

**MIDDLETOWN TOWNSHIP
BOARD OF SUPERVISORS
PUBLIC MEETING
NOVEMBER 17, 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		
LARRY YOUNG, P. E., TOWNSHIP ENGINEER		

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

Boy Scout Troop 316 processed into the meeting with the United States Flag at the beginning of the public meeting. Mr. Mallon called the meeting to order at 7:30 p.m. The Pledge of Allegiance was led by the Boy Scouts. After the Pledge of Allegiance, Mr. Kreiling called roll. All Supervisors were in attendance along with many interested citizens.

2. Announcements, Correspondence, Awards and Reports.
 - a. Next Board of Supervisors Meeting – **Monday, December 15, 2014 @7:30 p.m.**
 - b. Recognition of Bryan Liptrot, Eagle Scout

Mr. Mallon invited Dan Regan, Assistant Scout Master of Troop 316 made a short presentation explaining the troop's attendance this evening. Mr. Regan explained that Bryan Liptrot has been with Troop 316 since its founding 5 years ago. Bryan has not only recently received the rank of Eagle Scout, which is the highest recognition in Scouting, but has also proven himself to be a very fine young man and a proven citizen in his own right.

Mr. Mallon thanked the Boy Scouts for coming out this evening and stated that prior to the public meeting he had the opportunity and privilege to talk to the boys about local government and what it means to be a Township Supervisor and answered their questions on how local government works. He is encouraged to see young people get involved and show an interest in local government.

Mr. Mallon presented a commendation to Bryan Liptrot on behalf of the Board of Supervisors and congratulated him on this great achievement.

Bryan thanked the Board for the commendation and stated he is glad to see that the Township of Middletown supports scouting and its efforts. Scouting is a great organization that every young person should be involved in and encouraged the Board of Supervisors to encourage scouting.

Mr. Mallon advised that the Board met in Executive Session prior to this evening's public meeting to discuss potential litigation and will be meeting in Executive Session at the end of tonight's meeting to discuss personnel matters.

Mr. Mallon stated that the Annual Holiday Open House will be held on Thursday, December 4, 2014 from 6:00 to 8:00 p.m. at the Municipal Center. This is a great family event and includes a gallery of Community decorated trees that are fun to look at; horse drawn carriage rides; performance by the Neshaminy High School orchestra and the Holy Family Regional Catholic School Choir and the arrival of Santa Claus on a fire truck.

Mr. Mallon also reported that Middletown Township was recently awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the completion of the 2013 Comprehensive Annual Financial Report. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. Congratulations to Finance Director, Dennis Penko and members of the Middletown Finance Department on this accomplishment.

3. Public Comment. *Non-Agenda Items only.* (Maximum 30 minutes)

Ron Krajewski, 9 Cobalt Ridge Drive, North, Levittown, has spoken to Mr. Pizzo, Township Solicitor who stated that letters have gone out and the conditions of the subdivision will be discussed. He thanked the Board for addressing his concerns.

4. **Consent Agenda Items.**

a. Consideration of authorizing payment of November 17, 2014 Bill List in the amount of \$3,986,528.61.

b. Consideration of approving the October 20, 2014 Minutes of the Public Meeting of the Middletown Township Board of Supervisors.

c. Consideration of approving the St. James Court Escrow Release in the amount of \$63,640.91.

d. Consideration of approving Core Creek Reserve Escrow Release in the amount of \$106,116.00.

e. Consideration of approving the release of the eighteen month bond on Springhill Suites.

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

5. Forsythia Crossing Bridge Report

Larry Young, Township Engineer presented an update on the progress of the Forsythia Crossing Bridge, which has been closed by PennDOT. The quotes that were received came in much more than original contract and would take considerably longer to do the other options.

Mr. Young recommended the award of the original contract to Sparwick Contracting to repair the I beams and if approved a notice to proceed will go out this week.

Mr. Pizzo said Mr. Young is recommending and he and the Township Manager are in concurrence with the proper procedure at this point based upon the information the Engineer has been able to gather is to move forward to the contract that was awarded back in August. There is no action required of the Supervisors at this time other than the Engineer moving forward with the notice to proceed to the contractor as early as tomorrow morning. They will then begin the process of fabricating the steel that will ultimately become the girders that will go underneath the bridge. This will keep the project on schedule and keep the Township under the contract that was previously awarded.

Mr. Pizzo said all things being equal, PennDOT closing the bridge necessitated the Engineer and the Township to take a look at what other options might be necessary in light of the bridge closure.

6. Consideration of enacting Ordinance 14-06 Amending Chapter 1, Part 8 of its Code of Ordinances, Middletown Township Retirement Plan to include a voluntary Early Retirement Incentive Program. (Duly advertised in the *Bucks County Courier Times* on October 27, 2014; proof of publication has been received.)

ACTION: MR. GALLAGHER MOVED TO ENACT ORDINANCE #14-06 AMENDING CHAPTER 1, PART 8 OF ITS CODE OF ORDINANCES, MIDDLETOWN TOWNSHIP RETIREMENT PLAN TO INCLUDE A VOLUNTARY EARLY RETIREMENT INCENTIVE PROGRAM. MR. KREILING SECONDED. MOTION CARRIED BY A VOTE OF 5-0.

7. 2015 Budget Presentation

Ms. Teoli Kuhls presented to the citizens of Middletown Township and the Board of Supervisors the 2015 proposed budget. The presentation is divided in three sections; an overview, the budget process and budget document and highlights of 2015 revenues and expenditures.

The 2015 budget is a balanced budget of more than \$32 million of expenditures over the 14 governmental funds. This is a 2.9 percent decrease over last year's budget primarily due to the recent award of the trash and recycling contract with Waste Management. As a result of the renegotiation of that contract fees for the residents will go down \$56 in 2015 and remain at that level for the duration of the contract thru 2017.

One of the most challenging issues that Middletown Township has faced over the last number of years is dealing with an ongoing structural imbalance. A structural imbalance is explained as money that comes in as revenue and the money that goes out in expenditures and when those two numbers don't match there is an imbalance. If you are spending more than you are bringing in, then you have to take from savings to make then balance.

Significant progress has been made over the last year to deal with the imbalance and basically the Board's direction was to create a culture of cost containment and revenue enhancement. The positive things to report was a change to the health care insurance in 2014 by going out to market to solicit competitive proposals and made plan design changes that were self funded and were able to save about \$240,000. The Township continues to benefit from participation in the Municipal Insurance pool and was under budget \$29,000 in 2014. At the beginning of 2014 the Board directed staff to look at all of the fees to make sure the fee schedule reflected the costs the Township incurred. We were able to bring in more than \$100,000 in that area. The Township changed the electric generation provided and saved \$50,000.

Staff reduction and deferral of replacement costs saved the Township about \$200,000 and the recently enacted Early Retirement Incentive Program ordinance which could potentially based upon participation save the Township up to \$450,000 over a three-year time period.

The good news is that as a result of the cost containment revenue enhancements coupled with the fact the Board implemented additional revenue with the Earned Income Tax (EIT), Ms. Teoli Kuhls is happy to be able to say that this year we will only need to transfer \$1 million of the \$2 million that was budgeted from the Investment Fund to the General Fund. We have between now and the end of the year to determine how much of the \$1 million we will actually need.

There are a couple financial achievements that Ms. Teoli Kuhls reported on as follows: when we did the Bond Issue this year, the Township's bond rating was once again affirmed by Standard & Poor's at an AA+ rating which is really a reflection of the Township's financial position and financial management. Mr. Mallon just reported on the financial reporting award that the Township recently received.

2014 was a year that there was an emphasis on infrastructure. There was a bond issue and a refinance of a 2009 bond issue and the Township borrowed an additional \$4.9 million to put into the Township infrastructure. Year 1 of the Road Improvement Program paved more than 15 miles of roads in the Township at just shy of \$2 million. Year 2 will be funded out of the remaining portion of that bond issue money. Also the Big Oak Road Improvement Project, which is a long awaited reconstruction project, was completed in 2014. This was a \$1.1 million project that was funded entirely with grant revenues from the RDA and the Commonwealth of Pennsylvania.

Ms. Teoli Kuhls went into great detail about the operating funds; proprietary funds (Middletown Country Club and Styers Farm Fund) and explained the proprietary funds cannot be utilized for Township business. There are also Fiduciary Funds where the Township holds the money in trust.

The budget process happens all year long. Every month the Board of Supervisors receives a report that explains revenues versus expenditures. The Budget is looked at all throughout the year and the Finance Director provides quarterly reports to the Board of Supervisors and to the public. The preparation of the budget document begins in August and September when departmental budget requests are submitted to the Finance Director and the Township Manager. The requests are reviewed and a lot of work is done scaling them back through questions and answers. A draft budget is then prepared and presented to the Board of Supervisors.

This year the first Budget Workshop meeting was held on October 13th. The first full draft of the budget was prepared for that meeting. On November 10th the second Budget Workshop was held with focus on capital projects and the capital plan. In addition, this year the Board of Supervisors went out and visited the individual departments; meeting with Department Directors to get an understanding of facility and staffing needs and equipment needs. All of that led up to the this evening; which is the public presentation of the Budget.

If the Board authorizes advertisement this evening, it will kick off the public inspection phase of the budget process. The Second Class Township Code requires that the public have an opportunity to provide comment to the Board before they vote on the spending plan. We are scheduled to approve the budget on December 15, 2014.

There are 5 general categories of revenues in the General Fund.

Real Estate Tax – The real estate tax rate for 2015 is proposed to be at the same level as 2014. Although the budget doesn't propose anything in the bottom line, there is a slight variation in Parks & Recreation and Debt Service. In this budget a reallocation of the millage is proposed basically to help the Parks & Recreation Fund. We were able to free up some millage in the Debt Service Fund and will allow us to not count on the transfer from the Investment Fund to the Parks & Recreation Fund.

The real estate tax is based on an overall \$527 million overall assessed value which is how much all of the properties in Middletown Township are worth. The average residential taxpayer in Middletown Township pays \$514 to Middletown for real estate taxes. Ms. Teoli Kuhls gave a sampling of the different developments in the Township and the amount of real estate taxes they pay to the Township. She stated that the bulk of the taxes are paid to the School District and then to the County with the smaller amount coming to the Township.

The real estate transfer tax is levied at ½ of 1 percent for the transfer of all real estate within the Township. This year we are projecting that revenue at \$960,000. This revenue peaked in 2005 at \$1.4 million.

Mercantile Tax – the Mercantile Tax is assessed on the gross income of anyone who is engaged in the sale of goods, wares or merchandise in the community. It is calculated on gross receipts and in 2015 we expect to bring in \$1,075,000.

Earned Income Tax – The Board of Supervisors levied an EIT of ½ of 1 percent a year ago on residents and non-resident workers. An estimated revenue of \$4 million in 2015. As mentioned in multiple meetings during the year, we will not get a handle on what the EIT revenue is going to be until midway thru 2015.

Expenditures in the General Fund – Police protection is the largest portion at \$11.5 million. The General Fund is a \$16.5 million fund. We currently have 51 police officers and are down from our full complement and will be hiring three officers to bring us back up to our full complement of 54 officers. Also in this fund is the pension contribution and that has been something that has been increasing dramatically. Ms. Teoli Kuhls advised that \$2.2 million of the \$11.5 million goes toward the police pension contribution. That is up dramatically over the past 5 years. In 2010 that number was less than \$1 million.

Other significant pieces of pie in the General Fund consist of Administration at about \$2 million; Public Works at \$955,000, L & I at \$560,000 and Fire Protection and Emergency Management at \$482,000.

Highlights from other funds – Parks & Recreation Fund derives revenue from real estate tax; fees for programs and charges for service. In 2015 we have about \$1.4 million planned in this fund for maintenance, administration and programs.

Investment fund – holds assets from the sale of the Water & Sewer Departments to Bucks County Water & Sewer Authority in 2002. We utilize the interest income from this fund to support the General Fund and budgeted in 2015 is an emergency transfer that is budgeted each year and hopefully don't need to transfer.

Sanitation fund – as mentioned earlier we recently awarded a three-year contract to Waste Management for solid waste and recycling and that is going to translate into an annual reduction of \$56.00 for the residents. The Township's annual cost correspondingly decreased and is \$855,000 decrease.

Highway Aid fund – this is a fund where we receive state funding from liquid fuels. We have had an increase in state funding and are up to a little over \$1 million in state funding. In 2015 we have budgeted \$920,889 in expenditures for those items with the highest of those categories is \$220,000 for snow removal.

Capital Reserve fund – there is \$2.2 million budgeted for capital projects over 4 broad categories. The Capital Reserve fund is one of the sources that funds the capital plan. We also have the Bond fund so the \$2 million left from the bond issue will help fund the capital plan and also the RDA fund. Any of the grants we receive from the RDA will fund the capital plan.

Some of the things included in the capital plan are as follows:

Police Department – replacement of 6 fleet vehicles; in-car cameras in police vehicles; program for putting automatic electronic defibrillators in all of the fleet cars and also improvements to the in-car computers or mobile data terminals within the police vehicles.

Public Works – three vehicles are proposed; a pickup truck, a small dump truck and a large dump truck. Some minor paving equipment and also the roadway improvement program.

Fire Marshal's Office has a plan for marking hydrant signs and that is included in the Capital plan.

Under the category of stormwater there are drainage improvement projects in Langhorne Gables, Village Road, Hillside Avenue, Avenue F and Beechwood Park. There are 10 smaller projects that will be handled in house by the DPW staff. We also have budgeted for the Forsythia Crossing Bridge that was discussed earlier this evening.

Parks & Recreation – we have improvements to Firefighter's Park; master plan for the Spring Valley Farm property with grant funding; the skate park needs to be addressed by either replacing it, renovate it or remove. This issue will be discussed in 2015. Improvements to the Community Park Barn are also proposed. There is also the proposal for the replacement of a chipper.

Finally in Administration and IT we have a telephone system in the township building that is no longer able to be supported. We have been purchasing parts on line for the last number of years and are at the point that we need to replace that system. We have some significant software upgrades planned. We hope to bring the L & I/Planning Zoning Department up to technology with new software programs and would like to be able to scan large plans for the Township.

Ms. Teoli Kuhls stated that the budget process is a long collaborative process. She thanked the Board of Supervisors for their diligent work and leadership as the staff put together this spending plan; the Department Directors deserve a lot of credit as it is a difficult thing to try and keep the costs down. Ms. Teoli Kuhls recognized the Finance Director, Dennis Penko and his staff for their assistance; Bernie Frisch in the Manager's Office for putting together the documents and handling all of the administrative steps.

Ms. Teoli Kuhls concluded by thanking everyone as this is really the most important policy decision the Board makes every year. This will open the public discuss with copies being made available at the Township Building tomorrow morning.

Mr. Mallon further explained the presentation and the budget process to the Boy Scouts that were still in attendance. Mr. Mallon explained to the Scouts that it is not the federal government that make sure that the roads are plowed or the roads are paved, it is the local government. These funds and monies go toward supporting those types of things and things we have grown accustomed to in Middletown Township.

8. Consideration of authorizing advertisement of the 2015 Budget for public inspection – approval date December 15, 2014.

ACTION: MR. MALLON MOVED TO AUTHORIZE ADVERTISEMENT OF THE 2015 BUDGET FOR PUBLIC INSPECTION WITH AN APPROVAL DATE OF DECEMBER 15, 2014. MR. KREILING SECONDED.

Mr. Kreiling pointed out that through the hard work of the staff and working with the Board of Supervisors we were able to save \$915,000.

MOTION CARRIED BY A VOTE OF 5-0.

9. Other Business.

Mr. Gallagher and Mr. Kreiling wished everyone a Happy Thanksgiving and said to please drive carefully.

Mr. Mallon thanked the Boy Scouts for coming out this evening. He commended their efforts and extended an invitation to come to meetings in the future. Mr. Mallon thanked the Administration for putting together a great budget and stated that a lot of hard work went into it. Mr. Mallon also wished everyone a Happy and Healthy Thanksgiving.

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

11. Adjournment.

ACTION: MR. MALLON MOVED TO ADJOURN THE PUBLIC MEETING OF THE MIDDLETOWN TOWNSHIP BOARD OF SUPERVISORS AT 8:12 P.M. MR. KREILING SECONDED. MOTION CARRIED BY A VOTE OF 5-0.