new baseball fields was going to be included in the road paving program in 2014, and Mr. Fedorchak stated it has been tagged for Capital Reserve where he put in a line item of \$100,000. Mr. Fedorchak stated the paving

was included in Phase II, and at least \$100,000 has been set aside for Phase II of the ball fields in the 2014 Budget. Mr. Simon asked who would do the work, and Mr. Fedorchak stated they will determine what is most cost effective.

Mr. Simon asked if the Township is behind in road resurfacing. Mr. Stainthorpe stated at one time they were spending \$350,000 a year, and they have doubled that. He stated they go out and prioritize the roads and the ones that are in the worst shape get done first. Mr. Kall stated Mr. Majewski developed the twenty-five year list; and they look at that list reviewing what is recommended for the next five years, and they decide what streets they will focus on. He reviewed the various projects which were done in 2013 and what they are considering for 2014.

Mr. McLaughlin stated the Plan Mr. Majewski put together indicated that they should target \$750,000 to \$800,000 per year. Mr. Dobson stated the current Board has budgeted more money for road resurfacing than any other Board in the last fifteen years.

Mr. McLaughlin asked what was included in Phase II of the ball field project; and Mr. Fedorchak stated there are a number of items, and he would like to meet with the Park & Recreation Board to prioritize the items.

Mr. Simon stated he would like to get the list of what was in Phase I so he can do a comparison, and he asked that he be provided this.

Mr. Fedorchak stated Phase II will come out of Capital Funds.

DISCUSSION OF SEWER BUDGET

Sewer Revenue was noted. Mr. Kall stated connection fees will stay the same, and basically the connection fees they are collecting now are from Regency.

With regard to Expenses, Mr. Kall stated Personnel Services will have a slight increase to cover raises.

Mr. Kall stated this year they looked at the infrastructure to see where there were I and I issues and where they needed to make repairs. He stated they made significant progress particularly in the Derbyshire area cutting out I and I issues. He stated they have made significant improvements with minimal expenses. He stated they need to continue this, and there will be an increase in Contracted Services since it is more effective to contract this type of work out. Mr. Kall stated there were a significant number of manholes that were red brick and mortar that were lying in storm basins, and when it rains the water would permeate into the

manholes. He stated they wanted to address these issues, and he feels they need to do everything they can to make sure the system is up to par. He stated they had productive discussions with DEP, and they were in favor of the Township addressing these issues.

Mr. Kall stated they are also going to look into going to automated meter readings as the six meter stations need to be read daily, weekly, and monthly and they are currently manually read; and it would be more economic and efficient to make the investment to have the meters read automatically into a program where they could look at the data in real time rather than sending a sewer employee out at a certain amount of money per hour. He stated several of the vendors are researching this now.

Mr. Kall noted Capital Reserve, and stated they are taking \$500,000 and putting it into Capital Reserve. He stated currently they have approximately \$583,000 in Sewer Capital as of the first of the year. He noted Page 7 which shows the projects they propose doing in 2014 including Buck Creek interceptor lining where they have significant I and I.

Mr. Menard asked if there has ever been a total assessment of the mains in the Township. Mr. Kall stated they investigated most of the older sections this year. He stated there are unique characteristics to every section of the Township. He stated they had to spend significant fees on contracted services around the Rose Hollow area due to build up of grease from the supermarkets and restaurants, and they are looking to adopt a grease trap Ordinance in 2014. He stated the Buck Creek section is an older section where there are a significant number of trees roots resulting in failures to the lining which needs corrective action.

Mr. Kall also stated that this year they are looking at replacing electronics in certain sections, and they have Budgeted for this. He stated they may also need to make a contribution to Bucks County Water and Sewer for the Neshaminy Interceptor improvements. He stated they also need to pay engineering fees for the permanent pumping station at Derbyshire. He stated they are also looking to rebuild the Stackhouse pumping station which is an ejector pump station which they may change to a wet well pump station. He stated this is a very old system, and there was one overflow this year which they were cited for. He stated the cost for this improvement would be approximately \$150,000. He also noted the Derbyshire by-pass project which they added in as Plan B which is the temporary pump station.

Mr. Menard asked about the improvements for which the Township is going to be assessed for Morrisville, and Mr. Kall stated they do not usually hear anything from Morrisville until the end of December when they discuss what they will do in the following year. He stated they have Budgeted approximately \$250,000 a year to support the Morrisville Capital Projects.

Mr. Fedorchak stated he and Mr. Garton are still engaged in negotiations with the Yardley Borough Sewer Authority in developing a new Transmission Agreement. He stated once this Agreement is signed, it will obligate the Township to certain capital improvements within the Borough. Mr. Fedorchak stated he estimated that this could be approximately \$2 million for three different projects and hopefully this could be phased in over a three-year period. He stated they are putting \$500,000 a year in Operating Capital.

Mr. Kall stated Page 10 has the Capital Purchases for the Sewer Department, and they are looking to make two purchases in 2014 one of which is the replacement of his vehicle which is in very poor condition. He stated he needs a pick up or an SUV for the type of work he does. He stated they also need to replace the generator in the Township garage which is grossly undersized, and they have had to put a significant amount of money into it for repairs this year. He stated the generator could cost \$65,000 to \$70,000.

APPROVE INTRODUCTION OF 2014 PRELIMINARY BUDGET

Mr. McLaughlin moved, Mr. Benedetto seconded and it was unanimously carried to approve the introduction of the 2014 Preliminary Budget as submitted by the Township Manager and authorize its advertisement.

SCHEDULE NEXT BUDGET MEETING

It was agreed to have the next Budget meeting on Thursday, October 3, 2013 at 6:30 p.m.

There being no further business, the meeting was adjourned at 8:50 p.m.

Respectfully Submitted,

Dan McLaughlin, Secretary

