

**MIDDLETOWN TOWNSHIP  
BOARD OF SUPERVISORS  
PUBLIC MEETING  
JANUARY 23, 2014**

**PRESENT**

<b>PAT MALLON, CHAIRPERSON</b>	}	
<b>H. GEORGE LEONHAUSER, VICE CHAIR</b>	}	
<b>DREW KREILING, SECRETARY</b>	}	<b>BOARD OF SUPERVISORS</b>
<b>THOMAS GALLAGHER</b>	}	
<b>WILLIAM OETTINGER</b>	}	
<b>STEPHANIE TEOLI KUHL, TOWNSHIP MANAGER</b>		
<b>JOSEPH PIZZO, ESQ., TOWNSHIP SOLICITOR</b>		
<b>WAYNE KIEFER, P. E, TOWNSHIP ENGINEER</b>		

1. Call to Order, Pledge of Allegiance, and Roll Call.

Mr. Mallon called the meeting to order at 7:30 p.m. After the Pledge of Allegiance, Mr. Kreiling called roll. All Supervisors were in attendance along with 75-80 interested citizens.

2. Announcements, correspondence, awards and reports.
  - a. Next Board of Supervisors Meeting – *Monday, February 3, 2014 @7:30 p.m.*
3. Public Comment. *Non-Agenda Items only.* (Maximum 30 minutes)

Frank Class, Middletown resident spoke about his water department issue and how after the last meeting, the Water Company called and told him his toilets were leaking causing the problem. Mr. Class also brought up the following issues: the \$4,000 salary the Board receives, hiring of part-time police officers and no need to increase taxes.

Frank Horn, Alberts Way, Langhorne is against the EIT; harder to sell homes, reduction to value in homes and believes the Township needs to look at the police department. Mr. Horn's temporary solution was to eliminate the need for the EIT in 2014 by reducing the General Fund Balance to \$350,000 saving \$1 million and then taking an additional \$1 million from the Investment Fund and during the year get public input on the EIT and if the Supervisors still believe it is necessary, then at least people will have time to prepare for the additional outlay of cash.

Kevin Gallagher, 154 Rugby Drive, Langhorne said there is an image problem with the Board with what they have said or not said to one another. Mr. Gallagher believes that the EIT targets a very small group and at the same time, multiple taxes give political figures the ability to play a shell game. Mr. Gallagher does not fault the person getting a raise he faults someone who is giving a raise in a time of fiscal crisis when they are putting their hand in his pocket to do it. Cuts are not being made that satisfy him at this point.

Mr. Gallagher thanked Ms. Teoli Kuhls for getting back to him on a timely basis via emails. He asked if there could be a copy of the budget, either electronic and/or hard copy. He also stated that

the Township Manager and Business Manager have offered to meet with him and have corresponded via email, but questions invariably lead to more questions. The other problem is that if he were to ask a question now there would be someone present who may have questions based on what he just asked.

Brian McClendon, resident is disturbed that the agenda states that Public Comment is for non-agenda items only. Mr. Mallon explained that there is also public comment during the discussion of all agenda items.

4. **Consent Agenda Items.**

- a. Consideration of authorizing payment of January 21, 2014 Bill List in the amount of \$3,419,680.38.
- b. Consideration of approving the request by Big Oak Crossing to release \$848,405.51 from the escrow fund.

**ACTION: MR KREILING MOVED TO APPROVE CONSENT AGENDA ITEMS A & B AS LISTED ABOVE. MR. LEONHAUSER SECONDED. MOTION CARRIED BY A VOTE OF 5-0.**

5. Consideration of approving the 2014 Budget Amendment.

- Resolution #14-03R amending the tax rate and special levies for the fiscal year ending December 31, 2014.
- Resolution #14-04R amending the Earned Income Tax Rate for 2014.

Mr. Mallon made available the information that was presented during the initial budget presentation and the budget workshops. Ms. Teoli walked through the budget to answer questions that residents may have. Mr. Pizzo made a point of clarification in that folks did have an opportunity to see the presentation as it was presented at the November 25, 2013 public meeting of the Board of Supervisors and at two workshops in November. There may be citizens that haven't seen the information, but as a point of clarification, this was presented to the public on several occasions.

Ms. Teoli advised that she has updated the presentation to reflect that this is an amended budget with a few additional items. The presentation was focused on three areas: budget process and how it works in Middletown Township, a brief overview of what is proposed in the budget and a conclusion of revenue and expenditure highlights.

Budget process – budgeting happens year round with the Administration looking at the budget every month. The actual expenditures compared to the budget are looked at month to month along with quarterly reports. The formal process begins in September with departmental budget requests being submitted to the Finance Director and Township Manager in September; both operating budgets as well as capital budget plans are submitted.

Through the month of October the Finance Director and Township Manager meet with each Department head to scrutinize each individual budget line item by line item. There are significant reviews and cuts made at that level. This information is then presented to the Board and the public

at Budget Workshop meetings which were held on November 11<sup>th</sup> and November 13<sup>th</sup> which led to the presentation of the budget on the 25<sup>th</sup> of November.

This year because of the controversial tax issue two additional community information sessions were scheduled. These meetings were each three-hour community meetings to discuss the impact of the earned income tax as well as the overall budget issues. On December 16<sup>th</sup>, the Board adopted a budget that included the 1% EIT. Over the next several weeks following the budget approval, the Board decided to move forward with an amendment to the budget, after receiving some confidence that the members of the Neshaminy School District Board would not implement the EIT.

Before the Board this evening is an opportunity to adopt an amended budget that reduces the EIT down to one half of a percent.

There has been a structural imbalance since 2006 which is a permanent deficit resulting from an underlying imbalance. It is basically expenditures outpacing revenues. The way this was handled was to tap into our existing fund balance and cash reserves to close the gap each year. With the economic downturn, reduced revenues and this structural imbalance, the Board has year to year over the last three years really hit those cash reserves pretty hard.

In 2013 the Township suffered an additional financial blow in what was a budgeted \$1.3 million transfer from the Investment Fund to the General Fund. We were not able to make that transfer because of the performance of the Investment Fund. When you take the structural imbalance, the loss of the revenue from the Investment fund and you add to it what has been a significant increase in our police pension costs and increased health care costs. The police pension costs have gone up nearly \$1 million and so we stand at \$2.2 million the Township contributes to the police pension annually. Add to that dwindling cash reserves.

Putting all four of the factors together the Administration was faced with a significant problem in the budget and a General Fund that was nearly \$4 million out of balance. That was a significant issue at the staff level as it was brought to the Board of Supervisors in the fall. The Administration was called upon to explore every possible option in dealing with this issue. The options were expenditure cuts and reductions in service, use of the real estate tax, use of the Investment Fund or the implementation of an EIT.

Expenditure cuts and reductions in service – over the past several years great effort has been made to minimize operational spending to reduce the overall number of employees in the Township staff. Although there has been lots of discussion about the two most recent hires, the Township staff is down significantly from five years ago and from ten years ago. Discretionary spending has virtually been eliminated within departments. Employee insurance benefits have been restructured by implementation of a high deductible health plan for employees. The Administration has negotiated with all of the unions to implement that plan saving nearly \$900,000 when we moved to the high deductible plan. With this plan the employees contribute significantly toward their own health care costs which are really unusual in a public setting. It is the way that most municipalities are going and the way the private sector has been, but here in Middletown Township the employees are contributing toward both a deductible and toward insurance premiums.

The administration has also implemented deferred capital expenditures over the years. For example, if we were to hit every Township road over the next 14 years we would need to spend \$2 million per year. We are spending less than \$500,000 a year on the road system in terms of repaving. We are deferring significant expenditures in terms of infra structure at this time. Our

stormwater management – we have residents attending every meeting asking expenditures of resources to solve stormwater management problems throughout the community. We have also looked at refinancing debt whenever possible. One of the most important things that has been missed in the discussion is that as the problem started in 2006 with the structural imbalance and over the years since then, basically any possible expense that could be moved out of the General Fund has. Part of the Public Works staff is allocated to other funds and any place the administration could take an expense and could legitimately move it to another fund, it has been done.

There has been a combination of cost cutting, minimizing any unnecessary expense and moving expenditures out of the General Fund. Basically where we are right now, we have a problem that is too large to “cut” our way out of. The option of dramatic expenditure cuts and reductions in service was placed on the table. Significant cuts would be a complete change in provision of service in Middletown Township. As has been discussed extensively during these public meetings, the Police Department is 75% of the General Fund. If we were to dramatically cut expenditures in order to meet this problem we would be laying off a significant number of police officers. We would have less folks patrolling the Township, there would be less plows on the roadway, less programs. We are not talking one or two employees; we are talking half of the employees. However, this is still an option and something that was discussed as a possibility. It was placed on the table for the Board of Supervisors to look at.

The second significant option that was looked at is Real Estate Tax. If we were to solve the problem with Real Estate Tax, we would have needed to raise the Real Estate Tax revenue by more than 7 mills. The discussion at the time during the Budget Workshops surrounded those that are living on a fixed income and those that are unemployed.

The third option – looking at the Investment Fund. When the Township’s Water & Sewer operations were sold in 2002, the \$40 million Investment Fund was established with the proceeds of the sale. The use of the fund is limited by resolution of the Board of Supervisors so that only income from the Fund can be transferred out of the Fund so the principal will be protected. Transfer of the principal is permitted only in times of extreme financial emergency. In 2010, the Board of Supervisors, while dealing with structural deficit in the budget, dwindling cash reserves and escalating costs of pension and health care, declared such a financial emergency and allocated an emergency transfer of \$1 million from the Investment Fund to the General Fund. Thankfully, that \$1 million that has been budgeted each year since 2010 hasn’t been necessary until 2013. Back in December as discussed during the public meetings, the \$1 million emergency transfer was made for immediate cash needs.

When this issue was discussed by the Board of Supervisors during the workshop meetings, the discussion centered on the fact that if we were to use the Investment Fund to absorb the deficit in 2014 and beyond, the Investment Fund would quickly be depleted. Why does that matter that we utilize the Investment Fund? There are a lot of folks stating that is a “rainy day” fund and they would like to see the use of the Fund. The discussions during the Budget Workshops centered on the fact that since 2003, nearly \$16 million of revenue or income from that fund has been utilized to handle operational costs. The \$1.3 million that was budgeted in 2013 as a revenue to come into the General Fund would have been part of that number that has been transferred each year.

As the Board was looking at the preservation of the Investment Fund, obviously the current economic circumstances have caused the fund to not make the amount of income as it has in the past. The hope is; however, if that fund is maintained it will allow for revenue in the future.

Finally, the Township Board of Supervisors looked at the implementation of an Earned Income Tax. The EIT is a tax on gross wages for residents and non-resident workers in the Township. Currently more than 95% of the municipalities and school districts in the Commonwealth of Pennsylvania already collect this tax. Currently 44% of our residents are paying this tax to other municipalities. In 2013, \$2.6 million of Middletown Township taxpayer money was sent to other communities.

Back in November the Board adopted a budget that included a 1% EIT and a 2 mill tax reduction. What this amended budget includes is a \$2 million emergency transfer to the General Fund from the Investment fund; the implementation of the EIT at one half of one percent with no change in the R/E Tax.

It is very important to note when looking at the Governmental funds, the General fund is the fund where the problem exists. Under the General fund there are seven other tax funds; streetlight, fire protection, parks & recreation, ambulance, road machinery, fire hydrant and debt service. It is very important that there is an understanding that we are not permitted to take funds from these other tax funds to solve the problem in the General Fund. When taxes are implemented for a specific use, such as fire protection, they need to be spent on fire protection out of that fund.

The Capital Reserve Fund does not include any revenues generated by tax revenue. The Capital Reserve Fund includes only contributions from developers over the years. There is \$2.8 million in the Capital Reserve Fund allocated for the 2014 budget. The Highway Aid fund is the state liquid fuels tax which is sent to the Township and can only be utilized for roads and highways and is audited. The sanitation fund is for Township trash and recycling contract with Waste Management. The only other significant fund – the Community Development Fund is for the revenue generated by the RDA grants and for expenses related to the RDA grants.

There are also two proprietary funds, the Country Club Fund and the Farm Fund for Styers Farm; and three fiduciary funds which are assets that are held by the Township as a trustee or agency capacity and also are not able to be utilized to support Township programs or services.

Key revenue sources in the 2014 Budget – there are 5 sources including Real Estate, Real Estate Transfer, Mercantile, Amusement and EIT. Looking at the Real Estate Tax, proposed at 17.57 mills equates to an average tax in the community of \$513. A sampling of what residents in the community pay – Snowball Gate using a sample random property is very close the average assessed value – resident would pay \$5,700 in real estate taxes each year. Of that \$5,700 that is spent by that property owner, \$521 comes to the Township. A sample property in Maple Point development is paying over \$8,400 in real estate taxes and of that \$766 comes to the Township.

Real Estate Transfer Tax – one half of one percent of real estate transfers within the community – in 2014 we are expecting to receive \$930,000 for this revenue source. In 2009 the Township took a hit in real estate transfer taxes due to the economy at that time. The 2013 real estate transfer tax revenues are lower than levels 10 years prior.

Mercantile Tax – assessed on the gross receipts of wholesale and retail in the Township. Projected revenue in 2014 is \$1,035,000. Ms. Teoli Kuhls has received a lot of phone calls and emails from residents and she explained that we are not able to raise any of these taxes besides the ones that were discussed as options. For example, why can't the Township implement a sales tax, why can't the business and mercantile tax be increased? Because of tax reform that was put in place in Pennsylvania in the late 1980's and early 1990's we are completely locked in. The

Amusement Tax – five percent of admission prices for amusements. This figure used to be ten percent, but the Neshaminy School District took half of it and now receives five percent of the amusement tax. The revenues in 2014 for this category are projected at \$1.3 million.

Earned Income Tax – what is proposed is a .5 or one half of one percent EIT on residents and non-residents. It is estimated that this tax will generate \$2 million in 2014 based on estimates we received from an EIT study. The EIT collection will be broken down that non-residents will be paying 35% of that, residents who are currently paying the tax elsewhere will make up 29% and residents who are not currently paying will make up 36%.

Expenditures – primary expenditure category as has already been mentioned in the General Fund is police protection at \$11.4 million. This category is significantly impacted by salary and benefit costs for the Township's police force. We currently have 53 officers with the full complement of 54 scheduled for shortly in the new year. The contribution for the police pension fund increased nearly \$1 million in 2013 and stands at \$2.1 million annually. We are spending more on the police pension contribution than we spend on the Administrative costs of running the Township.

Administrative costs are \$1.6 million. Public Works Department - \$829,000, L & I - \$567,000, Fire Protection Emergency Management - \$458,000.

Parks & Recreation Fund includes \$1.3 million in expenditures proposed for 2014 which will be used for \$600,000 for park maintenance and a little more than \$400,000 for administration and \$300,000 toward programs. The Parks & Recreation Programs are self-sustaining in that the fees for the programs cover the costs of running the programs.

The Investment Fund consists of the assets from the sale of the water and sewer departments. Interest income is used to support the General Fund and the Parks & Recreation Fund. This year a \$2 million transfer is proposed from the Investment Fund to the General Fund.

The Sanitation Fund – We are in the last year of a 5 year contract with Waste Management. Currently the residents pay \$396 annually. This bid will be rebid in 2014 with a number of different alternatives being built in so that we may hopefully maintain or reduce the cost.

Highway Aid Fund – The liquid fuels allocation is going to go down by more than \$30,000 in 2014. The Township plans to spend \$1.2 million in highway aid for highway construction and rebuilding. The snow removal costs are coming out of the Highway Aid Fund along with street signs and signals.

Capital Reserve Fund – Middletown Township budgets in the capital reserve fund for projects over 4 broad categories – general, parks & recreation, stormwater and transportation. Each year a capital improvement plan is put together over those 4 categories and the Board of Supervisors adopts the Capital Improvement Plan as part of the budget process and includes in the capital reserve fund the spending plan. However, it is important that there is an understanding that although something is in the Capital Improvement Plan and programmed in the Capital Reserve Fund it doesn't necessarily mean that it is going to be spent and in fact it typically isn't spent.

Ms. Teoli Kuhls advised that the amended budget has been appropriately advertised for consideration this evening. The adopted budget is in place until the Board moves forward to adopt the amendment is so desired.

**ACTION: MR. MALLON MOVED TO APPROVE THE AMENDED 2014 BUDGET INCLUDING ENACTMENT OF RESOLUTION #14-03R AMENDING THE TAX RATE AND SPECIAL LEVIES FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014 AND RESOLUTION #14-04R AMENDING THE EARNED INCOME TAX RATE FOR 2014. MR. LEONHAUSER SECONDED.**

*At this point Mr. Mallon opened this item to public comment.*

Jerry Hoffman, Langhorne – Structural imbalance since 2006 and there is a systemic problem and is not something that will be solved by increasing taxes. Mr. Hoffman stated the changes to the healthcare plan were proposed and implemented when Debby Lamanna was Acting Township Manager. Mr. Mallon was very pleased with Ms. Lamanna's performance and personally thanked her at a Board Meeting for her outstanding work during the timeframe. Ms. Lamanna was able to increase the General Fund Balance from \$600,000 to \$2.7 million, instrumental in changing the healthcare plan the Township currently uses to save over \$1 Million and able to secure buy in from three of the Township unions. Ms. Lamanna also did this, which was most important to Mr. Mallon, with two zero tax increase balance budgets. Mr. Hoffman asked why Ms. Lamanna was not offered the Township Manager position.

Mr. Mallon said the majority of the Board was not interested in making her a permanent offer and she wasn't sure she really wanted to be the Township Manager. Mr. Mallon said he stands by what he said in that Ms. Lamanna did a great job.

Mr. Hoffman asked about the administrative vehicle allowance in the amount of \$7,200. Ms. Teoli Kuhls said it is a vehicle allowance which is part of her compensation package.

He also inquired about the administrative travel and training at \$3,000. Ms. Teoli Kuhls said this is allocated for conferences and training for administrative staff. Administrative dues, subscriptions and periodicals at \$9,000. Mr. Mallon said this is a spending plan and everything can be changed. Included in this is the Township's membership to PSATS and professional associations. Administrative TMA dues at \$5,000 – Ms. Teoli Kuhls explained that is the Bucks County Transportation Management Agency the Township participates in.

He inquired about the Administrative Other Leave that is budgeted at \$60,000. Ms. Teoli Kuhls said the Township is in the process of putting together an early retirement incentive and in preparation of bringing that forward we need to allocate for leave time for those employees who may take the township up on the offer for the early retirement.

Mike Cibik, 115 Upper Orchard, Levittown complimented the Township Manager on her presentation. Has been a Middletown business owner and resident for over 20 years. Having seen some of the previous televised meetings and reading some of the newspaper articles, he does not see where the personal attacks are necessary. He liked the EIT when a R/E tax reduction was attached to it. This EIT benefits retired and otherwise fixed income residents. He likes that the EIT extends to those that are not residents of the Township but work here and us our infra-structure.

In addition to being an architect Mr. Cibik has been a landlord and flips properties. In Bristol Township a landlord is required to obtain an annual business license and report their rental income to their tax collecting authority. Removal of cars from the street during a snowstorm ordinance which allows ticketing where a fine would be charged. Licenses & Inspections should increase fees as Middletown's are the lowest in the surrounding townships.

Mr. McClendon appreciated the review of the budget. He stated that Middletown has a substantial commercial tax base and asked what kind of revenue is generated from that and where does it go. Ms. Teoli Kuhls said the real estate tax revenue is residential and commercial. Are police officers considered employees of the Township? Ms. Teoli Kuhls said yes but police officers have a completely different set of benefits and their pension is established by a state law. Mr. McClendon went on in great detail about being self-sufficient and not needing the services that he is being forced to pay for.

Joe Banko, Highland Park, Levittown is against the EIT and doesn't believe the presentation of the EIT was handled correctly. Complimented Ms. Teoli Kuhls on her presentation this evening. Mr. Banko said Ms. Teoli Kuhls may be worth what she makes, but the Township cannot afford it. A great gesture would be for the Manager to give back her recent raise. Mr. Banko asked if an Administrative Assistant is slated to be hired.

Ms. Teoli Kuhls explained that the Township Manager's Office is made up of four people; Township Manager, Assistant to the Township Manager, Secretary and a Public Information Officer. Previously there were six people in the Township Manager's Office. Ms. Teoli Kuhls further clarified that in Municipal Government there is the Manager position and a position titled Assistant Township Manager. The Assistant Manager is the position that would sit in for the Manager should she not be here to take over the duties of Township Manager. We do not have an Assistant Township Manager at this time. We have a position titled Assistant to the Township Manager is not at the Assistant Manager level. The Assistant to the Township Manager position was created to maintain the insurance program which was very disjointed to this point. Workers' Compensation claims and insurance claims were being handled throughout the organization without direct oversight. In addition there was no one overseeing training in the Township. We have a 46,000 resident community with 100 full time employees. We used to have a person that oversaw Human Resources and most organizations with 100 employees would have a person dedicated to managing the human resource function. That position was eliminated and there is a stellar Administrative Assistant who manages the payroll and benefits for the Township.

The position of Assistant to the Manager was created which is not a full Assistant position to assist in those two primary areas and also to assist with communication efforts with the Township website, working on the Enews and general administrative support. Ms. Teoli Kuhls does not have an Administrative Assistant supporting her. She does have a full-time secretary and previously there were two secretaries in the Manager's office. Previously there was an Assistant Manager in the organization. Ms. Teoli Kuhls said there is a much leaner staff in the Township Manager's office now than there was previous and much leaner than organizations of a comparable size.

Mr. Banko believes that the \$40 million in the Investment Fund is hurting the Township when it comes to police negotiations. Mr. Banko went on in great detail about the salaries of the Township police. Chief Kane provided pertinent information about the salaries of the police officers including the cost of and reimbursement of overtime.

Resident did not provide his name or address asked why the Boroughs within the Township are given funds from the Township for their police forces. Chief Kane said that is not correct and the 4 borough police departments are self entities that are not reimbursed by Middletown Township Police Department. The resident also suggested the use of part-time police officers.

Bob Feather, Highland Park asked what the plan is to address the structural deficit. Mr. Mallon stated the plan is to implement the EIT, continue to look at spending, cut back on spending as has been done over the past 4 years; renegotiate contracts, renegotiate contracts with health care providers and look at ways to implement an early retirement with the Township staff.

William O'Connor, Maple Point inquired about the 2013 transfer from the Investment Fund. Mr. O'Connor pointed out that budgets can be cut outside of the General Fund and reduce the millage that subsidizes those budgets. Suggested that the Township make all vendors go through a bidding process.

Marianne O'Connor, Maple Point asked why the Board has waited to the last minute. She asked if the jobs in the township have been looked at and could some become part time. Ms. O'Connor wants check registers to be available at every public meeting.

Larry Pastor, Middletown Township resident asked for an answer to the question proposed by Ms. O'Connor with regard to cuts being made prior to the budget adoption. Mr. Pastor suggested that one of the Board members put a motion on the table to suspend the EIT, go back cut the budget, put together a citizens committee led by a volunteer person who knows how to balance budgets.

Debbie Harker, Middletown Township resident questioned the \$7,200 allowance and asked if Ms. Teoli Kuhls must keep a log of her business miles to get the allowance. Who negotiated Ms. Teoli Kuhls' contract? Mr. Mallon replied that the contract was negotiated by the labor attorney and the Board of Supervisors at that time. Ms. Teoli Kuhls did not get everything she asked for in her employment agreement and received a much higher offer for another township. Ms. Harker asked what Ms. Teoli Kuhls asked for that she didn't get. Mr. Mallon said this is a personnel matter.

Scott Mealy, Middletown resident applauded the Board's decision to take \$2 million out of the Investment Fund and suggested that more be taken from the fund. He attended the Township's Financial Advisory Committee earlier this month and it appears the fund is well managed. Mr. Mealy asked if there were any expenditure changes to the budget that was approved in December and the proposed amended budget before the Board this evening.

Vita Bashki, resident asked about the significant cuts that were made in the past 5 years. Ms. Teoli Kuhls advised that 12 positions were cut. Ms. Bashki asked what the cost of the program guide is that comes to the residents twice a year. Mr. Gallagher stated that he believes this program guide is totally paid for by sponsors.

George Dranginis, 221 Quincy Drive, Levittown is a member of the Middletown Township Financial Advisory Committee which oversees the Township's Investment Fund. Mr. Dranginis asked the advisor of the Investment Fund when the Township may expect better returns on the Fund and was advised that better returns hinge on more consistent economic growth. It was the advice of the advisor of the Investment Fund to stay the course and not use the funds from the Investment Fund.

Jeff Cochran, former Middletown resident who now lives in Richboro said he has been listening to these negative comments and stated that this is the most outrageous conduct and lack of

civility he has ever seen. The current Board has inherited problems created by previous Boards. Mr. Cochran was a Middletown Police Officer when the raises were 9.8% and he didn't have to pay for anything, i.e., health care, etc. Times have changed. He applauded the Board's efforts and wished them success.

Todd Warner, Duxbury Drive, Langhorne reluctantly supports the notion that we shouldn't spend down the Investment Fund. He also understands the sensitivity of people that are on fixed incomes and the issue of not wanting to raise the R/E tax. He also reluctantly supports the .5 percent EIT. We do need police officers, but they like school teachers are not worth an endless amount of money, there are limits. With regard to what the Township Manager makes, that was negotiated and sitting here nickel and diming what she makes is ridiculous and trivial. The \$4,000 the Board members earn for coming to the meetings is trivial. While Mr. Warner does not agree with every decision the Board makes, he thanked them for trying their best.

Michael Bowman, Duxbury Drive, Langhorne said the Board are the bosses of the Township Manager and the Chief of Police and need to tell them where to make cuts. Mr. Bowman said everyone is telling the Board that we don't want the EIT we would rather have real estate taxes raised.

**MOTION CARRIED BY A VOTE OF 3-2 WITH MR. GALLAGHER AND MR. OETTINGER OPPOSED.**

**ACTION: MR. GALLAGHER MOVED TO RESCIND THE EIT TO FUND THE 2014 BUDGET BY A 2 MILL INCREASE IN REAL ESTATE TAXES AND AN ADDITIONAL MILLION DOLLARS TAKEN FROM THE INVESTMENT FUND AND TO CREATE A COMMITTEE OF THE ENTIRE BOARD OF SUPERVISORS, TOWNSHIP MANAGER AND THE FINANCE DIRECTOR WITH MANDATORY ONCE A MONTH MEETINGS TO CONSTANTLY REVIEW AND FIND EVERY PENNY THAT CAN BE FOUND. MOTION FAILS FOR LACK OF A SECOND.**

**ACTION: MR. OETTINGER MOVED TO KEEP THE BUDGET OPEN FOR ANOTHER WEEK AND CONDUCT A COUPLE BUDGET MEETINGS. MOTION FAILS FOR LACK OF A SECOND.**

Mr. Gallagher asked Mr. Pizzo if the budget is closed at this point. Mr. Pizzo said the vote has now adopted the amended budget as the Township budget for 2014. Mr. Gallagher asked if the budget could be opened once again.

The Board went to recess to allow Mr. Pizzo the opportunity to research the answer to this question.

Mr. Pizzo said he has reviewed the applicable section of the Second Class Township Code. He does not believe it is a reasonable read of the law that the Board of Supervisors are required to have a budget adopted by the end of the preceding year and are given that 45 day window within which following a municipal election for the incoming board to make a change to it, can be an on-going process several times over. The statute itself does not specify that the Board can only open the budget once it also does not say that the Board can do it multiple times. The rules of statutory interpretation require you to interpret the statute to not end up with an unreasonable result. Mr. Pizzo said he is not sure of whether the Board can or cannot reopen the budget on an ongoing basis.

6. Other Business.

Mr. Gallagher suggested the refinancing of bonds and the creation of a program where rental properties are issued a U/O at resale.

Mr. Oettinger believes that the Township Manager and Finance Director will continue to work toward saving money.

7. Other public comment. (Only applicable if initial Public Comment period exceeds the 30 minute time limit.)
8. Adjournment.

**ACTION: MR. MALLON MOVED TO ADJOURN THE PUBLIC MEETING OF THE MIDDLETOWN TOWNSHIP BOARD OF SUPERVISORS AT 11:02 P.M. SECONDED BY MR. KREILING. MOTION CARRIED BY A VOTE OF 5-0.**