

**MIDDLETOWN TOWNSHIP
BOARD OF SUPERVISORS
PUBLIC MEETING
MARCH 31, 2014**

PRESENT

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

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 many interested citizens.

Mr. Gallagher advised that Joe Bush of the Township’s Zoning Hearing Board passed away this past Thursday. Mr. Bush served on many committees and charitable organizations in Bucks County and in Middletown Township. On Friday Al Sutter, District Director from Senator Tommy Tomlinson’s office passed away. Al was on the Nova Board, Penndel Health, Silver Lake Nature Center, Bucks County Children & Youth Organization and the Area Agency on Aging. The Community will miss both of these individuals and their timeless dedication and volunteering for the sake of all. There was a moment of silence.

2. Announcements, Correspondence, Awards and Reports.
 - a. Next Board of Supervisors Meeting – **MONDAY, APRIL 21, 2014 @ 7:30 P.M.**
3. Public Comment. *Non-Agenda Items only.* (Maximum 30 minutes)

Ron Krajewski, Cobalt Drive, Levittown asked who is responsible for going to the files and pulling the information for a subpoena and Right-to-Know requests. Mr. Krajewski stated that Mr. Pizzo has all of the information and he wants to know who collected this information and gave it to Mr. Pizzo.

Mr. Pizzo said with regard to subpoena that come to the Township, a copy is forwarded to his office for review, tell the person in charge to go to the Township files and if we have a document that is responsive to the subpoena, then it is produced.

With regard to the subpoena that the Township received in 2012, it was reviewed by Mr. Pizzo, information was retrieved and the Township showed up in response to the subpoena with several boxes of documents that both Mr. Krajewski’s attorney and his neighbor’s attorney had the opportunity to review. The Township did respond.

Mr. Mallon directed Mr. Pizzo and Ms. Teoli Kuhls to meet with Mr. Krajewski and go over the information that he is requesting. Mr. Krajewski said the only thing he wants is the subdivision agreement.

Mr. Pizzo advised that his office is relocating on Friday and will not be able to meet with Mr. Krajewski. He provided some of the detail concerning the ownership of the property in the fact that it was litigated to the Supreme Court and back. Mr. Pizzo is not confident that he will be able to come up with something that will overturn the decision of the Supreme Court, but he is looking at things related to Mr. Krajewski's property as well as his neighbor's property and will report back.

Bill Rutledge, Langhorne Gables, commented on the drawings that he provided to the Board with regard to the stormwater issues on Clay and Fir Avenues. Mr. Rutledge wants just the drawing part of the presentation resolved this evening. Mr. Rutledge went into great detail about his plan for resolving the drainage issue in his neighborhood.

Mr. Mallon directed Mr. Kiefer to incorporate Mr. Rutledge's information in his overview of the stormwater issues in Mr. Krajewski's neighborhood.

Natalie O'Donnell, Langhorne asked how many meetings have been held since January 1st to discuss the Township's financial crisis and what has been done to increase revenue and lower expenses to manage the budget. Ms. O'Donnell has heard that no one is paying the EIT and asked how the Township is going to handle the situation.

Mr. Mallon reiterated that public comment is not going to be a back and forth Q & A session. A finance report is coming up at a future meeting and this information will be discussed at that time. Mr. Mallon directed Ms. O'Donnell to contact the Township Manager by email and provide her with the questions she has.

4. **Consent Agenda Items.**

- a. Consideration of authorizing payment of March 31, 2014 Bill List in the amount of \$2,410,199.57.
- b. Consideration of approving the January 6, 2014 Minutes of the Public Meeting of the Middletown Township Board of Supervisors.

ACTION: MR. LEONHAUSER MOVED TO APPROVE CONSENT AGENDA ITEMS A & B AS LISTED ABOVE. MR. KREILING SECONDED.

Mr. Kreiling asked about the \$7,334.96 fire hydrant bill on the Bill List.

A resident inquired why the Township is reimbursing employees for cell phones. Ms. Teoli Kuhls advised that employees that choose to use their own phones rather than having a Township cell phone are given a \$40 monthly allowance. It is only for those employees who would otherwise have a Township phone. The Parks & Recreation Department employees that receive the cell phone reimbursement are folks that are out in the field and use the cell phones for Township business. There is only one admin person that receives reimbursement and that is an individual who responds to calls all through the weekend for the IT system.

MOTION CARRIED BY A VOTE OF 5-0.

5. Consideration of enacting Resolution #14-12R Agreement to participate in the Planning Process of the Bucks County 2014 Hazard Mitigation Plan Update.

Ms. Teoli Kuhls advised that in 2011 Middletown Township participated in the County Hazard Mitigation Plan. In order for the Township to be eligible to receive state and federal disaster aid, we must participate with the County. The Township has its own Hazard Mitigation Plan, but this would express our intent by resolution to continue to participate in the County's plan and it would provide for the Township to continue to be able to receive federal disaster funding.

ACTION: MR. MALLON MOVED TO ENACT RESOLUTION #14-12R AGREEMENT TO PARTICIPATE IN THE PLANNING PROCESS OF THE BUCKS COUNTY 2014 HAZARD MITIGATION PLAN UPDATE. MR. OETTINGER SECONDED. MOTION CARRIED BY A VOTE OF 5-0.

6. Consideration of adopting Ordinance #14-01 Vacating an unopened portion of Sumac Street, and creating and/or reserving for the benefit of the Township a permanent and perpetual utility easement and stormwater management easement over the same. (Duly advertised in the *Bucks County Courier Times* on March 24, 2014; proof of advertisement has been received.)

Ms. Teoli Kuhls advised that the Board received this request from Mr. Chad Stellato and it was discussed at a previous meeting. The Board authorized advertisement of the ordinance which will vacate a portion of a paper street named Sumac Street.

ACTION: MR. MALLON MOVED TO ADOPT ORDINANCE #14-01 VACATING APPROXIMATELY 225 LINEAL FEET OF A PORTION OF A PAPER STREET NAMED SUMAC STREET, LANGHORNE, PA. MR. GALLAGHER SECONDED. MOTION CARRIED BY A VOTE OF 5-0.

7. Consideration of approving an agreement with Guttman Energy for purchase of electricity for Township General Service Accounts for a 36-month term at a rate of .08265/kwh.

Ms. Teoli Kuhls advised that the Township recently cancelled its agreement with Glacial Energy for all general accounts because of significant rate increases that were experienced in January and February. With the assistance of energy consultant, Ron Smith, the Township sought quotes from the marketplace for general electric accounts. Unlike the general accounts, the street light and traffic light account rates remain stable. The Township has extended the contract with Constellation Energy for those accounts at the rate of .04689.

Locking in with Guttman Energy will minimize the impact to the Township budget of an extremely volatile energy market. The agreement with Guttman Energy for purchase of electricity for Township General Service accounts for a 36-month term would be at a rate of .08265/kwh.

ACTION: MR. MALLON MOVED TO APPROVE AN AGREEMENT WITH GUTTMAN ENERGY FOR PURCHASE OF ELECTRICITY FOR TOWNSHIP GENERAL SERVICE ACCOUNTS FOR A 36-MONTH TERM AT A RATE OF .08265/KWH. MR. KREILING SECONDED. MOTION CARRIED BY A VOTE OF 5-0.

8. Discussion Township Road Improvement Program

Ms. Teoli Kuhls advised that a discussion was held at a recent meeting about the state of the Township roadways specifically the impact of this past winter season on the roadways. The Board directed Ms. Teoli Kuhls and staff to look at those roadways in the Township which are in most significant need of repair. A listing of those projects that are most significant at this time and a 14 year road improvement program was also prepared. The neighborhoods that are identified in the list are developments that were built 20 years ago and have had no maintenance or paving done to them. The total cost to complete all immediate priority projects is \$4.5 million.

Pat Duffy and Rick Wendel prepared the information presented. Mr. Duffy said that two criteria were used in year 1 and year 2. The first one is the major roads in the Township – collectors and arterials that are in bad shape and haven't been resurfaced in a number of years and are definitely experiencing problems. The second criteria - was in various developments in the Township where the roads have never been resurfaced since originally constructed. There are roads that have gone 25 to 30 years without being resurfaced.

Year one the following roads in the developments listed are proposed for paving: Apple Valley, Cider Knoll, Eagles Mere, Highland Gate and Swan Pointe and a stretch of Woodbourne Road from the Newtown Township line to Ellis Road. Neshaminy Pointe and Clay Avenue are also proposed for year one. Clay Avenue is part of the Langhorne Gables drainage study that the Township Engineer is analyzing now. The roads on either side of Clay Avenue, Fir Avenue and Madison Avenue already have curbs and are graded fine. The drainage problems in that area are not due to the roads, it is in the yards.

Mr. Gallagher inquired what the \$60,000 for Clay Avenue will cover. Mr. Duffy said it would cover the milling of the road 4 to 6 inches and also incorporate possible storm drainage improvements.

Year two the following roads are proposed for paving: Carlene Court, Tollgate Road, Fulling Mill Road and Township Line Road (from Village Avenue to the Township Line Road border with Lower Makefield Township). The stretch of road from Village down to the railroad tracks just south of Big Oak Road is jointly owned by Lower Makefield Township and Middletown would only be responsible for our half. Middletown will contact Lower Makefield Township to see if they would want to do the road at the same time; therefore, they would pay for their half of the roadway. From the railroad tracks to the Township line is owned by Middletown. North Flowers Mill Road will be paved in year two.

South Flowers Mill Road was milled and paved 4 years ago and is already experiencing some significant problems. The main issue with this roadway is stormwater runoff. There is a lot of stormwater coming from Woods Services and is washing the roadway out in sections. South Flowers Mill Road does not meet the engineering guidelines and rules with regard to sight distances on vertical curves. The cost to repave South Flowers Mill Road is estimated at about \$1 million due to the installation of stormwater drainage to correct a lot of the issues.

Frosty Hollow Road is proposed for resurfacing. Gillam Avenue, Arbutus and Clearview Avenues get a lot of travel and are roadways in need of repair. The Idlewood Development is proposed for repaving in year two. The only other roadway is a small portion of Old Lincoln Highway from Neshaminy High School to the dead end.

Mr. Duffy said the plan for the future is to get to each roadway in the Township within 14 years. The list that is prepared may be adjusted to allow for roadways that may need repaved prior to the date they are scheduled on the list.

Ms. Teoli Kuhls said the 2014 Budget has \$1.5 million for the repaving of Big Oak Road along with significant grant funding; i.e. RDA grant and DCED grant. Beyond that amount the Administration has budgeted \$545,000 for the general paving.

9. Presentation by Scott Shearer, The PFM Group
Series of 2009 Bonds - Refunding and Restructuring Options

Scott Shearer, Managing Director of Public Financial Management (PFM) made a presentation on refinancing the 2009 bond. There is still a lot of volatility in the Bond Market. Forecasts predict that long term rates are expected to go up and short term rates are expected to stay about where they are through 2014 and early 2015.

The 2009 bond has a legal cull date of April 15, 2014 with a little over \$5 million outstanding in principal and the average fixed interest rate remaining on the bond is 3.35% and \$220,000 of debt service savings assuming a traditional refunding.

One of the options presented is the refund and slightly restructure of the 2009 Bonds with tax-exempt bonds and include up to \$5 million of new money, structuring the entire bond issue to match the existing payments through 2021 as to not have budgetary impact.

Mr. Gallagher asked several questions and then stated that he has always been a proponent of paying off debt and not perpetuating debt.

Mr. Penko advised that he met with the Finance Advisory Committee on March 20, 2014 and reviewed the options provided this evening by Mr. Shearer. The FAC recommended the traditional refinancing and also the option of traditional refinancing with an additional \$5,000,000 to be borrowed for capital project of street repaving. The FAC did not favor the option to retire the debt using funds borrowed from the Investment Fund with payback to the Investment fund over the next 6 years and would be based on the same terms and conditions of the existing bonds being refinanced.

Mr. Penko said that the FAC believes that their most important responsibility to the Township is the preservation of the principal of the Investment Fund. There is no legal way to guarantee the repayment of the borrowed funds to the Investment Fund portfolio. Future economic, political and budgetary pressures could eventually lead to the borrowed funds not being paid back to the Investment Fund Portfolio. Once a resolution is passed to borrow from the Investment fund portfolio, it becomes easier to do so in the future and potentially deplete the Investment Fund. The FAC believes that by preserving the principle of the Investment Fund, the Township has the opportunity to realize better future returns as the market for fixed rate investments improves.

Mr. Gallagher agrees with the FAC's philosophy, but the situation is the FAC is an appointed board appointed by the members of the Board of Supervisors who must answer to the taxpayers. If this Board were to turn around and say we are going to borrow from the Investment Fund, the enforcement factor is the voters. We need to look at what is going to be the "best bang for the buck" for the taxpayers today. Mr. Gallagher believes that the best thing to do is borrow from the

Investment Fund and repay it because the Investment Fund will grow faster than it does if the 1.3% that we are actually able to get return on at this point in time.

Mr. Mallon said there are several things for the Board to consider. He believes there is a consensus among the Board that we need to kick off the road program. The real question for the Board to tackle is where the money will come from. Discussion ensued concerning the best way to finance the road program.

Mr. Mallon said his concern is if the Township were to borrow the money from the Investment Fund and pay it back over a 6 year period, which would be \$1.6 or \$1.7 million a year to pay back without being paid any interest. It is important that the citizens of Middletown understand that the Investment Fund is not a "rainy day" fund it is a revenue source. If we were to cut that revenue source by \$10 million the potential return on the investment is cut by a third. Mr. Mallon's thoughts are to take advantage of the historic low interest rates and borrow the money for the capital infra structure project.

ACTION: MR. MALLON MOVED TO APPROVE OPTION 3B – REFINANCING AND ISSUANCE OF NEW DEBT FOR ROAD PROJECTS. MR. LEONHAUSER SECONDED. MOTION CARRIED BY A VOTE OF 4-1 WITH MR. GALLAGHER OPPOSED.

10. Other Business.

None

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

12. Adjournment.

ACTION: MR. MALLON MOVED TO ADJOURN THE PUBLIC MEETING OF THE MIDDLETOWN TOWNSHIP BOARD OF SUPERVISORS AT 9:00 P.M. MR. GALLAGHER SECONDED. MOTION CARRIED BY A VOTE OF 5-0.