

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
MINUTES – NOVEMBER 28, 2012

A Special Meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on November 28, 2012. Chairman Stainthorpe called the meeting to order at 6:00 p.m. Mr. Stainthorpe stated this is a Special Meeting of the Board, and the Board will adjourn to a Budget Workshop in Meeting Room C which is also open to the public. He noted this was an advertised meeting.

Those present:

Board of Supervisors: Pete Stainthorpe, Chairman
 Dobby Dobson, Secretary
 Jeff Benedetto, Treasurer
 Kristin Tyler, Supervisor

Others: Terry Fedorchak, Township Manager
 Kenneth Coluzzi, Chief of Police

Absent: Dan McLaughlin, Vice Chairman Board of Supervisors

DISCUSSION OF YARDLEY-MAKEFIELD EMERGENCY UNIT BUDGET

Ms. Ellyn Fischer, Mr. Walt Hansell, and Mr. Dennis Wallace from the Yardley-Makefield Emergency Unit were present.

Mr. Hansell stated he is the Deputy Chief and stated the Rescue Squad started in 1955 as community volunteers, and today they are mostly staffed with paid personnel. He stated they have eight full-time paramedics, two full-time emergency medical technicians, two part-time paramedics, three part-time emergency medical technicians; and they are staffed twenty-four hours a day, seven days a week, three hundred and sixty-five days a year. He stated they average approximately 1500 calls per year serving Lower Makefield, Yardley Borough and portions of Upper Makefield Township. He stated they also occasionally go into Falls Township and surrounding areas for mutual aid.

Mr. Hansell stated to become a paramedic it is approximately two years of training and in excess of 1000 hours both classroom and clinical time. In addition, there is more time spent with a field training officer actually running emergency calls in the field. He stated paramedics are also required to maintain their education and training and eighteen hours of continuing education is required annually in the Commonwealth of Pennsylvania. He stated they are also required to perform a competency assessment every year and

demonstrate paramedic skills along with knowledge of treatment protocols. He stated they also have to have expansive knowledge of medications. He stated they also give oxygen, do EKGs which they can transmit to the hospitals, and start IV infusions. Mr. Hansell reviewed the types of medications that they carry with more being added every year. He stated they also have a group of physicians based out of St. Mary's that oversee the Rescue Squad. Mr. Hansell stated they can alleviate a collapsed lung using an IV catheter, help with a collapsed airway, blocked airways, and use a needle cricothyrotomy. Mr. Hansell stated it costs approximately \$20,000 in tuition and expenses to become a paramedic today, and can cost more than \$500 per year to maintain certification.

Mr. Hansell stated to be an EMT it requires approximately 110 hours of training. He stated they can perform basic tasks such as splinting, work an automatic external defibrillator, and give certain medications. He stated they cannot do IVs or some of the advanced airway skills.

Mr. Wallace stated in order to run an Ambulance Squad they need paramedics and EMTs, ambulances, specialized equipment, a building, communication and safety equipment. auto, liability and malpractice insurance, and worker's compensation insurance.

Mr. Wallace stated currently they get \$124,650 from Lower Makefield, \$15,000 from Yardley Borough, the Annual Fund Drive is approximately \$100,000 for this year, and billings for services are projected to be \$450,000 this year. He stated they do get some income from Stand Bys, Records Fees, the recycling dumpster in their parking lot, and Upper Makefield Township makes a small contribution each year. He stated they are projecting their income this year to be \$699,000.

Mr. Dobson asked what percentage of collection for billings are they receiving, and Mr. Wallace stated currently they are at 45%, but they hope to be at 70% next year after switching billing companies. Ms. Tyler asked what the \$450,000 projected was based on, and Mr. Wallace stated that was based on the way billing has been going this year. He stated they have switched billing companies. He stated the old billing company was collected at around 48%, and they hope that by switching billing companies, they will increase the amount of funds recovered. Mr. Fedorchak asked if they assumed 70% collection in the 2013 forecast and beyond, and Chief Coluzzi stated if they project 70% return on the collections, they should be closer to \$600,000 in 2013.

Mr. Wallace stated they have operating and administrative expenses of \$317,000 per year and he noted in the information provided to the Board he included a list of all of the expenses including 2010, 2011, and 2012 year to date. He stated all of these expenses are essential to the operations, and for a lot of the items, they do not have control over the

costs; but anything they can control, they do. He stated the payroll expenses of \$616,000 include salaries and health insurance. Mr. Wallace stated with income at \$699,000 and expenses at \$934,000, they have a deficit of approximately \$234,000 if nothing is done.

Mr. Wallace stated their ultimate goal is to continue providing the best emergency care for Lower Makefield, and they would like to be able to maintain their personnel and equipment and attract highly-trained paramedics and EMTs to the organization.

Mr. Wallace stated they are requesting the Board for a millage increase to 0.85 mills which is \$423,810. He stated this will allow them to meet their personnel and operational expenses and also address future capital and equipment needs. He stated he has provided a listing of their existing equipment and what it will cost to replace equipment in the future. Mr. Fedorchak stated currently they are getting 0.25 mills so the request is to increase this by 0.60.

Mr. Dobson asked how many of the 1,500 calls are from Yardley Borough and Upper Makefield, and it was noted they do approximately 50 calls in Upper Makefield, and 250 to 300 in Yardley Borough.

Mr. Benedetto stated they indicated that billings are about 48% this year, and he asked what it was in 2010 and 2011, and Mr. Wallace stated it was approximately 64%. Mr. Benedetto stated he understands that the billing company was charging a flat rate, and Mr. Wallace stated they were charging \$11.50 whether they collect anything or not.

Mr. Stainthorpe asked why they feel there was a drop off in collections, and Mr. Wallace stated some of it is changes in Medicare where they have seen a lower reimbursement. He stated there are also seeing a lot of denials from Medicare, and Medicare is putting the burden on the patients to prove that the ride to the hospital was medically necessary. He stated the patient then has to submit additional information from the doctors and hospital through an appeal process to try to get the ambulance squad their bill paid. He stated Medicare claims account for approximately 55% of their billing. Mr. Stainthorpe stated this problem may continue even though they have improved the billing process, and Mr. Wallace agreed. Mr. Hansell stated they have met with other Rescue Squads with Congressman Fitzpatrick to try to get some help in this regard on the Federal level.

Mr. Stainthorpe stated the Rescue Squad was in financial difficulty ten years ago and things got better; and he asked how they got back to this place where they are in trouble again. Mr. Wallace stated this has been a gradual process that brought them to the level they are now. He stated a lot of the reports from the billing company reflect how much was billed out and contractual amounts but did not show how much they were actually collecting unless they asked them for more reports; and this is when they saw that there

was a severe decrease in the collection percentage. He stated they had been collecting at about 64% the previous years, but this dropped down to approximately 48%. He stated in discussions with them, it took a lot of talking to them to get the reports that they needed; and when they saw that there was such a drastic decrease in revenue, they started talking to other Rescue Squads to see who they were using and the percentages they were collecting. He stated the company they have gone with was the one that is utilized by a few Squads in the area, and they are getting 70%. He stated they hope that with the tax millage increase, changing the billing, and being more proactive in collecting on the money owed that they will be able to sustain themselves and not have to come back to the Board.

Mr. Stainthorpe asked how active is the Board of Directors with regard to oversight and management, and Mr. Wallace stated they get quarterly reports. Mr. Wallace stated Jim McCaffrey is their President and also a signer of checks. Mr. Stainthorpe asked how often the Board meets, but Mr. Wallace did not know. Chief Coluzzi stated they meet several times a year and discuss business as needed. Mr. Stainthorpe stated he feels the Board of Directors needs to meet regularly – at least six times a year, and maybe monthly. He stated they are now “up against a wall,” and if they do not get money, they will not be able to meet payroll next week. He questions why they let this go this long. He stated he would like to see greater oversight and involvement.

Chief Coluzzi stated over the years even when the perception was that the Squad was doing very well, they were just about meeting their bills. He stated in the last several years donations started dropping off, and there was more difficulty with billing. He stated the money that was deposited in the account from the receivables was getting to be less every month, and they got to a point where the cash reserves they had were being used to pay payroll. He stated over the years they had been able to purchase a \$160,000 ambulance without coming to the Township, but all that money in reserves is now gone. He stated when he started overseeing the Rescue Squad in 2008, they were in bad shape then; and he had asked how they were going month-to-month worrying about whether or not they were going to meet the payroll, and they explained that this was the nature of the business, and they never know how much they are going to collect. Chief Coluzzi stated they had been able to put some money aside for a few years and make some capital purchases and improvements, but now they need help from the Township as there is no way that based on the income and donations that they will be able to survive.

Mr. Stainthorpe asked who prepares their Budget and what role does the Board of Directors have in approving the Budget. Mr. Hansell stated the Rescue Squad prepares the preliminary Budget, and they use the prior year’s figures to determine the amount of increases they will have. He stated they submit the preliminary Budget to the Board. Mr. Stainthorpe stated when the Board of Supervisors reviews the Township Budget they ask that the Township Manager find places to save and find efficiencies, and he would like the Rescue Squad Board of Directors to do this as well. Ms. Fisher stated the Chief has been helping them do this over the past few years.

Mr. Fedorchak noted the Income and Expense Report which was provided and stated it appears that their revenues are down about \$140,000 between 2010 and the year-end projection for 2012, and expenses are up about \$100,000 so the two together equal the \$250,000 shortfall. He stated he understands they have taken corrective action to try to fix the revenue shortfall by switching billing companies. He stated with regard to donations, they are down approximately \$40,000 from their previous high, and he asked if they have a plan to turn that around. Mr. Wallace stated every year they have just done a fund drive which is just a donation for the Rescue Squad. He stated they have decided instead of just doing a fund drive, they will do a subscription drive starting in 2013. He stated a number of other Rescue Squads have done this, and the idea is to give something back to the community. He stated when they bill for a run, they bill the insurances and anything left, if they were a subscriber, the subscription would cover those out of pocket costs. He stated they are considering \$65 per household which is on par with what other organizations are doing.

Mr. Wallace stated last year they took all their open accounts and sent a letter to any of the patients that had an outstanding bill saying that they rely on billing for services for their organization and asked them to send in a payment on their account. He stated last year they collected \$10,000 doing this. He stated he recently sent out a letter this year to 183 people who had outstanding accounts from January, 2012 to July, 2012; and they have received about \$1,500 from that effort. Mr. Wallace stated they also have people calling in to make payment arrangements and to provide more insurance information so that they can re-bill the claims or provide more information on the insurance claims. Mr. Wallace stated any claim that has been stagnant, the new billing company will go back and re-bill and make sure that it is all done properly.

Mr. Fedorchak asked about the expense side of the equation which has increased approximately \$100,000 over the period 2010 and 2012. He stated Mr. Wallace had indicated that about \$75,000 are increased costs in the personnel services category. He stated it appears that there has been a 12% increase, and asked if they have any plans to get this down. Mr. Wallace stated they have discussed potential cuts that they would have to make to the staff, and this is something they would not want to do. Mr. Fedorchak stated overtime is up considerably as well as shift differential and bonus pay. He asked that they look at this again and come up with some ways to minimize those increases. He stated in a service industry he understands that they would not want to cut staff. Mr. Hansell stated their staff is not one of the higher paid staffs.

Ms. Tyler stated in 2010 they were at approximately \$18,000 for overtime wages, and for 2012 they are projecting \$31,000. Mr. Wallace stated he will have to look into this more in depth. He stated they try to keep overtime down as much as they possibly can. He stated they have had injuries and have had people out for a significant period of time. He stated there have also been surgeries. He stated they do not have a lot of staff so a lot of time if someone is hurt or injured especially for a long period of time, those shifts have

to be covered with overtime. Mr. Hansell stated currently they have a full-time employee that has been out over six months with a back injury. He stated they are filling shifts with part-timers when they can; but since they have to stay in service sometimes a full-timer has to pick up the extra shift. Ms. Tyler asked if they attempt to fill the shifts with part-timers before they go with full-timers, and Mr. Hansell stated they do.

Ms. Tyler asked for an explanation of the shift-differential bonus and how it is calculated. Mr. Wallace stated that any employee that does not take the health insurance receives a bonus per pay of \$80, and they also installed a shift differential for weekends to help attract people to want to work weekends and it is \$2 extra per hour during the weekends. Ms. Tyler stated there was a \$110,000 increase in two years, and Mr. Wallace stated for a long time they only had two people on the health insurance, but they just recently added a few more people onto the health insurance so a lot of that should balance out and start to come down.

Ms. Tyler noted regular wages from 2010 to projected 2012, and she asked if there were additional hires or was this just raises; and Mr. Wallace stated there was a 3% raise in the beginning of 2011, but there was no raise in 2010. Mr. Wallace noted the hand-out of salaries that was provided, and he stated it is projected out for five years with a modest 2% increase each year for the next five years.

Mr. Benedetto stated there seem to be three problem areas one of which is the billing, and they seem to have taken corrective action. He stated the second is the significant change in the fundraising which they are addressing, and the other is the insurance which is a \$10,000 to \$11,000 situation. Mr. Benedetto stated he is concerned with raising the millage from .25 to .85 since those things never seem to go down once they go up that much. He stated they have identified some changes they are working on which could result in an \$85,000 change to the billing getting it hopefully back to 68% and the \$45,000 in fundraising which results in a shortfall of approximately \$125,000 which would be a raise in millage from .25 to .5 which he feels is at a minimum what is needed; but he is concerned about going from .25 to .85.

Mr. Benedetto asked how they identified MultiMed as the new collection agency, and Mr. Wallace stated as noted earlier, once they identified the billing problem, they contacted surrounding organization and two names came up – Cornerstone and MultiMed. He stated Cornerstone was not able to come out and make a presentation. He stated MultiMed is used by a number of other services, and they were very happy with them. He stated they came out very promptly and made a presentation and discussed their collection rates. He stated they were impressed with their presentation and this added to the good comments made by others using them about their collection rates, and this is why they made the switch. Mr. Wallace stated they have been working with them for about two and a half weeks, and they have been very pro active.

Mr. Wallace stated the Rescue Squad is in the process of re-validating their Medicare License, and MultiMed has been helping them with this. Mr. Benedetto asked who in the area uses them, and Mr. Hansell stated Central Bucks Ambulance uses them, and they answer about 2,500 calls a year. Mr. Benedetto asked how calls in Lower Makefield compares to other area Rescue Squads, and Mr. Hansell stated they are one of the lowest in the area. Chief Coluzzi stated being a small Squad compounds their financial situation since they cannot recoup the loss as well as a larger Ambulance Service can. Mr. Hansell stated if they were a larger ambulance service with more volume, the sheer amount of calls could generate some additional income. He stated when you are running a crew 24/7 the more calls you take, the more revenue you can potentially generate. Mr. Hansell stated the number of calls is starting to go up, and Chief Coluzzi stated they will probably see an increase with the addition of the over fifty-five community.

Chief Coluzzi stated with the request for an increase in millage, they are also looking at capital needs since if they just went up to .5 mills, they would be at the same position they are in currently which is just about meeting their payroll. Chief Coluzzi stated he is concerned that they will be back before the Board of Supervisors asking for help in a year or two unless they have the .85 which he feels will get them out five to ten years without having to come back to the Township.

Mr. Hansell stated currently one ambulance is twelve years old, and a new one would probably cost \$160,000 to \$180,000.

Mr. Dobson asked if they have approached Yardley or Upper Makefield about increasing their donation, and Chief Coluzzi stated they have approached the Board of Directors about getting in touch with Upper Makefield and Yardley.

Mr. Stainthorpe stated while the Board of Supervisors does not want to run the Rescue Squad on a day-to-day basis, they do have a fiduciary responsibility to the taxpayers to make sure the money is being properly spent so they are going to require the Rescue Squad to submit a Budget every year to the Board of Supervisors and to have a yearly audit. Mr. Stainthorpe stated the Board of Directors also needs to meet more regularly and be more involved. Mr. Stainthorpe stated he would suggest that the Board commit to help the Rescue Squad and make them sustainable, but they will not commit to the millage tonight as this will have to be determined in the bigger picture of the whole Budget. He stated they do have to vote tonight to approve the loan; and the Township solicitor has drawn up a Loan Agreement.

Chief Coluzzi stated if they are looking at increasing the millage, they will probably not see any of those monies until April; and in order for them to continue their service, they will need a substantial amount of the millage increase in the area of \$250,000 to \$300,000. He stated originally they asked for the .25 mills up front, but they have found that they will need much more than this.

Mr. Stainthorpe asked Mr. Fedorchak if they have this money, and Mr. Fedorchak stated there would have to be an inter-fund borrowing, and they would have to pick one of the funds where there is an excess and set up the borrowing. He stated he was not expecting that they would need \$250,000 tonight. Chief Coluzzi stated bills per month are \$81,000 with \$53,000 of this being payroll. Mr. Fedorchak stated he will need more time to look into this. He stated at the last Budget meeting, they indicated that they could consider \$125,000; but if they are going to have to increase this, they will have to consider this at the Board's meeting on December 5.

The meeting was adjourned and reconvened in Meeting Room C.

REVIEW OF 2013 PRELIMINARY BUDGET

Park & Recreation Budget

Ms. Liney stated this is the thirteenth year that Park & Recreation is representing an Operating Budget with no increase in millage. She stated since 2000 when the Park tax was \$54, they have continued to provide improved service to additional facilities such as the Fred Allan Complex and Memorial Park. She stated this is a positive from the community standpoint as residents are living through a difficult economy. Revenues for the next year are projected to come in at approximately \$873,000, and expenditures as projected at \$873,000. On the Revenue side of the Park Budget, user fees were increased in 2011 to \$15 a resident and \$36 for non-residents. She stated the Park Board did not recommend modifying these rates for 2013. Although enrollment in the user groups is slightly down, given the economic climate, program fees have been stable.

Mr. Fedorchak asked Ms. Liney to quantify the term, "slightly down," and asked if this has been a trend over the last few years. Ms. Liney stated program fees have been stable, and this is the first year that they have noticed a downturn as to enrollment for some of the larger groups such as YMS and PAA. Ms. Liney estimated this down turn to be approximately 5%.

Ms. Liney stated revenue generated by ticket sales has tapered as well, and this is offset by less expenditures for the tickets.

Ms. Liney stated as to Expenditures, in Personnel Services, the Park crew is a full-time, three-man crew reduced from four men when they did not replace a retiring employee and they use summer seasonal help. She stated this line item is approximately 4% over Budget due to being short handed this spring so the crew was not able to transfer salary by performing work at the Pool as they usually do.

Ms. Liney stated the Capital Construction line item in the Park Budget is shown at \$40,000 and continues with the Township's resurfacing of existing bike paths for 2013; and an area prioritized would be Edgewood Road from Mill Road to approximately Sandy Run. Ms. Liney stated Park & Recreation continues to complete more projects in house, service its own equipment, and tries to do more with less.

Mr. Dobson noted Capital Construction and stated year-to-date by September they are at \$3,800 but are projecting \$45,000; and Ms. Liney stated this is correct and they just received the invoices for the resurfacing of the bike paths so she is confident that they will reach that amount.

Mr. Fedorchak stated in Personnel Services there has been a significant drop because two years ago one of the employees retired, and they chose not to fill that position; and in lieu of that, Ms. Liney has added a few extra summer people. Ms. Liney stated this is working out well for the community and for the young men they are using. She stated much of their work is in the summer.

Mr. Dobson noted Repairs and Maintenance and currently they have \$11,000 through September, but she has projected \$22,000 for the year; and Ms. Liney agreed and added that this is the time of year that they start that work. She stated they also just had storm damage from Hurricane Sandy so they have had to pick up material from that. Mr. Dobson stated what is projected is a significant drop over 2011, and Ms. Liney agreed.

Mr. Fedorchak stated Ms. Liney indicated that there has not been an increase in Park & Rec millage since 2000; and he added that in 2010 they cut a quarter mill out of their Budget. Ms. Liney stated in 2007, 2008, and 2009 they did receive more but in 2010 it was cut and it resulted in \$130,000 out of the Park & Recreation Budget.

Mr. Menard stated they also changed the contribution from Park & Rec to the Township from \$98,000 to \$37,000; and Ms. Liney stated this was a big help. Mr. Fedorchak stated this was the re-allocation of overhead.

Mr. Fedorchak stated the Park & Rec Operating Revenues are matching Operation Expenses, and they will have an end of year balance of approximately \$230,000 which is good and well above Safe Harbor.

Mr. Benedetto asked for an update on the new ball fields to be built at Samost. Ms. Liney stated this went to the Planning Commission on Monday. Mr. Dobson stated the Planning Commission did not vote on it. He stated they indicated that they wanted to see a Sketch Plan to see where the Community/Senior Center will be in relation to the ball fields. Mr. Dobson stated he feels the Planning Commission should have voted on it.

Ms. Tyler stated at the Park & Recreation Board she had asked the engineers if there was anything they could join with the Community Center; and they indicated they could not because of the nature of how the land is laid out. She stated the only thing they may be able to combine is some type of a water bit to help water the fields.

Mr. Dobson stated he feels the best time to go out to bids is January, and he is concerned that the Planning Commission did not make a recommendation. Mr. Dobson stated he feels Mr. Eisold did a nice job with his presentation, and he feels it is a workable plan. Mr. Fedorchak stated the Board of Supervisors does have to approve the Land Development Plan sooner rather than later.

Mr. Menard stated for the last few years the Citizens Budget Committee has been recommending that they get the Capital Improvement Funds on balance and get Capital items out of the Budget. He noted under Department 451, they should take the 600 and 700 categories and move the line items into a Capital Improvement Fund since they now have the contribution to the Capital Improvement Fund and they should move these items to this Fund for comparative purposes and better recording purposes.

Mr. Stainthorpe asked about Contracted Services for Memorial Park, adding they did not spend anything this year to date with \$500 projected. Ms. Liney stated for Memorial Park Contracted Services would be something like tree service that they could not handle in the Park system. She stated the Garden of Reflection is handled by the funds for the Garden of Reflection. Mr. Dobson stated he understands it is the Township's portion of what they have to take care of at Memorial Park. Ms. Liney stated it may also be something like a more-manicured service that the Township does not provide.

Mr. Stainthorpe stated he feels spending levels should be at the 2012 level; and if they have not spent all the money projected for the last few years, they should Budget a lower amount. He stated they only spent \$100 in 2011 and \$500 this year so he feels they should Budget \$500. Ms. Liney stated she could do this, but since she does not like to go over Budget; she was comfortable keeping this amount in the Budget. Mr. Stainthorpe stated he feels across-the-board, they should be at 2012 numbers. Ms. Liney stated she feels that Contracted Services could be expensive if she had to get someone to come in, and it could be about \$1,000. Ms. Liney stated they do most of the work in-house unless it is something they cannot do. It was agreed to reduce Contracted Services to \$500.

Mr. Stainthorpe noted Department 451, and he stated he feels the Budget should be what they spent this year. Ms. Liney stated diesel gas and other similar items could go up including parts and supplies. She stated she was trying to be realistic. Mr. Fedorchak agreed that the fuel costs have gone up so he would not cut this.

Mr. Benedetto asked about the engineering fees, and he asked if this relates to the new ball fields for 2012 and then into 2013. Mr. Fedorchak stated he feels this could be cut down significantly. He stated they are expensing that differently, and it is all getting expensed out of the Capital Reserve; and he has transferred an amount out of Park & Rec that will cover all of the Land Development engineering costs for Samost, the tennis courts, etc.

He would recommend that this go down to \$2,000 on Line 313. Mr. Menard stated they should change this for 2012 as well.

Mr. Stainthorpe asked about the Contributions and Grants that are listed as Expenses, and Ms. Liney stated this is for the Bucks County Performing Arts.

Mr. Stainthorpe noted the Five Mile Woods bottom line showing the Actual spending through September of \$12,646 and Projected is \$22,535. Ms. Liney stated she is projecting this will be the amount by year end. She stated the Friends of Five Mile Woods have work days and the material cost is for their work. She stated Mr. Heilferty has historically been conservative. It was agreed to put Repairs and Maintenance at \$2,500. Mr. Fedorchak asked if the tenants are paying the electric directly, and Ms. Liney stated the tenant pays the electric directly and he pays 50% of the oil.

Community Pool Budget

Ms. Liney stated the Community Pool Budget for 2013 reflects a positive revenue flow of approximately \$716,000 with expenses projected at \$688,000. She stated Pool Membership continues at a slight reduction which was not unexpected as the economy remains stagnant coupled with an overall decline in the Township population of school-age residents. She stated they are optimistic they will be able to close this gap in the future, and the Park Board recommended revisiting the Pool Membership numbers in the spring of 2013 to determine if further action is warranted.

Ms. Liney stated four new programs were introduced at the Pool last season as an incentive to bolster Membership – Mommy and Me, Forever Fit, Aqua Boot Camp, and Swim Camp. She stated these offerings were well received; and while an exact return on revenue was not realized in their first year, it should help build the base for the future.

Ms. Liney stated the Pool collected 97% of the Revenues projected in 2012 and Expenses came in at approximately \$18,000 under the Budgeted figure. Ms. Liney stated Personnel Services line item is 4% over the Budgeted figure; and this is attributable to the staffing for the new programs, and the need to have Pool personnel who did not have the same level of skill set as the Park crew working earlier in the season to prepare the Complex as the Park crew was shorthanded this spring.

Ms. Liney stated that as Federally mandated, two ADA-compliant chair lifts were installed in 2012 – one in the lap pool and one in the Olympic pool with a sleeve for a chair in the intermediate pool.

Ms. Liney stated Park & Recreation at the request of the Township Manager recently met with Township engineers to discuss an update to the long-term Capital Program for the Pool and Budgeted for 2013 would be the replacement of the pool heaters at the intermediate pool and the tot pool which are the original units installed over ten years ago.

Ms. Liney stated no tax dollars support the Pool, and the last modification to Membership Fees was in 2009. Mr. Stainthorpe asked if they are proposing a rate increase; and Ms. Liney stated they discussed this briefly at the Park Board meeting, and because of the economy felt they would not recommend an increase for 2013. Mr. Stainthorpe stated since the membership is down and it is a difficult economy, they probably should not increase the fees at this time; however, there have been situations in the past where they have had the same fee for years and then raised it by \$50 instead of \$5 every few years so he feels they should be cognizant of this going forward. He stated a \$10 increase is not that difficult, but \$50 is difficult. Ms. Liney stated in the Budget she did show a slight increase of \$5; but when the Park Board discussed this, it was decided not to increase it. Mr. Fedorchak stated the Membership Fees are therefore overstated by \$20,000 and Ms. Liney agreed since that included the \$5 increase from \$395 to \$400.

Mr. Stainthorpe stated he and Mr. Fedorchak spoke briefly about some ideas to drive the membership. He stated potentially a family who is a member could sponsor another family who does not live in the Township to be a member. Ms. Liney stated this was an option that was previously discussed. Ms. Tyler stated she feels this will become important when Newtown Swim Club closes after this upcoming season since they have a large Swim Team, and they will have nowhere to put their Swim Team. She stated she does not want to be geographically discriminatory, and she agrees that there should be an Associate Membership with a sponsor family. Ms. Tyler stated she also feels that this Associate Membership should be slightly more costly than that for a Lower Makefield family, and this was agreeable to all present. Ms. Tyler asked where they stand as far as occupancy limits, and Ms. Liney stated they are limited to 3,200; and the closest this summer was 2,200. Ms. Tyler stated while there is room, they do not want to make it a very crowded place so they should consider a limit on the Associate Memberships possibly having 50 the first year and re-visiting it the next year if there is a strong demand.

Ms. Tyler stated she also feels they should discuss staffing issues particularly with respect to swim lessons. She stated the County has certain requirement; and she feels that the Pool currently over staffs on swimming lessons, and she has been working with

Mr. Fedorchak and Ms. Liney trying to get those numbers back in hand. She stated she also wants to know how much they earn from the lessons versus how much is spent for swim lessons. Mr. Stainthorpe stated he feels the lesson fees are too low; and Ms. Liney stated they do try to use it as an incentive to join the Pool, but she agreed that there is a balance they should look for.

Ms. Tyler stated because of the age of the Pool which will need work, they should start to begin and prepare for future major renovations.

Mr. Benedetto stated he does get complaints that the Pool is overstaffed, and that there are many people sitting in the Office. Mr. Stainthorpe stated there are some requirements that many people are not aware of, and he noted that the guards can only be sitting on a chair for a certain amount of time, and they have to rotate. He stated they also have to have off-time as well. Ms. Liney stated she did discuss this issue with Ms. Smith, the Pool Manager; and Ms. Smith stated some of the people sitting in the Office are not there necessarily working and some of them have been swimming for the Swim Team in the morning and are about to go on their shift and they are waiting there rather than going home. Ms. Liney stated Ms. Smith has indicated that she does not feel that they are over staffing; however, they will continue to discuss and monitor this.

Ms. Tyler stated with respect to the lifeguards and safety, she feels the staff should come before either the Board of Supervisors or the Park & Recreation Board and talk to them about certain aspects of attentiveness as this is also a recurrent issue and complaint that comes up. Mr. Stainthorpe stated his daughter came up through the ranks at the Pool, and was the Assistant Manager at the Pool for a number of years. He stated she frequently discussed problems with some of the staff; however, there was rarely any turnover of guards. He stated when they would try to fire someone, their parent would complain to the Township Management. He stated if people are not providing the proper level of safety, they should be let go. Ms. Tyler stated they also hire practically everyone who applies. Ms. Liney agreed, but added they have an excellent safety record at the Pool. Mr. Stainthorpe stated he feels probably 90% of the staff does a good job. Ms. Tyler stated she feels there should also be some kind of merit system. Mr. Dobson agreed and stated they should use the merit system to determine whether or not you can come back the next year. Ms. Tyler stated if they always know that they are coming back, there is no incentive to do a top-notch job. She stated she also feels they should do guard drills. She stated there is also one guard stand in the lap pool that they do not use which she feels is a critical stand because it faces the area where the pool goes from four feet to six feet. Ms. Liney stated they should discuss this with Ms. Smith.

Mr. Fedorchak asked how many employees are hired for the summer, and Ms. Liney stated they are just under 100. Mr. Fedorchak suggested that they discuss all of this with Ms. Smith as they approach the season.

Mr. Benedetto noted Personnel Services which were higher this year, and Ms. Liney stated typically there is a transfer from Park and Recreation against the Pool when Park and Recreation is working at the Pool. She stated because she was down a man on disability through May and there were only two people doing all the work for the entire Park system, installing diving boards, pulling out starting blocks, etc. was being done by Pool personnel and they were not as efficient as the Park and Recreation staff.

Mr. Fedorchak noted the cost of chemicals, and Ms. Liney stated they are getting good, competitive pricing on those.

Mr. Stainthorpe asked how they have an additional \$9,000 in Expenses when the Pool has been closed; and Ms. Liney stated this would be the processing of the paperwork, and they do use some chemicals in the off season.

Utilities were noted with respect to the proposed WIFI, and Ms. Liney stated she is not sure that this has been included in Utilities. Mr. Menard asked if Comcast is not contributing this, and Ms. Liney stated she just went through the Township technicians and told them what they needed to do. Ms. Liney asked Mr. Menard if he feels they could get this for free, and Mr. Menard stated he will look into this.

Mr. Menard stated they should set up a Capital Improvement Fund for the Pool as well, and Mr. Fedorchak stated Ms. Liney just worked with the engineers who provided an update on the long-term Capital Plan. Mr. Menard stated Citizen Budget Committee's recommendation is that there be a standard appropriation so that there is always something to draw on.

Ms. Liney was thanked for doing a good job with the Budget.

CONTINUED REVIEW OF THE 2013 PRELIMINARY BUDGET

Mr. Fedorchak noted the Street Light Fund which is a \$0.26 per linear foot assessment on approximately 800 to 900 residents. Mr. Fedorchak stated they are running a deficit, and they could increase this by \$.08 to cover the deficit.

Fire was noted, and Mr. Fedorchak stated this is the money going to the volunteer Fire Department. He stated they have State monies which come in which get sent to the volunteers; and in addition, there is the millage which goes to fire protection. He stated this was last increased in 2009. He stated overall this Fund is in excellent shape and both the 2012 Projected numbers and 2013 are seeing the Operating Revenues covering the Operating Expenses. He stated they have about \$124,000 which is a solid, healthy balance.

Mr. Fedorchak noted Hydrant which is .29 mills, and it is running slightly off; and while he would not recommend doing anything now, they should keep an eye on this for the next few years.

Golf Course Budget

Mr. Mike Attara, Spirit Golf, was present with Mr. Bob Doria, General Manager. Mr. Attara noted the Business Plan they had submitted. He stated their goals and objectives remain consistent with their initial ideas as to trying to grow the community base programming for the Leagues and Associations they have created. He stated for 2012 they had their best numbers for participation all around, and they look to do this for 2013. He stated another important item is the Capital Budget for reinvestment in the Golf Course, and the bunker improvement was a big piece of that as was fescue management, and some Club House upgrades. He stated for 2013 they will tackle the equipment piece. He stated the interest rates are good now so this is a good opportunity to do a five-year Lease buy-out and get the equipment they use for the operation. He stated some of their equipment is the original equipment. Mr. Doria stated it is important to keep the Course at a level that justifies the rates being charged. He stated they are trying to be a top end public Golf Course with great service.

Mr. Dobson asked about the percentage of residents versus non-residents, and Mr. Doria stated this is shown under Marketing. He stated when people book on the Internet, they cannot tell whether they are residents or non-residents until they show up at the Golf Course and they check their residency. He stated non-resident play is by far the biggest segment. Mr. Benedetto asked the charge to non-residents, and Mr. Attara stated it is \$79 on the weekend/summer; and this was increased slightly last year. Mr. Doria stated resident rates are projected to go up \$2 which was basically the difference in the cart charge. Mr. Fedorchak asked if there was any “push back” on the non-resident rate, and Mr. Doria stated there was none. Mr. Doria stated the raising of the non-resident rate and the raising of the range fees were both done at the same time as was raising the cart fee; and because of the new carts, this was an easy sell to the customers. He stated the raising of the range balls by \$1 on both the medium and large baskets also had no push-back as they had done some renovations to the range. Mr. Attara stated at \$79 they are at good rate. Mr. Dobson stated he speaks to a number of people when he is there on Saturdays, and he does not hear any complaints about the rates.

Mr. Benedetto asked about the Junior Golf money. He stated he has relatives who are very knowledgeable about golf – one of whom is a member at Jericho and the other at Yardley, and they have advised him that there is a lot of money that comes in on Junior Golf; but he does not see this accounted for anywhere. Mr. Attara stated there are Junior Green Fees, merchandising, and instruction. He stated if they have a clinic, most of the

money goes to the instructors who are teaching the Clinic. Mr. Benedetto stated the instructors are part of Spirit Golf, and Mr. Attara stated they are part of the staff. Mr. Attara stated in addition to the instruction, there is a food and beverage component, and usually a merchandise component as well as they give them a pair of shoes. Mr. Attara stated there is also a percentage that goes to the Township called Academy Revenue. Mr. Benedetto stated he assumes the instructors are paid a salary above and beyond that is the money they receive from Junior Golf which he does not see accountable. Mr. Attara stated this is an “in and out.” He stated prior to Spirit there was one golf professional and an assistant golf pro, and there was not a lot of programming was being done. He stated the way Spirit goes about it is that they know they can afford to put in another Director of Instruction because it has a huge impact on bringing new players to the facility. He stated his salary is \$23,000 and is making his money on the time he spends teaching so they are supplementing his income by his teaching money and are able to bring someone in at his skill level that will have a huge impact on the bottom line at the facility.

Mr. Benedetto stated he feels they are spending a tremendous amount of money on the Pool, the road crew, and the Golf. He stated he understands that Spirit Golf gets a management fee to run the Course, but there does not seem to be an incentive for Spirit to control the costs because they get a check for their expenses. He stated there is no break down on the number of rangers, and he feels they could have that as an Ambassador Program where they are volunteers. Mr. Attara stated legally you cannot do that, but Mr. Benedetto stated Municipal Golf Courses are allowed to do that. Mr. Attara stated they would run into a problem because of the issue of workers’ compensation if they were injured while on property; and then Spirit as the management company would be the responsible party. Mr. Benedetto stated he was told that there is an exception to that rule for Municipal Golf Courses.

Mr. Benedetto stated he feels that there does not seem to be oversight of employees, and he feels Spirit has carte blanche to hire who they want and manage the Course as they do because they get a Management Fee; and he does not feel what has been provided is detailed or specific enough. Mr. Benedetto stated he would like to see more information as to who is employed, what they do, and how much they are getting paid. He asked Mr. Attara if he collects a salary beyond the \$7,500, and Mr. Attara stated Mr. Doria collects a salary because he is an employee. Mr. Benedetto stated the Junior Golf is additional money that comes in. He asked if there are other Spirit employees that do work for other Courses, and he asked how much time are they devoting to Makefield. Mr. Attara stated the Makefield employees are Makefield employees, and there is no overlap of payroll. He stated they may have an occasional person come over from other facilities but not on their time of work. Mr. Attara stated he would be willing to share the detail of the payroll with Mr. Benedetto.

Mr. Benedetto stated the cart lease is \$80,000, and he asked if they are electric or gas, and Mr. Attara stated they are electric. Mr. Benedetto stated he feels this is incredibly high based on what other family members have advised him; and they have advised that the cost should be half this, although he agreed that those other Courses have fewer carts. Mr. Attara stated they went through a bid process. Mr. Stainthorpe stated the Golf Committee was also involved in this process. Mr. Fedorchak stated the way they structured purchasing, they have required of Spirit Golf to employ the same competitive bidding process that the Township goes through. Mr. Fedorchak stated a lot of their equipment is part of the State Bid Program. Mr. Benedetto asked if gas carts would be better; and Mr. Attara stated the building is built around having electric carts, and the drive of the electric carts is much nicer on the Course.

Mr. Benedetto noted the Capital Plan. He stated he questions why bunker renovations were necessary since the Course has only been open since 2004, and his understanding is that they should have lasted twice as long. Mr. Attara disagreed because of the number of rounds at this facility. He stated you cannot compare Yardley or Jericho who have half to a third of the rounds compared to Makefield Highlands. Mr. Stainthorpe stated in general private clubs are closed on Monday and only the membership plays there with memberships ranging from 200 to 400 members. Mr. Benedetto asked if the problem with the bunkers was because of a “bad job of it being built in the first place.” Mr. Attara stated this is incorrect, and these bunkers are the type of bunkers that are very dramatic and are a big part of the impact of the Golf Course. He stated they are harder to maintain. He stated they create drama for the players which is why you can get the type of revenue they are getting for the greens fee, and they are a huge part of the Golf Course. He stated when Spirit first came on, they took the time to meet with the architect to understand what he was trying to do with the bunkers and to try to maintain the integrity of the Golf Course for the future. He noted certain bunkers get a huge amount of impact, and these wear out much faster than others. He stated they soften those bunkers slightly so that they can get more time out of them.

Mr. Benedetto stated the Board gives Public Works difficulty about maintenance of equipment. He stated the Golf Course is showing \$78,000 for maintenance equipment, and he does not feel they are being wise in spending this kind of money when they are cutting every other Department in the Township. Mr. Attara stated this is a necessity as they have very fine mowing equipment to cut the greens, the tees, and the fairway; and the machinery only lasts so long. He stated they are well past their life expectancy currently; and while they have a great mechanic who has done a wonderful job, you can run into situations where you have hydraulic leaks and they could burn the green or have problems with mowing consistency. Mr. Benedetto stated his concern is with the number of people who play golf in the Township compared to the number of people who live next to a meadow that needs to be mowed. He stated Public Works is being “pinched” on a number of things, and Mr. Attara is indicating that this is a necessity. Mr. Benedetto stated he feels this way about the Pool as well, and they should have more people overseeing things.

Mr. Benedetto asked if they hire everyone who applies, and Mr. Attara stated they do not. Mr. Doria stated the first year they came in, they were asked to interview everyone who was at the Golf Course under the previous firm. He stated the first year, they hired back everyone; but after the first year, they did an evaluation of the staff. He stated the outside service staff went from eighteen to nine because they realized they only needed nine hard-working people. He stated every year they go through the same evaluation with the existing staff; and the people who work and perform are invited back. He stated at the end of November, they lay everyone off for the winter.

Mr. Benedetto stated the January and February payroll seems to be the fourth highest month for payroll. Others disagreed. Mr. Benedetto stated the Operating Expenses were the fourth highest for January, and Mr. Stainthorpe stated they did have a warm January last year. Mr. Fedorchak stated where Mr. Benedetto is looking is not payroll, it is Golf Operations, and Mr. Attara noted the section that has this detail. Mr. Doria stated they have the Cart Expense payment which is made every month. Mr. Attara stated this also includes the handicap expense as every year they have to pay handicap costs of \$3,000 which is the fee for the players who play in all the events, and this annual expense hits that month. He stated there is also some education and training because that is when the Golf Show is.

Mr. Benedetto noted the rounds of golf. He stated the rounds this year were higher than ever, and they have projected 38,650. Mr. Benedetto stated this is based on a ten-minute interval, and Mr. Attara agreed. Mr. Benedetto questioned the ten minutes as he understands that it should be an eight-minute interval at public courses. Mr. Doria stated when the Course first opened they tried to run eight-minute intervals. He stated their goal is to always make sure that the customer has a great experience and enjoys coming back. He stated by putting people on an eight-minute interval, you end up compacting the Golf Course which results in a five and a half to six hour round of Golf. He stated at a ten-minute interval the pace of play rating comes out to four hours and twenty-six minutes, and they have a customer happy with the amount of time they have spent, and it gives them a competitive advantage against their competitors who are having five and five and a half hour rounds on the weekends. He stated they get repeat business, and this is why they are busy. He stated the players know that if they book a tee time at 8:00 A.M., they will be at the tee at 8:00 A.M.

Mr. Benedetto asked if they know how much money they are giving up by doing this. He stated if you just take the rounds, you are losing \$425,000 year. Mr. Attara disagreed and stated he has been doing this for twenty-five years, and it does not work this way. Mr. Benedetto asked if it was not eight minutes before Spirit took over, and Mr. Attara stated the prior management firm started at eight, moved it to nine; and Mr. Doria stated they had just moved it to ten their last year realizing that there was a problem. Mr. Fedorchak stated before Spirit took over one of the customer concerns was pace of play. Mr. Attara stated every Golf Course is built with a built-in pace rating based on the

design, difficulty factors, walk between green and tee, how long the rides are between holes, etc. and all of these things come into play when you consider pace rating. He stated you cannot compare one Course to another. He stated another Golf Course could be 300 yards shorter than Makefield Highlands and the tees and greens may be right next to each other, and the pace of play would be faster at that other Course. He stated you want to give golfers space on the Course whether it is eight minutes or ten minutes, and they should go around the Course in their space. He stated if you compact it, and you get in another group's space, it makes it a very unpleasant day for those golfers. Mr. Benedetto asked if there are Rangers driving around telling golfers to "pick up the pace," and Mr. Doria stated they do this if necessary. Mr. Attara stated they also have Marshals out on the Course. Mr. Benedetto stated the number of rounds projected is less than last year, and Mr. Attara stated they have budgeted the number of rounds based on multiple years. He stated last year they were able to play golf in January, February, and March and there were 6,500 rounds; but in the year before they had less than two hundred.

Mr. Benedetto asked if they would agree that rounds of golf/dollars per round should include not just the greens fees but also the cart revenue; and it was noted that they could add the greens fees and the cart fees although not all who are playing are required to take a cart specifically in the winter months when they are in winter rates. Mr. Doria stated that one of the benefits of winter rates is that they do allow people to walk at any time on the weekends while in the summer on the weekends, it is mandatory cart play.

Mr. Benedetto stated looking at months from Memorial Day to Labor Day, they have heavily stacked them. He stated the reason they were able to "hit the mark" this year was because of January through March. Mr. Benedetto stated he feels they got lucky with the mild winter because in the summer, and they are not going to get more than the summer numbers they have shown; and Mr. Doria stated in the summer, they are basically dealing with the amount of daylight. Mr. Stainthorpe stated there have been times in other years where it has rained significantly in August, and they cannot control the weather.

Mr. Benedetto stated they have a variety of rates, and he asked if they are maximizing what they can out of the play distribution rates. He stated he felt they dropped the rates on Seniors, and Mr. Attara stated this is correct for Resident Seniors. He stated while this is not a large percentage of their players, it does help. He stated previously those players had been going to New Jersey to some of the County Courses, so they felt like it was the right thing to do to drop that rate. Mr. Benedetto asked if there is a rate they feel could be raised. Mr. Doria stated they try to maximize their ability with each type of customer. He stated from Monday through Thursday, the Senior players are the primary customers; and they need to keep the rates competitive for those players.

Mr. Benedetto stated there are gross receipts of over \$2.7 million, but there is a net cash flow of negative \$115,000. Mr. Attara stated he would like to be able to Budget for next year exactly how it happened this year, but he cannot guarantee this. He stated he cannot

guarantee the weather. He stated 2012 had Budgeted Revenues of \$2,564,000; and they are forecasting doing approximately \$2,771,000. He stated for 2013 he has Budgeted \$2,755,000. He stated he feels he is being fairly aggressive on the Revenue side.

Mr. Benedetto stated he has less concern about the Revenue side, but is concerned about the Expense side. Mr. Attara stated the total expenses are up 4% over last year.

Mr. Dobson stated they need to take into consideration that they have over \$800,000 of Debt Service. Mr. Fedorchak stated with regard to Debt Service, they had re-financed an issue and took all the savings in the first three years, and this year it will go up approximately another \$130,000.

Mr. Benedetto stated in the Executive Summary it indicated costs had been allocated to improve the level of sanitation and to hire a professionally-trained staff, and he asked what this relates to. Mr. Attara stated this relates to the kitchen. He stated historically this operation had a very difficult time managing the sanitation, and there were issues with the Board of Health. He stated when they came in they put together a plan they felt would update things in the kitchen including a clean, dry storage room in the basement just for the kitchen equipment; and this has helped take clutter out of the kitchen itself which is already very small. He stated the operation has improved immensely as far as presentation and with the Board of Health.

Mr. Benedetto asked about Capital Expenditures, and Mr. Attara stated with the additional Debt Service they did get more conservative on the Capital side. He stated approximately two years ago, they had provided a five-year Capital Plan; and this has been pushed back slightly and he put in \$126,000 again this year, and inside this he is carrying the Lease for the maintenance equipment. He stated the balance are the items they have shown in the 2013 Capital Plan. Mr. Fedorchak asked what they will spend in Capital for 2012, and Mr. Attara stated for 2012 they will probably spend \$128,000.

Mr. Attara stated with regard to rates, they are looking at the Friday rate since they are not filling that time. Mr. Doria stated they are not as efficient on Friday, and they have found that any time that the other local Golf Courses have a golf outing that day they are full; but if people have choices, Makefield loses the Senior play because they do not have a Senior rate on Friday so they are proposing to use the Weekend Senior Rate all day on Friday to see if they can attract some of those players during that period and fill some of the holes that exist. Mr. Attara stated they would also like to change the early bird from \$20 to \$25 which they do not feel should be an issue. Mr. Doria stated they feel the change from \$20 to \$25 should generate between \$9,000 and \$12,000 additional. He stated if they pick up eight players at that rate, they will generate another \$12,000.

Mr. Attara stated as they manage this, they understand very clearly what the Debt Service is and how tight they need to be to run this operation. He stated they look at labor daily; and if the weather looks a little off, they send people home.

Mr. Benedetto asked if there is a program where you can pay an annual fee and be a “member,” and Mr. Attara stated they do not have this. He stated their Golf Association fits the needs for those golfers, and they have many who were prior members of clubs in the area and are now playing at Makefield Highlands because of that program because it is run well, is competitive, and is fun; and they are getting many of the same elements that you get at a private club. Mr. Doria stated they have gotten some of the top players from Yardley, Jericho, and Trenton now playing at Makefield Highlands as their home course.

Mr. Benedetto thanked them for the Hurricane Sandy relief event, and Mr. Attara stated they were approached about this, and they agreed that this would fit with their attempts to bring in local bands to the Course.

Mr. Dobson stated he feels Spirit is doing a great job running the events and participation rates are increasing. He stated he talks to people, and he wants to hear that they are having a “wow” experience.

Mr. Fedorchak asked if they will make their Budget for November, and Mr. Attara stated he feels they will. Mr. Doria stated in December they added ten parties, and last year they had three. Mr. Attara stated a big part of their goal is to make Food and Beverage more profitable, and they are going to be even more aggressive booking parties, and the number of parties over the recent years is significantly higher. Mr. Doria stated this helps them particularly in December, January, and February since Golf at that time is weather dependent.

CONTINUED REVIEW OF THE 2013 PRELIMINARY BUDGET

Mr. Fedorchak noted the various Grant Programs. He noted the first page under Revenue for Capital Reserve. He noted particularly Contributions which includes the Toll Bros./ Matrix contribution from the Settlement. He stated the Agreement is that eighteen months after the Township issues the first Certificate of Occupancy, which was in March, they will get the first of three \$400,000 payments in 2013. They will not get one in 2014, but will in 2015 and 2016. Mr. Fedorchak noted the bottom line on Page 2 indicates that they will end the year with only a couple hundred thousand dollars which will not provide much for Capital Improvements in 2014. He stated he is also accounting for Grant Revenue from the ball field/Center Grant; and he is expecting that he will get approximately \$400,000 in 2013. He stated it could be a tight situation in 2014 when they are looking at Capital Improvements; and they do need to find other Revenue streams for Capital Reserve.

Mr. Dobson noted Revenue and Expenses for 2012. Mr. Dobson stated he is fine with Central Government. Mr. Fedorchak stated they significantly reduced legal fees with the new solicitor, and the numbers have been coming in less; and he is comfortable budgeting \$100,000.

Mr. Dobson noted General Expenditures with the largest being \$130,000 in Hospitalization. Mr. Fedorchak stated he did provide a report on this, and the Hospitalization numbers over the last few years have been almost identical at \$1.17 million. He stated he did not want to Budget \$1.17 million since he did not feel this was responsible as it is possible they could get a 10% increase.

Mr. Dobson stated Police Revenues are down \$25,000 from \$22,000 which he feels is due to the Federal Grant. Police Overtime was noted; and Mr. Dobson stated they Budgeted \$195,000 this year, but will probably go to \$255,000 this year. Mr. Dobson asked if there were any one-time expenses in 2012 that they will not have in 2013, but Mr. Fedorchak stated he was not sure. Mr. Fedorchak stated he does not feel the \$255,000 has taken into account the overtime from Hurricane Sandy. Mr. Fedorchak stated he did have a discussion with the Chief, and he feels they will be taking out about \$7,000 from the Police Budget. He stated the big numbers are Personnel services, and this is contractual.

Mr. Benedetto noted Patterson Farm General Expenditures, and he asked why the Budget is \$12,000; and Mr. Fedorchak stated he had looked at averages. Mr. Benedetto asked Mr. Fedorchak what he sees as the needs, and Mr. Fedorchak stated there are a number of needs and the \$12,000 will not actually cover the needs. He stated there needs to be work on the existing barns, painting and replacement of the paneling; and he does have this broken down in different categories and the total is some number in excess of six figures. He stated they will not be able to accomplish all of this in 2013. He stated he feels he put some of this in the Capital Reserve Budget. He agreed to provide Mr. Benedetto a more specific answer. Mr. Benedetto stated he would still like to see a separate fund to maintain the Patterson Farm. Mr. Fedorchak stated he could create a different account under the General Fund.

Mr. Benedetto stated the \$12,000 is the exact amount that they are going to get from Bright Farms, and he feels it would be good to dedicate the \$12,000 from Bright Farms to that. Mr. Fedorchak stated all Bright Farms receipts come into the General Fund, and all Operating Expenses for Patterson Farm are expenses out of the General Fund.

With regard to Planning and Zoning, Mr. Dobson stated they are approximately \$65,000 less in Revenue which he does not understand since Matrix is just coming on board. Mr. Fedorchak stated he has changed this.

Mr. Dobson noted the expenditures for the Zoning Hearing Board and he feels Aria was a big expense; and if they do not have anything like Aria, those expenses should go down. Mr. Stainthorpe suggested Mr. Fedorchak go back and look at the expenses prior to Aria. Mr. Fedorchak agreed to look into this and report back to the Board.

Mr. Dobson noted Public Works and asked if they have made the Revenues close to what is projected for 2012 as they were shown previously \$6,000 to \$7,000 under what is projected for 2012, and Mr. Fedorchak agreed to look into this and agreed to make the changes discussed on the Master Sheet.

With regard to Building Repair and Maintenance, Mr. Fedorchak stated they are going to need a new boiler for the Municipal Building, and he is going to be working on this.

Mr. Stainthorpe stated they need to advertise the initial Budget. He asked if they have to include the millage amounts, and Mr. Fedorchak stated they do have to include it now. Mr. Stainthorpe stated with regard to the Emergency Squad he feels they should only do this one time and not have to do it again the next two years. He stated he feels they should advertise it at .6, and if they can carve this back by finding something else, they have the flexibility to do this. Mr. Dobson stated the Emergency Squad also needs to go to Yardley and Upper Makefield. Mr. Stainthorpe stated he feels the Board of Directors needs to be more involved, and they should go to Yardley Borough and advise them of what their contribution should be based on the number of calls going to Yardley Borough.

Mr. Menard stated when you look at the rate of collections of the surrounding Squads, their rates are significantly higher than Lower Makefields, and they deal with the same Medicare reimbursement problems. He stated this is a change that happened this year. He stated they have changed billing agents. He stated there has also been whittling down of the cash reserves over the last few years that were to be for the capital improvements. He stated he has four years of Balance Sheets and Income Statements, and they will review these as well as the Accounts Receivables to see the real billings versus the collections to see what the write off is. He stated he also wants to see current year revenue as one line item and current year revenue/last year billings. Mr. Menard stated the Citizens Budget Commission is going to work with the Emergency Squad more frequently and get to meaningful monthly financial statements and try to pinpoint areas that need concentration to identify the problems.

Mr. Stainthorpe stated he feels the Emergency Squad needs to find some additional savings and to control their overhead. Mr. Fedorchak stated the Township should get their 2013 Budget as well as quarterly reports and an audit. Mr. Fedorchak stated he feels they should provide the .6 additional in a fund, but they should not give it to them until all the conditions are met, and they should meet with them before they release the funds.

Mr. Dobson stated they need to find out how much a call actually costs, and Mr. Menard stated the Citizens Budget Commission is going to reach out to those who have a successful system and find out how they operate. Mr. Menard stated there is a minimum fixed charge, and they need to see if the base crew is the right mix according to standard regulations for staffing.

Ms. Tyler asked about ambulance volunteers. Mr. Menard stated there are three EMT volunteers attached to the Fire Company but no volunteers with the Rescue Squad.

Mr. Dobson stated Upper Makefield and Yardley Borough have to start paying their share. He stated this is the same for the Police, and they need to come up with a fee schedule. Mr. Dobson stated he feels Lower Makefield should have a .35 increase based on call volumes. He stated he would also recommend that they take it from a “rainy day fund” for the first year. He stated it will take them six months with the new billing company to get up to speed, and they should revisit this in the fall as the Emergency Squad may not need all that they are giving them. He stated he does not want to raise taxes for something they may not need. He stated he feels they should provide them this “lifeline” for the first year, and then revisit this in six months.

Mr. Dobson moved, Ms. Tyler seconded and it was unanimously carried to approve the 2013 Preliminary Budget as discussed which includes a .35 mill increase only for the Ambulance Squad and all other millage rates stay the same; and to authorize the Budget to be advertised.

There being no further business, the meeting was adjourned at 9:00 p.m.

Respectfully Submitted,

Dobby Dobson, Secretary