

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
MINUTES – APRIL 16, 2008

The regular meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on April 16, 2008. Chairman Caiola called the meeting to order at 7:30 p.m. Mr. Maloney called the roll.

Those present:

Board of Supervisors: Greg Caiola, Chairman
 Steve Santarsiero, Vice Chairman
 Matt Maloney, Secretary/Treasurer
 Ron Smith, Supervisor
 Pete Stainthorpe, Supervisor

Others: Terry Fedorchak, Township Manager
 David Truelove, Township Solicitor
 James Majewski, Township Engineer
 Kenneth Coluzzi, Chief of Police

CONFIRMATION OF PROCLAMATIONS HONORING PENNSBURY MARCHING BAND AND CONCERT JAZZ BAND

Mr. Frank Mazzeo, Band Director, was present with Katie Alleva, Band Captain, Zach Drummond, Drum Major, Kaitlyn Pettie, Color Guard Captain, Patrick Bailey, Drum Captain, Principal David Bowman and Superintendent Long. Mr. Mazzeo stated they were able to raise over \$500,000 from the community to go on the trip to Hong Kong. He stated the students did an outstanding job and performed five times including one performance at Hong Kong Sevens, an International Rugby Tournament, in front of 40,000 people live and which was televised to over 50 million people.

Mr. Caiola stated the Pennsbury Music program is one of the best in the State, and this was a tremendous achievement. He commended them on raising such a significant amount of money. He stated Pennsbury School District does a great job of offering something for everyone. He stated the Board of Supervisors signed the Proclamations at a prior meeting, and the Proclamations were presented to Band representatives this evening.

Mr. Patrick Bailey thanked everyone in the community for helping them with this once in a lifetime opportunity.

PUBLIC COMMENT

Mr. William Gibney stated he has lived in the Township since 1962. He stated he has written a number of articles in the Bucks County Courier Times and Yardley News recommending the sale of the aging sewer system to Aqua Pennsylvania. He noted the potential for breakdowns and associated costs to the Township. He noted an article which appeared in the April 10 Yardley News in which a Mr. M. Stone suggested selling the Golf Course as opposed to the sewer system. Mr. Gibney questioned why the Township would sell the Golf Course which is an asset as opposed to selling the sewer system which is a liability. He stated there are currently thirteen Senior Centers in Bucks County all of which were built without requiring a Referendum. He noted the Northampton Senior Center for which their State Representative was able to obtain a \$500,000 Grant from the State Legislature. Mr. Gibney stated State Representative David Steil has indicated that the State Legislature has authorized \$1 million for a Lower Makefield Senior Center, and he will ask the Governor to release this money in May or June. He stated he also indicated the Bucks County Representatives are very dissatisfied with the current State formula for the Area Agency on Aging as it does not recognize the population growth in Bucks County; and according to his calculations, Bucks County's lottery amount is \$2.6 million lower than it should be. Mr. Gibney stated if they are successful in getting this changed, our Representative will also require the Area Agency on Aging to provide revenue for new Senior Centers not part of the current formula. Mr. Gibney stated he feels that if they build a Community Center rather than a Senior Center, they will lose all the financial benefits and the total cost would have to be paid by the Township. He noted the significant amount of money paid by seniors to the Pennsbury School District. He stated he feels they should sell the sewer system and use some of the proceeds, after paying the Bond, to build a Senior Center.

Mr. Caiola stated possibly they can work together with Mr. Steil or the next State Representative to find some of these funds. Mr. Gibney stated Mr. Steil is hopeful that these funds will be released before he leaves office.

Mr. Sam Conti, Sutphin Road, stated he walks approximately five miles every day in his neighborhood, and he has seen the damage done to the road surface which he feels is due to the fact that there are three trash companies servicing the area. He asked if there is a way to have the Township divided into various sectors so only one trash company does each sector which could help the wear and tear on the roads, reduce costs to the trash companies as they would save on gasoline, and help the environment.

Mr. Caiola stated the Environmental Advisory Council and the Citizens Budget Commission has been looking into a single hauler for the Township and the economic and environmental benefits. He stated they expect to hear from the EAC on this within the next few months as to the environmental value. He stated the Township has had

success in working with the haulers when they limited their hours of operation in the Township a few years ago. He suggested that Mr. Conti contact the EAC with his concerns.

Ms. Madeleine Jones, Falls Township, asked about the status of the Frankford Hospital proposal for the property at 332. Mr. Caiola stated the last time they were before the Township, the Board provided them a list of their concerns. Mr. Majewski stated while no new plans have been submitted, they are going forward with engineering work on the property. Ms. Jones stated she feels this proposal is of concern to local businesses, employees, residents, and commuters. She stated she has heard that the existing Frankford Hospital on Oxford Valley Road is closing. She would like there to be a public meeting for residents, local businesses, employees, commuters, Township officials, and hospital personnel as to the potential impact of this project. She stated she has heard there could be 1100 cars. Mr. Caiola stated the Township and residents present when the matter was last discussed indicated that they were very concerned about the traffic impact. He recommended that Ms. Jones continue to monitor this situation as they will be having other public meetings to discuss this matter if the Hospital representatives come back.

Mr. Smith stated the Board of Supervisors expressed their concerns with the plan. He stated he understands that Frankford Hospital is still in favor of proceeding with their plans to build on the site, and the Board will be vigilant in continuing to voice their concerns.

Ms. Jones stated she is concerned with what will happen with the existing facility and is also concerned that they will be taking away part of a farm if they build on the site in Lower Makefield.

Mr. Smith stated he and Mr. Caiola serve on a Regional Traffic Task Force which has just completed a four-year study of the area where the Hospital is proposed to be built. He stated if the Hospital were to be built in this area, it would change the results of this study. He stated he is also aware that Capital Health is building a new Hospital in New Jersey which is fairly close to Lower Makefield so he questions whether there is really a need for another Hospital in this area.

Ms. Jones stated she understands that if the new facility were to be considered a trauma center, they would have to have a helicopter pad; and she is concerned with this in a residential area. Ms. Jones stated she feels they could have a public meeting at a local high school with residents, hospital personnel, and Township personnel in attendance.

Mr. Santarsiero stated the Board of Supervisors is unanimous in its concern with the proposal.

APPROVAL OF MINUTES

Mr. Santarsiero moved, Mr. Maloney seconded and it was unanimously carried to approve the Minutes of April 2, 2008 as written.

DISCUSSION OF SALE OF SEWER SYSTEM AND REJECTION OF THE BID FROM AQUA

Mr. Caiola stated Mr. Fedorchak and Mr. Brian McCloskey, Finance Director, will make a brief presentation.

Mr. Smith moved to reject the proposed sale of the sewer system. Mr. Stainthorpe seconded but noted he feels they should still hear the presentation.

Mr. Truelove stated it would be appropriate to hear the presentation before they vote on the Motion. Mr. Santarsiero stated he would like to hear the presentation before proceeding.

Mr. Stainthorpe withdrew his Second.

Mr. Fedorchak stated there was much discussion on how the sewer system is aging and what will be required in the way of capital reinvestment in future years to keep the system operating properly. He stated there are equally substantial and competing basic capital needs throughout the Township not related to the sewer system including maintenance of roadways, bridges, buildings, and structures, and the maintenance of the many recreational parks and facilities all of which will require millions in capital reinvestment as well. He stated the staff is concerned that there is not enough money to fund the basic capital needs on a going-forward basis without having to resort to increasing taxes.

Mr. McCloskey stated they have put together a presentation which will illustrate why the sale of the sewer system may be advisable; and if approved, how they would prudently use the proceeds to benefit the Township. Mr. McCloskey stated they feel the most attractive offer from Aqua would be the potential purchase for \$17 million payable in three equal installments. They would first extinguish the current debt in the sewer system which is approximately \$7 million which is a combination of principal and interest. They would then need to consider how to best utilize the remaining \$10 million once the debt is paid off.

Mr. McCloskey stated there are many basic capital needs in the Township. He stated in the past this was funded primarily from capital reserve and street projects which have been funded by developer contributions and fees. He stated they expect that these funds

will be depleted by 2011, and over the next six years they anticipate they will need slightly more than \$3.3 million in capital spending to fund the basic capital requirements. He stated a portion of the sewer sale proceeds could be utilized to pay for these needs on an on-going basis. In addition, the Township could establish a “rainy day” fund which would be in excess of \$6 million which would be earning interest; and the interest would be channeled back into the General Fund to help with operations and potentially offset some future tax increases.

Mr. McCloskey stated the funds for capital reserve and street projects have historically been funded by developer contributions and fees. The source of this revenue has diminished greatly in recent years as the Township is approaching build-out. He stated while Matrix has been approved, the Township does not anticipate any impact of revenue to reach the Township until 2012 at the earliest. He stated the Township has needs for annual street resurfacing, bridge and storm sewer improvements, capital purchases, replacement of police vehicles, improvements to Township buildings and facilities, and requirements for open space and historical properties. The \$3.3 million figure noted earlier does not include construction or acquisition of any new parks or facilities.

Mr. McCloskey showed a projection of unfunded capital needs and stated beginning in 2010, they expect to have \$400,000 of need for capital purchases which currently have no funding. This continues to increase until 2012 when they hope to have some impact from Matrix. Mr. McCloskey stated there will be \$3.3 million of capital funding required over the next six years. He stated if the Township continues to own the sewer system, the Township will still have capital needs for that fund as well which will be added to the \$3.3 million. He stated the ability to earn up to \$1 million in interest over the next several years from the proposed “rainy day” fund would be very beneficial to the Township’s general fund and operations as would the \$6 million in the bank as a “cushion” in lieu of any type of emergency. Mr. McCloskey stated sale proceeds could be used in lieu of tax increases which could save the Township taxpayers.

Mr. Stainthorpe thanked Mr. Caiola for the number of public meetings held with regard to the potential sale of the sewer system and providing the opportunity to hear from everyone. He stated having heard all the presentations, he does not feel selling the system is the way they should proceed. He stated sewers are critical infrastructure to the community and are one of the primary focuses of local government. He feels it is better off in the Township’s hands than in someone else’s. He stated he feels the top priority is what will happen to the ratepayers. He stated he does not feel trucks and police cars are capital expenses but are actually operating expenses which should be funded out of regular tax revenue and would not be a wise use of the proceeds from the sale of the sewer system. Mr. Stainthorpe stated Mr. Conti had previously discussed the cost of borrowing, and if the Township took the \$10 million proceeds from the sale and funded a number of projects, the cost of borrowing \$10 million would be approximately \$55 a year for the average taxpayers. He stated if they sell the sewer system, he does not feel Aqua

could run it better than the Township as there would be no economies of scale as it would be a free-standing system which would be totally self-funded. He feels after the initial two-year rate freeze proposed, the rates could double, and this would be a payment of \$400 a year for the average household. He stated bonds could be paid off in fifteen to twenty years, but the rate increases would go on forever.

Mr. Stainthorpe stated when the Board voted on the last Budget, he was criticized because he voted against it and the tax increase. He stated he had indicated that there are no longer developers' fees coming to the Township, and the Township needs to live within its means. He feels selling off Township assets would be pushing this further into the future. He stated there are times when tax increases are justified, but the Board of Supervisors needs to look at everything critically to determine that what is being approved is really necessary. He feels selling the sewer system is short-sighted. In the long term best interest of the ratepayers and the citizens, he would vote against selling the system.

Mr. Maloney moved to reject the bid received from Aqua.

Mr. Maloney stated he feels there is validity to what they have been exploring, and there is a lot of factual evidence that selling the sewer system could be a good move given the information they have received to date. He feels his proposed Motion is significantly different than the prior Motion to reject the sale of the system.

Mr. Santarsiero seconded the Motion.

Mr. Maloney stated he works with pension funds and risk and stated it is necessary to understand exposure to risk. He stated it has been stated that there is the potential in the future for problems with the sewer system, and it may be difficult for the Township to do anything besides maintaining the sewer system. He stated while this is a key part of the work to be done by the Township, it is a problem if it is the only thing that the Township can do. He stated he feels there is an opportunity to more centralize risk, and position the risk more appropriately. He stated if the Township were to have to continually borrow \$6 million to fix the sewer system, the Township could reach a level of debt that could effect the Township's credit rating, the interest rates at which the Township can borrow money, the quality of the Township's financials, and effect the attention and amount of resources the Township can devote to various topics.

Mr. Maloney stated he has been accused of not discussing this issue during his recent campaign, but stated he did discuss this with the residents and it was raised at the debate. He stated he had indicated that it was important to get all the facts including what will be done with the proceeds. He stated while the presentation made this evening was a good one, he feels the Supervisors need to be better educated about the long-term

finances of the Township and to evaluate the choices inherent in the projections. He feels the Board needs to have work sessions and consider long-term financial planning.

Mr. Maloney stated it appears that there have been other sewer public bids that included other entities bidding or being invited to bid that were not part of this process by the Township. He feels the Board should consider this further before proceeding. He stated he would also like to have contact with residents and representatives from the other Townships which have sold their systems, particularly to Aqua, and hear what the results were of their decision to sell their sewer system. He stated he does not feel Mr. Woods needs to do any further work and this will save the Township money paying fees. He feels the Board should now look into these other issues particularly with regard to use of the proceeds. He stated they should initiate the Budget process earlier and fold it into the work sessions he is suggesting be conducted which will provide broader financial-planning sessions for the Township which enable the Board to review this information in more detail. He stated not reviewing the sewer rates and the tax rates together would be irresponsible as they are intertwined.

Mr. Maloney stated he has concerns that some of that which has been discussed is more emotionally-charged than factually-driven. He stated he does not feel that the sewer rates will double as was stated earlier. He stated at the Budget Hearings, Mr. Stainthorpe indicated he wanted a Budget done from the “ground up”, and it has been four months; and he has not heard any suggestions as to how the Township could save money. He feels the Board should work on this.

Mr. Caiola stated they do not have the surpluses of income that past Boards have had and they must look at things differently. He stated he has not made a final decision on the sale of the sewer system and feels they need more time to discuss it. He stated he would prefer not voting to reject sale of the sewer system at this time although they may want to consider this once they have looked into the matter further. He stated he feels there is still the potential to proceed with the sale, but they need to look into what has happened to others who have sold their systems.

Mr. Smith stated Mr. Hoffmeister had previously indicated that it may be in the best interest of the Township to rid itself of the sewer system, and the Township began the process of exploring the potential sale. He commended Mr. Caiola for the number of meetings he has held on this issue so that everyone has had an opportunity to voice their opinion. Mr. Smith stated he does not feel he was provided with satisfactory answers from Aqua with regard to the investigation into the rate increases or PAC contributions. He stated he has found from his research that tens of thousands of dollars of PAC money has come from Aqua in some form. He stated there were comments about having a Referendum, but he feels the Supervisors were elected to make tough decision. He stated he did personally send out an inquiry to 300 to 400 people asking their thoughts on the sale of the sewer system, and he received 60 to 70 responses with the overwhelming

majority indicating the Township should not sell the sewer system. He stated while he does not feel a Referendum is necessary, if the Board is going to go against the overwhelming majority of those who spoke out or wrote about this issue who indicated they should not sell the system, they should have a compelling reason to do so; and he stated he has not seen a compelling reason to sell it. Mr. Smith stated he agrees the Board should consider the Budget items well before Budget time. He stated he is also concerned about the lack of competition in the bids.

Mr. Smith stated one of the key reasons they were considering a sale was that they felt they would be able to spread out the costs, but they have been told that Lower Makefield would be a stand-alone system with costs confined within Lower Makefield. He is also concerned about rate increases. Mr. Smith stated he was also concerned that there were rumors that promises were made to special interest groups, such that if the system were sold, they would build a Senior Center; and he stated this is not the case. He stated in Aqua's proposal, he did not see any protection for the people in Edgewood Village or other areas where there are not public sewers. He stated Lower Makefield is known to provide service; and if people call the Township Building, they know someone will be out to take care of it; and while Aqua did make assurances on service, he feels it is better to rely on the Township than on an entity based outside of the Township. Mr. Smith stated he understands that the Sewer Authority voted three to one, with one member not present for the vote, not to sell the sewer system. Mr. Smith asked Mr. Woods if he has ever worked for Aqua or did consulting work for them, and Mr. Woods stated he has not. Mr. Smith stated he does not feel the sale of the sewer system is in the best interest of the Township.

Mr. Santarsiero stated he seconded Mr. Maloney's Motion for a number of reasons some of which have already been articulated. He stated he is still open to the idea of selling the system, but he wants to make sure that they have tried to reach all potential buyers. He stated he feels they would be mistaken to go forward with the one bid from Aqua, and he feels the Township needs to do more work to insure that they have covered all the potential bidders. He stated the main issue he has heard from comments of the public who have been against the sale of the system is what will happen to the rates which he feels is a legitimate question. He feels the Aqua representatives present did a fairly good job in answering the questions about rates, but he feels there should be more investigation done. He does not feel the rates will double, and feels they should stick to the facts. He stated when Aqua was present, he reviewed information regarding other communities who had sold to Aqua; and there were a number of rate increases over time some of which were higher than what was projected for Lower Makefield whether the Township or Aqua owns the system, and some of which were lower. He stated in every circumstance Aqua had a plausible explanation, but he does feel the Township should look into this further and that there should be discussions with representatives from the Townships which have sold their system to Aqua and others and see how their systems compare to Lower Makefield and what has occurred since the sale of the system.

Mr. Santarsiero stated residents have also asked why the Board of Supervisors were rushing into a sale; and while he feels the interest of exploring this issue was borne out of some of the information Mr. McCloskey provided this evening in terms of the Township's financial future, he agrees it would be a mistake to rush into something, and he feels the Township has time to look into all the facts before making any decision. He feels rejecting the bid tonight is the appropriate Motion so that the Board has time to further consider some of the issues raised.

Mr. Santarsiero stated with regard to the rates, they have heard that if the Township continues to own the system, over the next five years the Township will have to raise the rates approximately \$120 in order to keep the system operating. He stated Mr. Woods and Aqua have projected that this is also approximately what they would raise rates as well. Mr. Santarsiero stated Mr. Stainthorpe indicated that if there were capital needs in the future, the Township could float a bond for \$10 million which would cost the residents approximately \$55 a year. Mr. Santarsiero stated while this is what the Board and residents may feel is a good idea, \$55 a year would still be more than \$120 over five years, so this is something that they need to consider. Mr. Santarsiero stated Mr. McCloskey indicated that if the Board accepts the offer, they may be able to avoid a potential tax increase of approximately \$400 per household, which is also more than \$120. He stated they need to consider the needs of the Township going forward. He stated if they are looking out for the costs to the residents of the Township, he does not feel it makes a lot of difference whether they are considering sewer rates or the tax bill as it is all ultimately a cost to the residents. He stated it is the job of the Board of Supervisors to provide for the Township by way of expected and needed services while at the same time trying to keep costs to the residents, whether it is through a sewer bill or a tax bill, as low as possible. He stated getting further information and further assessing whether a potential sale makes sense, would enable the Board to make this decision. He stated he does not feel they are at this position at the current time with the information available.

Mr. Santarsiero stated a comment was made that the Township should not sell an asset; and while technically the sewer system is an asset, he feels it is a non-performing asset in that while it is there and serves its purpose, it does not return any money to the Township. He stated every time they raise sewer rates, the money goes back into the sewer system and cannot go to the Township. He stated they may conclude ultimately that the sale of the system is not worth doing, but he does not feel they are the point now, or will be by early May when the present offer expires, to make this decision. He stated he would have difficulty accepting the Aqua offer without being completely sure that the Township has gotten the best offer and heard from all potential bidders.

Mr. Joe Menard, 917 Putnam Drive, stated the sale of the system would do nothing to change the risk to the taxpayers or the ratepayers. He stated 89% of the costs are fixed costs with only 11% of variable costs which would relate to Aqua's economies of scale

where they would be able to save money which he does not feel is a large enough margin to provide security that the rates will not go up. Mr. Menard stated he also reviewed the Township's financial budgets and stated the sewer does contribute some money to the Township for the cost of the service which was approximately \$145,000 last year for time spent on the sewer system by Mr. Fedorchak, Mr. McCloskey, and other staff. He stated if this \$145,000 disappears, they will still have the same costs for Mr. Fedorchak, Mr. McCloskey, and other staff which he does not feel will be eliminated. He stated with respect to the rate base, the presentation showed that the net asset was \$12 million, and the bid is \$17 million. He stated while this looks like a 20% premium, the base does not include the net value of the contributed capital which on a net asset basis increases the total base by \$5 million. He stated this means that all of the money paid to the developers when the residents bought their homes is buried in the cost. He stated the buyer will get all of these assets. He stated he feels \$15 million will be in Aqua's rate base and not the \$6 million to \$7 million that is left of the debt which is a 200% increase plus a profit. He stated the Township will also lose the ability to operate the capital projects in the Township. He reviewed how Aqua makes 29%, stating they buy utility systems and have resources available to perform services which is how they make their money. He stated the Township will pay double as they have already paid for the asset and will pay for it again. He stated when residents pay their sewer bill, they do not get a tax deduction. He stated if taxes are raised to pay for street improvements, etc. the residents would get a tax deduction. Mr. Menard stated the net asset value of the dedicated assets is 40% of the base of the assets of the sewer system. He stated if they have a \$20 million base, \$13 million is contributed, and they have been paying down the debt through the rates which is why there is a profit. He stated sewer debt is self-liquidating which does not impact the Township's borrowing capacity and would not impact the rate when the Township goes to get new money.

Mr. Sam Conti, Sutphin Road, stated he does not feel they did enough to investigate Aqua and despite statistics he presented previously, no one looked at Aqua's share value. He stated during the last year, Aqua's share prices have dropped 30% and dividend payments are from ½% to 2 ½% and questioned who would invest into a company like this. He stated Aqua's main business is keeping the share price high and dividends high and despite the 29% return on revenue, it has been insufficient to maintain their high share value or their dividend. He stated their main business is trying to get enough money to boost the share value and their dividends and the only way they can do this is to increase rates to consumers. He stated they have a captive customer base, and the only way they can get money is to increase rates to those customers. He stated the Supervisors need to look more into the company before they consider doing business with them. He stated turning over a captive customer base gives the company the liberty to increase rates to the ratepayers.

Mr. Paul Pflaumner, 29 Lower Hilltop Road, stated he is retired and on a fixed income. He stated he questions why anyone would want to buy the system if there is a potential

for significant problems. He also questions why there was only one bidder. He stated Aqua is looking to make money off the system, or they would not be bidding for it. He stated he would rather pay fees to the local Government than to a private company. He stated he did hear that the system was going to be sold so that they could build a Senior Center; and he stated this was turned down twice by Referenda, and he does not feel there is a need for a Senior Center at this time. He stated he does not feel it is prudent to sell this asset. He feels if the Township sells to Aqua the rates will go up, and the Township will have no control.

Mr. Doug Marshall stated any business that buys the sewer system is doing so to make a profit and no matter what money they use to purchase the system, ultimately their rates will have to reflect a figure that will allow them to recover the amount of money they spent and a rate of return that they would have earned on that money had they not spent it, as well as a profit. He stated a private company needs to look out for the best interest of their shareholders; and he feels more comfortable with the Township owning the system and looking out for the best interests of the Township residents. He stated there is no profit built into the system when the Township owns it and there should not be as it should simply cover its costs. He feels it would be best to retain the sewer system in the Township hands.

Mr. Pat Frain, 16 Delaware Rim Drive, stated he feels everything the Board has done with regard to this issue has been done in the open. Mr. Frain stated he has heard a number of times that it is the Township's responsibility to provide sewers but noted there are number of homes which do not have public sewers. He stated he feels they need to separate fact from fear; and they need to do more research before deciding to sell the system. He stated it does not appear to matter who owns the system, the rates will still go up. He stated he would be interested in learning how those who sold their systems made out.

Mr. Richard Johnson, Evergreen Road, stated he agrees that the bid should be rejected and they should reopen the matter. He stated he is concerned about how the matter was handled and does not feel that they should have put out a request for bids indicating that they do not want to be in the sewer business as he feels this is open invitation to be taken advantage of. He is also concerned that Aqua came in with a \$17 million bid and he never heard any indication that there was going to be any negotiation with regard to the bid. He stated he does not feel anyone comes in with what they expect to settle for, and he hopes the Board will consider this when they reopen this matter.

Mr. Mark Sanford, 879 Big Oak Road, stated while he has a well and a septic system, he would still prefer that the Township not sell the system. He feels the Board of Supervisors has done a great job investigating this. He stated Aqua is in the business of making money and from their 2007 report it discusses their acquisitions and the rate increases required to earn a fair return on their investments. He stated their primary way

of making money is spending money on the systems. He encouraged the Board to review Aqua's annual report.

Mr. Richard Gauck, Chairman of the Sewer Authority, stated all Sewer Authority members are present this evening. He stated he has been on the Sewer Authority since 1990. He stated at the last Sewer Authority meeting, they had an informal vote about the sale of the system, and the vote was three to one not to sell the system. He stated they did send a letter to the Board of Supervisors indicating that a majority of the Sewer Authority recommended that the Board not consider selling the system. He stated one of the reasons they stressed in their letter was that they do not agree that the system is in poor condition. He stated Mr. Hoffmeister and the sewer engineer consistently give the Authority a report on a yearly basis which is copied to the Board of Supervisors through Mr. Fedorchak concerning the condition of the sewer system; and by in large it is in relatively good condition except for the clay systems that were installed in the original construction in the 1960 era. He stated the transmission line to Morrisville's treatment plant was installed in the mid 1960s and was a reinforced concrete pipe. Even prior to 2000 they felt the condition was deteriorating from Black Rock Road downstream and they did several internal inspections, flushing, and cleaning the line trying to maintain its capacity. In 2001 they were considering the best way to replace and/or repair this line to Morrisville. He stated this is a transmission line which transmits up to 3 million gallons of flow to Morrisville. He stated it is approximately two miles long which is only a small percentage of the 150 mile system owned by the Township. He stated it is a unique system that needs to be maintained. He stated they decided to replace at least 8,000 feet of it and reline the remaining 5,000 feet. He stated this was part of a long-term plan that they knew they had to address, and it was a successful project.

Mr. Gauck stated the Chapter 94 report is submitted each year on the condition of the system and outlines what maintenance has been done based on recommendations. He stated the Board of Supervisors does receive a copy of this report. He stated he feels they have done a good job of maintaining the system given its age. He stated he does not feel the condition of the system is a reason to sell the system. He stated he feels they should continue to upgrade and maintain the system, and there is a Plan put together by the professionals on capital improvement needs, and the Board of Supervisors also receives a copy of this. He stated the Sewer Authority has a regular meeting the fourth Thursday of every month at 7:30 pm., and he invited everyone to attend and start the discussions they have indicated this evening should be considered.

Mr. Gauck stated he feels they should maintain ownership of the system so they have control over the system including how it can be expanded. He reviewed some past expansion projects which were undertaken. He stated a few years ago they did an evaluation of the Delaware Rim Road area about possible expansion of the sewer system, but there was not a majority of residents in favor of installing public sewers, despite some existing problems. He also noted the need to do something in Edgewood Village.

He stated the Sewer Authority has also sent a letter to the Board of Supervisors asking that they consider a rate increase.

Ms. Colleen Klock, Jacob Drive, stated she is in favor of selling the system, but feels more analysis should be done. She feels they should also communicate with the other communities who sold their systems seven to eight years ago to see the results. She stated she has heard speculation about increasing rates but she feels when someone specializes in a business, they can do it for less money and still make a profit. She stated since this is their business, they have access to less expensive supplies, are able to move quicker than the Township, and can make more money with the same rate that the Township would be charging. She stated there was not only one offer and there were others who had considered making an offer but recognized that they would not be able to compete with the offer made by Aqua. She questions if the system is really worth more than what Aqua is offering. She does feel they should do a further analysis of the Budget. She stated they may also consider asking Aqua to install some of the sewer systems at a lesser rate in areas of the Township not currently served by public sewers.

Mr. Barker Hammill, Garber Drive, stated he has a septic tank, but in his professional life he is the Assistant Director of the Water Supply Program for the State of New Jersey and has dealt with Mr. Woods for the last twenty-five years and with the Aqua Water Utility in New Jersey. He stated he has watched Municipalities in New Jersey go through this process a number of times. He stated he is impressed with how the Township has gone through the process. He stated there are economies of scale when dealing with a major company and you can make reasonable predictions based on prior decisions of the PUC as to rate recovery.

Mr. Ethan Shiller, 367 Lang Court, stated he is a member of the Citizens Budget Commission and agrees with going back and looking into this matter in further detail including discussing the long-range Budget and potential tax increases. He stated last Budget year there was a 2 mill increase which was well justified due to safety and quality of life issues. He stated Mr. McCloskey has indicated this evening that there will be unfunded need over the next six years of \$3 million. He stated they will need to raise taxes which would be approximately \$240 per residence. He stated to continue funding necessary infrastructure currently owned, they would have to add an additional mill per year. He stated they must consider where they are going to get the money from. He stated the Citizens Budget Commission will not continue to support as high of a millage rate increase and the Board of Supervisors should look for new ideas and how they will continue to maintain the Budget and fiscal responsibility of the Township.

Ms. Helen Bosley, 546 Palmer Farm Drive, stated she is happy that Mr. Shiller discussed the financial aspects and not the rate aspects. She stated the Township, except for 10%, is built out and those who have been long-term residents of the Township understand that what this means is that we will have to change the way things are done since they no

longer have the unending real estate transfer taxes and other development-generated fees coming in as revenue. She stated she is against the sale of assets to fund operating expenses. She stated she feels the Board needs to look at fiscal responsibility and look very hard at costs.

Ms. Bosley asked about non-sewer debt and asked if there is current debt to fund Township capital projects that is outstanding; and Mr. McCloskey stated they have approximately \$20 million in outstanding debt. Ms. Bosley stated every year they are paying interest on this debt as well as paying down some principal, and Mr. McCloskey agreed. Ms. Bosley stated since principal is being drawn down, they would have additional borrowing capacity for things such as police cars, street paving, etc. Mr. McCloskey stated they do have additional borrowing capacity in the debt structure. Ms. Bosley stated the Township has an excellent credit rating. She encouraged the Board to think about the next three to four years in a different way than the Township has done in the past with respect to finances.

Ms. Virginia Torbert stated she agrees with Ms. Bosley. She also questioned what happened with the Golf Course as she felt the revenues from the Golf Course were going to “bail out the Township.” Mr. Fedorchak stated he recalls that the main objective was that the Golf Course would break even and that in twenty to twenty-five years when the debt service was paid off, there would be an opportunity for the Golf Course at that time to fund other operations, particularly recreational venues. He stated there are approximately twenty-two to twenty-three years left on the bond issue to pay off the Golf Course. Ms. Torbert asked about grants. Mr. Fedorchak stated what they have identified in their presentation this evening are basic needs and it is highly unlikely that the Township would be eligible for any grants for that nature of expenditures. Ms. Torbert stated the Township now employs four engineering firms, all of which she believes have grant-writing capabilities; and since they are paying four different engineering firms, the Township needs to start making use of their grant-writing capabilities. Mr. Fedorchak stated later on this evening, they will consider a grant the Township will be applying for to further expand Memorial Park, and the grant application was prepared by CMX.

Ms. Torbert stated several weeks ago she had a discussion with an attorney for the Consumer Advocate of Pennsylvania who deals with rate increase requests from Aqua on a day to day basis, and he stated that conservatively rates would double within a few years after the moratorium. He asked her the current sewer rates, and upon hearing what the rates were he advised that the current rates are very cheap, and under any scenario the rates should go up.

Motion carried unanimously to reject the bid from Aqua.

Mr. Caiola thanked everyone for their input and stated there will be more discussion on this matter at some point in the future.

A short recess was taken at this time. The meeting was reconvened at 9:50 p.m.

APPROVAL OF RESOLUTION NO. 2162 – REQUEST OF SAMUEL, SUSAN, AND JONATHAN SNIPES FOR INCLUSION OF TAX PARCELS NO. 13-28-30 AND 13-28-30-3 IN THE LOWER MAKEFIELD TOWNSHIP AGRICULTURAL SECURITY DISTRICT

Mr. Santarsiero stated the Snipes family applied to have their farm included in the Lower Makefield Agricultural Security District. He stated there is not such a District in Falls Township where the farm is located, and the law allows for this type of Application even if the farm is not contiguous with existing farmland under the Township's Agricultural Security District Program. Mr. Santarsiero stated the primary reason for this request is that the Snipes family would at some point like to consider some sort of preservation for the Farm, and this is the necessary first step to be included in the County's Agricultural Preservation Program. He stated this has been recommended by the Lower Makefield Township Planning Commission, the Bucks County Planning Commission and, as required by the Statute, by the Township's Agricultural Security District Board.

Mr. Santarsiero moved, Mr. Stainthorpe seconded and it was unanimously carried to approve Resolution No. 2162.

APPROVE EXTENSIONS OF TIME TO CAPSTONE, THE GATHERINGS AT YARDLEY, AND MAKEFIELD ELEMENTARY SCHOOL

Mr. Santarsiero moved, Mr. Maloney seconded and it was unanimously carried to approve the following Extensions:

Capstone Preliminary Plan – 8/20/08
The Gatherings at Yardley – 9/1/08
Makefield Elementary School – 8/9/08

APPROVE DEVELOPMENT AGREEMENT FOR WOODSIDE PRESBYTERIAN CHURCH AND SIGNING OF MYLARS

Mr. Bruce Jones and Mr. Doug Hoagland were present. Mr. Jones stated they are present with the Development Agreement having received all required reviews. Mr. Truelove stated he and Mr. Jones discussed this during the break and agreed to a number of minor changes which he reviewed with the Board. He stated they will conform the Agreement to make the changes and have an Agreement ready to sign prior to the next meeting. He stated the Mylars are ready for signature and the modification of the Development Agreement will not delay the project.

Mr. Santarsiero moved, Mr. Stainthorpe seconded and it was unanimously carried to approve the Development Agreement with amendments noted by Mr. Truelove.

Mylars were signed following the meeting.

DISCUSSION OF CRICKET COMMUNICATIONS

Mr. Truelove stated some months ago, Cricket Communications asked for a continuance, and he felt at that time sixty days was the appropriate time; however after reviewing the letter granting the extension, Ms. Frick advised that it was an unlimited extension of time so that there is no expiration date. He stated he will confirm this by letter to the Applicant's attorney. He stated there has not been a re-submission of any Plans at this time.

APPROVAL OF CERTIFICATES OF APPROPRIATENESS

Mr. Santarsiero moved, Mr. Stainthorpe seconded and it was unanimously carried to grant a Certificate of Appropriateness to demolish an existing porch damaged by an automobile accident at 705A Stony Hill Road.

Mr. Santarsiero moved, Mr. Stainthorpe seconded and it was unanimously carried to grant a Certificate of Appropriateness to demolish two detached garages, three chicken coops, and one pigeon coop at 1684 Edgewood Road.

Mr. Santarsiero moved, Mr. Stainthorpe seconded and it was unanimously carried to grant a Certificate of Appropriateness to perform repairs and paint a two-story frame house at 1684 Edgewood Road.

Mr. Smith asked the status of Mr. Messick's projects in Edgewood Village. Mr. Messick stated they met with PennDOT last week and he feels they are making progress. He stated he has also devised a plan to have all the stormwater management put on his three properties, and he has access to water and sewer. He still needs to finalize matters with PennDOT. He noted the limitations on height, setback, etc. are making the project difficult, but he intends to submit a Plan within the next month. He stated he must also finalize costs to relocate the utility poles, and while he would have liked to put them underground, he feels this will be cost prohibitive. Mr. Messick stated he feels he will need to request fifty-two Zoning Variances.

AWARD 2008-2009 FUEL BIDS THROUGH THE BUCKS COUNTY CONSORTIUM

Mr. Fedorchak reviewed the staff recommendations with regard to fuel bids.

Mr. Stainthorpe moved, Mr. Maloney seconded and it was unanimously carried to award the 2008-2009 Fuel Bids through the Bucks County Consortium.

ZONING HEARING BOARD MATTERS

With regard to the Dan Marrazzo, 1301 Yardley Road, Appeal of the Determination of the Zoning Officer's Enforcement Notice and associated Variances, it was agreed that the attorney should participate to insure that the issues raised by the Township continue to be monitored.

With regard to the Snowden Communities Variance request to increase impervious surface for the property located at 835 River Road, it was agreed to leave the matter to the Zoning Hearing Board.

With regard to the John Doherty, 221 Meadow Drive, Variance request to construct an addition resulting in greater than permitted impervious surface and encroachment into the front/side yard setback, it was agreed to leave the matter to the Zoning Hearing Board.

SUPERVISORS REPORTS

Mr. Stainthorpe stated the CATV Board met with the Verizon rep. There is an issue she is addressing as a portion of the Township cannot get the community access channel through Verizon. Mr. Stainthorpe stated correcting the problem will involve changing the Community Channel from 29 to 20. He stated there are certain rules as to notification so it is anticipated that it will take forty-five days to complete the process. He stated there are also issues going from analog to digital television, and Verizon will make the switch in June which will require a box. He stated they have proposed that each household will get one box for free but be charged for any additional boxes. He stated the feeling of the Board was that this was not fair although they are not sure what can be done. Mr. Truelove stated he will look into this. He stated there is also an effort at the State level by the carriers to by-pass local control. Mr. Stainthorpe stated the Verizon rep was very helpful, but the Board did not get the sense that Verizon wants to deal with this at the State level. Mr. Stainthorpe stated one of the drawbacks if they do permit State franchising is that you would lose local control.

Mr. Santarsiero stated the Ferri Tract will be coming before the Board of Supervisors. He stated there is a new developer presenting an Application for fifteen houses rather

than seventeen houses as was shown on the prior Plan. The number of houses was reduced as a result of requirements under the Low Impact Development Ordinance. Mr. Santarsiero stated there was discussion at the Planning Commission meeting about some of the water issues; and he reminded the Applicant that when this matter was before the Township in 2006, existing residents, particularly in Falls Township, voiced concerns about the hydrology of the area, and the Township had suggested at that time that the Applicant go back and do a hydrology report. Mr. Santarsiero stated this report was not complete, so this will be an outstanding issue among other items when it comes back before the Board. He stated it seems from a surface water standpoint, that the new Plan is better, but he is not sure whether all the issues have been satisfactorily addressed. He stated it will go before the Environmental Advisory Council as well.

Mr. Santarsiero stated the Park & Recreation Board met and there was discussion on prioritizing the outstanding projects. He stated a memo will be forthcoming to the Board on this in the future.

Mr. Caiola reminded everyone of the upcoming Historic House Tour noting there is information about this on the Township Website. He stated the Township Newsletter will be coming out in the near future. He also noted the Global Warming Conference to be held on May 10 at the Township Building.

Mr. Maloney stated the Zoning Hearing Board will be hearing the T-Mobile Application on May 20. He stated the Cara Mia matter and the Marrazzo matter will also be heard in May. He stated in the first quarter, the Golf Course had \$12,000 in savings with respect to debt service because of lower interest rates. He stated based on interest rates going forward, it seems that they will continue to see more savings on this line item; and as a result, the Committee has expressed interest in doing a Master Plan and they received a quote from Rick Jacobsen of approximately \$6,000 on which they would like to proceed. He advised them that he felt since the money was saved, they would be able to pay for this and it would enable the Golf Committee to begin working on long-term plans for the Golf Course. The other Board members voiced no opposition to this proposal.

Mr. Smith stated the Elm Lowne Committee is still in the process of conducting a study as to the future of Elm Lowne and whether or not it should be kept as a Township property or if they should consider selling this property. Mr. Smith stated the Veterans Committee had their first meeting last week and they are exploring a Mission Statement. They are also identifying possible sites for a Veterans Monument in the Township. He stated Dave Christian is scheduled to be the Keynote Speaker for the Veteran's Day Event to be held on November 9. He stated the May Midnight Madness at Macclesfield Event is progressing, and there are still camping sites available. He stated the Special Events Committee did meet with residents of Rivergate about this event.

APPROVAL OF RESOLUTION NO. 2163 – AUTHORIZING APPLICATION TO THE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES FOR A GRANT TO MAKE IMPROVEMENTS AT MEMORIAL PARK

Mr. Santarsiero moved and Mr. Stainthorpe seconded approval of Resolution No. 2163.

Mr. Fedorchak stated based on the recommendation of the Park & Recreation Board, they are focusing on Memorial Park and expanding the recreational venues at that location. They are considering construction of four tennis courts, two volleyball courts, a fitness trail, a gazebo, support parking, and a detention basin. They anticipate the total project cost to be approximately \$786,138. They are requesting a Grant for 50% of that amount or \$393,069. He stated they are cautiously optimistic. He stated under the recently-approved Growing Greener II Initiative, they understand there is \$62 million available to the Department of Community and Natural Resources for these types of projects. The Grant must be submitted by April 25.

Mr. Santarsiero stated all of these projects deal with the eastern part of Memorial Park which is what the Park & Recreation Board felt the emphasis should be on after the one ball field that is currently being constructed.

Motion carried unanimously.

AWARD BID FOR COMMUNITY PARK LIGHTS

Mr. Majewski stated on Monday they opened bids for replacing the lights at Community Park for the softball field, tennis courts, and the basketball court. They received six bids with the lowest bidder being Lucas Electric Company with a bid in the amount of \$232,000. He stated none of the bidders fully participate in a Class A Apprenticeship Program; and if the Board chooses to award the bid to Lucas, the staff would recommend that this requirement be waived.

Mr. Stainthorpe asked if this money is available, and Mr. Fedorchak stated it will be coming out of the Capital Improvement Budget`.

Mr. Santarsiero moved and Mr. Maloney seconded that the apprenticeship requirement be waived and that the bid be awarded to Lucas Electric as recommended.

Mr. Maloney asked the amount in the Budget for Capital Improvements at the beginning of the year and what has been spent, and Mr. Fedorchak stated he would recommend that the money be taken out of the Capital Reserve Fund as there is enough of a balance anticipated for the end of the 2008 such that they will be able to cover this amount.

Motion carried unanimously.

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OTHER BUSINESS

Mr. Smith announced that local residents, Frank and Patty Lyons have recently taken over ownership of the Continental Tavern in Yardley.

There being no further business, Mr. Santarsiero moved, Mr. Maloney seconded and it was unanimously carried to adjourn the meeting at 10:30 p.m.

Respectfully Submitted,

Matt Maloney, Secretary