

TOWNSHIP OF LOWER MAKEFIELD
BOARD OF SUPERVISORS
SPECIAL BUDGET MEETING
MINUTES – NOVEMBER 13, 2019

A special Budget meeting of the Board of Supervisors of the Township of Lower Makefield was held in the Municipal Building on November 13, 2019. Mr. Grenier called the meeting to order and called the Roll.

Those present:

Board of Supervisors: Daniel Grenier, Chair
Frederic K. Weiss, Vice Chair
Suzanne Blundi, Treasurer
John B. Lewis, Supervisor

Others: Kurt Ferguson, Township Manager

Absent: Kristin Tyler, Board of Supervisor Secretary

MANAGER'S PRESENTATION OF THE 2020 BUDGET

Mr. Grenier stated the focus of the meeting is a presentation by the Township Manager and staff who will be presenting the Preliminary 2020 Budget for review and discussion. Mr. Grenier stated they will not be voting on the Budget this evening, but will go through the Budget in detail making comments and recommendations. Mr. Grenier stated they will have a slide presentation, and there are hard copies available to those present this evening. Mr. Grenier stated it will also be posted on the Township Website tomorrow.

Mr. Ferguson recognized Chief Coluzzi, other staff members, and consultants present this evening. He stated Mr. Fred Ebert, the Sewer engineer, is not present this evening as he had a prior commitment; however, he will be present at the Board's next meeting on Wednesday, November 20 in anticipation of a vote on the Preliminary Budget.

Mr. Ferguson stated there are a variety of new Budget line items in order to provide greater clarity including a specific line item for traffic engineer, actuary, trail maintenance in the Park & Rec program, and outside legal services for times when we need someone other than our Township solicitor to do work for the Township.

Mr. Ferguson showed a summary of the General Fund and noted that the Board has a more expansive summary on Page 1 of the Budget that includes all the categories. He stated the projected Total Revenue for 2020 is \$14,897,234.00 with a \$1.465 million starting Fund Balance. He stated this contemplates a 1 mill tax increase in the General Fund. He stated absent that millage increase, the year end Fund Balance would be dramatically less and would be approximately \$158,000. Mr. Ferguson stated the Fund Balance is different from the Cash Balance. He stated the proceeds from the cell tower sale were recently put in a set-aside fund to get substantially more interest, but we can only “leak back in” approximately \$58,000 a year. He stated the 2020 estimated Year End Fund Balance is \$642,753. Mr. Grenier asked what percentage they are at, and Mr. Ferguson stated it is slightly less than 5%. Mr. Grenier asked the recommended amount, and Mr. Ferguson stated typically the bottom would be 4.8%, but more standard numbers would be at least double that for Second Class Townships.

Mr. Ferguson noted Page 2 of the Budget with regard to the Revenues. He stated he is assuming a 98.5% collection rate on property taxes which is fairly typical. He noted Department 310 – Local Tax Act – and there is a year-end estimate for Real Estate Transfer Taxes of \$1.470 million. He stated the Budgeted number for 2020 is \$1.550 million. Mr. Ferguson stated the year-to-date number of \$1.311 million is as of the October collections, so there are two months left.

Mr. Ferguson noted the other large item is 321 – Cable TV Franchise which is a 5% charge that is on every Cable bill. He stated as people begin to do things other than cable, that number is starting to trend marginally downward.

Mr. Ferguson noted 342 – Cell Towers. He stated when the Township renewed the American Tower Lease on Woodside, that included a \$100,000 signing bonus to extend the Lease so the \$333,000 number shown is comprised of the rental income from the revenue share which is approximately \$200,000, and the \$58,000 that they are bringing over as part of the sale that they have to bring over for thirty-five years.

Mr. Ferguson noted 354 - State Grants. He stated the Recycling Grant was discussed last year, and that is the Performance Recycling Grant from the State which is based upon the tonnage of curbside recycling that is picked up. Mr. Ferguson noted the \$515,000 item which is State Aid toward our Pensions. He also noted the various Permitting charges under Charges for Services. He stated for a lot of those numbers, he worked with Mr. Majewski to estimate where they will be by the end of the year; and those were trended out over time to come up with numbers which they believe will be attainable numbers for 2020.

Mr. Ferguson noted on Page 4 they have brought the same \$250,000 over from Sewer into the General Fund.

Mr. Ferguson stated there are approximately eighteen accounts in the Township, and he has been asked if that is a lot of accounts. He stated in this year's Budget he has added another account this year in the Budget for Recreation, but he has also consolidated an account in Sewage. He stated some for some of the accounts, the money must be accounted for separately. He stated there are dedicated mills for certain things including fire hydrants, Park & Rec, and the Ambulance Service where certain expenses come out of those accounts. He stated this is then very transparent for the public as they can see what the taxes are going for. Mr. Ferguson stated there are also other accounts like the Regency Bridge Fund which is part of a Settlement that has to be used for a specific purpose. He stated they also have the Pool Fund which is considered an Enterprise Fund which is no tax money. He stated there is also a Liquid Fuels Fund which is State revenue that comes in for paving. He stated all of these things need to be accounted for separately. Mr. Ferguson stated there is a \$14 mill cap on the General Fund; and if the Township wanted to exceed that amount, they would have to petition the Courts for anything above that. He stated if we were to take all of the mills that we had in all of the other funds and put them into the General Fund, they would have to go to Court to do that; and he feels it would also be less transparent. He stated if they need to raise a tax for a specific purpose, that would already be built in by having separate millages that are visible for the public.

Mr. Ferguson stated Total Funds Available would be \$14,897,234.00 for 2020.

Mr. Ferguson stated the General Fund is mostly comprised of employees, except for Park & Rec, benefits, health care, pensions, etc. He stated the Central Government Fund includes his own salary, the assistant, the stenographer, and all professional services. He stated there are new categories including Outside Legal Services and Actuarial Services. He stated there are new actuary requirements on retirement health care they have to do every year that they had to account for, and this was the most logical place to do it. He stated they have budgeted Outside Legal Services in the amount of \$85,000.

Mr. Ferguson noted Account 310 – Storm Water Engineering in the amount of \$70,000. He stated the plan for next year would be to begin inspections of the 80 basins that the Township is responsible for, and they plan to do have Remington Vernick do the checklist/inspection sheet on half of them in 2020. He stated some of them may need repairs some of which could be done in-house, and there has also been discussion about naturalizing some of the basins and the money that may need to be spent on them. He stated in year 2, they would

inspect the other half of the basins, and they would also add in that Budget any repairs, updates, and recommendations that the engineer would make as part of year 2 for the first forty basins that are inspected. Mr. Ferguson stated this relates to the pollution reduction plan that the Township has to do. Mr. Ferguson stated that Mr. Pockl has indicated that the two-year reporting process would be satisfactory to DEP. Mr. Ferguson stated these requirements can involve big price tags, and he stated they will be discussing these expenses a year from now which the Township will have to start investing in.

With regard to General Expenditures, Mr. Ferguson stated this Account includes medical, disability, property and liability insurances, and workers compensation. He stated it also includes the Township's payroll match for Social Security. He stated they also do some funding for the Citizen Advisory groups out of this fund.

Mr. Ferguson stated they budgeted \$1.604 million for health insurance in 2019, and for 2020 the budget is approximately \$27,000 less than that. He stated there were very aggressive discussions with Blue Cross this year about lowering our rates; and in return, an additional plan has been added that is a more affordable plan. He stated there is therefore a flattening of the insurance premiums instead of the typical 7% to 10% annual increase that has been seen in the past.

Mr. Ferguson stated the Finance Department is comprised of three full-time employees and one part-time employee. He stated there are costs for copying, etc. in the Finance Department Budget.

Mr. Ferguson stated there is a Tax Collection Fund which relates to the elected Tax Collector's pay and supplies such as envelopes and mailings for the Tax bills.

Mr. Ferguson stated the Information Technology Budget is mostly Contracted Services. He stated there is a separate Contracted Service provided that is Schedule D which outlines all of these, and it includes the costs associated with the maintenance of our system, the Police reporting systems, etc.

Mr. Ferguson stated the biggest Township Department is the Police Department, and the Budget is shown as \$5,870,000. He stated that covers Police-related costs. He stated while not listed specifically in the Police Budget, this year's Budget includes the purchase of two Police vehicles.

Mr. Ferguson stated it also includes the recommendation of a fixed automated License Plate reader and a hand-held thermal imager. Chief Coluzzi stated the Police Department has a mobile automated License Plate reader on one of the Patrol cars. He stated they recently received a Grant to add an additional License Plate reader for a Police car

which is an approximately \$25,000 purchase. He stated License Plate readers and fixed License Plate cameras are a very important part of policing today. He noted a situation elsewhere in Bucks County where as a result of a License Plate reader, Detectives were able to get certain Warrants. He stated there is a new program throughout the County to try to get fixed License Plate readers in every major thoroughfare in the Municipalities, and Lower Makefield will probably be the first Municipality to have a fixed Licensed Plate reader. He stated they have not yet decided where the location will be, although they are considering the area around the Kohl's Shopping Center/Oxford Valley/Big Oak because it covers a lot of area. Chief Coluzzi stated it is not a big cost item, but it saves a substantial amount of money in investigative time when there is a major situation which occurs in the Township. He stated it can detect a stolen vehicle coming into the Township, monitor traffic patterns and traffic accidents, and wanted persons. He stated it is a valuable tool for investigators similar to the fixed cameras that are at the Township Municipal Building, and other vulnerable facilities in the Township such as the Pool and Kids Kingdom which have been a big help over the years in detecting vandalism, and also false claims as to injuries at our Parks and other facilities. Chief Coluzzi stated the difference with a License Plate reader is that it captures the tags and provides all of the information that goes along with the tag.

Mr. Lewis stated there is a resident who e-mails him every week who has a concern that tools like this could be used to monitor speeding or red light and stop sign violations. Chief Coluzzi stated they have this discussion before, and the purpose is not to issue traffic tickets, is not for speeding, and is not for red light violations. Chief Coluzzi stated that there are some concerns with automated License Plate readers on the Police cars and also with the fixed cameras from the ACLU, and there have been multiple discussions over privacy issues, data storage, the length of time the information is stored, and what it will be used for; and there are restrictions and requirements that indicate that it is only to be used for official Police Department business. He stated the data storage is limited from thirty days to ninety days, and there are privacy controls.

Mr. Grenier stated Mr. Ferguson indicated that they are proposing replacing two Police vehicles, and he asked the typical and recommended replacement rate for Police vehicles. Chief Coluzzi stated in the past they have asked to replace three to four vehicles a year; however, this is fluid since it depends on the situations. He stated they used the vehicles to the point where they have no value at the end of their life. He stated they are lucky if they get \$200 for a used Police vehicle, and they either pass it down or donate it to the School District which the Board of Supervisors was kind enough to approve several times. Chief Coluzzi stated usually they need to replace a vehicle every four to five years.

He stated front-line vehicles are those vehicles that are on the road 24/7, and those are supposed to be the newest and best vehicles they have; however, currently two of those vehicles have over 100,000 miles and need to be replaced. He stated there are second-line vehicles, and two of those have over 100,000 miles and another is reaching 90,000 miles. He stated the secondary vehicles are used for Special Events such as Community Day or any emergency that may occur where Officers need to get out on the street. He stated he would not recommend second-line vehicles being used on patrol 24/7 because there are times when they have to drive quickly, and they would want the best vehicles to be used at those times.

Mr. Ferguson stated when Township finances get more stabilized, he feels ideally they should be replacing four cars a year. He stated if there are twenty-three cars, and they have a reasonable lifespan of five to six years, they should be replacing four a year. Mr. Ferguson stated there are some cars that are not used as much; however, if they go much longer than five to six years, the Township does not really get anything on trade for them. He stated they would also see an increase in the vehicle-maintenance Budget as the cars get harder to keep on the road; and that could be offset if they were on a regular schedule for replacement. Mr. Ferguson stated last year the Township replaced two vehicles, and this year they are proposing to replace two vehicles; and he would argue that they are starting to fall behind the curve of keeping ahead of this in a way where they have the best equipment for the Police Department.

Mr. Lewis stated they have increased the number of Police Officers over the last few years, and he asked if they are where they need to be in terms of ratio of Officers to population. Chief Coluzzi stated they are, and he added that with the Board's approval of the additional four Officers, it brings them to forty Officers; and he feels that will be sufficient for the next several years.

Mr. Ferguson noted the Planning and Zoning Budget which accounts for staff including the Planning and Zoning Director, Code Enforcement Officer, and two Administrative Assistants. He stated this also includes costs associated with the Building Inspections company. Mr. Ferguson stated not specifically listed in this Budget is a new vehicle for the Code Enforcement Officer in the amount of \$24,500. He stated the vehicle the Code Enforcement Officer is now driving is one of the Police vehicles that the Chief recently passed down. Mr. Ferguson stated they need to have a reliable, modest vehicle; and it would be marked as a Lower Makefield vehicle.

Mr. Ferguson stated the Public Works Budget is slightly over \$2 million. He stated this includes costs for the Public Works Director, the Administrative Assistant, and twelve laborers. He stated under Highway Maintenance on Page 13, there is an

increase between the budgeted 2019 number and the budgeted 2020 number. He stated one of their current Public Works laborers was on active duty for this entire year, so that number was less than it would otherwise have been; and that individual is due back in January. He stated he has an important position, and they are accounting for him to come back in 2020.

Mr. Ferguson stated with regard to Building Maintenance, there is one full-time employee. He stated there is also the Recycling Budget which is overtime for the opening of the recycle yard. He stated under Contracted Service, they have the consultant that does the Grant for recycling which he discussed earlier as well as the cost of removing the grindings from the recycle yard. Mr. Ferguson stated costs are also shown for leaf collection. He stated basin maintenance includes part-time/summer workers who mow.

Mr. Ferguson noted Highway Maintenance on Page 13. He stated a portion of our costs are put into the Liquid Fuels Fund. Mr. Ferguson stated with regard to the Overtime Budget, early in the year 2019, it was the first year that they did not have significant snow, so the Overtime Budget is half of what was estimated. He stated the \$240,000 Overtime Budget was based upon the example of what had been seen in previous years. He stated he has scaled this back by about 20% for 2020, and \$195,000 has been budgeted for overtime. He stated this would not just be for snow, and it would also include other road repairs; however, normally the bulk of the overtime that is seen is because of snow.

Mr. Ferguson stated with regard to the item for Snow and Ice Control, this is for the hired contractors who help salt and plow the roads. He stated if there is a warm winter, that number will be less; however, if it is a bad winter, that number could be more.

Mr. Grenier stated under Central Government Expenditures in the General Fund there was proposed for 2020 \$70,000 for Storm Water Engineering; and he asked in the future when they have to complete some work, would that be in that fund or would it go under Basin Maintenance under Public Works. Mr. Ferguson stated if it was a biddable project, he would probably put that under Capital Projects.

Mr. Ferguson stated this past year, they had changes at the recycle yard. He stated they were open for four Saturdays, one in April, one in May, one in September, and one in October. He stated they were also open one Monday a month in June, July, and August. He stated in the Budget packet he summarized all of those collections, and he has a summary of every collection day broken down. He stated for the year there were 579 separate households served. Mr. Ferguson stated for 2020, they are

suggesting adding one extra day in April. He stated each Saturday the recycle yard is open, it costs the Township approximately \$3,000 which would include the cost of overtime and the removal of the clippings that they grind down. He stated they were previously able to have those clippings removed for free, but now they have to pay for it. Mr. Ferguson reminded the Board that there was a storm this year, and they added Saturday, July 20 following that storm when there were trees down. He stated they did not have a substantial turn out on that day, and there were only thirty to forty 30 to 40 that came that day. He stated if they would have branches and trees down Township-wide branches, they could open the recycle yard as needed to help the community. Mr. Grenier stated this information is shown in Supplements #1 and #2 in the back of the Budget.

Mr. Ferguson stated they have a Road Machinery millage specifically for Public Works. He stated in that Fund this year, it was .3 mills and they purchased and financed a new street sweeper and a ten-wheel dump truck. He stated the rate for the financing was 2.6%. He stated for 2020 the recommendation is for three pieces of equipment all to be financed as well. He stated they are proposing to purchase a wheel loader, a backhoe, and a 5500 dump truck. He stated they would do this the same way it was done this year, purchasing off COSTARS, and getting quotes from banks.

Mr. Ferguson stated this year they also financed a dump truck for the Park & Rec Department that is also used for salting and plowing, and that was done for three years out of the Park & Recreation Fund not the Road Machinery Fund. That rate was 2.49%.

Mr. Ferguson stated for 2020, he has used a conservative number of 4.25% to be financed over three years. He stated the Budget contemplates two quarterly payments for 2020, and that leaves a Fund Balance and enough to run the Leases the whole way out and not have to make any adjustments to millage as there would be enough money in there to pay for this. Ms. Blundi asked if they are purchasing these or leasing them; and Mr. Ferguson stated it is a lease-to-purchase program.

Mr. Ferguson stated in Public Works they also have the road work and road paving. He stated the Liquid Fuels Budget is on Page 55. He stated Liquid Fuels money is State funding, and there are no local tax dollars in that. He stated that funding is based on a variety of criteria including population and amount of local roads. Mr. Ferguson stated they have conducted their own internal audit, and it was determined that there are about two miles of roads that are not currently on the Liquid Fuels list; and PennDOT will come out to confirm, and those that will then hopefully get added to our total which will increase our funding in subsequent years. Mr. Ferguson stated the anticipated funding for

2020 is \$1.066 million; and this is used for paving, purchase of rock salt, engineering expenses associated with the paving program, and costs toward road work done by our Public Works Department. He stated they are recommending \$876,000 toward paving in 2020 which translates to 2.9 miles of road. He stated there is an End Year Fund Balance of \$258,000.

Mr. Ferguson stated he has discussed with the Public Works Director how much of that \$258,000 would they want to use to keep paving. He stated his concern is that in his prior position, there was a blizzard; and one year, they had to spend almost \$300,000 for rock salt. He stated he has budgeted \$90,000 in rock salt, and having a cushion if there is a bad winter is a good thing. He stated they have not budgeted for certain things such as repairs to vehicles, plows, and other things to do with paving; and if they had to, they could draw money from this account to do that without it impacting the General Fund/tax money.

Mr. Ferguson stated there has been a lot of discussion about the Thirty-Year Paving Plan; and some residents look at it and see their street was scheduled to be paved a number of years ago, but was not paved. He stated things can change over time; and while certain roads may have been prioritized, other roads can get to be in worse condition. Mr. Ferguson stated the recommendation from Mr. Hucklebridge and the staff would be to approve this Road Program for 2020 of 2.9 miles subject to Board approval. He stated they also try to get the roads staged strategically so that they can get better pricing.

Mr. Ferguson stated the information in the packet shows the last time specific roads were paved. He stated there are certain roads which are cul-de-sacs or dead ends, and they would not need to be paved every ten or twenty years. He stated there are some roads that have not been paved since 1979. He stated he feels it is reasonable to come up with a three to five-year Paving Plan since they could then tell the residents when they expect to get to their street. He stated in the Township there are roads that are very wide, and that impacts the cost so depending on the width of the roads involved, it could cost more or less per mile.

Mr. Ferguson stated what is shown is all contemplating paving from the Liquid Fuels Fund exclusively, and not any outside funding. He stated while there could be other possibilities, this is a predictable source of revenue.

Mr. Ferguson stated part of what is in the General Fund are costs associated with Pensions. He noted Page 14 where there are three different Budgets for which there are deposits. He stated the Police Budget is the biggest, and that is a Defined-Benefit Plan. He stated Non-Uniform is Account No. 492-065, and that

is also a Defined-Benefit Plan. He stated the new Defined Contribution Plan is also shown, and every new non-Police employee since 2012 goes into this Plan. Mr. Ferguson stated the \$1.284 million is a gross number. He stated they discussed the \$515,000 they estimated to go toward the Pension payments; and if you net that out, you see the number. He stated this is not just in the General Fund, and the overall 2020 Pension payment is \$1.419 so there is a net Pension payment of slightly over \$900,000.

Mr. Lewis asked if this includes a consistent change in investment strategy moving toward Index Funds and potential savings. Mr. Ferguson stated it does not. He stated the Pension payment is calculated by the actuary as they look at the profile of where everyone is. He stated if they were to save \$50,000 to \$60,000 on decreased fees, that would help; however, he feels that would take a longer period of time for that to actuarially change the number dramatically. He stated he has reached out to the investment professionals and asked that they come back with options to present to the Board regarding different possibilities for funds, savings, etc. Mr. Lewis stated he assumes that would be more of a 2021 opportunity for savings. Mr. Ferguson stated the savings could happen in 2020 if they were to come back in the first quarter with a recommendation with options for the Board to move money; however, he does not feel it would immediately translate to savings here, and that would be over a period of time. He added he feels they could start those savings in 2020, and he does not believe that there would be a long lag time to make that happen.

Mr. Ferguson stated the Street Light Fund is shown on Page 15 which is an assessment to property owners to cover the cost of street lights, repairs, and maintenance. He stated they have a healthy, estimated Fund Balance of approximately \$88,000.

Mr. Ferguson stated the Fire Fund is .9 mills. He stated there is State Shared Revenue, which is State money that is a pass-through; and it is immediately provided back out to local Fire Companies. He stated the Expenses are shown on Page 18, and the State Shared Revenue money received is listed on Page 18 as Fire Relief Money.

Mr. Ferguson stated Interfund Transfers - 492 is the Fire Fund, and this is money that is transferred over to cover the cost of the fire truck that was purchased from this Fund.

Mr. Ferguson stated there is a Fire Hydrant millage in the Township of .33 mills, and that pays for all of the fire hydrants in the Township. He stated to pay for the fire hydrants in the Township it costs approximately \$160,000.

Mr. Ferguson stated the Park & Rec Fund covers costs for two full-time Administrative employees, a portion of the salaries of two other employees, four full-time laborers, and one part-time seasonal employee. Mr. Ferguson stated the Budget recommends hiring one additional laborer for the Department. He stated in the cover letter he indicated that the group of employees they have is responsible for upkeep of 500 acres of parks, twenty-five miles of bike paths, the Pool, the Community Center, and Kids Kingdom. He stated they also put on festivals, three annual large community events, 156 recreational classes, eight weeks of camp, pavilion rentals, and manage the Dog Park. He stated one of the laborers in the summer spends a lot of time at the Pool, there is another one at the Community Center, and there are two out mowing and taking care of the parks. He stated they are finding that with the expansion of facilities/activities they are having a harder time getting the work done, so they have made the recommendation to hire an additional person.

Mr. Grenier asked how they are doing with generating revenue from all of the various activities. Mr. Ferguson stated he feels the Park & Recreation Director has done a “spectacular” job. He noted Page 21 which shows the Revenue including athletics, events, the Dog Park, and sales. He stated there is a collection shown for 2018 of \$175,000, and they will see an estimated year-end collection for 2019 of \$247,000. He stated there are costs for some of the activities; and he particularly noted the summer camp which had costs, but they still made tens of thousands of dollars on that. He stated the additional employee cost in part has been offset by the increased revenue from camps and the other programs Ms. Tierney is doing. Mr. Ferguson noted the Equipment Rental which is the electricity that is paid by users for use of the lights to offset those costs. Mr. Ferguson stated Ms. Tierney is constantly looking at those things. Mr. Ferguson stated the millage for Park & Rec is 2.67.

Mr. Grenier noted 367-100 – Program Fees – Athletics, and he asked if that is the User Fees. Mr. Ferguson agreed. Mr. Grenier stated the User Fees received from the athletic groups total slightly over \$100,000 versus a total Revenue budget of \$2.559 million.

Mr. Ferguson stated with regard to Park & Rec Expenses one of the things they have added relates to the ongoing discussion to evaluate our trails. He stated he asked the staff to look into all of our trails and work with the Public Works Director to come up with a three-year Trail Maintenance Plan. He stated they would propose to spend \$36,000 in 2020, \$22,000 in 2021, and \$45,000 in 2022. He stated next year they

propose to improve 3,500 linear feet of trail which is approximately three-quarters of a mile. He stated the Park & Rec Fund as constituted is sustaining itself, and we are able to add new possibilities like trail maintenance within the Budget and improve assets in the Township.

Mr. Ferguson stated there is another new item that was placed in the Budget this year that was noted in the Manager's Report. He stated one of the concerns he has heard and which was a concern of his as well is that there are projects that do not happen in the year in which they were budgeted. He stated once they are budgeted for unless we are conscious of carrying them over and re-budgeting them again, they can get lost; or a Grant can come in, and it is felt that the match is available in the Budget, but it is not. Mr. Ferguson stated this year they created a new Park & Recreation Capital Reserve Fund so that when they budget for the match, they will take that and set it aside in this account and log the specific project in that account. He stated last year there was a millage increase in the amount of .24 for a specific project, recognizing that there would be projects in the future as well that they could earmark that tax for. Mr. Ferguson noted Page 27 of the Budget. He stated for 2019 there is \$376,000 which is being transferred to this Account. He stated the \$376,000 is from the .24 mills. He stated the Woodside bike path is the project they were looking at for 2019 which is \$126,000, and the \$250,000 is the match that the Township budgeted for the Memorial Park land. He stated for 2020, there is a transfer of \$805,500; and that includes money from the .24 mills again, \$126,000 for the bike path, \$250,000 for the Memorial Park Grant. He stated this assumes that we will get the Woodside bike path Grant since the Township got the first one. He stated the second one is for approximately \$400,000. He stated on Page 28, the two projects are earmarked there.

Mr. Ferguson noted Pages 25 and 26, which is the Fund for Park & Recreation Fee-In-Lieu of Account. He stated that is not Tax money, rather it is developer Fees which are paid when a new project is built. He stated the developer pays this to the Township essentially for lost open space when they build a project, and this goes into future needs for the Township. Mr. Ferguson stated \$50,000 has been budgeted to replace all of the Juniper bushes at the Garden of Reflection. He stated while this sounds like a lot of money, there is electrical wiring in the area, and it is under glass. He stated they have requested quotes, and this \$50,000 is not far from the quotes that were received. He stated they will still have to bid this out, but he wanted to have a reasonable placeholder to do this for next year. Mr. Grenier stated he assumes those bushes are well past any Warranty, and Mr. Ferguson agreed.

Mr. Ferguson stated the Pool Budget starts on Page 32. He stated the Pool is sustaining itself, and they do not need any outside Tax dollars to pay for the Pool. He stated they had an 8% increase in Memberships Fees for 2019, and there is not a recommendation to increase Fees next year. Mr. Ferguson stated they have a project coming out of the Pool Fund to upgrade the locker room facilities, to add ventilation, and to modernize it to fit with what our customers' expectations are; and it is assumed that can be accounted for this year.

Mr. Ferguson stated the Golf Course Fund starts on Page 36. Mr. Ferguson stated he met with Mr. Attara a number of times about this Budget. Mr. Ferguson stated it was another wet year this year; however, while in 2018 they were down 4,200 rounds of golf, this year it is closer to being down 2,000 rounds of golf. He stated there were some Capital upgrades to bunkers in 2019. He stated Mr. Attara has advocated strongly to continue with the bunker work so there is \$40,000 in the Fund to continue bunker upgrades on the Golf Course. Mr. Ferguson stated the Revenue projected for greens fees is healthier than the end year number of \$1.4 million. Mr. Ferguson stated that seems to be a fair, conservative number unless there is another year where there is significant rain.

Mr. Ferguson noted Fund 392 – 001 on Page 36, the transfer from the General Fund, which is how much the tax dollars had to assist the Golf Course to make the Bond payment; and Mr. Ferguson stated that this year, even with being down by 2,000 rounds of golf, it will be \$333,000. He stated the estimated amount for 2020 will be approximately \$276,000. Mr. Ferguson stated the Golf Debt for 2020 is listed on Page 40, and it shows a principal payment of \$630,000, and an interest payment of \$410,011.

Mr. Ferguson stated Schedule B shows all of the Bond payments so that they can be seen all on one place.

Mr. Ferguson stated there has been discussion about Food and Beverage at the Golf Course, and the Budgeted amount for Food and Sales is shown on Page 36 – Account 367 - 150 and contemplates \$200,000 for 2020.

Mr. Grenier noted the Expenditures for Food and Beverage versus Revenue. He noted Pages 38 and 39 Dept. 466 which shows total Expenditures for 2020 as \$606,108. He stated with regard to Revenue, Food and Beverage is included with a number of other items under Department 367 – Golf Participation. Mr. Grenier asked how just Food and Beverage Revenue compares to the Expenditures which are listed at \$606,000. It was noted the total Revenue for that portion is \$785,000.

Mr. Grenier asked how that compares to previous years, and he asked if they are seeing improvements. He stated he knows that the food has gotten better. Mr. Attara stated the Revenues are up for 2019 and it is the highest Revenue they have had throughout the course of the ten years he has been there. Mr. Grenier stated he understands they have done a lot of revamping, and have worked hard to improve the food, service, and marketing. Mr. Attara stated overall rebranding was the goal, and they hired a new chef who has done a great job, and the team has come together to develop this plan. He stated they feel they had a great first year, and they are looking forward to next year. He stated the one area they are missing is the outdoor tent program, and they have been working with the vendor; and they feel they have come up with some solutions to improve that going forward.

Mr. Grenier stated he has seen some groups using the one tent, but he asked if they have had any success to date with the other tent for weddings. Mr. Attara stated they have not yet. He stated they were with one group a few years ago, and they made a transition and hoped that the new group would be able to book more wedding events; however, they have struggled with that. He stated they recently met with them to work on a plan going forward. He stated they are looking into a better way of selling and marketing it through the Golf Course. He stated they are excited about being able to handle that themselves going forward.

Mr. Lewis thanked Roger Owen and Colin Marsh and everyone on the Golf Committee who helped revamp Makefield Grille. He stated Mr. Attara's group worked well with them, and there have been significant improvements. Mr. Lewis stated they still need to work on the weddings, but there is better utilization of the facility. Mr. Attara stated it has been a pleasure to work with the Steering Committee and the Golf Committee every two weeks and to focus on this part of their business.

Mr. Grenier asked how they would be from a Revenue standpoint were it not for the Debt Service on the Bond, and Mr. Ferguson stated they would be positive by approximately \$750,000. Mr. Attara stated if they can get the Revenues up, they are hoping to get to \$870,000.

Mr. Ferguson stated there were a number of projects in the 2019 Budget that they are carrying over to 2020 including the multi-use trail across from the Township Municipal Building, the ARLE project to add the turning lane at Big Oak Road, and traffic signalization; and these are shown in the Special Projects Budget, Page 43. Mr. Grenier asked if this needs to be updated with regard to the Dog Park. Mr. Ferguson stated the Dog Park project has been closed out and all of the Grant money has been received. He stated Ms. Tierney and Mr. Pockl spent a lot of time and effort to work with the contractor, and everything has been satisfactorily resolved.

Mr. Ferguson noted Sewer starts on Page 29 of the Budget. Mr. Ferguson stated they have been talking for some time about the expenses related to Sewers. He stated in the Budget, the Revenue is inflated for this year because it includes Bond proceed money that was sitting in the Bond Account for the Yardley sewer project; and absent that money, non-Bond Revenue would be estimated under this Budget at \$10,144,000. He stated the 2020 Budget includes two pump station upgrades. He stated it also includes I & I, which is the water that is getting into the pipes that has been the subject of DEP's involvement in Bucks County Municipalities particularly in the last ten years. He stated this was the key component of the Settlement Agreement that was passed in the 537 Plan that was approved this year. Mr. Ferguson stated even with all of the Revenue shown, there will be a year-end Cash Balance of only \$141,000 in 2020.

Mr. Ferguson stated the first line item on Page 29 is Net Position. He stated this is not money available to be carried over. He stated because this is an Enterprise Fund, Net Position is a representation of everything they have invested into the system over time minus whatever is owed (Debt Service) that is currently on the books. He stated Capital improvements that are made every year are rolled up into this Net Position; however, Capital improvements also include pump stations, Morrisville, etc. He stated part of the confusion over time has been that this line item has skewed what it was felt we really have. Mr. Ferguson stated he has therefore combined the Sewer Fund, the Capital Fund, and the Operations Fund into one fund with the idea that they would track more specifically what the cash position of the Sewer Fund is.

Mr. Ferguson noted Page 31, and he stated he had the Finance Department put together what is actually the Cash position; and the actual Cash position of the Sewer Fund at the end of 2018 was negative \$1.3 million. He stated a resident had asked if it was not as rainy of a season and the transmission fees were not as much as Budgeted, would that be used to offset any potential increase for the following year; and Mr. Ferguson stated it would not because of that Cash position. He also noted on that same page, they can see the Actual Cash Estimated position for 2019 is listed as a net income loss this year of \$82,000. He stated even with the rate increase they had this year, that is where they anticipate being.

Mr. Grenier stated they had an unexpected bill from MMA in November, 2018 which has not been completely finalized; and he asked what would happen if they have to pay additional money on that particular bill. Mr. Ferguson stated he has additional money accounted for. Mr. Ferguson stated they met with MMA in the spring, and they provided the Township with the Capital Reconciliation bill with essentially no back-up information. Mr. Ferguson stated Mr. Hucklebridge went through the bill trying to reconcile the amounts. He stated they then met with MMA and their attorney who came into the Township asking why Lower Makefield had not paid

the bill. Mr. Ferguson stated at that time the Township had paid approximately \$168,000 of it because they had back-up for that amount that we could confirm. Mr. Ferguson stated at that meeting, MMA was advised that in order for the Township to pay them, MMA would have to give the Township evidence that the work had been done, and they are still waiting for that from MMA. Mr. Ferguson stated the Township e-mails MMA once a month; and the most recent correspondence was three weeks ago, and MMA indicated that back-up information would be forthcoming. Mr. Ferguson stated the Township has reviewed the MMA bills, and there were certain bills that were “tossed” because they were not Capital. Mr. Ferguson stated they have estimated what they feel is for Capital, and they are now waiting for back-up. Mr. Ferguson stated the year-end number for 2019 would be assuming that MMA gives the Township the back-up on the items that Lower Makefield believes by description are Capital Expenses.

Mr. Grenier stated in November, 2018 the Township was given a bill of approximately \$700,000; and Lower Makefield brought MMA into the Township to talk about the bill which did not have back-up. Mr. Grenier stated he understands that the Township has reconciled portions of it, but a year later they are still waiting for the back-up information. Mr. Grenier stated MMA is due to provide a Budget per the 1991 Agreement every November 1 for this purpose, but we do not have that again this year.

Mr. Ferguson stated when they passed the 537 Plan, they discussed having a seven year Capital Plan. He noted the Supplement provided. He stated for 2020 they have included two pump stations, one of which is underway and will be carried over for next year. He stated they also have to begin projects associated with I & I which they have discussed previously. He stated this is the water that gets into the pipes which was the basis for DEP getting involved in sewers everywhere where the treatment plants get overloaded with flow; and this results in them treating more sewage because when the water gets in it is all treated, and this raises the customers’ rates. Mr. Ferguson stated he has worked with the Sewer engineer to outline projects associated with I & I.

Mr. Ferguson stated Supplement #4 shows that it is broken into two areas – Neshaminy and the MMA Service Area. He noted the costs for manhole liners which is \$15,000 a year for Neshaminy. He stated they are also estimating doing repairs to 1,750 linear feet of pipe per year which is 8/10ths of 1% of the system every year. Mr. Ferguson stated the Sewer engineer estimated that approximately 25% of our system is in need of repair, and it would therefore take thirty years to get through 25% of the system. Mr. Ferguson stated looking at the Morrisville Service Area, the total linear feet is significantly higher at 545,000 linear feet, and there are 3,100 manholes. He stated this Budget proposes to do 10 manholes a year and 4/10ths of 1% of pipe a year. He stated this would be a 62 year plan, and they may decide in a few years that they

have to be more aggressive in this area to get to more of the system. He stated the 2020 amount is \$2.1 million, 2021 is \$2.2 million, 2022 is \$1.8 million, 2023 is \$1.5 million, and 2024 is \$2 million. He stated the projects are also outlined and Mr. Ebert has adjusted those for inflation every year. He stated assuming in the seventh year they participate in some sewage treatment plant, that has been factored in. He stated they had discussed a number of a \$50 million for a sewage treatment plant. He stated if that is factored in for 2026, there is a payment of \$3.7 million. He stated it is possible that could be in 2025. He stated the cumulative total for 2020 to 2026 is over \$15 million including the \$3 million payment. He added other things would continue to come up on a year-to-year basis.

Mr. Grenier stated one of the bigger items every year is \$650,000 for MMA Capital, and Mr. Ferguson stated that is fairly consistent with what they have seen over the years. Mr. Grenier stated in the past, MMA has “flashed a piece of paper at them” with significantly higher numbers; and Mr. Ferguson agreed, adding that last year MMA showed a paper that had \$7 million on it, 43% of which would be \$3 million; however, he does not know where that stands.

Mr. Ferguson noted what has been seen in recent bidding projects, and stated he has included a project contingency. He stated for the 2020 Budget, the proposal is for an estimated 37% rate increase. He stated with that increase and the estimates for items they know of, they are showing a positive Cash Balance of \$140,000 which is a 1% reserve on a \$10 million account which is not much. He stated it is therefore good to have project contingencies built in every year.

Mr. Ferguson stated, consistent with what he has discussed previously, 2020 will require a 37% rate increase. He stated the rate may have to go up 5% to 20% over five years for things we do not know about at this point. Mr. Grenier stated if Morrisville were to present the Township with a multi-million dollar project, Lower Makefield would be responsible for \$3 million to \$3.5 million. Mr. Ferguson stated every \$600,000 in expense not accounted for translates to a 10% increase in rates.

Mr. Lewis asked if DEP indicates that our inspection is not aggressive enough and demands that we go from sixty years to thirty years that will affect the rates as well, and Mr. Ferguson agreed. Mr. Ferguson discussed the potential for getting Grants. He stated while we would not get Grants for I & I, the Township has received Grants in the past for pump stations and other Capital improvements. He stated everything that comes out of the Sewer Fund including debt, payroll, and MMA is all from rates. Mr. Lewis stated last year we were able to get \$408,000 in Sewer Grants so we can get some money back in Grants. He stated MMA also got \$1 million as part of the RACP Grant for them to do research on the new plant. Mr. Lewis stated he agrees

there are some potential negatives as we are not sure what all the Capital costs are; however, there are some potential Revenue opportunities if we can go out aggressively for Grants. Mr. Ferguson agreed, but stated his point was that it is unlikely that they would get a Grant for I & I when they are lining pipes; and it is much more feasible that we could get Grants for pump stations, etc. He stated with regard to the Seven Year Capital Plan, he did not want to assume that they would have a half million dollar offset. He stated the need to raise rates in the intervening years by 5% to 10% may go away if we can get a \$500,000 Grant.

Mr. Ferguson noted the cost comparison sheet. He stated the current rate is \$162.48 per quarter. He stated a 37% increase would take the rate to \$222. He stated he will update this on the document before it is made public tomorrow. He stated it still puts us below Yardley Borough. He stated the \$222 per quarter would be a typical rate for a 14,000 gallon bill.

Mr. Ferguson stated he feels the plan would be that the Township would contemplate passing a Preliminary Budget at the next meeting on November 20 if we are going to remain on schedule without having additional meetings. He stated the Budget will need to be displayed for a minimum of twenty days with the idea that the Board could pass a Final Budget at the December 18 meeting. He stated if there were going to be significant changes, the Board could have an additional meeting; but they have to have a Budget passed by December 31. Mr. Grenier stated the last regularly-scheduled meeting of the Board of Supervisors is December 18.

Mr. Ferguson stated the staff at Lower Makefield is “tremendous,” and the Department Heads do much more than people realize. He stated they are collaborating on a number of things including project reviews. He stated there are two staff members that are PEs and there are a half dozen Master Degrees held by staff members. He stated the staff is focused on saving money and delivering excellent service. Mr. Ferguson stated they are finishing up a scanning project this year where all Permits will be electronic. He stated he feels this is the most qualified staff he has ever worked with, and it is his honor to be here. Mr. Grenier thanked the staff for their hard work.

Mr. Grenier asked that for the next meeting they have a table of 2019 versus 2020 Funds and millages. Mr. Ferguson asked Mr. Grenier if he is asking for a break out of the mills, and Mr. Grenier agreed he would like a summary of all seventeen Funds by mill.

Mr. Ferguson stated despite what was discussed about the General Fund, the good news is everything else they are doing is self-sustaining. He stated the Park & Rec millage sustains itself so much so that they can add new things like trail plans. He stated the Pool is self-sustaining as is the Fire Hydrant Fund; and all of these things are paying for themselves. He stated with regard to the Sewer they do need money to do all of the mandates.

Mr. Lewis asked if there is a Motion required at this time to publish, and Mr. Ferguson stated tonight was just a preliminary presentation. He stated he will take the entirety of the Budget and fix the one Supplement, and he will then put it on the Website tomorrow. He stated once they pass a Preliminary Budget, there are certain restrictions on the level of changes; but when they do it this way, the Board can make whatever changes they want on November 20 with no restriction because the Preliminary Budget has not passed yet. Mr. Ferguson stated the advertisement would then be run next Thursday indicating that it is available for public viewing. He stated any changes made next Wednesday night would be made quickly Thursday morning, and then it would be out to the public.

PUBLIC COMMENT

Supervisor-Elect James McCartney was present. He noted the 2019 Budget for Golf Revenue with year-to-date \$1,688,516 shown on Page 36; and then there is a projection of \$2.9 million for 2019. He asked if they will be getting \$1.3 million additional by the end of the year. Mr. Ferguson stated the year-to-date indicates it is October 10; however, the way that is updated it could be that on October 10 those numbers may not have been specifically updated. He stated he will double check that before the Board is given a Preliminary Budget to vote on. He stated he and Mr. Attara will look at the year-end numbers to make sure there is nothing dramatically different.

Mr. McCartney stated there was discussion about the number of years it would take to get through needed repairs which was sixty years. Mr. Ferguson stated the point is that we need to get started and recognize that every \$600,000 is a 10% rate increase. He also stated in a number of years we may need to “ramp that up more aggressively” particularly in the Morrisville area to get more of the repairs done. Mr. Ferguson stated if they were looking at a twenty-year plan, they would have needed three or four times the amount of money which would have been a 40% increase in rates. He stated part of this is to demonstrate to DEP that we are serious about this and we are starting to make these repairs. He added that DEP may come back and indicate that we have to do more than this.

Mr. McCartney stated there were some other “jumps” that he saw between 2019 Projected and 2019 Budget. He noted specifically Community Pool Contracted Services on Page 33 – Line Item 300. He stated the Actual for this year \$48,000 versus \$71,000. Mr. Ferguson stated there is a separate Contracted Services Schedule that has been provided. Mr. Ferguson stated they have purposely “moved things around;” and they tended to have Expenses that were assigned to a number of different places, and they were trying to centralize them. He stated we had a lot of unexpected costs this year with the Pool and the slide. He stated the Contracted Service Schedule breaks out what all of those expenses are. He stated there are a number of expenses concerning inspections, etc. that they are now doing that will make that number a bit higher than it was in the past.

Mr. McCartney noted Page 24 – 469-300 which is Contracted Services for the Five Mile Woods, and that went from \$1,300 in 2018 to a projected \$5,000 in 2020. Mr. Ferguson stated the Actual for 2018 was \$1,300, and they are expecting that to be higher this year for Contracted Services. He stated a lot of that was tree removal, heating oil, etc. He stated there is a house on the property. Mr. Ferguson stated the number in the Schedule is \$7,450 so he will have to double check this.

Mr. McCartney noted “Hospitalization.” Mr. Ferguson stated that is all the medical insurance for the Township, and he believes that number is flat. He stated he had indicated that they negotiated health care rates to have a 1% increase this year as opposed to past years when it increased 7% to 10%.

There was further discussion about the Golf Course. Mr. Ferguson stated part of what makes it break-even is that the General Fund/the taxpayers are providing funds to the Golf Course. He stated they are expecting a transfer to the Golf Course of approximately \$333,000 so that they can break even; and the primary reason for that is the big Debt payment which they are required to make. He stated they cannot generate enough Revenue to make a \$1 million Bond payment. He stated Mr. McCartney had questioned the Golf Fund Revenue number which he will double check; and if that number needs to be revised downward, they will need more money from the General Fund to offset those costs. Mr. McCartney stated they need to consider the long-term effect this will have if they keep carrying the General Fund transfer to the Golf Course every year for them to break even. Mr. Ferguson stated this year the Bond payment is \$1 million, and in three years it is even higher. Mr. Ferguson stated part of the problem is that the Debt cannot be refinanced as they have refinanced it a number of times already; and they have only paid off approximately \$7 million in Principal in fifteen years since for a number of years we were just paying interest.

Mr. McCartney asked if there is a recommendation as to what can be done with the Golf Course. Mr. Ferguson stated what he has suggested in looking at the Sewer system recognizing what is happening with rates is that if the Township would decide that selling the sewers is something they want to do, one of the recommendations would be to use the proceeds from that Sewer sale to pay off the Golf Debt. He stated the Golf Debt, principal and interest, is \$20 million which is what it will cost to pay off the Golf Course in the next thirteen years. He stated if there is a Sewer sale, getting rid of the Golf Debt would not only be beneficial to the Golf Course but it will have a domino effect on other things as well most notably the General Fund.

Mr. Attara stated with regard to the Golf Course year-to-date Revenue, the September 30 financial statement, the Revenue is \$2.462 million. Mr. Ferguson asked Mr. Attara the year-end projection, and Mr. Attara stated it is \$2.9 million. Mr. Ferguson stated he will make sure that is updated by the time the Preliminary Budget is before the Board next week.

Mr. Grenier stated Mr. Ferguson had made a presentation at a previous meeting where he had the schedule of Bond payments specific to the Golf Course, and he feels that is a useful graphic for people to see although not necessarily in the Budget.

Mr. Bryan McNamara, 1412 Heather Circle, stated with regard to using the General Fund to pay off Debt at the Golf Course, he asked if Revenues from Golf have ever gone to the General Fund; and Mr. Ferguson stated he while he will have to look into the history of this. He stated in 2018 they transferred zero; but he believes that there was a period of time when they were transferring \$20,000 to \$30,000 to the General Fund. Mr. McNamara stated they had the original cost, but then they had to add on the additional amount as a result of the lawsuit. Mr. Ferguson stated that additional amount was approximately \$7 million in Debt, but there were also probably additional costs that were absorbed in the General Fund at that time. Mr. McNamara stated the results of the lawsuit put extra costs onto the Golf Course that were not there originally, and Mr. Ferguson agreed. Mr. Lewis stated the Township lost that case; and it paid \$5.4 million to the Dalgewicz family in the summer of 2013. He stated the \$7 million figure includes the interest. Mr. Lewis stated as it relates to movement between the General Fund and Golf, he believes that possibly there was a de minimum amount moved back to the General Fund. Mr. Ferguson stated he could run a history to look at that line item to see what was brought over.

Mr. McNamara asked when all the Debt would be paid off for the Golf Course, and Mr. Ferguson stated it would be in thirteen years. Mr. McNamara stated they would be generating income off of the Golf Course after that. Mr. Ferguson stated Mr. Attara

had indicated that if they took the debt off of it now, they would be looking at a positive of \$700,000 to \$750,000. Mr. McNamara stated it is a very nice public course, and is the most expensive public course in the area; and since it is maxed out on rounds, they are doing something right.

Mr. McNamara stated he feels the biggest drawback to having weddings there is the club house as it is not large enough. Mr. Grenier stated for those having an outdoor wedding, they need a back-up plan if it rains.

Mr. Grenier thanked everyone for all their hard work. He stated individual Board members have had the opportunity to meet with Mr. Ferguson over the last week to go through the Budget in preparation for this evening and a few updates were made since then. He stated they now have another week to look into this further. He stated it will be posted on the Website. Mr. Ferguson stated he will make the changes that have been discussed this evening, and he will list in a separate memo to the Board any changes made.

There being no further business, Dr. Weiss moved, Ms. Blundi seconded and it was unanimously carried to adjourn the meeting at 9:30 p.m.

Respectfully Submitted,

Daniel Grenier, Chair