

TOWNSHIP OF LOWER MAKEFIELD  
BOARD OF SUPERVISORS  
BUDGET WORKSHOP  
MINUTES – OCTOBER 30, 2018

A Budget Workshop of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on October 30, 2018. Mr. Lewis called the meeting to order at 6:30 p.m. and called the Roll.

Those present:

Board of Supervisors:                    John B. Lewis, Chairman  
   Frederic K. Weiss, Vice Chairman  
   Kristin Tyler, Secretary  
   Daniel Grenier, Treasurer  
   Suzanne Blundi, Supervisor

Others:                                         Kurt Ferguson, Township Manager  
   Kenneth Coluzzi, Chief of Police

MANAGER'S PRESENTATION OF THE 2019 BUDGET

Mr. Ferguson stated packets have been provided to the Board and are available to the public this evening. He stated the entire staff is also present to go over specific details, and he thanked Park & Rec Director, Monica Tierney, Chief Coluzzi, Greg Hucklebridge, the Public Works Director, Jim Majewski, the Planning and Zoning Director, and Mike Attara, from Spirit Golf. He stated Andy Pockl from the engineering firm is also present.

Mr. Ferguson stated it is not on the Agenda tonight to vote for a Preliminary Budget. He stated any changes made either at this meeting or the first meeting in November can be made without any restrictions that are put in place by the Second Class Township Code.

Mr. Ferguson stated this year's Budget is a leaner document than seen in the past. He stated every Manager as their own way of presenting things. He thanked the Finance staff, particularly Kimberly and Jackie, for helping him.

Mr. Ferguson stated the Township is coming off lots of large projects. He stated he has worked to create in this document several new categories both from a Revenue side and on the Expenditure side. He stated he has worked with Department Heads for them to understand what the motivation of that would be. He stated seen in the Budget will be additional items breaking out Departmental pay and overtime related

details so they can manage around those items and see where we are, especially with regard to issues of overtime when it comes to salting and plowing roads which can make the numbers very volatile depending on the weather.

Mr. Ferguson stated he has cleared up most of the accounts at least in the document itself with negative balances that existed so that they will be starting out every fund in 2019 positive or neutral. He stated in every Department they have proceeded to rebuild those Departments by measuring every dollar and every hour that they work at the Pool, Park & Rec, and Public Works.

Mr. Ferguson stated Lower Makefield like most other Townships has a lot of needs and mandates and an equally long list of wants and desires. He stated the needs and mandates must be addressed to allow the staff to deliver a basic level of service that Lower Makefield residents should expect. He stated the wants and desires are also important because those are the things that contribute to the quality of life that are oftentimes the reasons that people locate their families in our Municipality. He stated balancing these out is challenging.

Mr. Ferguson noted Schedule A which is the assessed value of the community and shows the challenges that the Township has. He stated in fourteen years the community-wide value of the Township has risen 4%. He stated originally when he looked at the estimated 2019 estimated number for the assessed value and looked back at 2018, it is a .35% increase, which is very small. He stated when he did the math over fourteen years, he realized that .35 is higher than the average on an annual basis for the last fourteen years. He stated they are therefore constantly dealing with expenses, with health care, with pay, and with projects that are going up in cost, and a revenue stream that is essentially flat.

Mr. Ferguson noted a slight change he is making to Page 2 of the Report, and he is assuming that the Township will end 2018 with a fund balance at \$2,104,815. He stated he was working on getting updated numbers as recently as this afternoon.

Mr. Ferguson stated one volatile number in the Budget is the Real Estate Transfer Tax. He stated last year they Budgeted \$1,275,000. He stated every house that sells has a 2% Transfer Tax on it; and 1% goes to the State, ½% goes to the School District, and ½% goes to the Township. He stated across Bucks County they have seen this number trending lower. He stated there was a large sale that pushed Lower Makefield above the projected Budgeted number for 2018 otherwise we probably would not have hit it. He stated for 2019 he has put in an estimated marginal increase of \$50,000 over what the 2018 number to bring it to \$1,325,000.

Mr. Ferguson stated with regard to Park & Recreation, this is Fund #5 and starts on Page 21 of the packet. Mr. Ferguson stated we have a relatively new Rec Director who is doing a fantastic job. He stated they have worked to make the Park & Rec Fund for the most part self-sustaining and there is the millage in the Park & Rec Fund of 2.43 mills and revenues collected for athletic fees and program fees.

Mr. Ferguson stated Ms. Tierney is planning to start a Lower Makefield Camp next year, and they are hoping for fifty kids, and have it get bigger from there and that the revenues from the Camp will make it pay for itself.

Mr. Ferguson stated they have proposed several expenditures for next year. He stated the Township has received the paperwork for the award of the Memorial Park Grant, and they have placed the match expense in the Park & Rec fund. He stated they are proposing additional upgrades to the Community Center including new front doors and a sign. He stated they also propose renovating the Fred Allan bocce courts. He stated they have included purchasing a new F-150 truck for the Department. He stated they have four people who sometimes do work for the Parks.

He stated they have started most of the work on the Woodside bike path, and they are looking at the final alternatives for where that could go with the idea that they would put in a Grant submission for that project for future funding. He stated they have also budgeted for a Pool Feasibility Study as far as how to proceed at the Pool, how to keep the amenities fresh, and how to make it economically viable.

Mr. Ferguson noted Page 29 regarding the Sewer Fund. He stated the Township has two Sewer Funds – the Operational Fund where they pay for staff and maintenance of our pump stations and the Capital Fund. He stated there is no funding source for the Capital Fund, and all the money for the big projects either comes from Bonds or Fund Balances left in the Operational Account.

Mr. Ferguson stated he has been with the Township three months, and he is looking at this with “fresh eyes,” and he is asking more direct questions. He stated part of what they are seeing this year with expenses reveals the challenge they face moving forward. He noted Page 30, Fund 08, Line Item 429 – 318 Transmission Fees.

He stated the Township pays several entities certain service charges for our wastewater to go through the pipe. He stated we pay Morrisville Municipal Authority, Bucks County Water and Sewer, and Falls Township Authority.

Mr. Ferguson stated this past year, we raised rates 14% because those charges were increasing. Mr. Ferguson stated what happened this year was we had very wet weather and there is infiltration into the pipes as they age and become porous so that rainwater goes through the pipe which fills it up, and the amount of wastewater that needs to be treated increases; and when the gallons are more, the charges are more. Mr. Ferguson stated this year they are looking at the charges being \$300,000 more than anticipated this year even with the increase. He stated

they recognize that there is this infiltration in the pipes; and if it is a wet year, they need to account for it. Mr. Ferguson stated they are budgeting another \$500,000 on top of what was budgeted in 2018. He stated in running the numbers and meeting with the Sewer engineer and the Public Works Director they need to offset those costs, the maintenance costs, and costs associated with the responsibilities we will have because they are going to increase. He also noted there are various DEP related requirements with the 537 Plan that the Board just approved. He stated because of all of this, his recommendation is to increase rates for 2019 by 25%. He stated this is much more than they talked about in the past. He stated in the packets it shows in the first few pages how that translates to rates. He stated this was not a recommendation he came to lightly. He stated we face a lot of challenges with the system and improvements to projects we have to make. He stated the very projects that we will have to discuss regarding the difficulty of funding in the future years are the very projects needed in order to lower the fee just discussed.

Mr. Ferguson noted the Community Pool Fund beginning on Page 32/33. He stated he has been meeting with staff and had discussions with the Board regarding the Pool. He stated this was a difficult year at the Pool as well as the Golf Course because of the rain. Mr. Ferguson stated because of the rain Pool Memberships were lower. He stated they have considered what is done at the Pool, how they do it, and what the costs will be.

Mr. Ferguson stated he understands that there has been discussion over the year about the Pool wall that needs to be fixed. He stated they have done various touch ups and short-term fixes. He stated last year an estimate was done as to what it would cost to renovate the Pool and an estimate was done this year as well, and those numbers are within approximately 5% of each other. He stated the Pool needs to be fixed as he would not want to have a major issue with the Pool where they had to close it and have to return Membership Fees. He stated he has budgeted \$465,000 to fix the Pool for 2019.

Mr. Ferguson stated there is an Operational Account for the Pool, and there is a Capital Account for the Pool. He stated there is no revenue source for the Capital Account, and they either take it through bonds or transfer it. He stated they have looked at other improvements needed at the Pool including upgrading the bathrooms and putting new vents in; however, they cannot accommodate that work financially in the 2019 Budget. He stated he assumes that based on the revenue source and where they are, they could upgrade those bathrooms well within the Fee structure that he will be proposing for 2020.

Mr. Ferguson stated also in 2019 at the Pool they will be adding enhanced background requirements, Certification requirements, and drug clearances for lifeguards that they want to put in place which will help our insurance rates and give assurance to the public that we are doing everything we can to check everyone as aggressively as we should. He stated the cost to do that is \$67,000 as there are 140 to 150 guards to cover all of the hours, and they would need to do this every year. Mr. Ferguson stated to put on everything on that they do at the Pool – the classes, the Swim Clubs, and the summer events, it involves 26,649 staff hours which is a considerable operation.

Mr. Ferguson stated they have looked at the Pool rates, and the last time there was an increase was in 2009. He stated in order to cover the costs of the background checks, the Pool wall, and future improvements, they would need an 8% increase in rates. He stated he has included a sheet near the front of the Budget presentation to show what this looks like. He stated they have eight to nine different types of Memberships currently. He stated they are also considering coming up with some other creative types of Memberships to encourage people to come out which would be good for the financial state of the Pool and good for the Township.

Mr. Ferguson noted the Golf Course Fund starts on Page 36 of the Budget. He stated we have an increasing debt level that is now being placed which will happen for a number of years on the Golf Course. He stated the Bond payment went up this year, and next year it will go up several hundred thousand dollars more. He stated it was a difficult year at the Golf Course, and they were down approximately 4,000 rounds of golf because of the weather. Mr. Ferguson stated they have put together a comparison of neighboring Courses that basically shows that we are doing exceedingly well. However, the debt will be extraordinarily difficult for the Golf Course to pay. He noted Page 36, Fund 15, Interfund Transfers, Account 392 shows the need to transfer \$117,000 this year to make the Golf Course Revenue neutral. Mr. Ferguson stated he is amazed that is all they have to transfer given that they are down 4,000 rounds of Golf. He stated in 2019 the amount will be \$190,000. He stated the Bond payment is going to go up over \$300,000.

Mr. Ferguson noted Schedule B in the packet which shows what the obligation for Golf is next year which is \$1,044,000. He stated in the interest of keeping the public informed, in a number of years that Golf debt will go to \$2,000,000 a year. He stated while they can try to get more rounds of golf, he feels we need to be realistic in that there are only so many hours in a day; and they will have to come up with some strategy as those increased costs come in.

Mr. Ferguson stated the Bond Fund information starts on Page 41. He noted the Line Item showing \$5,776,529 is the amount of money they ended 2017 with. He stated there was a transfer of \$269,000 which was for a Grant reimbursement we had for an Easement we purchased that is being placed back into this Bond. He noted Page 42 showing two transfers under Account #492 for 2019. He noted the \$1.3 million for "Special Projects," which he stated is Sandy Run Road. He stated when Mr. Wursta was present he estimated the cost would be \$1,000,000, and in the interest of Bids not coming out the way we would hope, there is \$1.3 million there. He stated if it comes in at \$1 million, we would be ahead by \$300,000. He stated the other project listed is \$3,675,000 to Sewer Capital. He stated \$3,400,000 of that amount is for the Yardley Borough Municipal Authority project that the Township has already committed to. He stated the last estimate of cost that we have for the Township on that project was done in 2016 at \$2.9 million, and he felt it was smart three years later when the project may get Bid out in 2019 to buffer that with an extra half million dollars. He stated with those two projects that leaves \$65,000 in the Bond Fund.

Mr. Ferguson noted Capital Projects for Sewer on Pages 43 and 44. He stated Revenues are shown on Page 43. He stated \$408,521 is the Grant that the Township was awarded for the pump station we intend to do for next year. He stated the transfer from the Bond Fund of \$3,675,000 is also shown.

Mr. Ferguson noted Schedule C shows all the Capital Projects outlined for the year. He stated under sewage Capital he will need to add the Yardley project, and the other two projects are Stackhouse pump station which we got the Grant for and the Brookstone pump station which is listed in the 537 Plan that was recently approved, which is a 2019 project. Mr. Ferguson stated he hopes by Friday that if DEP approves our 537 Plan, it will release the 2016 EDUs. He stated the Connection Management Plan includes projects they have been waiting on, and they can then start those projects because they will have their EDUs. He stated the key to get subsequent years' allocations released is following the 537 Plan. He stated the two projects listed will be the test whether DEP releases 2017 EDUs. Mr. Ferguson stated the Matrix project is waiting on its EDUs, and that is important to the Township because part of their Development Agreement includes a half million dollar payment to the Township.

Mr. Ferguson noted the Special Projects Fund on Pages 46 and 47. He stated this is a longer list of projects, and he stated most of the projects listed have been funded through Grants. He stated Sandy Run is listed, and the \$1.3 million is there from the Bond Fund. He stated there are also some projects through ARLE Grants that the Police have been instrumental in getting, and those two projects are Big Oak Road/Makefield that will add turning lanes and crosswalks and Route 332/Mirror Lake

which will deal with signal interconnection and timing to help traffic. He stated those two together are \$319,000, which is coming from a Grant that will be used to pay for them. Mr. Ferguson stated Page 45 shows that Grant coming in for \$319,000.

Mr. Ferguson noted the Community Park Trail which is the multi-use trail that will be around all the fields. He stated the Grant for that in the amount of \$740,000 can be seen on the Revenue side, and the Township has a responsibility for a \$148,000 match, which is in the Budget.

Mr. Ferguson stated there are two other items in Special Projects, the first is for the Police Department for approximately \$46,000 and is to replace a twenty-year old system called Alert which is not going to have support at the end of 2019; and they are moving over to a new system called CODY which will not only be an upgrade but will have enhanced capability for our Officers to talk to neighboring Departments throughout Bucks County, the Commonwealth, and even around the Country. He stated the second is a Code Scanning project that Mr. Majewski has discussed with the Board. Mr. Ferguson stated there are over one million pages of Permit related paperwork in the Township Building. He stated the idea is to protect people's property records, and they will all be scanned. He stated we will then have an electronic file of these at the Township Building so that if people need to see something on their property, we will have it here. He stated Part 2 of this will be in 2020 when we have a Maintenance Agreement for that and would be for subsequent new Permits so that everything will be electronic. He stated they feel this will be better protection for those documents. He stated the amount for this is included at \$85,000.

Mr. Ferguson noted the Debt Service Fund starting on Page 47. He stated Page 48 is the expenditure side. He stated he also has all of the Bonds listed on Schedule B; however, they are not all captured in this Debt Service Fund; and as noted earlier some of this is in Golf, etc. Mr. Ferguson stated in the Debt Service Fund with our amounts going up next year by a couple hundred thousand dollars it will bring about the need to consider how we offset those costs. Mr. Ferguson stated before the Board is a recommendation to increase that millage to cover the increased costs of Bonds from 2.35 mills to 2.79 mills which is .44. He stated those are increased costs that will continue.

Mr. Ferguson noted Page 49 of the Budget which begins the Capital Projects Fund which has just a couple of items for next year. He stated there is \$40,000 shown on Page 50 for Capital construction for roads which he is asking to be considered. He added most of our paving comes from the Liquid Fuels Fund, but oftentimes there will be items that may not qualify under Liquid Fuels; and having this Fund is a hedge against that happening since if something does not qualify we would have

to pay for it anyway out of the General Fund, and he would rather have it budgeted to do so. He stated this also gives us room that if we get good pricing and have some Bid Alternates, we can do this additional work if the possibility arises.

Mr. Ferguson stated he also has budgeted \$90,500 which is being dedicated toward the Police Department for two Police cars and a new speed sign for \$12,500. He stated we currently have two speed signs that are deployed throughout the Township, and this would be a third sign which he feels is warranted for a town of our size.

Mr. Ferguson noted Pages 55 and 56 which is the Liquid Fuels Fund. He stated this is the money received from the State which is based on the gas tax, population, and local miles of road that we have in the Township. He stated the amount for 2019 from PennDOT is shown. He stated one of the changes he has made in this Budget is that we have the ability to pay for lots of items out of the Liquid Fuels Fund including street lights and anything that deals with road safety. He stated this would include purchase of rock salt, labor, etc.; but he feels all of this draws from ideally what you want to use the money for which is paving roads. He stated all of those Highway Maintenance Items on Page 56/438 which is Public Works pay, parts and supplies, etc. have been moved to the Highway Maintenance Account in the General Fund. He stated what remains in those three funds is rock salt which is \$90,000, engineering expenses associated with the Program for \$70,000, and the \$885,000 for paving. He stated that \$170,000 would amount to at least one half mile in additional paving which is something he feels they should contemplate. He stated that leaves a Fund Balance at the end of the year of approximately \$44,000.

Mr. Ferguson noted Pages 57 and 58 which is the Road Machinery Fund. He stated last year the Board, to its credit, passed a Road Machinery millage of .15 mills. He stated this Fund generates approximately \$78,000. He stated the current millage will allow for the purchase of a new street sweeper and a ten-wheel dump truck if we finance them over five years. He stated he is recommending changing the millage from .15 to .3, and that additional \$78,000 would allow the Department to buy a new skid steer in 2019 outright and then in 2020 will allow them to continue to finance bigger pieces of equipment as a lot of our fleet has aged. He stated they would come up with a plan for what would be the next step forward. He stated currently there are two street sweepers that are very old and oftentimes broken down. He stated if they get a new street sweeper in 2019, Mr. Hucklebridge may feel that they do not need a second one and possibly they will be able to go much faster than previously; and then they could put resources to other things.

Mr. Ferguson noted Page 63 which is the Ambulance Fund. Mr. Ferguson stated there has been a millage of .25 mills that has been dedicated to the Ambulance Service. He stated a number of years ago we began providing to the Ambulance Service an extra \$50,000 a year that came from the General Fund. He stated at the time the request was that they needed an additional \$75,000, and the Township started giving them an additional \$50,000 from the General Fund.

Mr. Ferguson stated in an attempt to alleviate our General Fund from that burden, which is a burden as we have increased expenses and other things happen, he is making a recommendation to increase the millage in the Ambulance Fund from .25 to .38. He stated this portion of the increase for the average person would be \$4 or \$5 in tax with the idea being it unburdens the General Fund by doing this and the .13 would give them approximately \$74,000 more dollars which is close to what their original request was a number of years ago. Mr. Ferguson stated their funding stream then ends up being about \$25,000 more from the Township than it has been the last number of years. Mr. Ferguson stated they have been doing aggressive fundraising, and he feels at this point after discussions with the Finance staff and looking at the General Fund and where the millage is, it is his opinion that this is something that should be considered.

Mr. Ferguson noted the General Fund which is the first fourteen pages of the Budget. He stated as previously noted there are lots of clarifications and break outs to this Fund. He noted Page 5 begins the Expenses. He stated they discussed Highway Maintenance and Public Works where they would be moving in this proposed Budget Liquid Fuels Expenses over to Highway Maintenance, and they have also rolled out the snow and ice category into Highway Maintenance. Mr. Ferguson stated Mr. Hucklebridge had advised that there were different payroll categories and if it snows it is put into one category, but if there is any other type of precipitation it goes under Highway Maintenance, which did not make sense. Mr. Ferguson stated under Snow and Ice Control there are contractors who are used, and since that is all they do, they will stay in there; but any other highway related time will go to Highways.

Mr. Ferguson stated they have also broken out all of the overtime. He stated in his Report he indicated that they broke down each snow event and how many people come out. He stated there are thirteen Public Works employees who handle snow events. He stated when it snows, there are also two Sewer employees who also salt and plow as well as four Park & Rec employees; and this totals nineteen Lower Makefield employees. He stated they also have contractors who come out. He stated they have broken down every storm and hour used, and it has been determined that every week they need to budget for 288 hours of overtime or approximately \$14,000 in overtime every week when it snows. He added that the big blizzards take far more effort.

He stated there is additional overtime in the Public Works Budget related to Community Pride Day and the September 11 Memorial activities.

Mr. Ferguson stated he has not budgeted for a Finance Director, and he will do that work adding there is a good Finance staff which will help him get things done. He stated he handled this same role in his previous two jobs, and he feels it would be smart to have that savings in the Budget.

Mr. Ferguson stated he is recommending increasing the millage in the General Fund from 12.6 to 12.88. He stated everything he has outlined will result in a 1 mill tax increase which would include the Road Machinery Fund going from .15 to .3, the Debt Service Fund going up .44 mills, the Rescue Squad Fund going up .13 mills, and .28 mills for the General Fund. Mr. Ferguson stated his goal has been to alleviate as much as they reasonably can from the General Fund understanding that there are caps to millage before they have to go to the State for millage beyond 14 which they do not want to do; and he feels the way to address that is to legitimately take things out that have their own millage assigned. He stated the millage this year is meant to be more marginal in nature; and while he will not minimize someone having to pay more money, he has done everything he can to not have it be more than this.

Mr. Ferguson stated some items will need to be discussed. He noted Public Works starting on Page 12 under Recycling which has been zeroed out. He stated this is the drop off that the Township had of tree limbs, branches, and leaves that they accepted at the Township Complex. He stated that involved 518 hours of scheduled overtime for Public Works for Saturdays which amounted to over \$40,000. He stated at a time when it is important to pare items, it should also be noted that there are going to be increased reporting and payment requirements from the Township to DEP. He stated increasingly we also would have to pay to have this material removed and Permitting is going to be required by DEP. He stated the amount of time to monitor that would be significant. He stated he personally has Allied Waste as his collector, and they allow him to provide six bags a week of yard waste, leaves, sticks; and at times in the spring double that amount is allowed. Mr. Ferguson stated they have called the three Township collectors, and they have acknowledged that they accept all of those items throughout the year; and there are times of the year when they accept more. Mr. Ferguson stated he therefore did not feel it made sense to pay for this at the Township any longer since the residents are essentially already paying for it in their trash collection fee. He stated for the Township to subsidize this when it is already being paid for seemed redundant at a time when he was looking to be more precise in the numbers, and so he has made this recommendation.

Mr. Ferguson stated the Police raises in the new Contract are incorporated into this Budget. He stated the Chief and his staff have put this together, and it has been reviewed thoroughly. Mr. Ferguson stated all of the raises by Contract that need to be put in the Budget include the Police and Public Works which is 3%. He stated he has also put in a 3% increase for all exempt employees and lower level staff; and in the spirit of the presentation that he is making, the raise that he has put in for himself is zero.

Mr. Ferguson stated the Fund Balance being suggested at the end of 2019 is \$1,678,721. Mr. Ferguson stated the goal that he always has is that a year from now they will have beat that number, and the way they will do that is by trying to further refine costs, save where they can and even pull back if they need to if Revenue expectations do not come in as anticipated. Mr. Ferguson stated the Board can discuss any of the line items, and he has his Department Heads present to answer questions.

A short recess was taken at this time.

When the meeting was reconvened, Mr. Ferguson asked that the Board advise him if they see anything that they feel is in error so that by the time they get to the Preliminary Budget, they will have included any corrections.

Mr. Lewis stated each of the Supervisors had significant meeting time with the Township Manager to review the Budget in detail so it is likely they will not have as many questions as they would had they not met with Mr. Ferguson.

Ms. Tyler asked Mr. Ferguson to explain what is our present millage, what the cap is on millage, and which recommendations he made impact that millage cap. Mr. Ferguson stated there are various millages in the Township. He stated the Second Class Township Code outlines millage that you can have for a variety of different Government functions. He stated our current millage in the General Fund is 12.6 mills. He stated the cap on the General Fund millage is 14; however, that does not mean that you can never go above 14 rather it means if you need to go above 14, there is a process which is a Petition to the Commonwealth requesting permission to go above 14 mills. He stated the Budget as currently recommended is to go from 12.6 to 12.88 which would still give 1.12 mills before they would have to do that. Mr. Ferguson stated that 1.12 mills translates to approximately \$580,000 to \$590,000. Mr. Ferguson stated there is a millage for Park & Recreation, which is in Fund 5 of the Budget on Page 21; and that millage is 2.43 mills. He stated there is also a Hydrant millage and an Ambulance millage. He stated all of the millages together constitute 19.08 mills. Mr. Ferguson stated that is the primary Revenue generator Budget across all of the funds.

Ms. Tyler asked with regard to the General Fund and the suggested increase of .28 what would that constitute and what would it cover. She asked why they would have to increase this by .28. Mr. Ferguson stated it would be at the pleasure of the Board to do this, and it would cover every Department in the Township except for Park & Rec so it would be Administration, Planning and Code Department, engineering costs except for sewage, and the Police Department; and most of the day to day functioning of the Township would be under that millage. He stated as to the motivation for the .28 mills, his goal was to present a Budget to the Board that did not have an increase of more than 1 mill. He stated he looked at the Debt Service, the road machinery needs beyond just this year, and the millage for the Ambulance Service. He stated when he looked at the General Fund balance, he was trying to maintain a goal of having a Fund Balance of \$1.6 million to \$2 million by the end of 2019 primarily for reasons of maintaining our top Bond Rating. Mr. Ferguson stated he feels the corresponding increase to the Debt Service that pays the Bond is also very important. He stated the Moody's Review Board wants to know that you understand if there is a problem and that you have a plan to address the financial situation. Mr. Ferguson stated the .28 will bring in an additional \$140,000 to \$150,000 in Revenue in the General Fund which takes the Township from \$1.5 million at the end of the year to just under \$1.7 million.

Ms. Tyler stated what would happen if they did away with the proposed General Fund millage increase would be that at the end of the year the Fund Balance would be a little less than the \$1.5 million.

Ms. Tyler asked with regard to the Pool Feasibility Study which has been estimated to cost \$25,000, if they pushed it off one year, what would that do to the projection on the Park & Rec millage increase. Mr. Ferguson stated there is not a Park & Rec millage increase being proposed. Ms. Tyler asked if they have shown the overhead staff coming of Park & Rec. Mr. Ferguson stated there are full-time people whose time is divided appropriately between Park & Rec and the Pool. He stated there are four full-time people, and two of those people have part of their time dedicated to the Pool. Mr. Ferguson stated with regard to the \$25,000 Pool Feasibility Study coming out of Park & Rec, if they were to put this off one year, it would have Park & Rec end the year with \$25,000 more than currently proposed.

Ms. Tyler stated the .44 on Debt Service is a mathematical computation, and Mr. Ferguson agreed. He stated they looked at the Debt next year and the current millage and determined what it would take to pay it. He stated the collection they have every year on property taxes is approximately 98% to 98 ½%.

Ms. Tyler asked what would be the net savings to the Township if the recycling program were done away with, and Mr. Ferguson stated it would be approximately \$41,000 as it is currently Budgeted. He added as noted earlier, there are going to be

additional costs soon if they were to continue that program because eventually they would have to pay for removal of what is taken in and contractors are increasingly not interested in taking that material from the Township as they have in the past. He stated there are also going to be costs for Permitting and paperwork that will have to be done to track it with DEP which is related to MS4, and these things that they would have to start doing were not factored into the \$41,000 because they have not calculated what those costs would be.

Ms. Tyler asked about the 25% increase proposed for sewer, and she asked how much this would be for the residents. Mr. Ferguson stated he is not minimizing that this is a big increase and comes off a 14% increase. He stated he feels the Board and the Sewer Authority are going to need to discuss how they are going to pay for all the new requirements since the increase being proposed is only paying for our Operations and Maintenance. He stated if there are some drier years, the bills the Township has to pay will come down somewhat, but they will have to put those savings into Capital Sewer projects that are waiting to be done.

Mr. Ferguson stated for the average resident that has a 14,000 gallon per quarter bill which is the average that they see, it would be approximately \$162 a quarter for a 14,000 sewer bill which is based on water consumption. Mr. Ferguson stated the base rate that everyone is charged currently is \$93.71, and the 2019 increase would go from \$93.71 to \$117.14. He stated the costs are broken down to the first 10,000 gallons and anything above 10,000 gallons. He stated the first 10,000 gallons would go from \$2.55 per thousand to \$3.19, and after 10,000 it would go from \$2.69 to \$3.36. He stated last year's rate for 14,000 gallons would have been \$115 to \$118 and would go to \$147 next year.

Ms. Tyler stated there was a comment about considering alternate and additional Pool memberships; and she stated this has been looked into many times, but they cannot undermine our Family Membership. Mr. Ferguson agreed that is the driver in what helps the Pool pay for itself.

Dr. Weiss thanked Mr. Ferguson for spending the time gleaning a 560 page Budget down to approximately 80 pages. Dr. Weiss stated he was surprised that our Township health, although good, was not as originally presented at the beginning of this year. He stated he is glad to see that all the balances have been cleared up, we know where we stand, and we know how to go forward for 2019. He stated he is hoping that there is a dry year so that our infiltration rates will go down significantly and we can start modernizing the sewers since currently there are no options other than to go with what we have. Dr. Weiss stated the Budget shows that we have a lot of work to do in the future so that we can modernize and eventually lower rates for everybody.

Dr. Weiss stated there is a fixed amount of dollars, and they have raised the millage as far as he cares to. He stated it is more than he thought it would be by 1 mill, but we have to pay our bills and keep our Bond rating.

Mr. Ferguson stated he feels it is his responsibility that whatever is passed, the monthly Treasurer's Reports provided to the Board will be a point of measure. He stated they are breaking out overtime and a variety of things so that there are understandable, clear numbers that will show that they are either performing well or not. Mr. Ferguson stated he will be held accountable to the numbers particularly with regard to project expenses, payroll expenses, and overtime expenses; and the Department Heads will take their cues on that as well as far as how that is managed. He stated he wants the Board to have the tools they need to make decisions as far as what direction they want to go, what they want to spend money on, and what projects they want to pursue. He stated this is the primary motivator behind breaking out a lot of these categories so that the Board can see everything more clearly and be able to ask the right questions.

Dr. Weiss stated he feels it is important for the residents to understand that this Budget includes the \$2 million they are getting from SBA, the \$900,000 RACP Grant, and everything else; and all of that is incorporated into our current Fund Balance and how they spend money going forward. Dr. Weiss stated this is complete and transparent, and nothing is being hidden. Mr. Ferguson stated the plan would be to put this Budget on line for everyone to see.

Ms. Tyler asked about legal and engineering fees year to date and where we are projected to end this year. Mr. Ferguson noted Page 5 showing these items. He stated there is a new line item 400 310 which is Storm Water Engineering adding that while our storm water engineer is our Township engineer, they wanted to break the costs out because we will have to do MS4 requirements and reporting requirements, and he wanted the Board to see what was being spent on storm water run off. Mr. Ferguson stated Page 5 shows the 2018 projection for both legal and engineering fees. He stated there have been lots of projects underway and both the legal and engineering fees are projected by year end 2018 to be over Budget. He stated \$300,000 by year end is projected for engineering, and he hopes that they will come under that. He stated he has a year end estimate of \$268,000 for legal. He added that legal is not just Hill-Wallack, and it also includes Conflict Counsel and others. Ms. Tyler stated she would like to get a breakdown on the non-Hill Wallack legal bills.

Ms. Blundi thanked Mr. Ferguson for the time he spent working on this for the Township. She stated this is not where she thought the Township would be but she feels this is a path that is positive, doable, and honest to the Township. She feels the work that Mr. Ferguson has done is thoughtful, and she thanked him for helping

them get to a place where we can do the things that make Lower Makefield a great place to live. She stated she is happy to work with on this to try to do more paving. She stated she also feels they will be able to manage the resources better. Ms. Blundi stated she is happy to see Sandy Run included although she feels it is at the cost of “something that is near and dear to her heart;” but she agrees they have to get Sandy Run re-opened and do what that takes. Ms. Blundi thanked Mr. Ferguson for the time he spent with her one-on-one going through the Budget.

Mr. Ferguson stated he knows that there have been a number of projects that have been discussed, and he feels that there is a path forward on all of the projects that the Board is interested in although it may deviate a bit as to how we get there. He stated it may require more partnerships with people and more time to research Grants. He stated there are legal proceedings on Sandy Run, and if they come out in favor of the Township the Board will discuss putting that money back either in the Bond Fund or some Capital Reserve Account to be dedicated to whatever the Board feels should be targeted. He stated that could be seed money and matching money for Grants for projects that the Board wants to do.

Mr. Ferguson stated he sees this Budget as a “re-set” when they get everything in order so that we know what we have and get some internal work done and they can then start to plan for quality of life items that everyone feels are important.

Mr. Grenier thanked Mr. Ferguson for the effort done on this Budget and going through the previous Budgets to determine how to get to this year’s Budget. He thanked Mr. Ferguson and the entire Township team. Mr. Ferguson stated many other people worked on this besides the people present this evening, and he feels now they are all more aware and prepared to lead the effort to manage the money so it was a worthwhile effort. Mr. Grenier stated he has reviewed the past three to four Budgets, and he appreciates the more concise nature of this Budget and the greater transparency.

Mr. Grenier stated he is “upset that we are where we are.” He stated at the July 18 meeting the Auditor was present and indicated we had a General Fund balance of \$2.9 million; and now when we look at the projected year end balance it will be approximately \$2.1 million, and without the cell phone tower we would have been at about \$100,000 in the Budget at the end of the year. Mr. Grenier stated he knows that Mr. Ferguson had to go through and do a lot of inter fund transfers, and he appreciates the accounting that was done to get us where we are.

Mr. Grenier stated when he looks at the Capital Construction projects, there were a lot of projects that were originally in the 2018 Budget that did not get done which were great projects that the public and the Board really wanted to do. He stated it was almost \$2 million worth of work that was not executed in 2018; and had they

done those projects before Mr. Ferguson was able to do all of this accounting, there is a good chance that the Township would “be in the red” or close to it and our Fund Balance would not be where it is. Mr. Grenier noted the number of large projects coming up, and he particularly noted the Sewer projects. He stated he feels 2020 is going to be a very difficult year to budget for especially since Debt Service will be going up significantly so they have a lot of planning to do over the course of the next several months to prepare for 2020. Mr. Grenier stated they are paying higher sewer rates because we have I & I issues because we have an old system; and if we are able to spend money on sewer lining, the rates would go down, so they need to plan for this in 2020. He stated there are a number of key sewer projects they would have liked to do in 2019 which will get pushed back to 2020 such as Chanticleer and a lining project in the Maplevale area. He stated Debt Service is going to go up. He noted some Park & Rec projects including Snipes, Memorial Park East development, and the Woodside Road bike path; and while we are not ignoring these projects, we are in a place where we have to be fiscally responsible to prepare for next year.

Mr. Ferguson stated work on the 2020 Budget starts in January, and the 2020 Budget will be much harder than this one. He stated he feels they are going to take time well in advance of October for the Board to see where we are and what the options are in advance of the Budget meeting. He stated 2020 is going to be harder not only in the Sewer Fund, but also in the General Fund; and they are going to have to make decisions on how to move forward financially.

Mr. Grenier asked what will be the additional weight on the homeowners in terms of property taxes. Mr. Ferguson stated this would be based on the assessed value of the property. He stated assuming a \$400,000 market value house, the assessed rate would be 10.9% of that which is approximately \$42,000; and the one additional mill would be \$42.

Mr. Ferguson stated if the Board has a question about any specific Department, the Departments Heads are present this evening.

Ms. Tyler stated the \$42 per household is not the jeopardy, rather the jeopardy is hitting the cap; and Mr. Ferguson agreed. Ms. Tyler stated once they get into that area it could involve an Earned Income Tax which would hurt the residents.

Ms. Tyler asked Chief Coluzzi how the Ambulance Squad is doing with regard to collections and reimbursements from insurance. Chief Coluzzi stated without the additional help from the Township over the years, they project they would have not have an Ambulance Squad today. He stated the additional \$50,000 to \$70,000 above the millage that was provided kept the Ambulance Squad afloat since they go from paycheck to paycheck. He stated the donations received are approximately \$120,000 from the donation drive that goes out twice a year to private citizens

and there are corporate donations which he believes year to date are \$25,000 some of that being from Shady Brook Farm who donated some of the Light Show money to the Ambulance Squad. Chief Coluzzi stated over the years they have been self sufficient, and they do not come to the Township to help pay for ambulances, capital items, or medical equipment; and they do that on their own with the millage and the donations that they collect. He stated a few years ago they changed the billing company, and the billing company now is on a percentage basis, and they do a phenomenal job; and year to date they are at approximately \$917,000 in revenue. He stated they usually operate with Revenues of a little over \$1 million, but the Expenses are close to that as well.

Ms. Tyler stated there are some new business partners in the Township that they may want to contact.

Ms. Tyler stated she is looking to back off the .28 as she does not want to go anywhere near the cap. Mr. Ferguson stated Schedule D is Contracted Services which is a breakdown as specifically as he was able to determine of every type of service that is paid for from copiers to maintenance agreements. He stated all of those categories total approximately \$937,000. He stated he has included Miscellaneous across all of those items that total approximately \$39,000, and those are meant to be a buffer in the event that something comes up that was not accounted for. He stated this is a 4% contingency for Contracted Services across the Township. He stated \$15,000 of that is under Sewage which could be for having to TV a line if there is a blockage, etc. that has not been accounted for. He stated if you take Sewage out, there are contingencies of \$24,000 on \$819,000 of Contracted Services which is approximately 3%. He stated he drew this up in case something comes up such as something breaking and needing maintenance people to come out.

Mr. Ferguson stated there are amounts that are new in the General Fund, and that includes money that was moved from Liquid Fuels to the General Fund and the \$170,000 for labor. He stated that is a new expense in the General Fund. He stated if they were to rotate that back out, the direct effect would be approximately a half mile less in paving at a time when he was trying to find more money to pave. He stated the .28 would not be too far off from that if that is the desire.

Mr. Ferguson stated there are also Capital Expenses to scan all of the Permits that he discussed which costs approximately \$85,000. He stated most of the other money they have for projects are tied to Grants so it would not just be scaling those expenses back it would be essentially foregoing a Grant. He stated he also priced the leaf program out with a number that looks higher than what we have had as far as Actual in the last few years; but he priced that program out under a full eight weeks of collection with all of the full and part time employees, contractors, and temporary laborers that come in. He stated he wanted to have a number that was

representative of the fact that if they go forward with that period of time, it will cover the costs. He stated in the event that it comes under, that would help build that fund balance moving forward. He stated it is up to the Board whether they want to do all these projects. Mr. Ferguson added that most of these items he has just noted will come up again – more paving, scanning Permits, etc.

Ms. Tyler asked Mr. Ferguson if he knows how many times they have gone the full eight weeks for the leaf pick up, and Mr. Ferguson stated he does feel that his number is conservative. He stated he is not sure that they will have all of the overtime he has projected for snow storms, but increasingly in Bucks County, they have been seeing snow and weather that has not been seen in quite some time. He stated with regard to the leaf collection, they could take the last five years and run an average and add 3% to 12% for inflation and come up with a number; but in an attempt to have staff take ownership of the program, they have started over and built these numbers up based on a program that they feel they can explain and defend. He stated if the Board feels that number needs to be adjusted, they would work around that number. He stated when he and Mr. Hucklebridge came up with the number for the leaf program, they looked at previous years and his notes from last year. Mr. Ferguson stated last year's actual number was a bit lower than it probably would have been because one of the contractors was pulled off from doing work because they had some problems with them, otherwise the number would probably have been higher by another \$30,000 to \$40,000. He stated there were a number of people making complaints last year that the leaf collection did not meet their expectations because we were missing one of those contractors. Mr. Ferguson stated they have priced this out to do the best service that they can in implementing that program.

Ms. Tyler stated the point she is trying to make is that we should not be contemplating a tax increase so that we can be conservative particularly in a year when we are doing all the cost savings measures such as employment costs and overtime that Mr. Ferguson has spearheaded with the various Department Heads. Ms. Tyler stated she does not want to be so conservative that we are raising a tax that will never go away, and then have a surplus. She stated she does not want to have a surplus, and wants to be exactly where they should be at the end of the year.

Mr. Ferguson stated he does not just look at the current year's Budget, and his style has been to look at this year and next year because they are interconnected. He stated Revenues are flat, but our Expenses are not. He stated if we take this entire year's Budget and assume it is 2020, our Expenses are more and our Revenues will be lower by almost \$1 million. He stated in the final Revenue number is a RACP Grant for \$911,000. He stated next year, we are going to be having discussions about a Fund Balance of \$500,000 at the end of 2020. He stated he feels if they plan conservatively and cover the costs and work to meet those costs so that

the fund balance in the subsequent year is a little more robust, he feels it is his obligation to price things out this way. He stated he does understand Ms. Tyler's point, but he is concerned when they get so precise with the numbers that if anything happens, they will "miss;" and that is the reason for the miscellaneous expense in Contracted Services and the reason he priced the leaf collection the way he did. He stated while this is his approach, it is up to the Board's discretion if they feel that is in excess.

Mr. Grenier stated he shares Ms. Tyler's concerns about the tax increase, but he recognizes the concern about planning for 2020 and the Fund Balance available after the \$900,000 RACP goes away and other Expenses increase. Mr. Grenier stated there is usually a certain contingency in construction projects, and he asked Mr. Ferguson what he feels is his contingency for the areas where he has indicated he has been conservative. Mr. Ferguson stated with regard to the number for overtime for snow removal, if we mimic last year, we will come close to the number he has budgeted. He stated with regard to leaves, if we come close to what that number would have been with the contractors in place and a full contingent of people it could be 15% to 20%, and that translates to \$65,000 to \$80,000. He stated if there are issues with the contractors and some drop out and they cannot get the program done, it would save money; however, in the spirit of administering the leaf program and meeting the expectations, they have priced it out as if we are going to give the most thorough, excellent service that we can provide. Mr. Grenier asked if there are savings, would they go to the General Fund in preparation for the "big hit" that we will take next year. Mr. Ferguson stated his goal every year is going to be to beat the bottom line number. Mr. Grenier stated we also want to maintain our Bond Rating.

Mr. Lewis stated we are going through some uncertain economic times, and the public finance markets are not as liquid as they once were at a decent rate environment, and we also have uncertain cost structures. He stated the work that has been done in this Budget to place us in the strongest position possible is something he strongly supports. He stated as it relates to whether they are being too conservative on some of the estimates, he could make cases on individual circumstances where we are being the "right amount of conservative" particularly on Real Estate Transfer taxes. He stated as we go through a challenging Real Estate market and the structure of our housing stock, it could easily be seen that we may not hit the number we are hoping it hits under a number of different scenarios. He stated he would caution people from trying to "nickel and dime" items especially when looking at the overall millage increase which is about 5.2% overall and slightly above the CPI for this year, recognizing that we are going into a rising CPI environment.

Mr. Lewis asked about the number of FTEs, and stated he knows we have a mix, and we are not increasing the number of FTEs at all. Mr. Ferguson stated he had indicated that they are not replacing the Finance Director, and he believes that the current number of full time employees is 72. Mr. Lewis stated they will be staying at that number for next year. Mr. Lewis stated you can mix between full time equivalence and contracted services, and he feels we have made some “decent” decisions as a Municipality to in-source certain things that were costing us more money to out-source so he is comfortable that we are keeping our current staffing levels as they are.

#### PUBLIC COMMENT

Mr. Lewis stated as always those wishing to speak at Public Comment are recognized for an initial three minutes, and there is “no second bite of the apple” and you cannot get back in line and go again.

Mr. Adrian Costello, 2122 N. Crescent Boulevard, stated this is his fifth Budget meeting, and is the first time he has been able to follow anything and he thanked Mr. Ferguson for his presentation. Mr. Costello stated he understands the rationale for not hiring a Finance Director at this time; however, in his mind, one of the reasons we are so “surprised” tonight is because for the last twenty years or so we did not really have a Finance Director as an objective set of eyes with an expertise and no operational responsibility to go through the Budget and make sure it is accurate and saying what it is supposed to say. He stated he recognizes that we do not have the money right now to hire a Finance Director, but he asked that over the next year they talk about Operational controls being in place so we do not end up in the same situation we are in. He stated while a Finance Director is not a solution at this time, we do need some sort of solution. He stated this is not a “slam” on any administrator.

Mr. Lewis stated there are a number of financial controls that are being instituted at a Board level. He stated the Board will be voting to approve all Inter Fund transfers, and they will be clearly delineated and voted on specifically so that people know exactly how money moves between Funds. Mr. Ferguson stated another thing that the Board and public will have access to is going to be a monthly Treasurer’s Report. He stated his plan is that by the third week of every month, he will be releasing the Year to Date Budget comparison from the previous month. He stated they will also be coming up with Cash Management policies as far as controls on who can do what whether it is with petty cash, deposits, etc. and that will be part of the 2019 Plan that will be part of an overall packet for a financial management policy that will be for the public to see.

Mr. Costello stated with regard to the Golf Course, everyone knew for the last fifteen years that a “bubble” was coming at some point because it was all back-end loaded; and now the “bubble” has hit. He stated he still feels it is a successful venture with numerous rounds, and it has a favorable perception. He stated he hopes that the Board keeps in mind that just because this bubble has been placed on the Board and the Golf Course, it is not a reflection on how the Golf Course is run or the type of asset it is in Lower Makefield Township.

Dr. Weiss stated while they do not have a Finance Director, he is totally “on board” with Mr. Ferguson doing the job. He stated looking at this Budget and having experience with major Budgets, especially Federal Budgets, over the years, he has learned that had they planned years ago for contingencies that they knew were coming up, they would not be in this position. He stated we pay auditors every year to go through out Budget and spending process, and he is disappointed that our independent Auditors did not warn the Board that this was going to happen and that we were in this position. Dr. Weiss stated he will be discussing with the other Board members and the Township Manager going forward having those conversations with our auditors or potential new auditors so that this never happens again.

Mr. Ken Seda, 912 Weber Drive, stated he recognizes the tax increase is due to not having enough money; and he asked if they can pinpoint to the shortfall or was it generally they do not have enough money in the fund going forward so they need more money to cover every category. Mr. Ferguson stated the one mill increase is broken up into four separate categories. He stated the shortfall is in the Debt Service Fund, which is the Fund from which the Bonds are paid. He stated the Bond payments go up next year, and they are .44 mills short from being able to meet that minimum obligation. He stated the payments will stay the same of roughly \$3.2 million to \$3.5 million in Bond debt for quite some time. Mr. Ferguson stated with regard to the rest of the increases he would not describe it as “short like they were going to run out of money,” but it is in the interest of saving the financial wherewithal of the Township, in his opinion, on the other Funds he discussed. He stated this includes equipment needed for the Public Works Department, and if there is a dedicated millage for that, they will not impact the General Fund the way Ms. Tyler was discussing since there are certain caps. Mr. Ferguson stated they are also taking an Expense that was in the General Fund going to the Ambulance Company and will adjust the millage to have that as a self-contained tax.

Mr. Ferguson stated with regard to the .44 for the Debt Service that is due to a definite shortfall, but the rest of the .56 is to keep the Township healthy. He stated while the Township would not collapse if they did not go forward with the .56, he feels they would be starting a “snowball” of shortfalls that will be minimized later if they do it the way he has recommended.

Mr. Seda stated the average person feels a General Operating Fund is a General Operating Fund, and you would not expect to have to go through and analysis five to fifteen funds to determine the overall Operational Costs in the Township.

Mr. Ferguson stated there are a number of different millages where you could say they are under General Operating but have their own tax so that makes it more difficult to roll that up because they have their own funding source. Mr. Ferguson stated in theory when you have funds that are rolled out such as the Fire Hydrant Fund and the Park & Rec Fund those are intended in theory to be self-sustaining by the tax that is created by them. Mr. Seda stated an individual may want to know how much it costs to run the Township; and Mr. Ferguson agreed with Mr. Seda that if you want to find out how much it costs to run the Township, there are about fifteen different funds that would have to be added up.

Mr. Fred Childs, 1345 Lexington Drive, stated he appreciates the new Township Manager, the staff, and the Board looking critically at a lot of expenses and revenues in the Budget which probably should have been done over the past few years. He stated it is good to know that there is a “fresh eye” looking at all the expenses. Mr. Childs stated he is hearing that with regard to the Sewer, they hope that it will not rain so much next year. He stated he feels they need to address what they will do in the future to keep the infiltration and transmission fees in check over the coming years, and he asked what they are doing to do that. He asked what other potential revenues are available or could there be negotiations with the other Sewer Authorities. He stated he feels this needs to be addressed so that it is clear to the taxpayers why we are getting hit with this increase.

Mr. Ferguson stated with regard to the rates, near the front of the Budget packet, they have shown what the increase is. He stated we know that there are a variety of projects that we need to do that he looked at doing in 2019, which we cannot fit in the Budget with where we are. He stated they have a 537 Plan that outlines Sewer projects, but we also have projects that Mr. Ebert and the Sewer Authority have looked at including relining the pipes, which would prevent infiltration from taking place. He stated one of the projects they looked at that was originally contemplated was a small sewer lining project, which was estimated to cost \$484,000. He stated those are the types of projects that would lower the transmission cost, but we need to come up with the money to pay for the project that would lower those transmission costs. Mr. Ferguson stated there are mandates being put on Municipalities in Bucks County by DEP. He stated when he talks about financial planning for 2020 and beyond, it is not just the tax rate, but also what we do with sewers. He stated they are going to need to get more aggressive with the maintenance of the sewer pipes. He stated they did get a \$400,000 Grant for one of the pump stations this year, which was very helpful. He stated there may be some other financing tools they may have to look for like PennVEST loans and a variety of other things we will have to undertake to do these projects on a more macro scale.

Mr. Ferguson stated the increase of 25% is unfortunately dealing with the Operations and Maintenance of our facility and not the Capital projects. He stated they are planning that if it is wet, they have budgeted enough money to offset what the transmission fees are. He stated if they come under they will be able to plug that money into Capital projects; however, if they do not, they are at least not running out of money looking elsewhere to fund the cost of sewage since that should be self-contained. He stated the plan is that in 2019 the Board and the Sewer Authority are going to have to look at rates, projects, financing options, and Grant opportunities and probably a five-year plan for how and when we need to do these things. He stated they will be working with the Sewer engineer to do that as well.

Mr. Grenier stated there are also storm sewers, and the cost of the MS4 is going to be a lot every year. Mr. Ferguson stated there is an amount in the Budget to deal with Laurel Lane, and he noted it is shown on the Schedule for Capital Improvements in the amount of \$53,000. He stated they are going to have to start to reduce sediment by 10% which is a very hard number to get, and they are going to be doing projects that will probably cost between \$100,000 to \$150,000 a year beginning in 2020.

Mr. Ferguson stated there are a lot of challenges across the board to determine how they can fit all of these projects in, where we are going to prioritize our money, and the projects that are going to be prioritized.

Mr. Grenier stated beginning tomorrow they are all going to sit down and start looking at 2020, 2021, and 2022 Budgets to start planning for these things now that we know where we are at; and they will look at every possible way to fund these things whether it is through Grants, loans, public/private partnerships, and any other options to address all of the Sewer issues including the pipes, the pumping stations, and the sewer plant issue as well as the MS4 issues.

Mr. Lewis stated when they look at the I & I costs and the increased transmission expense, that drives up in terms of prioritization projects that are designed to reduce that because the pay back is sooner than other projects we have. He stated one of the good things with this Budget is that we are increasing our investment in roads. He stated all of the core infrastructure elements that make a community a great place to live are being invested in, and he stated that has to be job one.

Ms. Tyler asked Mr. Ferguson to provide her a schedule of the Bond payments for all of the Bond funds over the years up to 2032, and Mr. Ferguson agreed to do so.

October 30, 2018

Board of Supervisors – page 24 of 24

There being no further business, Ms. Tyler moved, Ms. Blundi seconded and it was unanimously carried to adjourn the meeting at 9:00 p.m.

Respectfully Submitted,

Kristin Tyler, Secretary