

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
SPECIAL BUDGET MEETING
MINUTES – OCTOBER 25, 2023

A special Budget meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on October 25, 2023. Ms. Blundi called the meeting to order and called the Roll.

Those present:

Board of Supervisors: Suzanne Blundi, Acting Chair
Daniel Grenier, Acting Vice Chair (joined meeting in progress)
John B. Lewis Secretary
James McCartney, Treasurer
Colin Coyle, Supervisor

Others: David W. Kratzer, Jr., Township Manager
Alison Vogel, Assistant Finance Director

Mr. Kratzer stated the Board has a current working draft of the 2024 Budget. He stated this evening's discussion is intended to be a higher-level discussion more conversational in nature as opposed to presentation to discuss some of the bigger-picture items that the Board will ultimately have to consider in terms of the adoption of the 2024 Budget.

Mr. Kratzer stated of the property tax that is currently paid by Lower Makefield Township residents 9 cents of every dollar goes to Lower Makefield Township, both in terms of general purpose as well as the various special purpose taxes that are levied. He stated 80% of the tax that is currently paid in the form of property tax is paid to the Pennsbury School District, and 11 cents of every dollar is paid to Bucks County in the form of general tax as well as some special purpose taxes that the County levies.

Mr. Kratzer stated that currently the overall rate of taxation that the Township levies is 20.51 mills. He stated of that 68% or 68 cents of every dollar goes to the general purpose tax which is the primary funding source for general operations within the General Fund. He stated 12 cents of every dollar or 12% goes to Parks & Recreation which is a special purpose tax that the Township levies. He stated 10 cents or 10% of every dollar goes to the payment of Debt Service, which is a special purpose tax for purposes of paying principal and interest on debt that the Township has issued for capital projects. He stated 5 cents of

every dollar or 5% goes to Fire Protection, funding the services of the Yardley-Makefield Fire Company. He stated 2 cents or 2% of every dollar goes to the Ambulance Service, 2 cents also goes to pay for Fire Hydrants and 1 cent or 1% of the current levy goes to pay for Replacement Road Machinery.

Mr. Kratzer stated the County has not engaged in comprehensive re-assessments since 1972 so the average household is assessed at approximately \$43,600. He stated payments coming to Lower Makefield based on that average assessed value is \$894.24 across all of the respective taxes.

Mr. Kratzer stated the current draft Budget does show a budgeted deficit in the General Fund, which is our primary operating account, of a little bit less than \$1.6 million. He stated in 2023 the Budget was adopted with a \$1.7 million operating deficit in the General Fund. He stated when the Board adopted the 2023 Budget, what was contemplated in terms of performance was that we were starting with about a \$4.7 million General Fund balance which was going to be drawn down to \$3 million. He stated nothing was done last year from a revenue perspective, and that is largely because as it relates to the General Purpose Tax, the Township is at the statutory cap under the Pennsylvania Second Class Township Code. He stated the Code permits you to go up to 14 mills, and we are at 13.88 mills. He stated with the relatively-low assessment and recognizing that there has not been a County-wide reassessment, that additional yield is probably about \$60,000 in total so there is not a lot of potential for additional revenue in terms of the General Purpose Tax.

Mr. Kratzer stated the draft Budget is proposing a series of increases within the respective funds. He stated there is a little bit less than \$700,000 of additional expenses that are currently reflected in the draft that warrant some initial discussion and direction from the Board. He stated while the General Fund Budget as contemplated shows about a \$1.5 million deficit it does have a number of one-time transfers. He stated it is proposing the transfer of \$275,000 in American Rescue Plan Act funding, which is permissible under the guidance that was issued, to fund General Operation expenses recognizing the revenue loss allowance that is permitted. He stated it is also proposing the transfer of what has been referred to as Liquid Sanitary Sewer Sale Proceeds of about \$1.4 million. He stated if those are removed, the Operating Deficit is closer to \$3 million. He stated there is work that needs to be done on both the revenue and the expense side in order to try to create a more-sustainable future for the Township.

Mr. Kratzer stated the Budget currently shows the allocation of \$90,000 for the Township to pursue participation in the Pennsylvania Department of Community and Economic Development Strategic Management Planning Program. He stated through this program you would hire a consultant with the Commonwealth paying for half of the consulting expense, and it is dependent upon the receipt of available funds from the Commonwealth. The consultant would come in and do an external evaluation of both the short-term and long-term primarily fiscal trends of the Township and look for opportunities for operational efficiency. He stated a number of Municipalities in the Commonwealth have gone through this, and it is a good exercise for long-term financial planning regardless of the fiscal health of the Municipality. He stated it also sets the Municipality up for subsequent funding from the Commonwealth through this Program for implementation efforts. He stated recognizing where we are at from a property tax perspective relative to the statutory cap, recognizing that there is not a lot of assessment growth this is occurring year over year, and recognizing that costs continue to increase with revenues not increasing at a similar pace, he would recommend considering participation in this program. He stated we would submit an Application, and the \$90,000 is an estimate based on similar-sized Municipalities that have gone through this exercise in the past. He stated he feels it would be helpful to set a framework for moving forward in 2025 and beyond.

Mr. McCartney asked about the Municipalities that have gone through this; and Mr. Kratzer stated Bristol Township is just finishing this. Mr. McCartney asked what was the result. Mr. Kratzer stated he can provide a sample copy of a document showing what it looks like. He stated it will look at trends and what has happened over the recent past and if the trends continue what is likely going to need to happen in order to address those trends. He stated he feels it would be helpful when talking about some of the broader fiscal-policy issues that the Township will need to address in the near future. Mr. Kratzer stated he is showing \$90,000 as a placeholder; but it is 50% funded though the Commonwealth, and we would not proceed unless we were to receive the funds so the net cost would be \$45,000.

Mr. McCartney asked if through the process they would find improvements that would equate to Budget reductions, and Mr. Kratzer agreed. He stated a team would come in with different functional expertise, and they would go through every Department looking at opportunities for efficiencies, spending reductions, and making recommendations based on best practice and what they have seen in other Municipalities to try to put them on a path for better fiscal health.

Ms. Blundi asked Mr. Kratzer if he can provide some information from other Municipalities who have gone through this in addition to Bristol Township, and Mr. Kratzer agreed to do so.

Mr. Coyle stated we have been discussing hiring a Finance Director for the Township who may have been through a process like this, and he asked if the decision to proceed with this program could wait until we bring that person on board. Mr. Kratzer stated that is a possibility. He added that he has participated on STMP teams as well since the consulting work he was doing prior to coming to Lower Makefield did a fair amount of that work throughout the Commonwealth so there is potential to bear some internal capacity on this although it is always helpful to have more minds addressing an issue.

Mr. Grenier joined the meeting at this time.

Ms. Blundi asked if the Board were to agree to go in this direction, what would be the timeframe from start to finish. Mr. Kratzer stated it is generally three to six months. He stated the Commonwealth's Budget is not adopted until July; and it is likely that they have allocated their funds for this fiscal year, so we would probably not be able to start until July. He stated as noted by Mr. Coyle, if we are going to make other decisions and invest in other capacities, we may be able to do this internally as well. Mr. Coyle stated there would be value in having a Finance Director on board first learning about our financial situation, and then participating in a program like this.

Mr. Kratzer stated many Municipalities in the Commonwealth have started to levy Stormwater Utility Fees similar to Sanitary Fees and Public Water Fees to address Permit obligations that are imposed by the Federal Government and the Department of Environmental Protection in terms of NPDES Permits/ National Pollution Discharge Elimination Permits which allow for the discharge of stormwater into Waters of the Commonwealth, etc. He stated they have also looked at the Stormwater Utility Fee to not only address funding and financing those regulatory obligations, but also to address aging infrastructure/ sub-surface infrastructure. He stated as we have dealt with this year, stormwater systems are important assets within the community and many times they are "out of sight/out of mind." He stated there is no reoccurring funding revenue that is funding their maintenance or capital additions. He stated at Maplevale the process was started to try to retrofit the stormwater system within that community, and then the event happened. He stated we have

continued to make investments there. He stated Stormwater Utility Fees are permitted under the Pennsylvania Municipal Authorities Act, and you are permitted to levy a fee for stormwater purposes; and it is also permitted under the Pennsylvania Second Class Township Code.

Mr. Kratzer stated if that is something that the Township has an interest in pursuing, there are costs associated with the process. He stated the Draft currently shows costs attributable to going through that process. He stated it could take up to a year to go through the process. He stated the cost that is shown in the Draft currently is \$250,000. He stated it is high because it would involve commissioning a flight to collect impervious surface data on individual lots for purposes of levying an equitable fee so that there is a relationship between impervious coverage on a lot and its demand on the system. He stated if we were to proceed with this, we would request qualifications and proposals from various parties, and what he is showing is just a placeholder. He stated this would be a new concept for the community.

Mr. Lewis stated he is generally very supportive of a Stormwater Management Fee as a way to allocate the costs associated with what we are going to be dealing with. He asked how we allocated the cost of Maplevale in the current Budget for 2023. Mr. Kratzer stated in terms of the planned project American Rescue Plan dollars were allocated to that. He stated that allocation was based on the best information that was available at the time which he believes was an engineer's estimate. He stated that project was phased because the estimate was much lower than what the actual cost of the improvement was. He stated in terms of the response to the storm, that was all paid out of Operating Funds.

Mr. Lewis asked if we have an estimate of how much was spent related to Maplevale. Mr. Kratzer stated it is probably in excess of \$500,000. Mr. Lewis asked if there is a way to create a one-time fund that would cover that and reimburse the General Fund in 2024 adding that would be approximately 1 mill. Mr. Kratzer stated he would need to look into that further as he is not sure that there is a special purpose rate that we would be able to levy under. He stated there is no capacity in terms of the General Purpose tax.

Mr. Grenier stated he is familiar with Stormwater Fees, and this is done in other States as well as in Pennsylvania. He stated it makes sense to base it on your impervious area since if you are creating stormwater run-off, you should pay your fair share. He stated he has worked with large landowners who had a lot of impervious area and showed them how to mitigate for it

so their fees were not so big. He stated he is in favor of something that is equitable and to actively work with business owners and private citizens so that they can learn how to reduce their stormwater impact and their fee.

Ms. Blundi asked if the way we would calculate this would be based on how much impervious space you have; and that if you were to install rain barrels or something else, you could reduce the Fee. Mr. Grenier stated he is not sure how many unmitigated parking lots we have, but those fees would be quite high since they have an impact on the system. He stated we would work with them to help them to reduce the fee but only in a way that we would also be drastically reducing their stormwater impact. Ms. Blundi asked if the assessment was 1% could a homeowner reduce that fee by doing certain things or would it be 1% across the board. Mr. Kratzer stated where he worked previously he went through Utility Fee implementation on the stormwater side; and there were credit opportunities for landowners to pursue. He stated there was a menu of things that could be done. He stated most of the larger landowners would be Commercial landowners who would have opportunities for partnership credits, etc. He stated in terms of rain barrels, they gave one-time rebates. He stated you can formulate the credit program as you see fit, and that would be part of the implementation.

Mr. Kratzer stated the solicitor has discussed on-going litigation regarding whether these were fees or taxes, and part of the argument that it is not a tax is that there is some mechanism to control which is no different than any other utility where you have some ability to mitigate. He stated the sanitary sewer bill is generally based on water consumption, and you have the ability to consume less water and in turn be charged less from a sanitary sewer standpoint. He stated this would be the same general principle for this Stormwater Fee. He stated he does not believe that the Stormwater Fee would eliminate some of the longer-term concerns about the General Fund in terms of funding operations, but like any utility, there are shared costs which could be spread out. He stated there is the opportunity to not only start making Capital investment and insuring Capital maintenance through this by retrofitting developments that do not have modern stormwater facilities, but it also provides an opportunity to spread some of our staffing costs because there are associated costs that are going to that currently that are now being funded through General Operations.

Mr. Kratzer stated recognizing some of the work that has been done, some of the work that needs to be done, and some of the work that is likely to be revealed as we go through the land studies, the likelihood of

increasing the requirement from a regulatory Permitting standpoint that will be imposed upon the Township, this is a mechanism to fund and finance those through recurring revenue versus what we have now. He stated now we have an obligation for the Pollution Reduction Plan, but we do not have recurring dedicated revenue sources to fund those obligations. He stated those projects can be in the millions of dollars. He stated this is not going to get easier, and it will be getting tougher from a regulatory standpoint; and this is a mechanism to not only address the regulatory issues but also the quality of life issues that come with flooding. He stated we need to get beyond minimal regulatory compliance and start thinking about how this effects quality of life issues, and this is a way to start funding that in a reliable way.

Mr. Grenier stated his experience is that this has been a successful tool where it has been implemented well and residents and landowners see the benefit.

Mr. Grenier stated he is curious about the amount of funding we have set aside in terms of what will be coming out of the Land Studies recommendation for that watershed and potentially other watersheds that were not included in this study but still need help. Mr. Kratzer stated there is about \$4.8 million remaining in Bond proceeds which were issued in 2016. He stated when the Township issued that Debt in 2016, of the new money proceeds from that Debt, which was about \$15 million, \$5 million of that was classified as Electoral Debt for Open Space Preservation purposes. He stated we need to get an accounting of where we stand on that adding that he believes we have spent about \$4 million. He stated there is a way to do a change of use if the Board wants to do that, but he understands that it has been expressed by the community that they want to preserve open space. He stated \$1 million will not go far in terms of open space acquisition given the market in Lower Makefield and Zoning on properties. He stated we need to make sure that we are not running afoul of what was done in 2016.

Mr. Coyle asked if it is specifically for acquisition of open space or is it for projects related to open space preservation. Mr. Kratzer stated he believes it is specifically related to acquisition but he will look into that further. He stated he believes the two properties that were acquired through this were the Guzikowski property and the Hildebrand property. Mr. Grenier stated with regard to the Guzikowski property is was a Conservation Easement and not an actual land purchase.

Mr. McCartney asked how stormwater capital project expenses are funded now. Mr. Kratzer stated they are being shown in the General Fund. Mr. McCartney asked who would manage the Stormwater Service Fee, and who would be responsible for going out and determining what each homeowners' impervious surface is. Mr. Kratzer stated the reason the cost is so high is that you would have a low flight over the Township and collect impervious surface data on individual lots. He stated it is generally a tiered structure, and they would work through that process in terms of the rate structure. He stated a certain amount of square feet of impervious surface coverage on a lot would equate to a certain rate. Mr. McCartney asked what is the estimate for the revenue that would be generated, and Mr. Kratzer stated that would depend on the Board's desire in terms of generating a Budget. Mr. Kratzer stated that can also change as needed.

Mr. McCartney asked who would manage this, and Mr. Kratzer stated the Township would have to manage it. Mr. McCartney stated that would add a back-end expense to manage the process, and Mr. Kratzer agreed. He stated they would have to evaluate internal capacity. He stated in the Municipality he was with before, the Finance Department was doing the utility billing and was the Department that was responsible for this. Mr. McCartney asked Mr. Kratzer if he sees this as something that would fall under the Finance Director's responsibility, and Mr. Kratzer stated he agrees although at this point he cannot guarantee that it would not result in an additional person. Mr. Kratzer stated *we no longer are in the utility business, and we would have to look into this.* Mr. McCartney asked if it would be appropriate to use one of our existing utility partners to facilitate the billing and pay them a percentage or a small yearly fee. Mr. Kratzer stated there are some who have used a third party for purposes of billing, and we could look at that as a possibility.

Mr. Grenier asked the major stormwater-related projects that we have in the Budget. Mr. Kratzer stated related to the proceeds of the 2016 Bond Fund, recognizing that we need to be mindful of the restricted portion, at this point the only project that currently has an allocation is the Highland Drive project which was previously Maplevale Phase 2, but has been significantly expanded beyond what was initially contemplated as Phase 2. He stated there is slightly less than \$700,000 that is currently allocated to that project. He stated there are some other projects that we want to discuss that were previously discussed to see if we want to re-allocate funds for some other things.

Mr. Grenier stated the one project that he is very interested in that would be primarily funded by Grants would be connection to the Yardley Borough sidewalk taking that up to Maplevale although that would have to be engineered. He stated Taylorsville and Dolington are PennDOT roads and that is where most of our stormwater flows are coming from as seen from the videos which have been provided, but PennDOT has advised that they will not do stormwater management on those roads because they are grandfathered. He stated putting in a sidewalk also provides an 8" curb which stops water and is generally below the elevation of how Taylorsville gets flooded, and you also have to put in stormwater inlets so that is another way to manage the stormwater in that area whether it is from a stream overflow or stormwater that is running off the impervious surface that is Taylorsville and Dolington Roads. He stated he would like to see the engineering get done in 2024 so that we can go to DCED or another funding source.

Mr. Kratzer stated there were certain projects that were incorporated into the 2023 Budget that have progressed to a certain point although some did not go beyond conceptual. He stated in order to undertake the type of project Mr. Grenier is describing based on what we have available, it would require either re-allocation of funds or issuance of new debt for the purpose of constructing something like that. He stated we would pursue external sources of funding to hopefully pay for the bulk of that kind of project.

Mr. Grenier stated he voted against last year's Budget because of the some of the Park & Rec projects that were included in the e-mail that Mr. Kratzer provided because he was hoping we would be spending funds on infrastructure; and he was hoping that we would have discussion before we went forward with those projects and the Trust. He stated he would be fine re-allocating wherever we have available funds from those projects to the one he is recommending because it is a clear infrastructure improvement that in some level is related to Park & Rec since one of our goals in Park & Rec is for connectivity and walking; and it would also provide benefits in addition to connectivity and walking.

Mr. McCartney asked if we are able to do that given that it was a Budget approved in a prior year; and it was noted that could be changed.

Mr. Kratzer stated many of these projects are not in the construction phase, but they are in various levels of the planning phase; and while they would not be eliminating these projects long term, they would be re-allocating the money for another purpose.

Mr. Lewis stated one of challenges we have had over the past years is having too many projects running simultaneously and too much scope which makes it harder for us to manage. He stated he feels we should consider all of the Capital projects over \$50,000 to \$100,000 and prioritize them. He stated we could continue to do engineering for projects that we feel have lower value, and do work on projects that we feel have a higher value. He stated in that way we do not overtax our ability to manage projects. He stated we also need to be opportunistic when we get a Grant.

Mr. Grenier stated he feels we need to do a better job when we are looking at projects and prioritizing projects to understand what the ownership costs are as he does not feel we have gotten a good grasp on that on some of the projects that were done over the last few years. He stated while they are nice projects, we keep paying for them in the long term.

Mr. Kratzer stated in terms of prioritizing projects, we should also consider prioritizing Grant Applications. He stated we want to maximize the amount of external funding that we are bringing to the community to make improvements; but the reality is it is not always the merit of the project, but it is also the political process. He stated it is not likely that if you get a State-wide Local Share Grant in the amount of \$900,000, you will get another \$900,000 Local Share award in the subsequent round. He stated we need to consider the funding applications that we go after since there are costs associated with that process and there is reality in terms of how funding is going to be allocated across the over 2,500 Municipalities in Pennsylvania. Mr. Kratzer stated he believes a number of these projects have not advanced very far because there have been so many projects going on at a single time, and we do not necessarily have the capacity internally to manage all of those projects.

Ms. Blundi stated at some point she understands that there will probably be less projects put forth. Mr. Kratzer stated what he is saying is that there are projects that are in varying phases that provide some flexibility from a funding standpoint to be able to prioritize the projects. He stated he sent the Board an e-mail today noting the projects that were previously approved within the Park & Rec realm. He stated it is ultimately a decision for the Board in terms of what they want to do. He stated currently in the Draft Budget there are three Park & Rec projects which are in various phases. He stated for some of them the money that will fund them cannot be re-allocated because it is restricted money.

Mr. Kratzer stated the Veterans Square ADA improvements were listed in the adopted ADA Transition Plan. He stated the Veterans Square Pocket Park project was replacement of the existing playground. He stated the total cost in the 2023 Budget was \$160,000, and total estimated cost including soft cost, largely engineering, that is currently in the Draft Budget is \$179,200. He stated that is proposed to be funded through Park & Rec Fee-In-Lieu, and that is not money that you have the ability to use for other projects that have been discussed. He stated that project is currently in the Sketch Plan Phase, and it is not fully costed or fully engineered; and it is more conceptual.

Mr. Grenier asked what the Park & Rec Fee-In-Lieu can be used for, and he asked if it can be used for sidewalk connectivity; and Mr. Kratzer stated he will have to look into that. Mr. Kratzer stated the use of the Fee-In-Lieu money is governed by the Pennsylvania Municipalities Code, and he will get back to the Board on this.

Mr. Grenier stated one of his main concerns with Park & Rec is that some of our existing resources are in need of improvement and maintenance; and to the extent that we can he would like to get those in good working condition before we start doing new projects. He stated he wants to understand what the ownership costs are for new projects that will take resources long term.

Mr. Coyle stated he is the Liaison for the Park & Rec Board, and in the proposed Budget for next year there are items that do address on-going deficiencies at some of the facilities; and it is not all new projects.

Mr. Lewis stated once we prioritize the projects, we could slot them in a rough order so that we will know when things are coming in terms of how we can manage them all as we do not want to overwhelm our ability to manage projects. Mr. Lewis stated we know that some projects need to be done at certain times of the year.

Mr. Grenier stated with regard to maintaining Park & Rec facilities he would like to consider re-organizing our staff structure; and for the Park & Rec staff who are maintaining Park & Rec facilities it seems that it would be more appropriate for them to be included under the Public Works umbrella so that they could be leveraged across Public Works and Park & Rec projects. Ms. Blundi asked if they are different Unions, and Mr. Kratzer stated he believes they are the same Union, but he will look into that. He stated he understands that Mr. Grenier is not recommending that we change their

job classification or job function, but is considering a change as to how they would be deployed. Mr. Grenier stated the Public Works Director is in charge of building management and maintenance, and there is sub-set of Park & Rec staff that does that same thing. He stated he feels if they were working as a bigger unit, they would be able to be deployed more efficiently in Park & Rec and in Public Works as needed which could be a benefit. He stated in this way those with higher skills and higher salaries would be used for certain jobs as opposed to having them doing lawn mowing, and this could help with some of the maintenance issues.

Mr. Lewis stated the Board received a break-down of assets for Park & Rec which was very detailed. He stated for all of our equipment and projects we should be thinking about creating reserves so that each year we are saving a certain amount so that when things break we have the money and we are not worrying about new debt or new taxes. Mr. Lewis stated we had that for Public Works equipment, but he does not know if that was continued. Mr. Grenier stated before we sold the Sewer system, we had developed a Seven-Year Plan where we had the initial rate increase; and the way the Plan was laid out was that there was a series of projects that the one-time rate increase would have covered. It stated it was designed to create a reserve so that the projects could be done over the long term.

Mr. Coyle asked Mr. Kratzer if he tasked the various Department Heads to try to put forth a Budget that did not represent a \$1.6 million negative this year. Mr. Kratzer stated they are generally tasked with that effort, but the challenge is that beyond the project-related discussion, there is very little discretionary spending in a Municipal Budget. He stated we are in the service business and that requires people to provide service. He stated when you talk about material cuts, that would involve largely staff-related cuts. He stated in some areas he feels that some redundancy would be good for the long-term so that we are covered when someone leaves. He stated we do not have that currently, and that creates organizational challenges and dependency. He stated he does not feel we want to be dependent on individuals, and we want to be able to function beyond the tenure of a specific individual. He stated he feels that has been a challenge because there is no redundancy. Mr. Coyle stated he would like to have the Department Heads provide input as to what could be deferred since that would make the decision-making process easier for the Board

Mr. Lewis stated we have had a very high inflation rate over the last three years, but property taxes do not inflate. He stated commitments were made, but the economic environment has changed. Mr. Coyle stated the rate of inflation is 3x from 2020 to 2023, and he understands that everything is much more expensive, and it is impacting everything. Mr. Kratzer stated we have made some changes, and we transitioned the model in which we are procuring health insurance, and that is down close to \$400,000 year over year. He stated there has been an attempt to try to address some of the larger costs. He stated he can ask the Department Heads to speak to this when they come before the Board of Supervisors. Mr. Coyle stated looking at where the Budget deficit is and the ending balances projected, we can run a deficit this year and run that same deficit next year, and then there is no money left; and Mr. Kratzer agreed. Mr. Colin stated at that point we would not be paving roads, and Mr. Kratzer agreed. Mr. Coyle stated while we are projecting a \$1.5 million deficit in the current Budget, it actually represents \$3 million with a lot of one-time transfers, and Mr. Kratzer agreed. Mr. Coyle stated we could actually get through half of 2025, and Mr. Kratzer agreed.

Mr. Grenier stated there is over \$20 million in a fund that we cannot touch which is collecting interest, but in a few years we can use that interest toward the General Fund; and Mr. Kratzer agreed. Mr. Grenier asked if the projected interest amount two to three years from now would be about \$200,000 to \$300,000; and Mr. Kratzer stated he believes we could expect an annual distribution of that magnitude. Mr. Grenier stated while that would not solve the Budget issues, it is helpful. Mr. Kratzer stated having it liquid would create additional flexibility, but he understands that the intent of maintaining the corpus was to generate interest returns that could be distributed back to the Township on an annual basis to start to alleviate the operating challenges that the Township has from a revenue standpoint. Mr. Grenier stated given the Maplevale issue, it would have been nice to have a little more liquid immediately.

Mr. Kratzer stated the Trust Agreement provides that the distributions from the fund can start as of January 1, 2025. He stated in addition to the distribution, to the extent that there was a need, you can make withdrawals as well at that point, although there are provisions that relate to those withdrawals. Mr. Lewis stated if we are able to get 5.5% in 2025 that would help the General Fund and get us to a better spot.

Mr. Grenier stated if there is a Stormwater Fee, a lot of what we are contemplating for the General Fund, would not be General Fund anymore, and it would be paid for by that Fee. He stated that is another reason for the Fee since it can be used for specific things that we know we are going to have to do.

Mr. McCartney noted expenditures 2023 versus 2024, and the biggest jump is a 10% budget for Police from \$6.5 million to \$7.1 million; and he asked what is the 10% increase for. Mr. Kratzer stated that is largely related to staffing costs which are contractually-obligated increases and the cost of benefits. Chief Coluzzi stated there is not a lot of flexibility in any of the Budgets and not a lot of discretionary savings that can be done. He stated most of this is contractual and most of these are salaries for uniform and non-uniform personnel administrative staff, crossing guards, etc. He stated it is between an 8% and 9.25% increase. Mr. Kratzer stated individual employees are not getting that extent of increase.

Mr. McCartney asked what has changed between 2022 and 2023. Chief Coluzzi stated we were down Officers in 2023 through issues, disabilities, etc.; and we are losing an Officer as shown in the Budget narrative. He stated we have been working at a deficit in personnel in the Police Department. He stated the commitment of the Board of Supervisors was 41 Officers and his promise was not to go above that but to be able to replace when Officers leave the Department and not to work with less Officers on the street. He stated there are probably several squads that are working very low with staffing on the street around the clock, and they need to be replaced. He stated this year they are only asking to replace one Officer who left, but we should start preparing for 2025 as another Officer will leave the Department then. He stated recruitment and retention is a problem among Police Departments. If you hire an Officer who is already Certified and trained, it takes them at least six months to acclimate and work on their own; and if you have to train an Officer, it is close to a year for them to be able to work on their own on the street. He stated the Police Department is a bare-bones Budget as they are not asking for a lot of replacements in Personnel and they are only asking for one Police car. He stated normally because of buying cars outright we generally went for two to three cars a year; however, now we are leasing, and we have a good replacement of 2022 and 2023 through Enterprise Leasing so we only need one vehicle this year.

Mr. McCartney stated Public Works is going up 10% as well, so we are looking at 10% increases on two major Departments as well as a deficit at the same time. He stated he feels at some point, something has to be compromised;

and we cannot always be asking the taxpayers for more tax dollars. He stated he also does not want to disrupt or cut services. He asked if there has been a Budget in the last three or four years which has decreased in any Department. Chief Coluzzi stated he does not believe he has ever seen that in his years with the Township. He added he has seen the Budget supplemented with Grants and reimbursed from other areas, but he does not feel he has ever seen the Budget decrease.

Mr. McCartney asked if there is the opportunity for the Department Heads to get involved as to what their individual Budgets are and provide incentives to Department Heads to come in below Budget. He stated Department Heads are used to having certain monies allocated to the Department and are afraid that they will not get them the following year. He stated he assumes this will be part of the discussions we have with the individual Department Heads. Mr. Kratzer stated between now and then they will discuss this. He stated all of the Department Heads have been involved in putting this draft Budget together although some Department Heads have not been as intimately involved as has Chief Coluzzi. Mr. Kratzer stated they want the Department Heads to have a better internal organizational understanding. He stated the expectation is that there will continue to be refinement of the document in terms of additional thought and effort by the Department Heads reflecting the sentiments of the Board.

Mr. Kratzer stated there were a number of projects that were to be funded through Sanitary Sewer sale proceeds in the 2023 Budget as adopted. He stated with regard to the 2016 Bond, when you issue tax-exempt debt, the general expectation is that those funds will be spent within five years of the issuance of the debt. He stated we are beyond that, and there was COVID and other reasons as to why that did not happen. He stated the attempt was to try to shift funding the approved projects or new projects utilizing the 2016 Bond proceeds to provide flexibility to use the liquid Sanitary Sewer sale proceeds to “plug” the anticipated operational deficit in 2024. He stated this would allow us to get through the Budget cycle, take additional time to study this issue, possibly engage in the STMP process, and possibly look at stormwater but not have to make a decision by December 31. He stated that was the general approach taken, and he would like to know that the Board has no objection to that approach. He stated he personally does not see any other way to address the Operating deficit in 2024 without taking that kind of approach. He stated the general approach to address projects was to shift it over to other sources which would provide more flexibility where possible.

Mr. McCartney noted the e-mail that shows a Park & Rec Fund increase from 2.43 to a 3.8. Mr. Kratzer stated those are not project-based expenses, and they are operational expenses. Mr. McCartney asked if we are running at a 1.4 deficit in Park & Rec. Mr. Kratzer stated there is an Operating Account, and within that are a series of almost twenty sub-accounts from an accounting perspective. He stated in years past, funds were operating at deficits, and there were year-end transfers that were being made to eliminate those deficits. He stated this was not just for the Golf Course, and it also the Pool and Park & Rec. He stated it was felt that they would make an internal journal entry and bring it back to zero; however, that is not necessarily reflective of the performance of that individual fund. He stated there was shifting of money that was going on, and he does not know that the Board had a full, clear understanding of how Pool was performing, etc.

Mr. McCartney asked how much we have been putting into the Pool Fund over the last three years from the General Fund. Mr. Kratzer part of the increase in the Special Purpose Park & Rec Tax is to essentially provide a transfer to the Pool Fund, and that has not been shown before. He stated that is what they are showing now in order to balance the Pool.

Mr. McCartney asked what is the deficit we have been running at the Pool for the last three years. Ms. Vogel stated the 2022 starting balance was a little under \$14,000 so they were almost at breakeven. She stated before that it was probably break even. Mr. Coyle stated he believes that Ms. Tierney indicated yesterday that the Pool lost about \$200,000 to \$250,000 the prior year. Ms. Vogel stated that was without considering the ARP transfer that the Board approved for the Pool filters. She stated if we had not had that transfer, the Pool would have been operating at a deficit.

Mr. McCartney stated including the Capital expenses for the Pool pumps, we are not doing very well at the Pool. Mr. Lewis stated that was after a very large fee increase. Mr. McCartney stated it seems that there were less people joining the Pool paying more money. Mr. Kratzer stated it is always a balancing act where you increase rates to the point that you start losing membership.

Mr. Grenier stated the concept has always been that the Pool was to be self-sufficient, but it does not seem that has been the case for quite some time. Mr. Kratzer stated he agrees that there have been years over the past that the Pool did not cover its costs, and there have been transfers made from one fund to another. Mr. Grenier stated he does not know how

transparent that has been to the Board of Supervisors. Ms. Blundi stated she feels the Board understands that because of the age of the Pool there have had to be significant investments, and those have had to be supported by the taxpayers in general. She stated she believes that the Pool should largely stand on its own, but we are still paying for past decisions in many Capital areas.

Mr. McCartney stated while it is one thing to run at a deficit which is almost break-even, when you have a huge Capital improvement project like a pump you have to get the funds from somewhere which is the General Fund. Mr. Coyle stated the Pool is old, and there are lifecycle costs that have been deferred for a long time. He stated he would like to know if we will be past this in five years once we have made all the replacements at the Pool. Mr. Kratzer stated Ms. Tierney will be able to address that. He added he believes that 2024 needs to be a year of study on a number of issues looking at this from a multi-year perspective trying to understand what the Capital costs are. He stated Mr. Fuller will be coming in with a list of items that are beyond or at their respective useful lives which involves significant investments, and we need to consider how to develop a plan to fund those. He stated we need to study the Pool, stormwater management, the physical buildings etc. so that we can develop a more robust, multi-year strategy and plan.

Mr. Coyle asked that we be careful about asking for external studies and assessments because costs for those add up. Mr. Kratzer stated these are tools which are available, but he needs feedback from the Board on those. Mr. Coyle stated if there are going to be requests for assessments, he will be looking at whether the Board will likely fund by the end of the year whatever that assessment comes forward with.

Mr. Grenier stated there was the concept that once the Golf Course Debt was paid down, Golf Course revenues would help to pay a significant portion of the Park & Rec Budget and other things because of the revenue generated. He asked if we are seeing that happen. He stated he is asking that because the millage increase in Park & Rec is significant. Mr. Kratzer stated some of the challenge is that there are Capital needs at the Golf Course as well including irrigation, ponds, cart paths, the club house, etc. which need to be maintained. He stated he does not know that there is a collective understanding of what the Capital demands are of the Golf Course before we start taking funds from the Golf Course to pay for other things. He stated that is part of the money shift that has historically happened that he does not feel is the best for us long term to create sustainability moving forward. He noted the Debt structure where

the Township was paying \$750,000 to \$1 million in annual Debt Service, yet no principal disappeared or there was a contribution for other things. He stated there may have been a rationale for this, but he wants to make sure we are not taking funds from the Golf Course and shifting money that results in not maintaining the asset that is generating money.

Mr. McCartney stated he would prioritize maintaining the Golf Course as it is the greatest income-producing asset that we have. Mr. Kratzer stated there needs to be money set aside for some of the larger Capital projects that are not expansions but are critical for maintenance in a number of areas.

Mr. Lewis stated in the current Budget there is about \$455,000 being transferred from Golf Surplus into the General Fund. He stated because it was subsidized for a number of years, the Golf Fund owes the General Fund. Ms. Vogel stated what is being shown for the Golf Course is through July 21, but there is an estimated projection for year end. Mr. Lewis stated he feels that there has been significant improvement on the Food and Beverage side, and that is an area where there had been some weakness. He stated as to the Greens Fees, he understands that we are at the top of what we could charge so he does know that there is much revenue opportunity there.

Mr. Grenier stated the argument was that the Golf Course would generate \$800,000 to \$1 million a year to pay for Park & Rec, but that needs to be reviewed to see what the reality is going to be over the next few years.

Mr. Coyle asked if we operate the Food and Beverage at the Golf Course or is that a contractor. Mr. McCartney stated it is through Spirit which is the management company that does the golf piece. Mr. Lewis stated there was an option to break that out from the golf management. He stated we have been relatively pleased with the golf management side compared to Kemper which was the previous management company. He stated Food and Beverage has been a challenge for some time. He stated at the Golf Course we are subject to the weather. He stated Food and Beverage is also hard because you cannot run it as a restaurant that is open 9 to 11 every day because it is tied to the Golf Course so it has challenges from a business perspective. Mr. Kratzer stated that would be a good discussion to have with Mr. Attara. He added there are also spatial constraints, and there is only so much that can be done within the existing space. He stated there is also virtually no separation of the dining area from the other areas. He stated this all plays into what the potential productivity is of the Golf

Course from a Food and Beverage perspective without making additional investments in facilities to accommodate an expanded Food and Beverage operation. He stated Mr. Attara will be able to speak to this. He added they have tried to do things with tents, etc. but they are cooking out of a residential kitchen. Mr. Lewis stated the kitchen in terms of function and capability is similar to what Yardley Inn has, and we could consider bringing in people who are food and beverage specialists.

Mr. McCartney asked what is the projected revenue by the end of 2023, and Ms. Vogel stated it is \$3.7 million adding that they are projecting to be in the black at the end of 2023 in the amount of \$31,000. She added that includes the commitment of \$455,000 to the Township General Fund. Mr. McCartney stated we were under the impression that the transfer was going to be closer to \$800,000 to \$900,000 a year. Ms. Blundi stated we should look into that further when Mr. Attara is present. Ms. Blundi stated Mr. Kratzer is hearing the kind of information that the Board wants in order to make the decisions that have to be made.

Mr. McCartney stated he feels that the temperature of the Board is that none of them are pleased with the 1.4 mill increase on taxes overall. He stated when he started on the Board there was a 1% decrease, and there have been no increases the last two years; and now we are proposing an increase. He stated he is trying to understand what happened when we sold an asset to pay off another asset that was supposed to be generating revenue. He stated they are now finding that it is not enough revenue or the revenue we were told it was going to generate is not happening. He stated he felt that we were going to be in a better financial position after selling the Sewer asset and generating revenue from the Golf Course, and it does not seem that is the situation. He stated we are now raising the same taxes that were decreased within the last three years. Ms. Blundi stated she is interested in that as well.

Chief Coluzzi stated with regard to the Police Budget, they should remember to take into account the revenues that come in from fines, reimbursements from DAs, the Attorney General's Office, reimbursements for overtime, and the Grants that come in. He stated in the Budget narrative it only talks about the expenses. He stated it is important to try to come in under Budget to give the Township some working cash to go forward with the next year.

Mr. Lewis stated one of the areas of enforcement revenue that is important is Code Enforcement Revenue and he asked if we have called that out since there have been issues where it was mixed in with other things. Mr. Kratzer stated he believes it is still mixed in. Chief Coluzzi stated it is all being booked, but right now he is not seeing much in the way of Code Enforcement; and while that will pick up, it is not close to Police fines, etc. Mr. Lewis stated he feels that this is an area where we should be collecting more although he recognizes that this is not Chief Coluzzi's enforcement area. Mr. Lewis asked if there is a metric system as to what our fine revenue is, and Chief Coluzzi stated we are restricted as to what the State's portion is. He stated if we write a fine or a traffic citation for \$300 to \$400, we might get \$50 back on that.

Mr. Lewis stated it is known that when you enter Yardley Borough you need to make sure that you are at 25 miles per hour; and while that might be aggressive, there is balance between that and where there is not enough enforcement. Chief Coluzzi stated it is difficult to know what the metrics are, but enforcement is easier to patrol in Yardley Borough since it is one street through Yardley. He stated we talk about selective enforcement areas in high-accident areas, and there are probably fifteen to twenty locations in the Township which are high-accident areas that they need to patrol. He stated we do not have the luxury to have one Police car sit behind a store on one street and write tickets.

Chief Coluzzi stated a large part of understanding the Budget is going through crime statistics and revealing what the Police Department is dealing with on a daily basis. He stated while some of this can be discussed publicly there are things you would not want to discuss because they are active investigations. He stated one investigation they are dealing with is with a Chilean group that is targeting Asians; and they have notified every Asian homeowner to be careful as there has been "one hit" already.

Mr. Lewis asked if we are close on a co-responder; and Chief Coluzzi stated we are very close, and he has a Memorandum of Understanding being sent to him from the County this week which he will sign for a co-responder. He stated this will be a two-year trial funded by the County, so it is not in our Budget. He stated after the two years, if we feel it is successful and useful, we can discuss at that time if we want to continue it; and then there will have to be a sharing of salaries, vehicles, etc. Chief Coluzzi stated we will be housing the individuals, but they will be available to Yardley Borough and Morrisville as well as Lower Makefield.

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Mr. Kratzer stated we will continue to refine the document and discuss the Budget again in the future.

PUBLIC COMMENT

There was no one from the public wishing to speak at this time.

There being no further business, the meeting was adjourned.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Colin Coyle', written in a cursive style.

Colin Coyle, Secretary

John B. Lewis

