

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
BUDGET MEETING
MINUTES – NOVEMBER 14, 2012

A Special Budget Meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on November 14, 2012. The meeting was called to order at 6:35 p.m.

Those present:

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

Others: Terry Fedorchak, Township Manager
 Kenneth Coluzzi, Chief of Police
 Kevin Kall, Public Works Director
 Joe Menard, Citizens Budget Committee
 Bill Clark, Citizens Budget Committee

Mr. Fedorchak noted General Fund Revenue after the Summary Page. He noted the Fund Balance 2012 Projected which is the audited number of \$1.6 million plus. He stated the Township started a little bit better than what was expected as they had projected \$1.55 million. He stated for Real Estate there is no millage increase so the numbers will be about the same at \$1.27 million.

Mr. Fedorchak noted LST which is the \$52 which was implemented starting in 2011. He stated they already have \$195,000 with two months to go this year, so he feels they will exceed the \$200,000 number. He stated Berkheimer collects this tax for the Township, and this tax is for those working in Lower Makefield which could include Lower Makefield residents although in most cases, it is non-residents.

Mr. Fedorchak stated the Per Capita tax is \$10, and they cannot levy any more than this as this is the ceiling dictated by law.

Mr. Fedorchak stated he is projecting approximately \$880,000 for the Deed Transfer Tax. He stated currently they are at \$811,000 and traditionally the last few months are quite low. He stated this could change if there were to be a large sale looming. He stated in 2011 they had only \$780,000 in Deed Transfer Taxes, and this was the lowest amount he

can ever recall. He stated six years ago they had collected \$1.6 million. Mr. Fedorchak stated he is not seeing anything in the real estate market for Lower Makefield that would mean they should project anything much higher for 2013, and he would recommend \$1.045 million for 2013 which he feels is attainable.

Under Licenses, Permits, and Fees, particularly the Cable TV Franchise Fee, Mr. Fedorchak stated they are looking at approximately \$650,000. He stated as recently as 2008, they received less than \$500,000 so this has increased by \$150,000. He stated he feels that this is due to increased prices being charged by Comcast and FIOS. He stated the Township gets a 5% fee on certain product lines from Comcast and FIOS. He stated Police fines remain the same at approximately \$115,000.

Mr. Fedorchak noted the rental income from the two communication towers – the Nextel tower off Woodside and the SBA tower behind the Municipal Building. He stated these have been in place since 1998, and there is a ground lease and a co-locator rental fee built into the contract, and the Township captures approximately 40% of the revenue for the co-locators. He stated over the last few years this has amounted to a number equal to approximately one half mill of taxes. He stated in 2008, the Township received approximately \$280,000 so this has gone up in the last three years.

Mr. Stainthorpe noted Interest Earnings, and stated the Township earned almost \$4,000 this year, but they have budgeted just \$2,000 for next year; and Mr. Fedorchak agreed to change this to \$4,000.

Mr. Benedetto noted the delinquent real estate taxes, and stated when he attended PSATS there was a presentation by an outside agency that goes after this. Mr. Fedorchak stated these have gone up somewhat over the past year. Mr. Benedetto stated there may be habitual offenders. He stated he feels \$65,000 is a fairly significant amount. Mr. Menard stated at the end of the year if there are any unpaid taxes, there is a lien; and a levy is then put on so that there is really not a lot of collection that the Township can do.

Mr. McLaughlin joined the meeting at this time.

Mr. Benedetto stated he feels that there is a lot of money that is not being collected for the Local Services Tax. Mr. Menard stated Berkheimer should be able to provide a comparison from one year to the next to see who has been missed. Mr. Benedetto stated there are a number of businesses coming into the Township, and he feels that number should be growing and it seems to be stagnant from 2011 to 2012. Mr. Benedetto stated he feels they should look into this. Mr. Fedorchak stated he feels it would be good to have a discussion with Berkheimer to see what they have done and how to find out who they are missing.

Mr. Menard stated he would like this broken down in the future from Berkheimer between collections on current levy and collections on delinquents. Mr. Fedorchak stated he feels this would be a good discussion for the Citizens Budget Commission.

Mr. Benedetto stated he felt that there was a thought that there was an exception for small business owners when in fact there is not. Mr. Fedorchak stated there is not and the exception is based on income. Mr. Stainthorpe stated there is an exception if you make less than \$12,000. Mr. Benedetto stated he feels that there are a lot of small business owners in the Township who do not know about this or have chosen to ignore it. Mr. McLaughlin asked how they would know about it, and Mr. Fedorchak stated Berkheimer sends out bills and takes care of all the collection aspects.

Mr. Benedetto asked about the impact of Regency on the Transfer Taxes, and Mr. Fedorchak stated he feels that \$1 million is attainable for 2013.

Mr. Benedetto asked about Patterson Farm rent, and he asked if the rent is only from Sam Stewart and Bright Farms; and Mr. Fedorchak stated they also get \$100 a month from Colleen Atarra.

Mr. Menard asked if the Township's Agreement covers the mobile and security bundle services to be offered by FIOS and Comcast, and Mr. Fedorchak stated it does not.

Mr. McLaughlin asked if there is a mechanism for them to audit Comcast and FIOS, and Mr. Fedorchak stated there are two areas he would like to have audited one of which is the rent received for the communication towers. He stated he feels it would also be good to have an audit on the Cable TV component, and they could discuss this in January.

Mr. Benedetto noted Code Enforcement, and stated it seems surprising that the number is zero since he is aware of a few issues that came up during the Zoning Hearing Board Hearings indicating that things were not being enforced even though the Township was aware of them. Mr. Fedorchak stated this may be dropped in another category, and he agreed to look into this further. Mr. Stainthorpe asked if they ever collect any fines since he felt they usually ask for corrective action and it is taken care of. Mr. Fedorchak stated some of these issues do go to Court, and the Court then gets the Court costs. He stated rarely does the Township get the amount of money they are asking for. He stated there is not a lack of enforcement on the part of Planning and Zoning.

Mr. Benedetto stated the other enforcement issue he hears about is the election signage that does not come down even though they are required to have them down in ten days. Mr. Stainthorpe stated the Township no longer issues permits for election signs. He stated this was done previously, and it was declared un-Constitutional so there is not a mechanism to enforce this. Mr. Benedetto stated there is an Ordinance which indicates that the signs are to come down in ten days.

Mr. McLaughlin stated at the last meeting there was discussion about \$475,000 from Regency, and he asked where this is in the Budget; and Mr. Fedorchak stated this will be in Capital Reserve.

Mr. Fedorchak noted the COPS Grant has been eliminated, and there will be nothing in 2013. Mr. McLaughlin asked Chief Coluzzi if there are any other Grants, and Chief Coluzzi stated there are very few.

Mr. Fedorchak stated with regard to the State Grants in 2012 the Township picked up \$69,000 which was put in the year before for the costs associated with Hurricane Irene and Tropical Storm Lee. He stated at the time it was declared a disaster area, and the Township met the thresholds. He stated at the last Supervisors' meeting there was discussion about Township costs associated with Hurricane Sandy, and he does not feel that the Township will be getting any money. Mr. Stainthorpe stated the County did not meet the threshold. Mr. Benedetto asked Mr. Fedorchak if he is still getting the numbers in for costs for Hurricane Sandy, and Mr. Fedorchak stated he feels costs will be approximately \$30,000 in overtime. He stated they had to use some contractors as well so he feels the costs will be \$50,000 to \$60,000 additional. He stated there are also damages in addition to this including the newly-renovated tennis courts where the fencing was damaged. He stated Ms. Liney has been unable to get the contractor out to give the Township a full assessment of what corrective action is necessary, and he feels it will be substantial. Mr. McLaughlin asked if this would be covered by insurance, and Mr. Fedorchak agreed that it would subject to the deductible. Mr. McLaughlin stated it seems that the Township costs for the storm could be approximately \$100,000, and Mr. Fedorchak agreed.

Mr. Benedetto stated he understands they do not feel that the Township will be reimbursed for the costs for the Romney Rally, and he asked the amount this cost the Township. Chief Coluzzi stated his costs were \$12,000 for the Police overtime. He stated they also used tactical teams, and he does not have a number for this yet. Mr. Benedetto asked if they feel they are going to be reimbursed for this, and Mr. Fedorchak stated they do not. Chief Coluzzi stated they do put in for the funds to the Committee and hope that someone will pay them.

Mr. Fedorchak noted State Pension Aid and stated the Township will get close to \$400,000 this year. He stated last year the Auditor General claimed that due to their Department's enhanced revenue efforts, they were able to pick up additional funds, and they picked up two extra quarters. He stated they are now back to a number that will be approximately \$380,000 to \$400,000, Mr. Fedorchak stated they do have fewer personnel now. He stated the way the formula works is that you get two credits for Police Officers and one credit for non-uniform and each year the State indicates how much a credit is worth. Mr. Fedorchak stated they are picking up additional Police Officers, but they are down one employee in Park & Rec and down a Finance Director.

Fees were noted including Police overtime reimbursement. Chief Coluzzi stated when they do any type of operation for the Attorney General's office or the District Attorney's Office, they are reimbursed; and they projected they will probably be reimbursed \$94,000 in 2013 for Police overtime.

Mr. McLaughlin asked about the rate paid, and Chief Coluzzi stated that Mr. McLaughlin had suggested last year that the fee schedule be upgraded to \$60 per hour last year. Mr. McLaughlin asked if they could increase it again since last year they indicated that the average of what the salaries go up should be what the reimbursement increase should be. It was noted that the salaries will increase 3%, and it was agreed to increase the reimbursable rate to \$65 per hour which is an average rate.

Chief Coluzzi noted that if there are Police services needed for a local business that is making money from their activities which result in Police overtime, they do charge them because it is impacting public safety.

Mr. Fedorchak noted the fees that Ms. Frick's Department collects; and in 2012 there was an increase largely because of Regency, but also from other developments as well. Mr. Stainthorpe stated he feels that they are being too conservative for 2013; and if the Township hits a number this year, they should have it close to that number in 2013 as well. Mr. Stainthorpe stated he feels they should mirror the 2012 actual. Mr. Fedorchak agreed to do this. Ms. Tyler asked how far they are into Regency, and Mr. Fedorchak estimated that they are only at approximately 12%.

Mr. McLaughlin asked if they should raise the Permitting Fees because of increased costs to the Township. Mr. Dobson asked how Lower Makefield ranks compared to other Townships in the area; and Mr. Fedorchak stated Ms. Frick has done some research on this, and he will ask her to address this and let him know. Mr. Stainthorpe stated he feels they did raise them some time ago because they had not raised them for ten years ago. Mr. Fedorchak stated they did this for the Plan Review Filings, but not for the Permits. He agreed to look into this further. Ms. Tyler stated she discussed this with Ms. Frick who indicated that they had not been raised since the late 1980's. Mr. Stainthorpe stated he does not feel they should ever let ten to twenty years go by without raising fees.

Mr. Benedetto stated he feels it would be a nice gesture for those impacted by Hurricane Sandy, that the Fees be waived for those needing a Building Permit. It was noted that this would be difficult to audit. Mr. Fedorchak stated he feels that those having work done would have this covered by insurance. He stated he would like to discuss with Ms. Frick how many Permit requests she has seen relative to Hurricane Sandy so far.

Mr. Dobson noted the School District Crossing Guards cost and asked when the Township gets paid, and Mr. Fedorchak stated it is paid toward the end of the year. He stated this is money owed to the Township which is paid by the School District.

Mr. Benedetto asked about the recycle yard fees and the note about limiting it to Township residents. Mr. Benedetto asked Mr. Kall about the recycle yard usage. Mr. Kall stated for the contractors, it is a “steal” as they are only charged \$100 a month. He stated he is in the process of overhauling this rate now. He stated he met with the Fleming brothers from Shady Brook, and he wants to have a consistent price with them for the contractors. Mr. Kall stated he wants to charge contractors by the truckload as Shady Brook does. Mr. Kall stated Shady Brook is still getting a significant amount of material, and he wants to be in unison with them and charge the same fees. Mr. Benedetto asked how this effects the mulch, and Mr. Kall stated this year they will have a significant amount of mulch which is made available to the residents. Mr. Kall stated with regard to the recycle yard, he proposes that they charge the contractors by the truckload in three different categories, and keep it open to contractors in the Township. He stated they would set up an account, and they would charge the contractors’ account and send them a bill the end of the month. There will be no cash business.

Leaf assessment revenue was noted, and Mr. Fedorchak stated it is currently \$50. He stated they increased this by \$10 a few years ago. Mr. McLaughlin asked if they are saving any of this to cover the tub grinder needed in the future; and Mr. Fedorchak stated they are not currently, but this is something they should discuss when they review Capital Reserve. Mr. Fedorchak stated what is being collected currently is slightly more than what is needed to cover operating expenses. Mr. McLaughlin stated the Township received very few complaints about the leaf assessment increase, and he feels people are receptive to the leaf assessment increases as a cost of doing business as opposed to the potential of not having this service. Ms. Tyler stated she does not feel they should increase it until they buy the new tub grinder as this would be justification for the increase. Mr. McLaughlin stated while the assessment has been increased, it has just covered the cost of providing this service and not putting funds aside for the purchase of a future tub grinder. He stated if they increase the assessment, he feels it should be allocated for the new tub grinder. Mr. Fedorchak stated they can start doing this. He also stated they are looking at doing some things differently with the staging area which will also be a cost; and he feels they should look at capital expenses on a going-forward basis. Mr. Stainthorpe stated they may want to increase this and start putting it into a capital reserve fund to cover the cost of the tub grinder which could cost \$800,000. Mr. Fedorchak stated they also need two leaf vacuum machines. Mr. Fedorchak stated Mr. Kall is going to start looking into this.

Mr. Menard stated the Citizens Budget Committee has complained for the last few years that the surplus has gone well above Safe Harbor. He stated the Committee feels that the Township should go back to the first year that they increased the leaf assessment \$10 and find out what the excess is, and move that into the Capital Improvement Fund.

Mr. McLaughlin stated Mr. Fedorchak has indicated that the increase has just matched the expenses. Mr. Fedorchak stated he is not sure of the exact amount, and he does not feel it will be a big number that could go into the Capital Improvement Fund; but he did agree to look into this. Mr. McLaughlin stated he is not sure that they need to go back, but they should lay out a plan at this time going forward.

Mr. Dobson noted Page 3 – Inter Fund Operations. Mr. Fedorchak stated this is coming from the Delaware Valley Insurance Trust, Property Casualty, and Workman’s Comp; and in each case the dividend is a function of the group’s experience and the Township’s experience. He stated 2012 are hard numbers, and 2013 is a conservative number.

Mr. Fedorchak stated they employ an actuary to determine what they are comfortable giving. Mr. Dobson noted what has been Budgeted, and Mr. Fedorchak stated he could add another ten to each.

Mr. Benedetto asked about the \$25,000 Golf Course Inter Fund, and Mr. Stainthorpe stated this is to cover office expenses – accounting, etc.

Mr. Fedorchak stated he feels overall the Township is doing well, but there are no significant growth items in any one of these unless the Deed Transfer Tax were to increase. He stated he feels the Township will be at around \$10 million which is where they have been for the last couple of years.

POLICE DEPARTMENT BUDGET

Chief Coluzzi stated they have already discussed the \$94,000 overtime reimbursement, and they also have Licenses and Permits which are projected at \$9,900. He stated fines and Code Enforcement would be \$132,000 in revenue. Mr. Dobson stated his copy shows that \$117,000 is projected, and it was agreed to change this up to \$132,000.

Chief Coluzzi stated most of the Federal Grants have dried up. He stated they do get the ballistic vest reimbursement. He stated vests are good for five years and every time they replace them, they apply for reimbursement.

Chief Coluzzi stated they are projecting \$329,000 in total revenue for 2013.

Chief Coluzzi stated there will be a 3% increase in salaries; and they took all the personnel services including salaries, overtime, and Court time, and they raised it by 3%.

Chief Coluzzi stated there is a 6.4% increase over last year which is \$4,474,402 for the total Police Budget for 2013.

Chief Coluzzi stated the other big item in the Police Budget is the increase for the mobile radios because of the FCC mandate. He stated they have to turn over all of their radios to make them compatible with the narrow band. Chief Coluzzi was asked if the County is helping out, and he stated they are helping out by buying in bulk and passing on the savings. He stated this was supposed to start in 2012, and they delayed it to 2013. Chief Coluzzi stated they are also giving them five years so it will be \$56,000 each year for five years.

Mr. McLaughlin expressed concern about the impact of this on Yardley Borough, and Chief Coluzzi stated there had been discussions about Lower Makefield taking over the Yardley Borough Police services; however, Yardley was not interested in this.

Mr. Menard stated he has estimated that Lower Makefield provides approximately 2,250 hours of services to Yardley for which Lower Makefield is not getting reimbursed. Ms. Tyler asked why they are not getting reimbursed from Yardley Borough. Chief Coluzzi stated Lower Makefield Police back up Yardley Borough Officers because if one Yardley Borough Officer is making an arrest and is out of service for a number of hours, Lower Makefield Officers cover the Borough. He stated they cannot leave the Borough un-policed. Ms. Tyler asked if they bill the Borough, and Chief Coluzzi stated they do not. Mr. Menard stated he feels Yardley Borough should be advised that while they will cover Yardley, they are going to get billed for this.

Mr. McLaughlin stated he feels the taxpayers should know that they are subsidizing Yardley, although he recognizes that they do have to back up their Officers. He stated he feels they should be discussing this with the Yardley Borough Mayor. Mr. Dobson stated Lower Makefield has been doing this for Yardley Borough year after year.

Mr. Stainthorpe stated there is also a discussion needed with Yardley Borough as they are looking for a significant amount of money from Lower Makefield for the sewer.

Mr. Stainthorpe stated his concern is that if they bill Yardley for Police services and they indicate they do not have the money, he questions what they would do then. Chief Coluzzi stated Lower Makefield surrounds Yardley Borough; and if they did not provide those Police services and Police from other Municipalities are called to cover Yardley Borough, they will question why Lower Makefield is not supporting the Borough. Mr. McLaughlin stated he feels Yardley Borough is not providing their residents with adequate protection because they know Lower Makefield will cover them.

Chief Coluzzi stated he and Mr. Fedorchak went before Yardley Borough Council and they were not well received; however, he still feels they need to back up the Yardley Police Officers. Mr. Menard stated when it results in a routine occurrence of coverage rather than an emergency, this is where they should draw the line. Chief Coluzzi stated when Yardley has a Police Officer on duty, and that Officer is involved in an arrest that takes him out of service, Yardley has the responsibility to provide another Police Officer to provide coverage; but they do not seem to take on that responsibility. Mr. Menard stated Lower Makefield should not be covering for their basic responsibilities and should only cover in an emergency. Mr. McLaughlin stated Lower Makefield Officers have been hurt working in Yardley Borough.

Mr. Stainthorpe stated he feels the Manager and Solicitor could meet with Yardley Borough at the Board's Direction. Mr. Fedorchak stated he feels they should establish a fee per call and work with the Township solicitor on this; and he and the Chief could then meet with Matt Sinberg to discuss what they are planning on doing. Ms. Tyler stated this would be similar to what the State Police do. Mr. Fedorchak stated he feels ultimately they would need to have a General Resolution on this not specifically directed to Yardley Borough.

Mr. Stainthorpe asked what this would do with their relations with other neighboring Police Departments as they do sometimes rely on them for mutual aid, and Chief Coluzzi stated they do all come together and it will be brought up that this is what Lower Makefield is doing. Mr. Fedorchak asked if there are times when Middletown comes in to help Lower Makefield, and Chief Coluzzi stated they do. Mr. Fedorchak stated he therefore feels there should be some kind of credit. Mr. McLaughlin stated he feels they help other Police forces in the area who also help them at times when it is needed. Ms. Tyler stated they will always give mutual aid without a charge, but they are covering Yardley and going beyond mutual aid. Mr. McLaughlin stated it seems that Lower Makefield is Yardley's safety net, and they are getting these services from Lower Makefield for free.

Mr. Stainthorpe stated the proposal that was presented to Yardley was that they would pay Lower Makefield for Police coverage with Chief Coluzzi as the Chief of Police who would report only to the Lower Makefield Board of Supervisors; and the service would be provided for cash. Chief Coluzzi stated their Mayor was adamantly opposed to this proposal.

Mr. Menard stated Yardley Borough also uses the Township's Municipal Works gas pumps and facilities, and he asked how this is charged back to them. Chief Coluzzi stated Public Works keeps an account, and they are charged. Mr. Menard stated he feels there should be a 25% surcharge, and Mr. Dobson agreed. Mr. Fedorchak stated he feels they could add 10%.

Chief Coluzzi noted vehicle parts and supplies, and this is due to some accidents and maintenance issues on some of the cars. He stated they do get some of that back from Delaware Valley Insurance Trust.

Mr. Dobson asked if the Police Department ever rents out the pistol range, and Chief Coluzzi stated they do not. He stated they do not rent it out but they do allow some State Police and the FBI to use it. He stated they did cut this down a lot due to wear and tear on the range.

Mr. McLaughlin stated there is a gap, and he asked if there is anything that can be done. Chief Coluzzi stated there are some small items.

Chief Coluzzi stated they have a replacement schedule for Police vehicles, and they are asking for three replacement vehicles. He stated they also want to do some work on the range. He stated they also need a secure property structure for when they take in vehicles. He stated currently if a vehicle is take in because it was involved in a crime, they have it taped off in the maintenance garage; but this is not the best way to secure evidence, and they need a more secure area. He stated they have put in \$6,000 for this structure.

Mr. McLaughlin asked if they could only get two new Police cars, and Chief Coluzzi agreed to do this although it is not his preference. Ms. Tyler asked how many years they get out of cars in the three phases of their use, and Chief Coluzzi stated he uses the cars until they “die.” He stated he has cars from 2005. He stated they have tried different cars since they no long make the Crown Victoria to see what works best.

Chief Coluzzi stated he would prefer having the third car and not do the range repairs. Mr. Stainthorpe stated this is part of the Capital Budget, and he would prefer to review this in the context of the entire Capital Budget.

Mr. Dobson asked if they anticipate any retirements in the Police Department; and Chief Coluzzi stated no one has made an announcement yet although they feel there may be one.

Ms. Tyler asked if buying is the best option for Police vehicles; and Chief Coluzzi stated it is because of the way they recycle the vehicles and modify them with cages, etc.

Mr. Benedetto asked what happened with cars last year; and it was noted that while they requested three, they only got two. Mr. McLaughlin stated if they only got two cars last year, they should go with the three this year. Chief Coluzzi stated he would prefer eliminating the work proposed at the pistol range which was approximately \$26,000. Ms. Tyler suggested an option for getting work done at the pistol range, and she agreed to work with Chief Coluzzi on this.

Mr. McLaughlin noted the vehicle inventory list that had been provided; and he stated assuming every asset is insured, he wants to make sure that every vehicle is being used. He particularly noted a 1997 Crown Victoria. Mr. Kall stated there may some vehicles still on the property that went up for bid last year but did not meet the minimum requirement. Mr. McLaughlin stated if they are still being insured by the Township, there should be a way to cull the list of assets that are not used. Mr. Fedorchak stated if they are not using them, they should get them off the policy. Mr. Kall stated he is working on getting rid of some vehicles. Mr. McLaughlin stated removing vehicles that are no longer used may save some money on insurance.

Chief Coluzzi stated he has learned that the Rescue Squad reimbursements are not coming in as they should from insurance and Medicare. He stated they have been using a collection agency but it has not been operating as it should be and they were only averaging collections of about 45% to 48% which equates to approximately \$250,000 of short fall in billing. Mr. Menard stated it is not the billing that is going down, it is the collection on the billing. Chief Coluzzi stated he was just made aware of this problem.

Mr. McLaughlin asked if this is part of the Township's Budget, and Mr. Fedorchak stated there is a quarter of a mill dedicated toward ambulance which is \$125,000. He stated they cut them a check each year for \$125,000. Mr. McLaughlin stated he understands they are in charge of their own billing and the Township does not do this, and it was noted this is correct. Chief Coluzzi stated they are a 501C3 with a Board of Directors.

Chief Coluzzi stated in 2008 he started looking into the management of the Rescue Square because of a problem they had at that time. He stated since 2008 they have been just about meeting their administrative and operation costs. He stated they had an excess for a year or two; and they took that money and put it in reserve and about two years ago, they purchased an ambulance with that and did not ask for help from the Township, and they are currently paying a monthly payment on that loan and will be done paying for it in 2013.

Chief Coluzzi stated with the issue with the billings coming in, there is a \$250,000 shortfall. He stated he is able to make payroll on the 15th, but does not feel he will be able to make it the end of November so they may lose the ambulance squad.

Ms. Tyler asked who sends out the bills, and Chief Coluzzi stated there is a billing agency; and they have just given them thirty days notice that they will no longer use them. He stated effective tomorrow they are sending all new bills to a new billing agency. He stated he met with the new billing agency last week and was impressed with them, and hopefully they will come through.

Chief Coluzzi stated another thing they have done is that the employees will contribute 20% of their medical. He also reviewed a change in payment for time off. He stated they are also offering a subscription drive for each family for \$65 per family; and if you need an ambulance everyone in the family will be covered, and while they will go to the insurance company for collection if you are insured, they will not go after the family for the out-of-pocket costs. He stated they also have a Fund Drive, and they usually get approximately \$100,000 from this. Chief Coluzzi stated they also cover Yardley Borough, and Yardley Borough contributes \$15,000.

He stated they get about \$100,000 in donations and about \$500,000 in billings. He stated they hope that the new billing agency will do better than this. He stated while they feel they can get back on their feet, they will need help from the Township in the form of an advance of \$124,600. He stated they will need to increase the millage to meet the shortfall or get some monies from some other source. Mr. McLaughlin stated he understands that they are looking for next year's millage now, and Chief Coluzzi agreed.

Mr. McLaughlin asked for further information about the billing problem, and Chief Coluzzi stated he does not feel the other firm was doing a good job although there are other issues with less people having insurance as well as a more complicated process to get reimbursed from the insurance companies and the billing company was not working as hard to get this money. He stated they had used ARS for the last five to six years, and in the past they were collecting approximately 65%. It was noted ARS was getting a flat rate and the new company will receive a percentage of what they collect. Chief Coluzzi stated the new company, Multimed, will get 9% of what they collect.

Mr. McLaughlin asked what would happen if the Rescue Squad was to close down, and Chief Coluzzi stated another ambulance company will try to service the Township if they are available. He stated the radio room has a "pecking order." It was noted this could add to response time.

Mr. Fedorchak stated Chief Coluzzi is being proactive and taking a number of steps to enhance revenue and hopefully this will resolve the problem; but assuming the worst and revenue streams do not improve and this is projected into 2013, he asked what the deficit would be. Chief Coluzzi stated it would be \$300,000. Mr. Fedorchak stated he feels this is where they need to start; and he noted that \$300,000 in terms of millage is .6 mills.

Mr. McLaughlin asked about the number of crews; and Chief Coluzzi stated in order to be cost efficient, they work in teams of two and try pair up a paramedic with an EMT. He stated they work 24/7, and they have ten employees.

Mr. Stainthorpe stated there was a Referendum on the ballot to raise the millage for the Emergency Squad or the Fire Company, and Mr. Fedorchak stated he will check into this. Mr. Stainthorpe asked why they went to a Referendum on this, but Mr. Fedorchak stated he did not know. Mr. Stainthorpe stated he does not feel that this could wait until the Primary Election for a Referendum.

Chief Coluzzi stated the Fire Company gets .90 mills, Fire Hydrants get .25, and the Rescue Squad gets a quarter mill. Mr. Benedetto stated he feels this is an essential service, and they need to increase this. Mr. Stainthorpe stated he does not want to raise taxes, but they must have a viable Rescue Squad. He stated this is a real quality of life issue. Mr. McLaughlin stated possibly they could reduce the millage from some other area and put add it to the Rescue Squad. Mr. Stainthorpe stated they need to consider this in terms of the whole Budget and possibly this could be done without raising taxes. Mr. Stainthorpe stated Lower Makefield is considered a premier community, and a Rescue Squad is something that is very important.

Mr. Fedorchak stated this is being presented as an advance which is essentially a short term borrowing, and they could structure this as an inter-fund borrowing.

Mr. McLaughlin moved and Mr. Benedetto seconded to up front the 2003 .25 mills in the amount of \$124,650 immediately to the Yardley Makefield Emergency Squad to cover expenses and payroll.

Ms. Tyler asked if Multimed will be picking up the amounts that ARS dropped, and Chief Coluzzi stated he is not sure about this. Ms. Tyler asked if the billables come back in again at 65% with the new billing company, will they be in a safe zone; and Chief Coluzzi stated they will be. Board members indicated that it was still important to increase the millage so that the Emergency Squad is not in this situation again. Mr. McLaughlin stated he feels they should also include Yardley's contribution to the Rescue Squad when they have their discussion with Yardley. Mr. Menard stated the Citizens Budget Committee is in the process of doing an analysis of the calls.

Mr. Dobson asked if the response time would increase dramatically if the Rescue Squad were no longer in Lower Makefield, and Chief Coluzzi stated he feels this would be a problem. Mr. McLaughlin stated he feels the Supervisors are elected to make sure that people are safe; and he feels that while other items are nice to have, it is most important to stabilize the Emergency Squad.

Mr. Menard stated they should also discuss the Capital needs for the Rescue Squad. He stated there needs to be a reserve for their Capital items, and he is working on this.

Chief Coluzzi stated with the new billing company, the Township's help, the cuts, and the Fund Drive, he feels they should be able to start putting some reserve away.

Mr. McLaughlin asked if they could put the funds from the sale of the Satterthwaite House into the Rescue Square; and Mr. Fedorchak stated this may be possible, and he would like to look into this.

Mr. Fedorchak stated for the short-term, they are going to have an inter fund transfer and give the Rescue Squad the money, but they need to look at a sustainable revenue stream of approximately .6 mills going forward. Mr. Dobson stated he feels they need to look at re-allocating the millage they have to see if they can make it work without having to raise taxes.

Motion carried unanimously.

Mr. Benedetto stated he feels this needs to be brought up at the next regular Board of Supervisors meeting.

Mr. Benedetto stated he feels they can come up with some revenue streams with the Pool and the fees charged for Permits. Ms. Tyler asked Mr. Fedorchak to follow up with Ms. Liney for the records she requested from her for the Pool. Mr. Fedorchak stated he also feels it would be helpful if he were to generate a multi-year forecast for the General Fund.

PUBLIC WORKS BUDGET

Mr. Kall stated Revenues are minimal, but he would like to increase the recycle yard fees.

Mr. Kall noted Building Maintenance under Expenditures, and stated there is a slight increase in personnel services of 3% for the one employee. He stated this is contractual. He stated there is also a slight increase in minor equipment, and they need to change out some heating/HVAC equipment in the Public Works garage. He stated utilities will stay flat. Repairs and Maintenance shows an increase due to the fact that some of the heating equipment in the Municipal Building is old and needs to be replaced. He also stated some of the plumbing needs to be replaced. Mr. Kall stated there is a \$2,000 increase in HVAC system for the Township Building because of immediate repairs that need to be done January 1 based on directives because of the poor heating system. He stated there are also immediate repairs needed to replace two doors at the Public Works garage.

Mr. McLaughlin asked that Mr. Kall look at these costs again to see if anything could be reduced.

With regard to Recycling, Mr. Kall stated he is looking to reduce personnel services at the recycle yard as there were inefficiencies that were not followed up with in previous years. Mr. Kall stated Parts and Supplies will stay flat for 2013 as will diesel fuel. He stated for Recycling there is actually a few hundred dollars in reductions.

With regard to Leaf Collection, Mr. Kall stated he left personnel services flat for 2013, but he anticipates that number will be much lower due to the efficiencies that were created this year by having their people stay out in the field and not bringing them in for lunch which resulted in an easy two hour production per vehicle. He stated the total leaf collection they are anticipating is approximately \$9,000.

Basin maintenance was noted, and he feels it would be good to stop the contracted services they currently have to cut the basin and they will do this in house. He stated this was done for quality control so as to better appease the residents. He stated they are going to see if they can get out of the two-year Contract based on customer complaints. He stated they would still hire two seasonal workers.

Ms. Tyler asked if Basin Maintenance includes clean up and could they partner with GOAL on this. Mr. Kall stated he feels these tasks could be handled by the seasonal employees. Mr. Stainthorpe stated that was a special clean up and these costs being discussed are just for cutting the grass.

Mr. Stainthorpe stated the EAC has pushed a program for the basins to go natural; and he stated if they are continuing this, the costs should be going down. Mr. Kall while it should, the maintenance cost of cleaning out the basins once the outflows become clogged is actually an increased cost even though it reduces the costs for cutting. He stated residents who live in the vicinity of a detention basin that has gone natural “hate” it. He stated there are ramifications of not cutting them as there is additional work involved to clean them out which sometimes is more of a financial impact. He stated he would prefer to cut them all.

Highways were noted and Personnel Services show a significant increase. Mr. Fedorchak stated he feels the numbers that were offered by Mr. Kall’s predecessor were not accurate, and they were too low. Mr. Kall stated they are looking to offset as much as possible with Liquid Fuels, but to bring up Personnel Services to what it should be, they have to show a significant increase because of oversights that were made in the past. He stated there were mistakes made with the numbers when the Budget was submitted last year.

Mr. Kall stated for road signs, there is a significant amount of line striping that needs to be done in and around the School areas that was requested by the Police Department. This is considered to be “road signs.” Chief Coluzzi stated they have a signal maintenance contract, and there are crews that go around the Township and point out

deficiencies. He stated the Police Department then extracts from that things that they believe the Road Department can do at a less cost than contracting it out so it will save the Township money.

The increase to Minor Equipment was noted, and Mr. Kall stated these are “must-needed” items in the Garage including an A/C recuperation machine so that they can recover the refrigerant out of vehicles. He stated in the past they were bottling it and then sending it to a vendor as it cannot be used. He stated this machine will allow them to extract the refrigerant, scrub it, and put it back into the system. Mr. McLaughlin stated he feels this should be Capital, and it was agreed that they will move this. There were some other items noted that will also be moved.

Mr. Kall stated there is a small increase in snow removal. Mr. Stainthorpe asked why they are showing \$51,380 projected for 2012 if they have only spent \$12,000. Mr. Fedorchak stated if they have a significant storm before the end of the year, it could cost a significant amount of money. He stated the storm which occurred three years ago from December 26 through December 29 was an \$80,000 storm. There was a question as to where snow removal expense was shown. Mr. Menard stated this is a problem they have been having since all the costs are not all in the same place.

Mr. Benedetto noted road repairs, and asked if the \$438,000 includes all of the parts, supplies, benefits, etc. Mr. Kall stated the \$438,000 constitutes any type of work they do in the roadway. He stated this includes catch basins, manhole repairs, cold patch work and work with the contractors hauling the millings. Mr. Benedetto stated he knows they spent more money this year than they have in years past. He stated he feels roads are an essential aspect of what they should be doing. He stated he feels they are still spending less than what is needed. Mr. Stainthorpe stated he understood that the engineers did not know what was going to be under some of the roads, and everything was better than what they expected so they actually saved money. He stated he would like to see total highway maintenance Budget closer to what was actually spent this year. Mr. Benedetto stated the \$750,000 was the number from Jim Majewski and Hank Hoffmeister.

Mr. Fedorchak stated they are discussing road resurfacing and none of that is in Operating Expenses since they took it out of Capital. Next year they will see it all comes out of Liquid Fuels and there will be \$700,000 in Liquid Fuels.

SEWER BUDGET

Mr. Kall stated he met with the sewer engineer and they revised the Ten Year Plan as they needed to include several significant projects one of which was the Derbyshire Pumping Station. He stated he met with the Director of Morrisville's Sewer Authority and no capital improvements are planned for the next few years, but there is still the \$200,000 contribution made on a yearly basis. Mr. Fedorchak stated Morrisville bills Lower Makefield for the capital improvements and when they do this, they provide all the back-up documentation. He stated they do not have a multi-year capital forecast from them which indicates specifically how much it will be each year, they have come up with these numbers. He stated he is hearing from Mr. Kall that they should not be surcharged for the capital improvements so that will give the Township an extra \$200,000.

Mr. Kall stated the Township makes contributions to the Yardley Borough pumping station, and based on discussions with the previous engineer, the sewer engineer, and the current engineer for Yardley Borough, a small capital improvement will be incurred to help build that station.

Mr. Kall noted Item #4 which is a contribution that Yardley Borough is looking to joint with Lower Makefield to enhance their infrastructure which is very old. Mr. Fedorchak stated this is the amount Lower Makefield owes them for certain improvements Yardley made some years ago. He stated there was also the Canal interceptor project for which Yardley owes Lower Makefield. Mr. Fedorchak stated they are still in the middle of negotiations on the numbers.

Item #5 was noted, and Mr. Kall stated they are looking to line the Buck Creek interceptor in 2013. He stated this will cut down in the I & I (Infiltration and Inflow).

Item #8 was noted, and Mr. Kall stated this is to replace and enhance a number of the electrical components in some of the metering stations. He stated they also need to upgrade the Stackhouse pump station which is an older pump that needs to be replaced.

Item #12 in the amount of \$195,000 was noted, and Mr. Kall stated this is a charge they have not incurred yet. He stated it was \$100,000 for this year and \$95,000 for 2011, and since it has not yet been charged to them, they put it in for 2013. He stated they are still waiting for the bill from Bucks County Water & Sewer.

Item #14 was noted which is for a back-up generator. He stated two of the pumping stations do not have back up generators - one is Maplevale and the other will be Chanticleer if it is inherited by the Township. Mr. Kall stated the builder was supposed to give them this, and Mr. Fedorchak stated this was not in the Development Agreement. Mr. Kall stated if they had not been proactive with the generators being brought in prior to the Hurricane, there would have been significant issues.

Mr. Fedorchak stated with regard to Bucks County Water & Sewer he feels that whatever financial obligations will befall Lower Makefield over the next few years it will not be major because Lower Makefield is one of a large group and their percentage of any capital improvement would be 7% to 8% of Bucks County Water and Sewer. He stated this is not the case with Yardley Borough, and they have been negotiating with them for the last two to three years; and he feels they are getting closer to what would be some sort of resolution. He stated because of the amount of flow that goes from Lower Makefield to Yardley, Lower Makefield is looking at picking up 75% to 80% of the cost. He stated Yardley Borough has implemented a ban on all future connections into the system, but there were already approvals for all the Edgewood Village projects with the exception of Flowers Field, so Edgewood Village will be allowed to tap in.

Mr. Fedorchak stated Yardley's engineer, Gilmore, has come up with a solution for the hydraulic overload which is some kind of by-pass that would be a second parallel line that slices through the Borough and connects a pinch point with an area where there are better flows. He stated that parallel line will cost in excess of \$1 million, and the Township's share will be at least \$1 million. He stated they have also identified a number of large sections of line which, although they are located in Yardley Borough, are up closer to University and Sandy Run, and those flows are 99% Lower Makefield. He stated the lines are in terrible shape and will probably cost millions to fix, although he does not know the final number; and it could be \$3 million.

Mr. Fedorchak stated they will also want to do Derbyshire at some point which will be \$5 million to \$6 million so they will need to look at a Bond Issue in the not too distant future. He stated he will be getting more information during 2013 and will discuss this further with the Board.

Mr. McLaughlin asked how far in advance of the initial work can they take out bonds, and Mr. Fedorchak stated at least three years. Mr. McLaughlin stated he does not feel interest rates will get better than they are currently. Mr. Fedorchak stated he has discussed this with Mr. Walker already. Mr. Fedorchak stated there are two major bond issues on the horizon – one having to do with the Golf Course and the other the sewer. He stated with the Golf Course, they are going to seriously look at refinancing the 2002 piece. He stated this is not new debt, and he has asked Mr. Walker to look at restructuring that piece since the interest rates will not be low forever. He stated they will be coming to the Board of Supervisors with something on this early next year. Mr. Fedorchak stated over the next approximately ten years, the overall debt picture across all funds is relatively stable, and then ten years from now it drops off and ten years after that, they would not have any debt.

Mr. Benedetto asked if they would ever consider selling the sewer system.

Mr. McLaughlin stated he feels Bucks County Water & Sewer would take it over, and the Township could get out of the business of sewer. Mr. Stainthorpe stated the last time they considered selling the sewer system, they solicited bids; and the only serious bidder was Aqua American which does not have a good reputation of protecting the ratepayers. He stated the Township decided at that time not to proceed largely for that reason.

Mr. Stainthorpe stated if one Municipal Authority were to buy a system from another Municipal Authority, a public bidding process is not required. He stated this is why Bucks County did not participate last time since they have always made their deals not by being the high bidder, but by protecting the rate payers. He stated Bucks County would be interested in acquiring the system.

Mr. Menard stated he feels there are some negatives to this. He stated they have a \$200,000 contribution from the Sewer Fund to the General Fund, and this \$200,000 will go away. He stated when the proposals came in the last time, the offer was less than book value of the system. Mr. Menard stated when they do construction, Aqua does it with their own construction company. Mr. Menard stated he had asked Aqua if Lower Makefield was going to be treated as their own jurisdiction in terms of rates, and they indicated that they would. Mr. Menard stated everything they have would therefore not go away in terms of the ratepayers.

Mr. McLaughlin stated he feels Bucks County would have the same motives that the Township does as they are a Municipal Authority.

Mr. Menard asked the advantage to Bucks County of taking over this system, and Mr. Stainthorpe stated being a Municipal Authority at the County level they look at acquisitions as to how it can benefit the community. He stated they do not have any shareholders. He stated there could be some efficiencies. He stated currently Lower Makefield is a wholesale customer. Mr. Menard stated Lower Makefield does not have a treatment plant and they have a very minimal crew working in the Sewer Department.

Mr. Menard asked if Bucks County has different rate structures for different systems they have bought over the years, and Mr. Stainthorpe stated they do on a defined basis. He stated when they bought Middletown's system, they were rate protected for ten years; but at the end of the ten years, they come up with the same rates as everyone else; and eventually everyone pays the same rate.

Mr. McLaughlin stated he does not see a downside having the sewer system taken over by Bucks County Sewer & Water.

Mr. Stainthorpe stated Bucks County is a Municipal Authority, and they do not have to go before the PUC to raise rates.

Mr. Benedetto stated last year there was a 25% sewer increase. He asked if they would be looking for a similar rate increase to cover these upcoming expenses, and Mr. Fedorchak stated he anticipates it could be a 15% to 20% increase.

Mr. Dobson stated the improvements at Derbyshire will help them save money.

Mr. McLaughlin stated if they sold the system, they could get a “windfall” of capital that could go toward the roads, a Senior Center, etc.; and he does not know that the Township’s expertise is sewer when there is a Bucks County Water & Sewer. He stated he would prefer to have them take over this and pay the same rates that they will have to pay anyway and possibly get ten years of rate protection. Mr. Fedorchak was asked how much they could get for the system, and Mr. Fedorchak stated once they pay off debt service the net could be \$7 million to \$8 million. Mr. McLaughlin stated he feels they would then be able to do things they feel are needed in the Township.

Mr. Stainthorpe stated the last time this was considered a number of the residents felt that this was a basic service that the Municipality should provide. Mr. McLaughlin stated he feels it may be different if it is Bucks County rather than Aqua. Mr. Stainthorpe stated prior to the time he was on the Board, Bensalem sold their sewer system to Bucks County and sold their water to Aqua; and he estimated that the rates for the sewer went up 10% a year, but the rates went up significantly higher with Aqua and over time it was 60% higher.

Mr. McLaughlin asked how many Townships are with Bucks County currently; and Mr. Stainthorpe stated currently they own the retail systems of Bensalem, Middletown, Hulmeville, Doylestown Township, Plumstead, Richland Township, and New Hope. He stated they also have some of the water systems. Mr. McLaughlin stated he would be interested in knowing the experience of those Municipalities with Bucks County.

Mr. Benedetto stated the Township has done a lot of work on their system; and if it is not a competitive bidding process, he does not know how they would come in with a dollar amount that the Township would feel is competitive. Mr. Stainthorpe stated they would have a consultant come in and do an evaluation of the system.

Mr. McLaughlin stated he feels this is something that the Board of Supervisors should consider in 2013. He stated he is very concerned about the schedule for upcoming repairs and expenses needed since this is an aging infrastructure.

Mr. Stainthorpe stated with sewers there are certain economies of scale.

Mr. Kall stated there has been talk since he started working with the Township about diverting flows from Bucks County Water & Sewer where they are paying ridiculous fees per thousand gallons and diverting them to Morrisville. He stated as a resident he would

like to see more flows moved to Morrisville so they can save money. Mr. Dobson stated they are doing some of this. Mr. McLaughlin asked if Bucks County could do this; however, Mr. Stainthorpe stated he could not really answer this. He stated all the flows from Bensalem, Middletown, and Lower Makefield go to Philadelphia. He stated Morrisville would not be big enough to accept everything from Bucks County Water & Sewer.

Sewer Expenses/Office Administrative was noted, and Mr. Kall stated there is an increase for postage and billing since it was not shown correctly in the past.

There was discussion about gasoline and diesel, and Mr. McLaughlin asked the rate being used. Mr. Kall stated for gasoline they are between \$3.12 and \$3.18 a gallon, and when they did the Budget they were higher, and were at \$3.50 to \$3.60 a gallon so the numbers shown in the Budget are based on those numbers. He stated the rates are variable.

Mr. Kall stated Parts and Supplies are higher due to the aging equipment. He stated there is a slight increase for Minor Equipment to replace some of the equipment they have to work on the sewer system.

Mr. Kall stated they have reduced Contracted Services by \$2,000. It was noted there is a big increase for engineering fees, and Mr. Kall stated a lot of this relates to what is happening with Bucks County Water & Sewer, the Derbyshire project, and Yardley Borough. Mr. Dobson stated when they are not doing a lot, the engineering and legal fees are down. Mr. Menard stated if the fees are related to Capital projects, they should be in the Capital section, and Mr. Kall stated some of those engineering fees have to do with Bucks County Water and Sewer and the interceptor work. Mr. Fedorchak stated this is outside of the Derbyshire projection which would be Capital. Mr. Stainthorpe asked what are the engineering fees related to Bucks County, and Mr. Fedorchak stated the engineers are attending meetings and are putting together forecasts.

Mr. Benedetto stated when they switch engineers, there are costs for them to get “up to speed;” and he asked if this is why some of the costs are higher. Mr. Fedorchak stated he believes it was minimal and they left Edgewood Village with the prior engineer. He stated large projects that were well underway were left with the engineer who was working on them.

Ms. Tyler stated they should look very closely at this year’s billing from Boucher & James, to compare them to last year’s billings.

Mr. Kall stated transmission fees are slightly down, and Mr. Stainthorpe stated it could have something to do with rain events. Mr. Kall stated last year they had a re-lining project and this reduces the infiltration.

Mr. Dobson stated if they divert to Morrisville, they could save significant money, and Morrisville does have capacity. Mr. Dobson stated it is \$6.40 to Philadelphia and \$1.07 to Morrisville. Mr. Fedorchak stated Morrisville wants residential waste to counter the industrial waste. Mr. Kall stated he feels they should consider this for a good portion of the Township. Mr. McLaughlin asked that they look into this further.

Manholes were noted, and it was noted that Actuals have come in at \$40,000 but they Budgeted \$60,000 next year; and it was agreed to put this back to \$40,000.

Mr. Kall stated Pumping Stations is up approximately \$3,000 due to the work that needs to be done, and they may go over that this year.

Mr. Kall stated they need to purchase a scanner to start to send bills electronically.

There being no further business, the meeting was adjourned at 9:45 p.m.

Respectfully Submitted,

Dobby Dobson, Secretary