

**MIDDLETOWN TOWNSHIP  
BOARD OF SUPERVISORS  
REGULAR MEETING  
NOVEMBER 9, 2015**

**PRESENT:**

**H. GEORGE LEONHAUSER, VICE CHAIR }  
DREW KREILING, SECRETARY } BOARD OF SUPERVISORS  
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.

Mr. Leonhauser called the meeting to order at 7:30 p.m. After the Pledge of Allegiance, Mr. Kreiling called roll. Mr. Mallon was present via Face Time. All other Supervisors were in attendance with the exception of Mr. Gallagher, due to a death in the family. Mr. Leonhauser advised that Mr. Gallagher's mother passed away and he wished Mr. Gallagher and his family condolences from the Board. There were also many interested citizens in attendance.

2. Announcements, correspondence, awards and reports.

- a. Next Board of Supervisors Meeting – *Monday, December 7, 2015 @7:30 p.m.*
- b. Veterans' Day – Offices Closed – *Wednesday, November 11, 2015*
- c. Middletown at the Mall – Thursday, November 12, 2015 11:00 a.m. to 1 p.m. The Administration Department along with the Finance Department will be available to answer any questions the public may have.
- d. GFOA Announcement – Dennis Penko, Finance Director received a Certificate of Achievement for Excellence in financial reporting. This is the highest form of recognition in the area of Government accounting and financing reporting and its attainment represents a significant accomplishment by a government and its management. Mr. Penko has received this certificate for three years in a row.
- e. Swearing in of Officer Joshua Andrews. Chief Joseph Bartorilla stated that Officer Andrews comes to the Middletown Township Police Department after spending 6 years with the Clayton, Missouri Police Department where he was a patrol officer and then Fire Arms Instructor for the St. Louis County Police Academy. Officer Andrews has a Bachelor's Degree in Criminal Justice from East Tennessee State University. He served in the U.S. Army as an infantryman from 1997 to 2000 and then from 2004 to 2005. He spent time stationed Washington and in Korea. Josh and his wife Alicia just had their first child, son Luka.

Mr. Leonhauser administered the oath to Officer Andrews at this time.

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

Richmond Shreve, Lynne & Todd Waymon and Marguerite Chandler spoke regarding a proposed gas and oil drilling ordinance – anti fracking group – no fracking in Bucks County.

4. **Consent Agenda Items.**

- a. Consideration of authorizing payment of November 9, 2015 Bill List in the amount of \$4,835,203.48.
- b. Consideration of approving the October 5, 2015 Minutes of the Public Meeting of the Middletown Township Board of Supervisors.
- c. Consideration of authorizing the first and final payment to James D. Morrissey, Inc. in the amount of \$166,575 for the Avenue F Storm Sewer project.

ACTION: MR. KREILING MOVED TO ACCEPT CONSENT AGENDA ITEMS A, B & C AS LISTED ABOVE. MR. OETTINGER SECONDED. MOTION CARRIED BY A VOTE OF 4-0. (MR. MALLON VOTED VIA FACE TIME)

5. Consideration of enacting Ordinance #15-04 Creation of Citizen Service Corps Council. (Duly advertised in the *Bucks County Courier Times* on November 2, 2015; Proof of publication has been received).

Ms. Teoli Kuhls advised that the Board authorized advertisement of this Ordinance some time ago. This is something that Chairman Mallon has been working on setting up.

Mr. Kreiling advised that this group was created by Mr. Mallon in an effort to help seniors with any projects that may need done in their homes; i.e., raking leaves, changing lightbulbs, etc. small projects at no cost to Middletown residents. The first event was this past weekend with 30 plus volunteers from the Township going to homes of seniors and helping out. This event will be held twice a year; spring and fall and is something that Mr. Mallon brought to the Township and Mr. Kreiling hopes that it continues.

Mr. Leonhauser thanked Mr. Mallon and Mr. Kreiling for this idea and stated they have been serving the community as a supervisor the past 6 years and hopes they stay involved with the Township.

ACTION: MR. KREILING MOVED TO ENACT ORDINANCE #15-04 CREATION OF CITIZEN SERVICE CORPS COUNCIL. MR. OETTINGER SECONDED. MOTION CARRIED BY A VOTE OF 4-0. (MR. MALLON VOTED VIA FACE TIME)

6. Consideration of awarding the 2015-2016 Consortium Rock Salt Contract to Morton Salt, Inc. in the amount of \$63,970.

Ms. Teoli Kuhls said there were two bidders, Morton Salt, Inc. and Oceanport, LLC and the Consortium and staff are recommending going with the low bidder, Morton Salt, Inc. The delivered price per ton is \$63.97 and the undelivered price per ton is \$63.00.

**ACTION: MR. OETTINGER MOVED TO AWARD THE 2015-2016 CONSORTIUM ROCK SALT CONTRACT TO MORTON SALT, INC. IN THE AMOUNT OF \$63.97 PER TON FOR A TOTAL OF \$63,970.00, WITH AN ESTIMATED USAGE OF 1,000 TONS. MR. KREILING SECONDED. MOTION CARRIED BY A VOTE OF 4-0. (MR. MALLON VOTED VIA FACE TIME)**

7. Consideration of authorization to execute a contract between Middletown Township and the Independent Association of Middletown Township Department of Public Works dated January 1, 2016 thru December 31, 2019.

Ms. Teoli Kuhls said she is happy to present to the Board the culmination of several months of negotiation and has reached an agreement with the Department of Public Works. We have an outstanding staff in DPW of hardworking individuals.

This is a four (4) year contract with wage increases during those four (4) years as follows: 3% in 2016, 3% in 2017, 3.25% in 2018 and 3.25% in 2019. The Township was successful in negotiating increased contributions toward insurance premiums with employees paying toward the dependent care coverage based on insurance premium. Other changes to the contract include small changes to meal reimbursement, longevity and clothing allowance. Ms. Teoli Kuhls recommended moving forward with this agreement.

**ACTION: MR. LEONHAUSER MOVED TO EXECUTE A CONTRACT BETWEEN MIDDLETOWN TOWNSHIP AND THE INDEPENDENT ASSOCIATION OF MIDDLETOWN TOWNSHIP DEPARTMENT OF PUBLIC WORKS DATED JANUARY 1, 2016 THRU DECEMBER 31, 2019. MR. KREILING SECONDED.**

Mr. Kreiling thanked Mr. Mallon and Ms. Teoli Kuhls for their hard work in negotiating this agreement with little or no cost to the Township. He also thanked the DPW representatives for their efforts.

**MOTION CARRIED BY A VOTE OF 4-0. (MR. MALLON VOTED VIA FACE TIME)**

8. 2016 Budget Presentation

Ms. Teoli Kuhls presented to the citizens of Middletown Township and the Board of Supervisors the 2016 preliminary budget. The presentation is divided in three sections; an overview, the budget process and budget document and highlights of 2016 revenues and expenditures.

The preliminary budget is balanced at just over \$32 million in expenditures over 14 governmental funds. This reflects a .5% decrease over the 2015 Budget. The most challenging issue we have faced in Middletown is the recurring structural deficit that has been present in the General Fund over the past decade. Ms. Teoli Kuhls is pleased to report that the 2016 preliminary budget has no structural imbalance in the General Fund and for the first time in 5 years we have no proposed emergency transfer from the Investment Fund to the General Fund.

This accomplishment can be attributed to a combination of factors or variables. First we have instituted a culture of cost containment, ongoing revenue enhancement, soliciting competitive proposals in order to bring about cost savings. Some of the areas that we have done this in are healthcare insurance, workers comp insurance, electric generation and third party inspection services.

We continue to aggressively seek grant revenue. In 2014 and 2015 we brought in more than \$2.4 million in grant revenue. The final factor is the revenue that we have received from the Earned Income Tax (EIT). We have been able to bring the General Fund to the targeted fund balance levels that are recommended by the Government Finance Officers.

The receipt of the Certificate of Achievement for Excellence in financial reporting was received today and is the third year in a row that the Township has received this award. This award is a reflection of the Township's financial position. The Township's bond rating from Standard & Poor's is an AA+.

As a general overview, we continue an emphasis on infrastructure that was started several years ago. 2015 was the second year of a 15 year road improvement program and we have spent money utilizing bond revenue as well as Capital Reserve Funds and Highway Aid funds. We have paved more than 30 miles of roadway in the past two years and the proposed 2016 budget includes \$900,000 for year three of the program.

The proposed 2016 budget includes more than \$32 million over 14 governmental funds including the General Fund at \$17.6 million. Governmental funds are those funds that provide for typical government functions. We have two proprietary funds and they are used to account for government business type activities; the Middletown Country Club and Styer's Farm Fund. We have three fiduciary funds that report assets that are held in trust in an agency capacity; our pension funds and post-retirement benefit funds incorporate that.

The formal budget process begins in August and September when departmental budget requests are presented to the Township Manager and Finance Director. A thorough evaluation process is utilized with the department directors and in the month of September the first draft of the budget is prepared. The budget is presented and all aspects of the budget are discussed at two budget workshop meetings. This year the meetings were held on October 12 and October 26 at a public meeting. In addition meetings were held with individual Department Directors to discuss equipment and staffing needs.

This evening's presentation is the unveiling of the public budget for township resident and business review. The Board will hopefully authorize advertisement of the budget this evening to meet the 20 day advertising requirement of the Second Class Township Code and the Board will have the opportunity to consider the final budget on December 7<sup>th</sup>.

An overview of the General Fund revenue shows the EIT as the largest portion of revenue at this point – 31% followed by Real Estate taxes – This portion of the real estate taxes is designated to the General Fund and later in the presentation you will see where a large portion of the Real Estate taxes goes to other funds. Charges for service is 10% of the General Fund. Other taxes received in Middletown are amusement, mercantile, real estate transfer and local services.

The Real Estate Tax remains the same rate for 2016 as it was in 2015. The Real Estate Tax is based on an overall assessed value in Middletown Township of \$530,073,610. The average resident is assessed at just over \$29,000 which equates to an average real estate tax for a Middletown Township taxpayer of \$513. The bulk of real estate taxes go to the school district, followed by the county and then the Township. Ms. Teoli Kuhls provided an example of a sample property located in Snowball Gate that pays a real estate tax bill of \$5,700; of that \$5,700 the resident is paying, \$521 comes to Middletown Township with the remainder going to the School District and the county.

Real Estate Transfer Tax is levied at one half of one percent of real estate transfers within Middletown Township. This line item is projected to bring in \$970,000 in 2016. The mercantile tax is assessed on the gross income of anyone engaged in the sale of goods, wares and merchandise located in the Township and is calculated on gross receipts. We expect to receive over \$1 million in 2016 in revenues for the mercantile tax.

An Earned Income Tax was implemented in 2014 at the rate of one half of one percent on resident and non-resident workers in the Township. We are estimating the generation of \$5.5 million during the 2016 calendar year.

General Fund Expenditures shows the Police Department at 69% as the largest category and has increased a bit over the 2015 budget reflecting the Board's decision to expand public safety services. The Police Pension Fund payment for 2016 is going to be \$2.3 million. Other significant expenditure categories include Administration at \$1.9 million, Public Works at \$1.1 million, Building and Zoning at \$700,000.

Other Fund highlights – The Parks & Recreation Fund includes a total of \$1.3 million in expenditures for 2015. The revenue in this fund is derived from real estate tax, program fees, and charges for service. Expenses are for park maintenance, administration and programs. Significant in the Parks & Recreation Fund, 2016 is going to be the first year that this fund is fully balanced with no structural deficit since 2008.

Our Investment Fund holds the assets from the sale of the Township's Water & Sewer departments. Fund revenue is interest income and expenses in this fund are limited by ordinance so the funds do not drop below the original \$40 million balance. 2016 marks the first year in five years that an emergency transfer will not be budgeted from this fund.

The Sanitation Fund is the fund that we deal with our waste and recycling contract with Waste Management. 2016 will be second year of a three-year contract and the actual costs to residents will remain at \$340. At this time last year that number went down by \$56.00. The Township's annual contract costs are just over \$4 million and the resident rate will be in place for the full three years.

Highway Aid Fund is the fund designated specifically for the costs associated with Township roadways. We receive revenue from the state and have had an increase in funding this year and expect an increase again in 2016; \$1.3 million in expenditures, up from \$920,000 in 2015 primarily as a result of this increase in state funding. Expenditures in this category are for highway construction, snow removal, streets and traffic signals.

Capital Reserve Fund has \$2.4 million in capital projects over six (6) different categories. Administration IT – upgrade of the Finance Department software to move forward with electronic purchase orders. IT software upgrades and upgrade to the HVAC system in the Municipal Center. In the Police Department we have programmed 9 police vehicles, second year of the replacement of the mobile data terminals or in-car computers in the police cars and also some much needed upgrade to the roll call room. Both the vehicles and mobile data terminals have been put in for RDA grants and we will hear about that in the next couple weeks. Parks and Recreation – improvements scheduled for firefighters car, community park launch of a security camera initiative in the parks system. Some grass cutting equipment is programmed as well.

Ms. Teoli Kuhls stated that as of tonight, the public will be able to obtain full copies of the entire budget, the budget message and this evening's presentation as well as the capital plan.

Stormwater – there are a number of drainage improvement projects with specific projects in Langhorne Gables, Hillside Avenue and Parkland and also allocated a significant amount of money just toward ongoing Department of Public Works Drainage improvements. In the area of DPW there are two (2) vehicles slated for replacement. As mentioned earlier, the \$900,000 toward roadway improvement and finally in the Fire Marshal's Office, one vehicle is programmed. All of the vehicles and equipment have been submitted under RDA grants and hopefully will be funded.

This is the culmination of a process that started over the summer with lots of public meetings and lots of hard work by the Board of Supervisors and the Township staff. As usual Ms. Teoli Kuhls recognized Dennis Penko, Finance Director for his hard work, Scott Sadowsky as well. All Department Directors and Bernie Frisch in the Township Manager's Office for helping put the documents together. Ms. Teoli Kuhls said she is open to answer any questions the Board or public may have at this time.

Mr. Kreiling commented on Ms. Teoli Kuhls' great job on a good balanced budget. He asked how important the EIT was in making the budget this successful.

Ms. Teoli Kuhls said in the beginning of the presentation when she mentioned that there were a variety of factors that brought us to the point that we don't have a structural deficit, the EIT was one of the three or four items listed. The implementation of the EIT has allowed the Township to have a fund balance in the General Fund at targeted levels. We have been deferring hires over the last three years since Ms. Teoli Kuhls was hired. We are finally putting employees back in slots that have been vacant a long time. We have a mechanic position in DPW, hiring of two (2) police officers in the 2016 budget. These things wouldn't be possible without the EIT. We are out of the woods right now but must keep the spending in check and keep funding the Capital Reserve Fund. The Capital Reserve Fund has always been funded with developer revenues and we have always had this nice amount of money to spend on things like parks, roads and bridges and that is gone. So having the ability to divert some money to the capital fund will allow us to keep making these infrastructure improvements.

Mr. Kreiling commented that the big thing we are missing is the importance of the EIT that brought the Township to the shape we are in now which is excellent. Ms. Teoli Kuhls stated that as we continue to monitor the EIT revenue we have to keep a very close watch on it. There are a lot of factors that impact that revenue. It's a new tax and usually takes three to four years to get a handle on what the revenue is going to be. We also have a huge issue of any other municipalities implement the EIT around us. If that happens, the revenue will take a hit. We try to budget conservatively and keep our spending in check and put any additional revenue we have from the EIT into the Capital Reserve for those infrastructure improvements that we don't have a fund for.

Mr. Leonhauser thanked Ms. Teoli Kuhls for her presentation.

9. Consideration of authorizing advertisement of the 2016 Budget for public inspection – approval date December 7, 2015.

ACTION: MR. OETTINGER MOVED TO APPROVE THE ADVERTISEMENT OF THE 2016 BUDGET FOR PUBLIC INSPECTION WITH APPROVAL DATE OF DECEMBER 7, 2015. MR. KREILING SECONDED. MOTION CARRIED BY A VOTE OF 4-0. (MR. MALLON VOTED VIA FACE TIME)

10. Other Business.

Mr. Pizzo stated the record should reflect that the Board met in Executive Session immediately prior to this evening's meeting. Two matters of personnel and two matters of litigation were discussed. Present for the Executive Session were the three members of the Board of Supervisors, Ms. Teoli Kuhls and Mr. Pizzo. No official action was taken during the Executive Session and none will be required during this evening's meeting as a result of that Executive Session.

Mr. Pizzo passed along his condolences to Mr. Gallagher on the passing of his mother.

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

12. Adjournment.

ACTION: MR. KREILING MOVED TO ADJOURN THE PUBLIC MEETING OF THE MIDDLETOWN TOWNSHIP BOARD OF SUPERVISORS AT 8:50 P.M. MR. OETTINGER SECONDED. MOTION CARRIED BY A VOTE OF 4-0. (MR. MALLON VOTED VIA FACE TIME)