

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
SPECIAL BUDGET MEETING
MINUTES – NOVEMBER 11, 2010

A special meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on November 11, 2010. Chairman Smith called the meeting to order at 7:10 p.m.

Those present:

Board of Supervisors: Ron Smith, Chairman
 Greg Caiola, Vice Chairman
 Matt Maloney, Secretary (joined meeting in progress)
 Dan McLaughlin, Treasurer
 Pete Stainthorpe, Supervisor

Others: Terry Fedorchak, Township Manager
 Joe Menard, Citizens Budget Committee
 Michael Landy, Citizens Budget Committee
 Joy Taylor, Citizens Budget Committee

PRESENTATION FROM CHAIRMAN OF THE ELECTRONIC MEDIA ADVISORY COMMITTEE

Mr. Zachary Rubin, Chairman of the Electronic Media Advisory Committee (EMAC), was present with Joe Ader, Committee member. Mr. Rubin stated the original Cable TV Advisory Board was formed many years ago when the Township had regulatory authority over the cable companies. He stated with the Federal Tele-Communications Act passed in 1996, they took away the regulatory authority from the Township. He stated the Committee is now looking into all kinds of electronic media in the Township. Mr. Rubin stated two years ago a number of Township residents complained that they did not have access to the bi-weekly televised Board of Supervisors' meetings because they did not subscribe to Comcast or Verizon. He stated the Committee was looking into ways to reach all of the residents. Mr. Rubin also stated that approximately eighteen months ago, Mr. Maloney started an initiative to upgrade the Township Website, and the Committee has looked into this as well.

Mr. Rubin stated EMAC has some proposed Budget items they would like the Board of Supervisors to add to the 2011 Budget. Mr. Rubin stated every Verizon and Comcast bill sent to the Township residents has a Franchise fee which goes to Lower Makefield Township; and this resulted in \$520,000 in revenue in 2009. Mr. Rubin stated while this money goes into the General Budget, this money should be earmarked to provide

upgraded and quality television for the Township residents. Mr. Rubin stated these funds should be used to upgrade the government access channel. Mr. Rubin provided this evening a list of proposed Budget items.

Mr. Fedorchak stated currently the franchise fees are shown on the first page under Licenses and Permits. Mr. Smith stated he assumes they are expending funds currently on electronic media, and this would include the costs of televising the Township meetings and costs for the Township Website.

Mr. Rubin stated in order to bring the broadcast to people who do not have access to Comcast and Verizon, they are proposing that the Township invest in a one-time expenditure of \$14,000 to purchase a character generator which would take the television feed from the Board of Supervisors' meeting onto a server which would be administered by a vendor, and that meeting would then be translated into certain types of digital language which could then be uploaded onto the Township Website. He stated it would then be archived so that rather than just getting the Minutes of the meeting, they could get the actual video recording. Mr. Rubin stated the character generator would also be putting characters on the bottom of the screen for the live broadcast so that you could see what item is being discussed. He stated this could then be indexed so that if people want to go online and download the Board of Supervisors' meeting, they can go right to the Index. Mr. Rubin stated they have contacted vendors, and the \$14,000 he quoted is an average price.

Mr. Smith asked how many households in the Township do not have Verizon or Comcast; and Mr. Rubin stated while he does not know, more than one person has stated that they would like to be able to see the Supervisors meetings and are unable to do so.

Mr. Stainthorpe stated when cable first came into the Township, the Township awarded a franchise to one provider; and in exchange for this, they agreed to provide a Government access channel. He stated when Verizon came in, they had to match this. Mr. Stainthorpe stated a satellite provider does not have to give the Township anything, so the meetings are not available for people subscribing to that type of system. Mr. Stainthorpe stated it appears that what is Mr. Rubin is discussing is having streaming video available on the Township Website, and Mr. Rubin agreed. Mr. Rubin stated they have been advised that this would cost the Township a one-time fee of \$14,000 and then \$400 per month.

Mr. Smith stated he still feels they need to know how many people would benefit from this. Mr. Rubin stated he feels he could come up with a figure by taking the total number of households in the Township and subtract out those who subscribe to Comcast and Verizon. Mr. Menard stated those who have Verizon and Comcast are already paying for this service, and he asked if there is a way to charge those people who would be receiving service through this new process.

Mr. Rubin stated Mr. Maloney had recommended upgrading the Township Website. Mr. Smith stated one year ago, he had indicated he would like to drive more people to the Township Website. He stated this year they did not send out a Township Newsletter, and they could put the Newsletters on the Web. Mr. Rubin stated over the last year and a half, his Committee had contacted a number of vendors who manage, upgrade, and create Websites. He stated they sent out a letter to them indicating that they were looking for proposals to redesign the Township's Website. He stated they received a response from the largest provider of Municipal Website building who indicated that they would charge a one-time fee of approximately \$31,000 and then some maintenance. He stated they also received proposals from individuals who would do this without the resources of large corporations; and these prices ranged from \$7,000 to \$8,000. He stated the Committee is therefore requesting \$15,000 be put in the Budget for 2011. He added they have not put out a formal RFP. He stated if the Board agrees to put this in the Budget, the Committee would then put together an RFP. Mr. Rubin stated they did receive a proposal from one provider for \$15,000 who indicated that if they could sell National and local advertising, they would charge about half this amount. Mr. Rubin stated this would be block ads. He stated the local advertisements would be for local business people; and if they decide to do it this way, he feels the Economic Development Committee could meet with these providers and promote local businesses on the Website for a fee.

Mr. Smith stated there was a group that wanted to publish the Township Newsletter at no charge to the Township who would sell advertising to be put in the Newsletter. Mr. Smith asked Mr. Rubin if they have done any research on nearby Townships which have a Website as proposed by Mr. Rubin. Mr. Rubin stated every provider they contacted has given a list of links to go to. Mr. Stainthorpe stated Wrightstown does have video streaming of their meetings on their Website. Mr. Stainthorpe stated the Township Website was designed and put up in approximately 1996, and is still basically the same as it was when it was started fourteen years ago. He stated he agrees it is time to update it as it is important to enhance communication with the residents.

Mr. Rubin stated they could also enhance the Township Website to allow for residents to download Township forms, collect dues for the Pool, and perform other interactive functions. Mr. Rubin stated Mr. Stainthorpe has also suggested that if they upgrade, they could list local restaurants and other providers of services as a way of promoting economic development of the Township.

Mr. McLaughlin asked the annual costs of maintaining the existing Township Website, and Mr. Fedorchak stated it is nominal. He stated he has one individual working on this; and he feels the cost is approximately \$6,000 to \$7,000 to maintain the Website. Mr. McLaughlin asked if Mr. Rubin feels they could fund this through advertising, and Mr. Rubin stated he does feel it could be funded through advertising for the most part.

Mr. Koopersmith asked what the approval process would be to put on a campaign program. Mr. Smith stated they had charged EMAC to come up with a proposed policy for the Web if they were to get to that point. Mr. Rubin stated a Governmental Website could have no partisan advertising. Mr. Stainthorpe agreed that a Government access channel cannot have any partisan political messages. Mr. Koopersmith asked if there could be informational programming; and Mr. Rubin stated currently they do televise more than just Board of Supervisors' meetings, and this would continue.

Mr. Rubin stated there is a proposal to upgrade the Government access channel as to the announcements that go up. He stated currently it is a slide show presentation that goes out on the Government access channel. He stated the Board of Supervisors meetings, which go out live, are also burnt on a DVD; and someone must physically take the DVD, put it in the player, time it, and then it is shown on a recurring basis throughout the week. Mr. Rubin stated the existing equipment was purchased through a Grant from Comcast when they signed the Franchise Agreement. He stated according to the Verizon Agreement, in approximately two more years, they will be giving the Township approximately \$200,000 as they are more than 50% build out. He stated the Township could purchase a digital broadcaster which is a hard drive so that the meetings can be downloaded onto a hard drive as opposed to a DVD; and anyone who has access codes, can access this remotely and put on the video replays and announcements remotely.

Mr. Rubin stated the Committee is asking the Township to appropriate \$46,300 for the 2011 Budget to upgrade the electronic media. Mr. Smith asked what has been Budgeted, and Mr. Fedorchak stated they have not Budgeted anything for these proposed expenses. Mr. McLaughlin asked what this would be under, and Mr. Fedorchak stated he would recommend that it be under Capital Reserve Fund. He stated they are projecting to have \$500,000 in this by the end of 2011. Mr. Stainthorpe stated this could come out of that \$500,000 if the Board were to approve this, and Mr. Fedorchak agreed.

Mr. Caiola asked if they should look into how Wrightstown does this and determine their costs. Mr. Stainthorpe stated EMAC has interviewed a few vendors in each area; but to get hard figures, they would have to do an RFP for each part. He stated he feels if they had a local vendor, it would be a lower cost. Mr. Smith asked if the Board did support this, how long would it take to get this on-line. Mr. Rubin stated the Committee meets bi-monthly; but if the Board of Supervisors were in favor of pursuing this, they would meet monthly. He stated EMAC would make recommendations on the RFP, but this would go out from the Board of Supervisors. He stated he feels this could be done in a couple of months. Mr. Stainthorpe stated all the Committees would need to be represented on the Web in some manner, and he feels this could take eight to twelve weeks.

Mr. McLaughlin asked Mr. Rubin to prioritize his requests adding he feels the upgrade to the Website would be the first priority. Mr. Rubin stated he would recommend that the first priority would be upgrading the Website, and the second would be the character generator.

Mr. Smith asked if the Township is behind other Townships with respect to what they are providing to the residents; and Mr. Fedorchak stated he agrees with Mr. Rubin that they need to upgrade the Website to make it more interactive and more useful. He stated he likes the Bucks County Website as an example of a site which he feels provides a lot of useful features for the viewer. Mr. Stainthorpe stated he feels the Township Website should be updated.

Mr. Menard stated in February and March, the Citizens Budget Committee was going to look into putting the Applications from Licenses and Inspections on line; and they would eventually like to have a way of linking with the County which would streamline the Township process of getting information back and forth between the County and the Township.

Mr. Maloney joined the meeting at this time and stated he feels this would be money well spent.

Mr. Caiola stated in televising the meetings, he feels the Board took a step toward providing a lot more information; but if the other forms of media are not being maintained, he feels they need to update them. Mr. Caiola stated with respect to the \$14,000 to be spent for those who do not have Cable, he questions how many people this will really impact. Mr. Maloney stated this is not only for people without cable, as this is how the generation under forty consumes video content. He stated he does not watch television live, and he feels there are is a wave of people who are getting accustomed to watching content on the Internet whether or not they have subscriptions to cable. Mr. Rubin stated the character generator would upload to the Website where people can download it; and at their leisure, they can watch the Supervisors' meetings, and they do not have that capability now. Mr. Ader stated they could also go right to the part of the meeting they are interested in.

Mr. Fedorchak stated the \$14,000 seems high and asked if this also includes the hardware to support the streaming video; and Mr. Rubin stated it is the character generator and also takes the broadcast and transforms it into a format onto another server; and when someone goes to the Township Website to link it, it is indexed. Mr. Rubin stated they could do the character generator now with the existing Website if they purchase the hardware and paid the monthly fee. He stated payment of fees could also be done interactively through the Website.

GOLF PRESENTATION

Mr. Michael Attara provided a Budget and Business Plan for the Golf Course to the Board this evening along with a Capital Budget with a five-year projection. He stated the Business Plan outlines their goals and objectives for 2011 and any changes to the past Budget from 2010. He stated the last section also talks about Capital in-depth. Mr. Attara stated the year was positive with regard to the operation. He stated they have projected an increase in revenue from 2009, with numbers through October. He stated their projected 2009 revenue is \$2,701,759 against 2009 which was \$2,623,557. Mr. McLaughlin stated he is surprised that 2010 is not actually higher since he was led to believe that 2009 was a bad year because of the amount of rain; and Mr. Maloney stated there were problems with 2010 as well because of the drought and the high heat. Mr. Attara stated on the gross side, they ended up with \$2,432,000 versus \$2,375,000 last year. He stated they were able to save quite a bit of money this year; and are projecting operating overhead of just under \$1.5 million which was about \$40,000 savings from last year. He stated this results in \$935 versus a projected Budget this year of \$841.

Mr. Attara stated the loan repayment and interest expense resulted in quite a bit of savings with the refinancing, and the net bottom line is \$290,000 versus a loss of \$143,000 which was Budgeted for this year. Mr. Fedorchak stated with regard to the Debt Service, one part of the refinancing was the Golf piece; and they saved approximately \$140,000 on that. He stated the second piece of the Golf Course's Debt Service is largely a variable rate, and they saved approximately \$150,000 off of that. Mr. Maloney asked if they have looked into when the rest of the Golf Course debt would come due for refinancing, and Mr. Fedorchak stated he is looking into this now.

Mr. Maloney stated they are approximately \$450,000 better than they projected; and while \$350,000 of this had to do with the "luck" of the interest rate market, \$100,000 of that was because Mr. Attara's organization managed the Course extremely well.

Mr. Attara stated in 2011 they Budgeted differently than it has been Budgeted in prior years. He stated lessons make it look higher on the revenue side; and on the Golf Operating Expenses, these go up a little bit to offset that payroll money. He stated they show this because there is actually revenue generated for the Township in lessons; and this year, they will generate about \$12,000 in lesson revenue that goes to the Township, and this was not there in the past. He stated they are showing a \$13,000 projection for next year in lesson revenue. Mr. Attara stated they are also hoping to make some improvements in the restaurant so they are projecting somewhat higher in the restaurant revenue and green fees. He stated looking in the Business Plan, there are some adjustments to cart fees and some of the rates. Mr. McLaughlin asked if they did not have lessons on the past; and Mr. Attara stated while they did this in the past, they were set up differently, and they did not generate quite as much as his organization does. He stated the way they run the operation, they have a Director of Instruction who is focused

on growth of the game and player development so they are generating quite a bit more money. Mr. Maloney stated they also did not show this in the Budget in the past. He stated they are not generating a lot of profit, but it is creating more customers in the shop. Mr. Attara stated they are bringing more people to the facility this way; and hopefully, they will make them their customers by having them learn at the Course. He stated 20% goes to the house that way, and this is how they generated this \$13,000. Mr. Maloney stated this is money that for the most part was not coming in previously. Mr. Maloney stated the more than can institutionalize the young players, these will be future customers.

Mr. Stainthorpe stated there was a hefty increase in Operations Expense and also maintenance, and he asked what this is. Mr. Attara stated looking at Golf Operations, this is the change with the lesson income now being included. He stated about \$42,000 of the \$291,000 is lesson income. He noted Golf Course maintenance and stated they came into the facility later in the year so there were some labor savings especially this winter since it was essentially a “shut-down” for the winter so there was some built-in savings early on that they will not experience this year. He stated they also Budgeted for the water this year. He stated the prior year Budget was approximately \$15,000, and they have Budgeted \$45,000 for water use this year. He stated in 2010, they spent over \$50,000 in water, and they did not feel it made sense to have a low Budget on that number. He stated hopefully they will not need it in 2011, but it is in the Budget just in case. He stated they tend to look at the worst-case scenario on the Operating Expenses. Mr. Attara stated there was also a \$50,00 savings this year in chemicals that was in inventory. He stated the prior company had a very high chemical inventory, and they used less chemicals this year. He stated they did have to raise the chemical Budget for next year.

Mr. Maloney stated they are showing profit for 2010 and 2011 and asked how they intend to use that with respect to capital. Mr. Attara noted the Capital page, and stated they need to reinvest into the property. He stated the Golf Course is going into its seventh year, and there are some needs with regard to equipment and infrastructure for the buildings and the grounds. He stated he has put together a 2011 Capital Budget which is a “hefty” Budget. He stated this year he and Mr. Fedorchak worked to a Capital Budget of just under \$100,000. He stated they picked up some equipment which was essential. He stated most of the equipment is from the original build out. He noted the Course equipment number for the five-year projection of approximately \$366,000, which is typical of an 18-hole Golf Course.

Mr. Smith asked what should have been addressed previously which was not; and Mr. Attara stated there are some renovations that need to be done and there is a \$200,000 number for landscaping over the five years. He stated the original landscaping plan was \$600,000. He stated they met with the architect, Rick Jacobson; and went through what would be the most important items and how could they phase them in for safety,

beautification, and continuing to mature the Golf Course. Mr. Attara stated those numbers now are in the \$200,000 range as opposed to the \$600,000 range, and probably something should have been done each year as it was moving forward. Mr. Attara stated there are some pump, wells, and irrigation issues; and the wells have been costing them money since they have not been able to draw enough water and have had to buy water. Mr. Attara stated if they can get the wells re-drilled and producing more, they have an opportunity to have savings. He stated there are also costs for equipment since six years is a long lifespan for the equipment. He noted the Equipment Repair Budget and stated this will keep going up since they have to keep repairing the old equipment. He stated they need fine cutting equipment, so it is important that the equipment is kept up-to-date. He stated they are projecting replacement of two greens mowers early on in 2011 and another two in 2012.

Mr. Maloney stated he feels they have quite a bit they need to do in 2011 with regard to the Capital Budget since for the last few years, they have been “light” on investing in the Course. Mr. Maloney stated they are projecting to close the year with \$290,000 in net income; and he stated some of this should be going to replenish the surplus that had been worn away in 2007 and 2008. He stated since they are only projecting net income of \$120,000 next year, they should accelerate up to \$100,000 of the 2011 capital to 2010 to the extent that they can execute on them in the last two months of the year. Mr. Attara stated they could do some of the equipment. Mr. Maloney stated the interior items in the Club House are also items that they could quickly address so that they spend approximately \$100,000 this year. Mr. Maloney stated the other \$190 should flow into the fund to replenish the surplus. He stated this would keep the Course at a more stable income setting as well as setting a precedent for what the Capital Budget should be. He stated he is not in favor of having accounting years where they “run red” if they do not have to.

Mr. Menard stated they had a good discussion about this at the past Golf Committee meeting; and he feels it is prudent to take the \$100,000 and move it into 2010. He stated this will streamline the capital needs and spread it out instead of having the “peaks and valleys.”

Mr. McLaughlin asked where they would end up if they did not do this, and Mr. Maloney stated Mr. Attara’s numbers do not show fund accounting. Mr. Fedorchak stated he would estimate it to be \$500,000, and Mr. Maloney estimated it to be \$650,000. Mr. Maloney stated they would have a net income of zero, but they would get to a spot where they are not running too far red or too far black; and using the profit to pay for capital investment in the Course. Mr. McLaughlin stated he did not have a problem with this.

Mr. Rubin asked if there is a plan to put in a restroom with plumbing out on the Course. Mr. Maloney stated while they have discussed this, it has not been a priority for the Course since there are so many other things the Golf Committee feels are more important. Mr. Attara stated they did have a proposal out for a self-contained restroom which can be dropped in place and would cost approximately \$30,000 as opposed to spending hundreds of thousands of dollars for a restroom.

Mr. McLaughlin asked about the transfer. Mr. Maloney stated Mr. Fedorchak gave an estimate that breaks down the bookkeeping component, audit component, and a management oversight component of expense; and this added up to an approximately \$30,000 inter-fund transfer from the Golf Course to the General Fund to pay for expenses and costs incurred centrally. Mr. McLaughlin stated he agrees with Mr. Fedorchak and the Finance Director's expense which equals about one third of that time as they oversee the Golf Course. He stated Mr. Fedorchak stated Jackie is doing the audit function, and this part is approximately \$10,000. He stated the third part he questions and would like to see them spend more time looking into whether this is truly necessary. He stated this third cost is to re-enter the bookkeeping expenses that Mr. Attara and his team account for in their books into the Township's system because the software systems are different. Mr. Maloney stated he feels there is an intention on the Township's part to try to find a way to come up with an upload feature to avoid doing this going forward, and Mr. Fedorchak stated he agreed to look into this. Mr. Maloney stated he feels ultimately some of these costs will be reined in. Mr. McLaughlin suggested that they put in an inter-fund transfer of \$25,000; and Mr. Maloney stated he was going to suggest this. Mr. Maloney stated the Golf Committee was most concerned about the notion that there was a duplicate of work going on. He stated the Golf Committee did not generally object to the audit and management oversight parts. Mr. McLaughlin stated possibly they could consider keeping a time log of some kind, and Mr. Fedorchak stated he was planning on providing more specificity to the extent that he can.

Mr. Stainthorpe stated he would be in favor of this if they can come up with a fair amount. He stated the discussion had always been was the Golf Course financially healthy enough to participate as do the other Enterprise Funds; and it appears now that it is financially healthy, it is time for them to pay a certain amount of the costs the Township incurs.

Mr. Maloney stated there was a concern expressed by the Golf Committee that there has been a feeling in the Township that the Golf Course would eventually pay for other needs in the Township; but the Golf Committee feels that as the Course gets older, it will have more capital needs. Mr. Stainthorpe stated once the Debt Service of \$800,000 a year goes away, if there are capital needs of \$400,000, they would still have additional funds available. Mr. Maloney stated while he agrees, the Golf Course is being told that they have to pay their way now; but they will then also take away their money later.

Mr. Maloney stated currently the Golf Course is projected to have a net income of \$125,000 next year; and if they take \$100,000 out of Capital Budget for 2011, and get things done this year, this means \$125,000 is a break even point; and if they were to take another \$25,000 out, they would run a loss of \$25,000 next year. He stated he would agree with Mr. Menard's suggestion that in the interest of making sure the Golf Course continues to be financially-healthy, they take it a year at a time; and at this time each year they will look at the Budget to see if they can pay the Township. Mr. Smith and Mr. Stainthorpe agreed with this suggestion. Mr. Stainthorpe stated the objective is to have the Course be successful. Mr. McLaughlin stated he also wants to make sure that this is done in the right spirit, and he does not want them to start overloading it so that they will not be able to pay. Mr. Maloney stated they could compare the schedules so that there would be a check and balance. Mr. Caiola stated the issue of duplication of services may be resolved by next year, and the \$25,000 may be down to \$20,000.

Mr. Menard stated they had a long discussion about this at the Golf Committee meeting, and moving the \$100,000 into 2010 on the Capital side is an attempt to streamline the Capital Budget and have a steady line on the Net Operating Income after Debt Service that will allow more predictability to have the \$20,000 or \$25,000 contribution come in every year. He stated they recommend that the decision on this not be made until November when they see how the numbers are.

Mr. Koopersmith stated he does not feel they can defer maintenance as they need to keep the business viable. He also stated he felt it was the policy of the Board of Supervisors not to operate any businesses, and he feels the Township should sell the golf Course.

Mr. McLaughlin asked if they are increasing any of the fees, and Mr. Attara reviewed some minor increases.

Mr. Smith asked about the feedback on the Course, and Mr. Maloney stated there has been nothing but praises. Mr. Attara stated the clientele have made very positive comments especially about the Course conditions given the difficult season. He stated they have also heard good comments about the service level and changes to player development. He stated there are also more social opportunities for the residents and customers. Mr. Smith stated there had been some concern expressed previously about the change in management. Mr. Stainthorpe stated he is involved with a group that holds its outing at the Course, and they gave the Course good reviews.

Mr. Attara and his group were thanked for having a good year.

PARK & RECREATION PRESENTATION

Ms. Liney stated the Park & Recreation Operating Budget continues with the mandate of balancing the revenues and expenditures. With the absorption of the Five Mile Woods Preserve Operations into the Park Budget, expenditures are approximately 95% covered by revenues for 2011. She stated Park & Recreation is committed to the ongoing challenge of doing more with less despite the continued growth in the community, pressure for expansion of facilities, and increase in use by the organizations. Manpower remains unchanged, and they are mindful of minimizing necessary overtime. She stated they are being creative, accomplishing more projects with in-house labor, are repairing their own equipment, continue to seek out competitive pricing for all purchases, and they are making tough decisions on spending. Mr. Liney stated as the Township is faced with the reality of an extended down-turn in the economy, at this time the Parks Budget does not allow for the desired capital expenditures expansion or completing of the Park system.

Ms. Liney stated some areas with larger scale maintenance items such as bike paths have had their maintenance curtailed for the short term. Ms. Liney stated at the request of the Township Manager, Park & Recreation is inspecting all the Township bike paths and will be forwarding reports with the recommended priority for resurfacing in the future.

Ms. Liney stated Park & Recreation capital projects have to be integrated into the overall Plans of the Township.

Mr. Stainthorpe stated they are bringing in a Budget about the same as last year and there is still a positive year end balance despite having drawn this down for a number of years without raising taxes. Ms. Liney stated they went to 2009 expenditure level but she does not have 2009 revenue level. Mr. Stainthorpe stated they are doing a great job doing more with less.

Mr. Caiola stated they are doing an incredible job for the size of the programs. He stated they had discussed putting together a Plan for development of the Samost Tract; and while there is nothing currently in the Budget, possibly they could put funds in for engineering to get something done in 2011 so that if they have an opportunity to go out for funding in the future, this part would be done. Mr. Caiola stated Mr. Majewski indicated they would need \$15,000 for the preliminary engineering, and Mr. Fedorchak stated the Board of Supervisors could agree to expense this from Capital Reserve. Mr. McLaughlin stated he agrees that they should be prepared and asked if they could use the bike path money for this. Mr. Fedorchak stated he would recommend against this as they have somewhat neglected the upkeep of the bike paths over the last few years. He stated he had asked Ms. Liney to do a complete on-sight evaluation of the entire system, and she and her staff are in the process of doing this. They will then provide a recommendation on a capital program for resurfacing the bike paths.

Mr. Fedorchak stated they believe they should address the area in front of the fire house at Stony Hill and Edgewood which was done in 1983.

Mr. Fedorchak stated there is \$8,000 already in engineering which has not been spoken for, so this offers some flexibility.

Mr. Stainthorpe asked what legal fees Park & Rec has, and Ms. Liney stated they do incur some legal fees; but they do not transfer down to her applying them. She stated it is in her Budget but it does not seem to transfer. She stated Curtin & Heefner was working with them on an issue. Mr. Stainthorpe stated \$3,000 is budgeted, and they budgeted \$5,000 last year. Mr. Stainthorpe asked what kind of legal issues they have, and Ms. Liney stated this year there was an issue related to a summer maintenance landscaping contract at the Garden of Reflection. Mr. Fedorchak stated this was not expensed out of Garden of Reflection, and they could re-visit this.

Mr. McLaughlin stated while he has no problem moving forward with preliminary engineering, he would like to stay “expense neutral,” and asked if they could find this in another line item.

Mr. Smith asked Ms Liney to provide him with the numbers for those who are rostered in the different organizations for 2010, and Ms. Liney agreed to provide this. Ms. Liney stated PAA has gone up about 10%, and YMS is up slightly. She stated football has not increased their enrollment. Mr. Smith stated there has been a suggestion for increases in the user fees; and Mr. Smith stated while he is not in favor of raising user fees to balance a Budget or being a revenue source, he feels the increase should be tied into something. He stated currently the fees are \$12 for residents and \$24 for non-residents; and the proposal is to increase it \$3 for residents and \$6 for non-residents. Mr. Smith stated YMS is severely hurting in their revenues. He stated he feels there needs to be a reason why they are increasing the fees. He stated 20% of the players on YMS are non-residents. He stated he would be in favor of not raising the fees to residents and would be in favor of raising the non-resident fees substantially. He stated if they were to lose the non-residents, this would lessen the need for fields. He stated he does recognize that baseball needs an additional 90' field. Mr. Smith stated he wants to make sure there is a rational relationship between raising fees being supported by something on the books and not just raising user fees.

Mr. Stainthorpe stated they show program fees on Page 12, and there is an increase from \$105,000 to \$133,000. Mr. Stainthorpe stated he disagrees with Mr. Smith, and he does not feel there is anything wrong with people who use the fields paying something. He stated for the extra \$3, they are maintaining the fields, there are salary increases and increases to costs of benefits. He stated he feels these are nominal fee increases. He stated the non-residents are being subsidized by the taxpayers, and he feels a \$6 increase

is appropriate. Mr. Maloney stated he agrees with the two-tiered level with non-residents paying double what the residents pay for; but making them pay any more than double makes the Township a bad neighbor. Mr. Stainthorpe stated he does not want to be a bad neighbor, but he does feel non-residents should pay more. Mr. Maloney stated he feels double the amount is the right balance.

Mr. McLaughlin stated he feels it is difficult to tell a taxpayer they have to subsidize someone else. Mr. McLaughlin stated the percentage of YMS out of Township is high if you take out the intramurals and younger players. He stated a large part of the expenses are on Macclesfield, and 60% to 70% of the YMS travel teams are out of Township residents. He stated he does not feel it is right that the Township is providing the best fields when 70% of those using the fields are not Township residents. He stated taxpayers cannot use those fields on the weekend, and they are denying these fields to the Township but are asking the Township taxpayers to pay for it. He stated he would like to know the cost of Macclesfield per user.

Mr. Menard noted page 12 which shows that there is \$78,100 from soccer and \$11,000 from Pop Warner. He stated page 2 shows the direct cost of Macclesfield which is \$90,000. He stated the revenue in terms of direct expenses covers itself, but there is also overhead for the entire program which is approximately \$200,000 that is not covered by the user fees.

Mr. Smith stated YMS is having difficult financial times. He stated YMS does not distinguish in their fees to the individual residents versus non-resident; and they are charging all players the same whether they are residents or non-residents. He stated they are charging a blended amount so that resident players are subsidizing the non-resident players. Mr. Smith stated these out of town players are being recruited.

Mr. Stainthorpe stated it is up to YMS to run their program the way they want, but they cannot put the program back on the taxpayers. He stated this is why the user fees make sense. Mr. Smith stated the resident players in YMS are paying more than \$12 and the non-resident players are paying less than \$24 using the current figures. Mr. Maloney asked how the Township could solve this problem; and Mr. Smith stated they could ask for stricter bookkeeping on their part, and the non-resident should pay the non-resident fee. Mr. Stainthorpe stated he does not want to tell YMS how to charge their players provided they are paying the Township. Mr. Maloney stated he does not feel they should be expanding Lower Makefield's involvement to be running the sports programs.

Mr. Stainthorpe asked if the user fees increase was recommended by the Park & Recreation Board; and Ms. Liney stated they did have a lengthy discussion about this, and they were in favor of the increase since the fees have not increased in six years, and the Township wants to continue to provide service and facilities at a level reflective of the residents' expectations. She stated they recommended that the fees be raised effective

January, 2011 with residents paying \$15 and non-residents paying \$30. They also recommended that the per-field fee for special events go to \$250. In the future the Park & Recreation Board wants to consider the special event fee further.

Mr. McLaughlin asked why they did not do a small increase on a yearly basis; and Ms. Liney stated they are always sensitive to fee increases. Mr. Stainthorpe stated whenever they do raise fees, it creates a problem with the Leagues. He stated they do reach a point when costs are going up and they do not want to raise taxes, and it is then necessary to increase the fees. Ms. Liney stated there has not been an expansion in the Park system since 1999.

Mr. McLaughlin stated the Pool does get annual increases; and Ms. Liney stated this is incorrect, and it was twelve years before they increased the Pool membership fee. Mr. McLaughlin stated at the Pool, the fees cover expenses; and Ms. Liney stated this was always looked at as a business. He stated he feels the costs should be borne by the users as they are at the Pool. Mr. Caiola asked what they would do about someone riding their bike in a Park. Ms. Liney stated the Park system is not viewed as a business. Mr. Stainthorpe stated there are various types of recreation in the Township, and they are all open to the public on a different basis. He stated there is no charge to go into the Five Mile Woods, and unless you are in a tennis program, you do not pay to use the tennis courts not do you pay a fee to use the bike path. He stated there are other areas where they can charge fees for those who are exclusive users, and he feels this is what they should do. He stated the compact made with the taxpayers when the Pool was first built, was that the Pool would be self-supporting. He stated this is also true with regard to the Golf Course. He stated there are different models for funding, and he does not feel they all have to be the same. He stated he is in favor of the \$15/\$30 user fee.

Mr. Maloney stated the user fees covering the variable costs as noted by Mr. Menard makes sense especially for those facilities that are for the most part occupied by the user groups. He stated the broad Park & Rec system which is a taxpayer feature, and not a user group feature, should be borne by the taxpayers.

Mr. McLaughlin stated he feels that if a facility is exclusive, such as Macclesfield, the costs for that facility should be borne by the exclusive users. Mr. Maloney stated they just heard it was \$90,000.

Mr. Smith asked about the discussion at the Park & Rec meeting when they discussed the user fees, and Ms. Liney stated one of the issues was that Lower Makefield is one of the only Municipalities that has a user fee this high, and Park & Rec is viewed as a Municipal function that is paid through the tax and not through user fees. Mr. Stainthorpe stated they do not know what those other Municipalities pay in Park & Rec taxes, and they could be higher than what is paid in Lower Makefield.

Mr. Smith stated he still does not feel the user fee for non-residents is high enough. He asked if the groups feel that the fee they will be paying in 2011 is putting enough “buy-in” to support their request for additional fields. Mr. Caiola stated he thinks they feel this is part of it, but not all of it. He stated they would also be running more tournaments when they could get more money back into the programs. Mr. Maloney stated he believes that the user groups feel the increase is to cover rising costs.

Mr. McLaughlin stated they need to recognize that a lot of taxpayers do not use these facilities and are being asked to subsidize this. Mr. Maloney stated these are Municipal Services and everyone does not use everything.

Mr. Stainthorpe stated he is happy to see that Park & Rec took the initiative on the increase in user fees. Mr. Maloney stated while the users understand that they will need to pay increased fees so that the programs are solvent, they still do want additional fields.

Mr. Smith asked about program ticket sales; and Ms. Liney stated that is “in-out” money, and they are selling a little less.

Mr. Maloney stated the Park & Rec Board also asked about the \$100,000 Operating Transfer, and Mr. Maloney asked if there is a way to document time spent on each of the enterprise funds where this does happen. He stated those doing work for those funds could be asked to provide a monthly estimate of their time. Mr. Stainthorpe stated the difference between the Golf Course and Park & Rec is that Park & Rec is housed in the Municipal Building and they do pay a portion of heat, electric, insurance, etc. Mr. Maloney stated the Park & Rec Board just wanted to have an understanding of the formula.

Mr. McLaughlin stated there is a fund balance problem that is going to have to be addressed. He stated they have gone from 431 and are now at 175 projected. Mr. Stainthorpe stated at some point in the future, taxes are going to have to be raised. He stated previously they had Fee-in-Lieu which was \$1 million a year when the Township was being heavily developed. He stated this is when Macclesfield was built.

Mr. Koopersmith stated he and his wife are Senior members of the Pool, and they pay only \$25 each; and he feels that when there are Budget problems, this fee is too low.

Mr. Maloney stated with regard to the Fund Balance, the Budget was based on an ending Fund Balance of 380 as of 12/31/09, and the projected 2010 starts with a Fund Balance of 265. Mr. Fedorchak stated those are the numbers the Auditors put in. Mr. Maloney stated they probably have three to five years left before that Fund Balance is zero. Mr. McLaughlin stated they are already -30 and this is without any engineering fees.

Mr. Menard noted the Inter-Fund Transfer, and they are taking \$25,000 from the reserve fund and using it to fund operations. He stated the deficit is really \$55,000 because of the Inter-Fund Transfer. He recommended that they take the Fee-In-Lieu which should now be the Capital Improvement Fund for Park & Rec. He stated this should be the seed money for the Capital Improvement Fund, and then take the capital items that are in the Operating Budget, and move them to the Capital Improvement fund, and then there will be the \$10,000 to pay for the engineering since this should be a capital item. Mr. Smith stated this is just bookkeeping. Mr. Maloney stated the next step is that they have to fund the Capital Budget. Mr. Menard noted on Page 3 the Inter-Fund Operating transfer, and stated they are issued a tax levy for Park & Rec and then taking a portion of that tax levy and moving it back to the General Fund. He stated they are not properly reflecting Park & Rec, and this needs to be re-looked at.

Mr. Stainthorpe asked if they will get any Fee-In-Lieu from the Toll Bros. development, and Mr. Fedorchak stated they will not. Mr. Stainthorpe stated they are setting aside five acres for a Park for recreation; and Mr. Fedorchak stated this is correct as well as the fact that this was not negotiated as part of the Settlement Agreement.

Mr. Maloney stated they must consider the overhead transfer issue for the non-Enterprise Funds so that Park & Rec is not sustained by anything besides tax revenue. He stated what is being done is transferring from one revenue base to another. Mr. Maloney stated the Park & Rec fund should only pay for Park & Rec functions.

Mr. Menard stated he feels the existing system makes it more complex than needed, and he would recommend giving the Citizens Budget Committee two weeks to simply this, and they will come back with a more realistic way of presenting everything.

Mr. Stainthorpe stated they do want to have some flexibility since the Township is capped as to what they can charge for the General Fund; and this is why it is convenient to have a portion of the overhead come out of the Park & Rec tax. Mr. Menard stated they should have legitimate trends in what is being spent in Operating and what is being spent in Capital. Mr. McLaughlin asked if they could take \$5,000 out of Repair and Maintenance and put it in Engineering. Mr. Menard suggested that they move the Engineering to Capital. He stated the Fee-In-Lieu should now be the Capital Improvement Fund, and \$5,000 of the Engineering that is in the Operating Account should go to the Capital Fund. Mr. Menard stated the Citizens Budget Committee could come back in one week with the revisions. Mr. Maloney stated they will also transfer the \$8,000 for the engineering fees. Mr. Menard stated he will work with Mr. Fedorchak on this.

Mr. Maloney stated at the end of the year, Park & Rec Fee-In-Lieu/Capital Budget will be empty; and there needs to be a discussion about capital needs as a revenue source, which he feels will ultimately be an additional millage which is currently zero. He stated there needs to be “seed” money.

POOL PRESENTATION

Ms. Liney stated the Community Pool was dedicated in 1981 with 800 families. It is entering its 30th year of operation and the Township takes great pride in this outstanding recreational facility which has experienced over 100% growth in membership. She stated the Pool Budget is a user-based Budget, and no tax dollars support the Pool; and the Pool revenues need to keep pace with expenditures. She stated since the membership numbers peaked with the installation of the slides in 2004, there has been some leveling off; and they are cautious not to have too liberal of a guest fee in that this effects membership enrollment. Ms. Liney stated they do not anticipate they will see a significant increase of residents joining the Pool next year, and the Operating Budget is challenged to address the requirements to maintain an aging facility and also provide for the Capital improvements with a base of revenue that remains generally fixed. Ms. Liney stated they are open to new revenue streams, and the Park Board has discussed some possibilities; but at this time, they have not recommended anything for putting in place in 2011. She stated they will continue to watch the membership enrollment.

Mr. McLaughlin stated it looks like they have gone up in Capital. Mr. Menard noted Page 2 of his hand-out and stated what he has proposed is the way they previously did the Pool Budget. He noted the Operations which went from \$106,000 deficit to a \$44,000 deficit because they did not spend \$60,000 of Capital which has been deferred. He stated if there was a capital item which was needed, he questions why they did not spend the money; and if they did not need it, why was it budgeted. Ms. Liney stated they did defer some purchases including furniture. Mr. Menard stated if they treat an Operating Budget like an Operating Budget and a Capital Budget like a Capital Budget, they would not be having this fluctuation and indecision whether or not to proceed with something. He stated the Budget is not set up properly.

Mr. Stainthorpe asked which items they wanted to move into the Capital Budget, and Mr. McLaughlin stated it would be Capital Construction and Capital Purchases. He stated he is not sure that Minor Equipment would qualify, and Mr. Menard stated he would leave the Minor Equipment in the Operating. Mr. Menard stated they would be willing to clean this up as well. Mr. Maloney stated he feels having a Capital Budget makes sense here as well. Mr. Maloney stated they would fund that Capital Budget each year, and whether or not the money is spent, it is out of the Operating Budget.

Mr. Menard stated the Pool previously had a \$25,000 appropriation to the Capital Improvement Fund from the Pool Operating Account. He stated they would make certain purchases each year from this Fund. He stated they had a long-term program and Budgeted in the average amount needed. He stated you did not then have this fluctuation.

Mr. Maloney asked about the Operating Budget and the huge spike in health-care costs. He stated they budgeted \$17,500, and they spent \$53,000. Mr. Liney stated this is a more fair allocation of time for people in the Park crew and the Park Director whose benefits were not being charged against the Pool in accordance with the salaries. Mr. Fedorchak stated it is a re-class of the employees, and there is an offset someplace else.

Mr. Stainthorpe asked what is included in Miscellaneous Sales on the Revenue line, and Ms. Liney agreed to check on this. Mr. Stainthorpe stated there was an increase in the fee for Swim Lessons, and Ms. Liney stated the Park Board did recommend a slight increase in the Lessons. Mr. Maloney stated it was agreed that the lessons continue to be priced considerably below market.

Mr. McLaughlin asked if they should raise the Guest Fees, and Ms. Liney stated they did recommend an increase in the booklet fee adding last year they sold 500 to 600 10-pass booklets last year. You must be a Pool member to buy the booklets.

Mr. Maloney stated the only revenue source where they could put in an increase to make a meaningful dent in the \$68,000, is by effecting the main pass rate. There was discussion on the Discount Period, and Ms. Liney stated there is a Discount Rate through the first week in March, with the discount being \$395 versus \$440 for a family.

Mr. McLaughlin asked if they could raise this \$10 since he does not want to see a deficit. Ms. Liney stated there are 1,600 families, and the overwhelming majority joined at the Discount period. She stated if they increase this \$5 taking it to \$400, they would get some help. Mr. Maloney stated this would add only \$5,000. He stated this is not a tax-supported fund so it could run against its balance for a year. Mr. Menard stated in the past they have periodic rate increases so that you know the first year you would have a surplus, and then it would wear down for a few years, after which time, you need to raise the rate again. He stated he does not feel they want to have a \$5 rate increase every year. Mr. Maloney suggested they keep the membership fee the same this year since it is not a tax-supported revenue fund.

Ms. Liney stated the Park Board also discussed the \$100,000 transfer. Mr. Maloney stated he agrees that they wanted to get more information about both of the \$100,000 transfers. Mr. Maloney stated he does feel they need to work on having some more documentation on how these transfers are determined. Mr. Menard stated he and Mr. Fedorchak did start working on a longer-term look at this process; and while it will not be resolved for this Budget season, they will do it early enough in 2011 so everyone will see where everything should go for the following year.

GENERAL BUDGET DISCUSSION

Mr. Smith noted the October 28 letter from Mr. Fedorchak; and asked if anything has transpired during the three Budget sessions which would modify this. Mr. Fedorchak stated they are still at 15.12 mills with no tax increase. Mr. Maloney stated this includes less than half of the money they need for the original scheduled road maintenance for 2011. Mr. Fedorchak agreed and stated once there are hard numbers, he would like them to consider some of the monies from the General Fund which can be identified of being in excess of safe harbor and place that into the 2011 Resurfacing Program. He stated this may be \$150,000 out of the General Fund so that they could be at approximately \$450,000 to \$500,000 for roads. Mr. Caiola asked if they would still be within safe harbor, and Mr. Fedorchak stated they would. Mr. Maloney stated this is still not enough to fund the road program, and Mr. Fedorchak stated it is not as identified by Mr. Majewski. Mr. Maloney stated he feels they need to fund the operations that they need to pay for, and one of them is the roads in the Township. He stated he feels the millage needs to be increased to reflect this, and they should stop deferring more of these road costs. He anticipates that this would be about \$300,000 or one half a mill.

Mr. Stainthorpe stated even last year when they cut the Budget to the bone, and thanks to the Township staff, they came in under Budget; and he is confident that they will come in under Budget this year. He stated he would like to see what Mr. Fedorchak can come up with to keep the Township in safe harbor before they commit to any tax increase. Mr. Maloney agreed that they should see the numbers. He asked Mr. Fedorchak to determine the transfer so they know what will take them down to the 5% safe harbor, and they will then know what is missing and will know what will not be funded from the road program. He stated he would also like to know what this would cost in the millage so there is a number they can discuss. Mr. Maloney stated he would like the Budget to be able to fully fund the road program. He stated they are deferring about 40% of the road program. He stated he feels they need \$700,000 for the road program and they still need about \$250,000. He stated he would like to know going into the year that they are confident that they are going to be able to do the roads.

Mr. Menard stated there is a twenty-five year program with that same number of \$800,000 coming up every year. He stated if they take \$200,000 off of this year, they will make three years \$900,000 each year.

Mr. McLaughlin asked if anything was included for deer management, and Mr. Fedorchak stated he put in \$5,000. He stated this would cover incidental expenses for the archery program. He stated he has not included anything in the Budget for a professional sharp shoot. It was noted 50 deer have been harvested this year, and

Mr. Stainthorpe stated this will not control the herd. Mr. Maloney stated the consultant indicated they needed to take 300. Mr. McLaughlin asked if they could find additional funds for a sharp shoot, and Mr. Fedorchak stated it would have to come from the Capital Reserve Fund.

Mr. McLaughlin asked that amount for new Police cars, and it was noted \$80,000 has been Budgeted which is for three cars. Mr. McLaughlin asked if they could delay one purchase, and use those funds for the deer hunt; and Mr. Fedorchak stated he would need to discuss this with the Chief since he has a schedule for the replacement of cars.

Mr. Caiola stated they have to continue with a deer management program every year, and they should continue with the archery hunt until they have enough money in the Budget to have a more full-blown hunt. Mr. Stainthorpe stated Upper Makefield uses Ecologix for their deer program and have had success as their deer/car collisions are down. Mr. Maloney stated there are a lot of large properties in Upper Makefield, and they have been using a lot of private properties to hunt. Mr. Fedorchak stated the first year of the program Lower Makefield was reticent about locating hunting sites throughout the Township because of the concern about reaction from the community, so there was a limited number of sharp shoot sites. He stated if they expand the sites, they would improve the effectiveness of the program. Mr. Smith asked if any private properties are suitable for a hunt where the owners may be willing to work with the Township; and Mr. Fedorchak agreed there are, and BOWMA is hunting on private properties and have used the Township program as a foundation and have been able to engage private property owners.

Mr. McLaughlin noted Page 11 – Capital Purchases and noted the \$39,000 that has not definition, and Mr. Fedorchak agreed to find out what that is.

Mr. Caiola stated he feels they should continue with the hunt with BOWMA as they are doing currently and in 2012, they will have had three years of experience; and at that point they will have to consider the next step. Mr. Maloney stated nothing that has happened has been in contrast to what they were told by the experts. He stated they were told that if they hunted too few sites, they would get less deer; and that they will also get less deer in the sharp shoot the first year. He stated they also stated if there was a bow and arrow hunt, they would not get as many since the deer will learn the pattern and go to other places. Mr. Maloney stated while he did not advocate the sharp shoot, he does not feel they have given it an adequate try to know whether or not it works. It was noted the existing recreation hunt will continue until the middle of January.

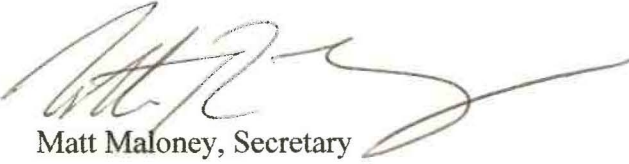
Mr. Smith thanked the Budget Committee for their work.

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Matt Maloney", with a long horizontal flourish extending to the right.

Matt Maloney, Secretary

