

LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS

Minutes of Workshop Meeting held October 8, 2013

A workshop meeting of the Board of Supervisors of Lower Paxton Township was called to order at 6:05 p.m. by Chairman William B. Hawk, on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Supervisors present in addition to Mr. Hawk were: William C. Seeds, Sr., William L. Hornung, Gary A. Crissman, and David B. Blain.

Also in attendance was George Wolfe, Township Manager; Steven Stine, Township Solicitor; Christine Hunter, H. Edward Black and Associates; Brian Luetchford, Parks and Recreation Director; Denise Hussar, Friendship Center Operating Board; Craig Levine, Brailsford and Dunlavey; Jeff Staub, Dauphin Engineering; Benjamin Slotznick; Sam Robbins, Public Works Director; Matt Miller, Field Engineer; Robert Grubic, Steve Fleming, and Russ McIntosh, HRG, Inc., Jodie Reese, Jared Hockenberry, and Hannah Stewart, GHD; Watson Fisher and Ted Robertson, SWAN.

Pledge of Allegiance

Mr. Seeds led in the recitation of the Pledge of Allegiance.

Public Comment

No public comment was provided.

Discussion with Heroes Grove Committee regarding the status of the memorial project and its affect on Township property

Mr. Luetchford introduced Christine Hunter, H. Edward Black and Associates who is the landscape architect for the Heroes Grove Project. He noted that she is present to discuss the funding issues associated with the project, to include grant applications, and a potential schedule for the initial project construction that the Heroes Grove Committee is planning to start next year.

Ms. Hunter noted that it was time to provide an update to the Board of Supervisors to know where we are in the process. She noted that there is a signed agreement between the Board of Supervisors and the Heroes Grove Committee regarding construction and maintenance. She explained that she sent that information along with additional information to the owners of the Colonial Commons but she has not received an answer in regards to having access to the use of

their parking facilities. She suggested that they would venture into an agreement with the Township more readily than with a Committee.

Ms. Hunter explained that the Committee has moved forward with some grant writing for the project with the Department of Conservation and Natural Resources (DCNR) application and Act 13 Marcellus Shale Grant application, both of which the Board passed resolutions for. She explained that working with DCNR, one of their concerns is that the project has to have handicapped parking and since she did not have an agreement with the Colonial Commons for parking, she worked with Mr. Luetchford who identified an area for a potential place to put handicapped parking spaces. She explained, if you look at the plan, to the left is the amphitheater and the top right is the Colonial Commons Mall, and along Commons Drive is the proposed handicapped parking area, the current inline skate court that is not used. She noted that it is a paved surface that has some fencing around it and it could be converted to handicap parking to serve the Heroes Grove Amphitheater and would also provide parking for the adjacent ball field.

Ms. Hunter explained that this is the most recent change to the concept plan and that she wanted to get the Board's input to determine if they agreed that it is a feasible option for handicap parking.

Mr. Blain noted that the upper left corner of the design shows a baseball field that is part of PHR's Baseball Association. He questioned if it will remain or be moved. Ms. Hunter answered that she would not be taking away the baseball field, as the parking is between the field and the mall parking lot.

Ms. Hunter noted that stormwater management is incorporated into the design to catch the stormwater from this area to pipe it to an existing pipe that is in the field. She noted that there are some stormsewer issues on those fields, and she is hoping that this will help to alleviate those problems to get the water into a conveyance system.

Mr. Seeds questioned if the ramp that goes from the Colonial Commons parking lot will meet handicap standards. Ms. Hunter answered yes. She noted that it is very flat along that area but she has to work at getting from the parking area down, noting that there is a ramp at that location now. She noted that an accessible path must be built and she can make that work.

Mr. Hawk noted that Heroes Grove has some fundraising items planned. Ms. Hunter noted that the Committee is sponsoring a 5K Run November 3, 2013 and the Committee

continues to do fundraising through various means to get the community involved to make them aware of what is going on.

Ms. Hunter distributed a funding summary to the Board members that was submitted with the Act 13 grant application. She noted that it identified a cost estimate for two phases. She noted that the Committee has secured grants from the Dauphin County Gaming Commission in the amount of \$85,000, the Committee has raised about \$50,000, and they have made a grant application to DCNR for \$250,000 and another grant application for Act 13 Marcellus Shale Funds in the amount of \$250,000. She explained that she will know the status of both grant applications in a couple of months. She explained that DCNR has requested more information and the same for the Act 13 grant application. She noted that she is hopeful that the project may have more significant means next year to be able to move forward with construction documents and construction of Phase I.

Mr. Hawk questioned what it included in Phase 1. Ms. Hunter answered that it would involve the handicap parking, stage, walks to the area, and concrete seating. Mr. Hawk questioned what the costs are for Phase I. Ms. Hunter answered that it is about \$700,000 and if the project receives the funding she will be working more closely with staff to get the project started.

Ms. Hunter explained that each grant has different requirements. She noted that Dauphin County wants the Committee to start using their funds right away but they are using those funds as matching funds for the other grants. She noted that they can't use the matching funds until the grants are awarded. She noted that the Committee is on hold at this time until the determination for the grants are made. She noted that she is working with the Dauphin County Commissioners on this issue and they are looking to provide an exemption for one year. She noted that she does not have to use all the funds; just begin to expend the funds.

Ms. Hunter noted that she hopes to work on getting plans approved within the next six months.

Mr. Hawk questioned if the Committee applied again this year for gaming funds. Ms. Hunter answered yes but she has not received an interview date yet.

Mr. Hornung questioned if Ms. Hunter needed an answer on the parking. Ms. Hunter answered that she does not need it tonight, but would like the Board to consider it. She noted if the project can move forward, then a determination would need to be made. Mr. Hornung

questioned Mr. Wolfe how the Board would respond to this issue. Mr. Wolfe noted that typically it would come from the Park and Recreation Board.

Mr. Seeds noted that Dauphin County provided the first money for the Village of Linglestown Project but they could not spend it right away and were provided time to use the funds, maybe six to seven years later. He noted that Mr. Wolfe may know how that occurred. Mr. Hawk noted that the \$700,000 grant was not gaming funds. Mr. Wolfe noted that it was a different source of funds from a county bond issue.

Mr. Seeds questioned what the little red box was that was shown on the sketch plan for parking. Ms. Hunter answered that it was a shed. Mr. Luetchford noted that it is the hockey shed. Mr. Hornung noted that this used to be an inline hockey rink.

Mr. Luetchford noted that the rink was not built to be used as a parking lot and he questioned if the macadam would be strong enough to park cars on. Ms. Hunter answered that she will need to look at that a little more closely, noting that she is only in the master plan stage at this point. She questioned if there were any construction documents from when the hockey rink was built. Mr. Luetchford answered that the work was done by the Public Works Department. Ms. Hunter noted that a lot will depend on how much it is being use, as a road would take more wear and tear but a parking area would not require as much. She suggested that it would only be used for event parking.

Mr. Hawk questioned if the people would park at that location and then walk down to the amphitheater. Ms. Hunter answered for non-handicap persons, yes. She noted that the agreements have been submitted to the Colonial Commons for review hoping that they will allow visitors to the amphitheater park in the area especially near JoAnn Fabrics. Ms. Hunter noted that no one uses this area of the parking lot except maybe at Christmastime. She noted that she does not think that Colonial Commons' concern is the lack of parking; rather it is a liability issue. She noted that the documents that were sent to Colonial Commons are agreements with the Township and not the Committee. She suggested that it would be more palatable to sign the agreement with the Township and not a Committee. She noted that she keeps calling them to try to get an answer. She explained that the mall did not want the Committee to turn any of their parking spaces into handicap parking spaces.

Mr. Blain noted that many people park in that area now and walk down to the baseball fields. Ms. Hunter noted that she heard that was true and to date there does not seem to be any

problem with that. She noted that the Committee was asked to get a formal agreement to allow parking for the amphitheater.

Ms. Hunter expressed an invitation for anyone to come out and walk for Heroes Grove on November 3rd.

Continued review of a sketch plan for the proposed
Benjamin Slotznick Hillside Road subdivision

Mr. Wolfe requested to move this agenda item forward to avoid having Mr. Staub sit through all the other agenda items.

Mr. Wolfe noted that Mr. Slotznick has provided the Board with a revised sketch plan prepared by Mr. Jeff Staub on behalf of Mr. Benjamin Slotznick. He noted that it is for the Hillside Road subdivision plan, a three lot subdivision plan, that Mr. Staub will explain the next concept.

Mr. Jeff Staub noted that this is the third time the Board has seen this plan in a workshop session. He explained that he met with Mr. Wolfe, Ms. Moran and Mr. Fleming last Tuesday to get off dead center to figure out the best way to provide access to these three lots. He noted that it was suggested by Mr. Wolfe and Mr. Fleming to do a shared driveway with a main drive back to the large lot and two driveways off the shared driveway. He noted that the snow storage area is located on the land off of Hillside Road, in a fairly large area. He suggested that the sketch plan was acceptable to those present. He noted that the shared driveway would be in lieu of the standard cul-de-sac at the end of the road.

Mr. Wolfe noted that staff would prefer that the Board required a cul-de-sac; however, in the last review you were hesitant to make that requirement given the cost of the cul-de-sac in regard to a three lot development. He noted staff tried to come up with the most acceptable arrangement that the developer would find to be suitable. He noted if the Board would not require a cul-de-sac, he suggested that this would be the next best alternative.

Mr. Seeds questioned what the square footage of the snow storage area is and would it be paved. Mr. Staub answered that it could be paved, but he is not showing it that way, and he suggested that it is 30 feet by 15 feet. Mr. Seeds questioned if it is at the end of Hillside Road. Mr. Staub noted that Hillside Road is paved to a certain area and Mr. Slotznick will improve the unpaved area and widen it to the proper width. Mr. Seeds questioned if there is a house in that area. Mr. Staub answered yes. Mr. Seeds questioned who owns the property to be paved. Mr. Staub answered that it is a Township right-of-way. Mr. Slotznick noted that it is a street but the

last 17 feet were never paved and it might have been finished to the south at one time but some utility work was done and it was never repaved.

Mr. Seeds questioned Mr. Miller what his thoughts were concerning snow plowing. Mr. Miler answered that as long as there is a place to push it off at the end of the street; it is a better design than what was originally shown. He noted that it allows for a place to push the snow.

Mr. Hornung questioned if the Township would plow the driveway. Mr. Wolfe answered no. Mr. Hornung noted that staff needs a place to push the snow away from the driveway. Mr. Seeds noted that the driveway would be private property.

Mr. Blain questioned Mr. Slotznick, for the shared driveway, the first 70 feet, would it be part of a homeowners' agreement for maintenance. Mr. Slotznick answered that it would be part of some agreement; but as it is only three lots it would be more of an easement. Mr. Stine noted that it would be a cross easement agreement or something similar.

Mr. Seeds questioned if Mr. Slotznick talked to any of the neighbors and are they aware of what he wants to do. Mr. Slotznick explained, when he went for the variance he spoke to the neighbors on the creek side as their land was posted for the variance. Mr. Seeds questioned if he spoke to anyone on Hillside Road. Mr. Slotznick answered no.

Mr. Hawk questioned if the homes would be built as spec homes. Mr. Slotznick answered that he had two lots that he sold, one to a local builder, Dan Snow, someone who buys scattered lots and builds on spec. He suggested that someone like that will build the homes. He noted they may build a spec home or a semi-custom home, he did not know. Mr. Hawk questioned if Mr. Slotznick would be building the homes for him to come and buy. Mr. Slotznick answered that there is a good chance that at least one will be built that way. He noted that the area will have a slightly different feel from the rest of the neighborhood. He noted that the homes have to be built to get a sense of that.

Mr. Seeds questioned if Mr. Slotznick needed any easements from the neighbors. Mr. Slotznick answered no. Mr. Seeds questioned what is to the east of the property. He questioned if there are any chances of future connections to these lots. Mr. Slotznick answered no, noting that is the area where his mother used to live and it was sold off to a woman who wanted to make certain that there were no connections. He noted that there was an unimproved road shown on a plan, but now it would be in a buffer area or stream set back. He noted years ago you could have built a road in that area but not in these days with the new requirements.

Mr. Hornung noted that the cross easement agreement... Mr. Wolfe noted that it would be part of the subdivision land development process. Mr. Stine noted that it is a private agreement between the three property owners. Mr. Hornung noted that he has one on his property, but he questioned at what point that agreement would be made. Mr. Stine noted after the plan is recorded, he will record a declaration of easements and it will be established by the time anyone buys any of the lots. Mr. Slotznick noted that the easement will be show on the plan, so that anyone that is buying a lot will know that the easement exists. Mr. Hornung noted that there would be common maintenance. Mr. Slotznick answered yes.

Mr. Staub noted that as part of the Subdivision and Land Development Ordinance, you have to provide the easement for its review, so it would be part of the submittal packet to the Township. Mr. Slotznick noted that the cross easement may only go up to the area where both driveways meet' beyond that the rest of the driveway would belong to the back lot. Mr. Crissman noted that it would have to include all there property owners. Mr. Slotznick noted that all three have to be included but he does not have to include the driveway the entire length to the farthest unit as it fall entirely on that parcel. Mr. Crissman noted if it was paved, all three would have to pay a certain percentage to do the work. Mr. Stine suggested that it would be divided evenly among all three property owners. Mr. Crissman noted that he has no problem as long as the cross easement is part of the plan as he does not want those people asking the Township to resolve their issues.

Mr. Staub suggested that it is very unusual that the Township Ordinance allows for up to six houses to share a driveway.

Mr. Crissman questioned if staff is okay with this plan. Mr. Wolfe answered yes.

Presentation of the Friendship Center market analyses
draft report by Brailsford and Dunlavey

Mr. Wolfe noted that the Board retained Brailsford and Dunlavey (B&D) to prepare an analysis of six specific proposals for the Friendship Center (FC). He distributed copies of the six options to the Board members. He noted that the purpose of the analysis is to look at various means or ways to improve operations at the FC to increase revenue generation. He noted that the options related to expansion of the fitness center under three options, potential for a splash pad, changing the method for offering programs within the center, and lastly, on-line registration.

Mr. Wolfe noted that Craig Levine from B&D is present to provide the initial draft to receive comments from the Board members.

Mr. Craig Levine noted that his intent is to review the six options, noting that the presentation is still in draft form, going back with Mr. Luetchford and Mr. Wolfe, noting that he wants to secure more feedback from the Board of Supervisors. He explained that there is a lot of data that went into some of their assumptions and he would like to provide the Township with the backup information for how the projections were determined.

Mr. Levine noted that he spent a lot of time looking at the data and highlighted some of the information that helped him better understand the existing analysis and conducted a market analysis by looking at what exists in the area. He noted that it shows where potential membership would be coming from and if the FC is at capacity or if there is additional capacity in the market. He noted that there are a high number of people who are coming from outside the area that make up the non-member rate, so he is looking where that potential would come from and then there are the high level of options for where we stand now. He noted that he anticipates finishing the draft report and have a completed project soon.

Mr. Levine noted that he was given six options to look at, with the first three concerning some type of expansion, either in the social hall, gymnasium or an actual expansion of the building for weight/fitness equipment. He noted that the forth option was to look at installing a splash pad; the fifth option was for adding additional programming; and the last option considered doing a different type of membership. He noted this was his charge for the study. He noted that a combination of any of the options is possible and he will talk to that in terms of the final report.

Mr. Levine noted that he needed to determine the costs for all six options noting that options five and six do not have a cost factor. He noted that he looked at the revenue impact for the options, looked at membership as it drives over 50% of dollars that come into the facility. He noted that we have to study if change would take away other revenue impacts in terms of rentals or other program space if there was an expansion as well as looking at the operating expenses questioning if there would be additional costs for staffing, utilities and so forth.

Mr. Levine noted that his firm does many projects like this nation-wide and sees a variance for what the cost recovery for the facility is, excusive of the debt, noting that the entire model for community recreation has changed. He noted with the economy, the days of subsidizing community recreation is slowing diminishing noting that you are looking at a break

even or close to it, if not better. He noted the cost recovery for the FC is 95%, something that is great and is rarely seen. He noted that it is occurring using higher rates or having more program opportunities to generate revenues. He explained, that the utilization rate, looking at the gym, social hall and outdoor patio show that some areas are underutilized and there is a need to find better ways to utilize those areas. He noted that the program strengths include the fitness center, aquatics, youth/preschool programs and seniors.

Mr. Levine noted that he looked at what was driving the existing conditions from a membership standpoint, who are the biggest participants in the facility and he found 25% was family and this drives the programs within the facility. He noted that the family and insurance memberships represent roughly 64% of the entire membership while adult singles only represent 8% of the membership. He noted that the suggestion to improve the weight and fitness center would have an impact on the 8% membership that you would want to increase. He noted that there is a private market that does satisfy some of those needs and it is complementary and not competition.

Mr. Levine noted that he then looked at the square footage by area to tie it into the revenue noting that the gym and natatorium represent 50% of the overall space and the weight fitness center only makes up 12% of the program space. He noted that he then looked at what was driving the participation rate for various activities noting that aerobics/fitness and aquatics represents a high percentage of usage, 64%. He noted that adult sports and leisure represent a small percentage, noting that it is partly related to the gym as it is high volume space. He noted that it is also interesting to see what is being utilized by various constitutes, noting that the residents have 33% of the total usage and non-residents are 27% with members at 40%. He noted that you have to tie in the member number to an actual revenue number.

Mr. Levine noted when you tie in the revenue numbers the aerobics/fitness and aquatics represent 70% of the revenue with adults and sport leisure only represents 1% of the revenues. He noted that it is important to see what areas are driving the revenues for the FC.

Mr. Seeds questioned if the insurance memberships include families that may use the facilities. Mr. Luetchford noted that it includes the Silver and Fit Program and Healthways Prime, and a couple of other programs where the people can enter the building and be paid by the insurance company for each visit. Mr. Seeds questioned if it works for families. Ms. Wuestner explained that they have four different types of insurance programs, and three of the four are for seniors, 60 and over, so the large majorities are seniors who get it with Health Ways or Silver Fit

through their insurance company. She noted that 5% can go through Prime, where her insurance pays for her membership. She noted that most family members do not have that insurance coverage, but for Prime, each member of the family is paid by the insurance company.

Mr. Seeds noted that the FC does not receive as much in membership fees from the insurance company that it would receive from a family that pays the regular family membership rate. Ms. Wuestner noted if a member has the Prime coverage, then the FC could receive more, noting if there are four people in a family it would amount to \$100 a month, noting that a family membership is \$60 a month. She noted if seniors visit the FC ten times a month, the FC get \$30; the senior rate for residents is \$26 and for a non-resident it is \$28. Mr. Seeds noted that it depends on how many times the person uses the facilities. Ms. Wuestner explained that the FC will get paid for up to ten visits per month at \$3 per visit. Mr. Seeds questioned what happens if seniors come more than ten times. Ms. Wuestner noted that is the cap for payment however the senior can continue to come. Mr. Seeds suggested that the FC is losing a lot of money as the insurance companies are paying less than what it would get from a membership fee. Ms. Wuestner noted that it doesn't have anything to do with a family membership because very few companies in the area have Prime; however, if they do, the compensation would be \$25 a month for each member of the family. She noted that it makes up a very small percentage of the overall insurance memberships.

Mr. Luetchford noted that the FC was used to having 1,000 members pay at the senior rate of \$28 a month, but now it only gets paid for when they use the facility. He noted that the FC doesn't get the same amount as it does from membership, but the seniors sign up with their insurance membership and if they didn't have that the FC would probably cut its membership rate in half for seniors. Mr. Seeds noted that we have more memberships but are getting less per member. Ms. Wuestner noted if all the members visited ten times a month, it would be awesome. She noted that we do our best to get them in the door but many go to Florida for the winter months.

Mr. Hornung questioned if the Affordable Care Act will impact those memberships. Mr. Luetchford answered that it is unknown at this point, but he surmised that since it is only basic insurance that it would not make much of an impact. Ms. Denise Hussar noted that it is for people who are uninsured and will not touch Medicare. Mr. Hornung noted that most of the insurance memberships are Medicare driven. Ms. Wuestner answered yes through the supplemental coverage. She noted that the FC experienced a boost since the State Retirement

Association PSR, switched their insurance company from Silver Sneaker to Silver and Fit which is what the FC sponsors. She suggested that the numbers have gone up substantially and they have many active seniors. Mr. Hornung questioned where the Silver Sneaker people go. Ms. Wuestner answered Platinum or the Jewish Community Center. Mr. Hornung noted that Platinum does not have a pool. Ms. Wuestner noted that and explained that is why the FC's membership numbers are going up.

Mr. Crissman noted that a person can't have both because the agency will not allow both to be in the same facility. Ms. Wuestner noted in this region of Central Pennsylvania Silver Sneakers and Silver and Fit are owned by the same company and we would like to offer both, but if you offer the one they will not accept people into the other program. She noted that many seniors are fighting for the FC to be able to accept both memberships. Mr. Crissman noted that you can get it on the west shore but not on the east shore. He noted that Ms. Wuestner has petitioned the insurance company and written letters pointing out the assets for the FC as compared to the one that they are authorizing but they still won't budge.

Mr. Levine noted that the message is pretty consistent that the fitness center is the busiest area and membership makes up 56% of the total costs. Mr. Blain questioned if the numbers were based upon the 2012 results or 2013. Mr. Levine noted that it was based upon existing conditions.

Mr. Hornung questioned if there was a monthly membership. Ms. Wuestner answered that the FC runs specials for monthly memberships. Mr. Luetchford explained that it is covered under the intermediate memberships for three, six and nine month memberships. Mr. Wolfe noted that the membership numbers are not an issue of non-use, noting that we have high membership numbers; it is the manner in which the person is providing payment now as compared to the way the payment was provided five to ten years ago. Mr. Levine noted that it is due partly to the economy and staff has to be creative as to how you get people in the door for long-term or short-term use.

Mr. Levine noted that he looked at the operating expenses, what the numbers are especially for utilities and for what it represents in square feet noting that the personnel cost is \$15.62 a square foot and the non-personnel expense is \$23.12 a square foot. He noted that the revenue per square feet is \$15.54 for 13,244 square feet for aquatics; \$14.85 for 13,244 square feet for the fitness/multipurpose room and \$.46 for 13,242 square feet for the gymnasium. He noted that it shows what spaces drive revenues and what you should do to maximize areas for

change. Mr. Seeds noted that we need to know what the costs are for the areas. Mr. Levine noted that he has a chart that shows how much it costs to operate the different areas.

Mr. Levine noted that he looked at the demographics to see if there is a demand in the Township and County, to generate additional revenues. He noted that he looked at the private and public markets, and he looked at the population for the Township and for the five mile radius and how it compares nationwide in terms of what the potential market would be for the facility. He noted that he looked at age, income and education and found that the higher the wealth the higher participation for recreation. He displayed two graphs showing the household income and age.

Mr. Levine noted that there are 15 market competitors, excluding small gyms, with most being privately owned and operated that focused on individual fitness. He noted that 12 of the 15 are within a five mile radius of the FC. He noted that most are located along the I-83/81 corridor, and include free weights, cardio areas, and multi-purpose rooms with child care. He noted that there is a limited amount of aquatic and gym space and four competitors offer lap pools while only the West Shore YMCA (Y) and Central Penn Health and Fitness offer pools suitable for competitions. He noted that the West Shore Y is the only facility that offers an indoor “Splash pad” area.

Mr. Hornung questioned how LA Fitness makes money off their gym. Mr. Levine answered that the private market is different, not generating the revenue, but bringing people in, using the day pass more since some people may just want to play basketball. He noted that the real push for the facilities that have everything is to have a membership. Mr. Hornung questioned if they ran different types of programs. Mr. Wolfe answered that they are not the only facility with a full gym like the FC. Mr. Luetchford noted that they do not have a full size pool. Mr. Crissman noted that the demographics are different in the terms of the people that they attract as they have a particular market. Mr. Levine stated that you would not go there for family program, noting that they target the adult population. He noted if the rates were to fluctuate, there would be elasticity in the market noting that you are not talking apple to apple comparison. He noted that the appeal to the FC is the family programming. He noted that he wanted to do a comparison for rate structures from what is out there from the other facilities and that is found on the market analysis slide.

Mr. Levine noted that Option 1 was to take over the social hall area, so he needed to determine the capital costs and he worked with the group that did the original work to understand

some of the metrics for what it would be in terms of actual hard costs for additional equipment and for what it translates into debt. He noted that the operating impact for taking over the social hall would not be much as you are not adding structure; rather renovating an existing area, so the utilities would remain the same. He noted that there would be no additional staffing and minimal revenue loss from that space as it does not generate revenue. He noted that based upon the size and how many people it could fit, the potential membership capacity is 90 new members at revenue of \$42,000. He noted that the capital cost would be between \$125,000 and \$150,000.

Mr. Levine noted that Option 2 would involve taking some of the gymnasium space at a higher capital cost between \$700,000 and \$750,000. He noted that the utilities would remain neutral since no new space is being added and no additional staff would be required. He noted that that there could be revenue loss for rentals for the facility and adult sports and leisure issues providing a maximum potential membership capacity of 350 members with a potential revenue of \$170,000. He suggested that the market may not make the capacity of 350 members and it would tend to attract the single adult membership more than any other, with some impact on senior memberships.

Mr. Hornung questioned what it would cost, \$700,000. Mr. Levine answered that is the renovation costs, noting that you would put a different floor in, and some type of wall structure as well as the fitness equipment. He noted that it could be less depending on what you do. Mr. Seeds questioned if you would remove the one wall and add another. Mr. Levine answered that there are different opportunities to take over half the gymnasium space but you need to separate it from a small gym.

Mr. Levine noted that Option 3 would be building an addition in the area of 4,300 square feet, noting that it would cost around \$1 million to include utility work but again it would not impact the staffing. He suggested that the membership capacity would be about 380 new members and provide additional revenues of \$180,000. He noted that there would be no revenue loss as mentioned in Option 2 as the gym would not be impacted.

Mr. Levine noted that Option 4 would be installing an open-air patio abutting the natatorium into a “splash pad”. He noted that the cost would be \$175,000 to \$195,000 with about \$20,000 in utilities and labor providing for an additional 600 more members a week with maximum revenue of \$24,000 using a \$3 admission fee. He noted that it would attract families and have a positive impact for the FC.

Mr. Seeds questioned if it would be outdoors. Mr. Levine answered yes so the use would only be for three months.

Mr. Levine noted that it is very popular among children and it would provide an opportunity to rent the space for birthday parties and other events. He noted that it is far less expensive to operate than a pool and no lifeguard is needed and it is extremely popular. He noted that the cons are the narrow target market and it will not drive membership up on its own as the cost recovery is poor.

Mr. Levine noted that Option 5 is looking at the FC space, how they are utilized, noting that there is a high demand for aerobics and fitness that typically occur in the evening and morning hours. He noted that he is looking at how the space is being used to make recommendations to generate revenue through classes and increased membership.

Mr. Levine noted that Option 6 was to look at a premium membership noting that you would pay a certain rate that would provide access to base programs, but not necessarily a specialty class. He noted that there would be additional fees for those types of programs. He noted that more information would be available in the final report noting that he would look at what the member participation currently is for those programs and what the revenue is and if you took out that revenue from those classes, what would happen if you charge more for a premium membership rate. He explained that he has more work to do to button up the final report.

Mr. Blain noted, on the revenue side for some of the options, you show revenue generation for the anticipation of new members, but he questioned if there is any guarantee that it will happen if we make the facility bigger due to the amount of competition in the area. Mr. Levine answered that was correct, and he would note that the facility could support this but there is capacity for fluctuation in the market. Mr. Blain noted that you looked at the square footage for the fitness room and it represents a percentage of the total revenue and if it was made bigger it would be logical that the revenue would increase but there is no guarantee due to the amount of competition in the area.

Ms. Hussar questioned when the report will be completed. Mr. Levine answered that he hopes to have a completed report by the end of next week.

Mr. Blain questioned Mr. Levine, when you generate the capital costs for expansions, will you have detailed analysis for some of those costs. Mr. Levine answered that he would break it out between the hard costs, soft costs for design, and equipment.

Mr. Crissman questioned if the Board would have another meeting with Mr. Levine prior to his filing the final report or is this what he would use to report the final report. Mr. Levine answered that he would not meet with the Board prior to filing the final report. Mr. Crissman questioned if Mr. Levine considering taking a portion of one option and using a portion of another option, for instance reducing the size of the gym to use it for another purpose as well as using the lobby, doing a combination of options. He noted that there is already a folding door in the gymnasium and he questioned if Mr. Levine and staff could put some of those models together. He questioned if that is the input he is looking for tonight from the Board and staff. Mr. Levine answered that he could present all that and make recommendations associated with that so the Board would have data that would support recommendations for how you might design for high, modest, or low costs. Mr. Crissman noted that we need to determine where we can get the most bang for our buck, combining a piece from each option to provide more revenue. He noted that we have discussed membership, program modifications, raising the costs of membership to include some basic programs. He noted that he did not see a cost for extending the hours. Mr. Wolfe explained that it was not part of the analysis. Mr. Crissman noted that it may not be important but he noted that Mr. Wolfe clarified that it was not part of the scope of work.

Mr. Crissman questioned if Mr. Levine was looking for the Board to suggest some options as he thinks that some combinations would be important. He noted that the Operating Board has already discussed using the lobby area to a better advantage in terms of something that would go in there that would be more revenue producing. He noted that the revenue from the gym is very low and knowing that other facilities have gyms, the FC could easily reduce the size of the gym and use half of that space for another purpose.

Mr. Seeds noted that he would be concerned with taking away part of the gym noting that it does not generate large revenues but there may be families whose kids like to hang out and play in the gym. He questioned if we would lose memberships if we took away the gym. Mr. Crissman noted that his purpose is to find a way to keep the facility a highly successful jewel in the community and how do we keep it functioning financially to the best possible level that we can make it. Mr. Seeds noted that we want to keep it a family facility.

Mr. Luetchford noted that numbers that you are seeing had to do with programming and not membership. Mr. Levine noted that it did include membership also. Mr. Seeds questioned how you would determine that, for instance how many memberships out of 500 you would lose

because you never have a full gym. He noted that there is not way to get that information. Mr. Levine answered that it is a challenge to do it.

Mr. Blain questioned what kind of data you have, national data that shows if you increase certain portions of facility or focus on certain portions, what the typical expectation would be in regards to revenue and income generation. Mr. Levine answered that he looked at a couple different data resources. He noted that he looked at the demographics based on gymnasium space and what participation level you would get. He noted that he looked to see what the facility can support that is comfortable without overcrowding issues that will push people away. He explained that he had to determine what that space can comfortably support, noting a average of 40 square feet per user for weight and fitness, so that is why they look at for square footage. He noted once he knows that then he looked at what is in the existing area and backed it out to determine the best case opportunity to generate x number of members and benchmark it with other comparable facilities. He noted that he looked at the membership as a percentage, noting that it is an analysis that is part science and finding the driving factor for families, you also want to bring in more adults and then make a recommendation for a market that is untapped beyond the borders of the 47,000 citizens of the Township, suggesting that the FC might be able to get 1% of that population.

Mr. Blain noted that Mr. Levine provided revenue projections, as to what potentially could be but he questioned if he put together any type of Performa financial statements that showed the worse case, moderate, and best cash scenarios so the functions could be overlaid against the financial statements to say this is what the Performa would look like. Mr. Levine answered yes.

Mr. Seeds noted that one option would be to add a pool but Mr. Levine was not provided that option. He noted that aquatics have the highest costs, but he questioned if you built an Olympic size pool into the north side of the building, what kind of revenue that would bring in. He noted that we don't know because we didn't ask Mr. Levine to look at that. Mr. Levine noted that all the centers are interested in expanding their aquatics and having a 50 meter pool noting that it would represent a different dynamic to the facility. He noted if you want to attract a larger area, noting that there is always a high demand for aquatics but it comes with a cost using significant revenues so when you talk about putting in a pool you have to determine what is driving the Township to do this. He questioned if you want to bring in events and generate economic impact to the area as it is one of the benefits of doing that and it would offset some of

the costs of operating the pool. He questioned if there is enough capacity for swim clubs to utilize the area to be a permanent tenant. Mr. Seeds noted, years ago, the Board talked to the School District about getting them to participate in helping to fund the pool.

Mr. Hornung noted that Mr. Levine stated that the FC is capturing .5% of the membership area, where other areas may capture as much as .5% to 2%. Mr. Hornung noted that B&D tried to compare the same type of populations and he questioned if Mr. Levine had any comparisons as to whether the Township's .5% is low, and if we are not capturing enough, what we should be capturing. He noted that he has seen reports concerning demographic for rural and urban areas for the hardware stores and assumed that Mr. Levine has seen reports like that. Mr. Levine noted that he has a lot of that data and he can go through it to understand what is there to do a more definitive... Mr. Hornung questioned if it is Mr. Levine's opinion that the Township is on the low side, and if so, what are the better performers doing that we are not doing. He noted that you provided the benefits from doing the six options, but he questioned, for the people on the insurance program, what part of the facility they are using. Mr. Luetchford answered that they use a lot of the gymnasium and the pool but it varies quite a bit. Mr. Hornung questioned if they are walking around the gymnasium. Mr. Luetchford answered that they walk the gym but they also play pickle ball. Mr. Levine noted that one of his thoughts in regard to the expansion was to maintain the walking area around the gymnasium as it is well used.

Mr. Crissman noted that you also see the seniors using the aquatics program as well.

Mr. Hawk questioned if the people are using the insurance as a result of injuries. Mr. Luetchford explained that the insurance program is to pay for the seniors to use the facilities to keep them healthy; he noted that it is not about an injury.

Mr. Seeds suggested that in the future, nine out of ten people will be at the FC because their insurance will pay for it. He suggested that is where the Affordable Care Act is headed, trying to keep the people healthy. He noted that someone will have to meet that need. Ms. Wuestner noted that they started a policy this month at the FC that anyone that comes one time a month, the FC will automatically get a \$1. She suggested that they see facilities such as the FC trying to get the ten visits per month and they don't want the facility to say that they are not getting any money, since the FC is a full facility that offers classes and programs to seniors which is a way to get the seniors to swipe their cards three times a week. She noted that those classes have grown to 30 or 40 in a class. She noted for those 1,000 people we are now getting an additional \$1 per person. She noted if there are 1,200 people who belong to Healthways and

900 swipe their card one time a month, the FC gets a dollar. She noted that the FC tried to set a policy that if you don't come ten times a month, it would bill you the additional money, but the contract stated that we can't do that. She noted that contract negotiations are coming up in January.

Mr. Hornung questioned if we are missing any programs that other facilities are providing that are lucrative. Mr. Levine noted that the FC has a very good comprehensive list of programs that it offers. Mr. Levine noted that pickle bag is getting to be very popular especially in northern Virginia.

Mr. Hornung questioned if the aerobics room were extended, do they have to be in rooms. Ms. Wuestner answered no, but in October we are introducing the Burner X Program, and it only needs a square room, nothing fancy because it is intensive training. She noted that they do not need mirrors or a pool. She noted that we are trying to utilize the classrooms but it is difficult due to the tile floor and the size. She noted that the cross fit training which is the free weight lifting and jump rope is the biggest need at this time. She noted that we have been using a lot of the gym for these programs as the aerobics room needs to be for aerobic classes.

Mr. Hornung noted that both Mr. Luetchford and Ms. Wuestner have seen the report and he questioned if they agree or disagree with the findings. He questioned if Mr. Luetchford saw other areas of opportunity. Mr. Luetchford answered that there are other areas to explore, such as a climbing wall. He suggested making another multi-purpose aerobics room as a barn outside the building and adding a walkway connection or move it into the social hall to expand the fitness center in that location, or the gym or outside. He noted that he sees a variety of potential areas but these six options were the top ones to consider first.

Mr. Wolfe noted that the Board came to a consensus before the RFP was issued that these were the top five areas to be looked into at this point in time. He noted that it is not to say that they are the only ones, but the selected choices for the first go around.

Ms. Wuestner noted that it is based upon practicality from programming and membership. She noted that is the way staff is looking at things; what are the real needs for the day-to-day operation.

Mr. Wolfe questioned what the Board wants the next step to be at this point.

Mr. Blain questioned Mr. Levine when he will be able to have the final report. Mr. Levine answered that he hopes to have it by the end of next week. Mr. Crissman questioned if the Board can revisit it if it wants to make modifications. Mr. Levine answered that he will have

more data points and more financial information. Mr. Crissman questioned if we would visit any of the modifications. Mr. Blain noted that Mr. Levine's engagement letter is to follow up on the given six options so he will issue a report based upon the engagement letter. He noted if we want to do something different, we have to provide Mr. Levine with a modified engagement letter to do more work that will cost more. Mr. Wolfe noted that Mr. Levine will not specifically tell the Board what it needs to do; he is going to give his best analysis. Mr. Blain noted that Mr. Levine is going to do what the Board asked him to do and that is come back with information that will say if you do these things, these are the three scenarios for what may occur. He noted that the Board will have to make the decisions.

Mr. Hornung noted that one main piece of data that is missing is that you have provided the Board with the capacity numbers and total income but not the probability of achieving the goal. He noted that is something he would like to know.

Mr. Hawk explained that the Board could call a special meeting if we had to. Mr. Blain noted if the report would be done by October 18th, it could be discussed at the workshop meeting held on October 22nd. He noted that part of that meeting could be the initial discussion on the report and where we would go next. Mr. Blain noted that we still have the potential to schedule a meeting for October 29th. Mr. Wolfe noted that if the Board picks the night it wants to discuss the report, he can work budget around it. Mr. Hornung noted the sooner the better.

Presentation of the 2014 budgets for the Friendship Center

Mr. Luetchford noted that the recommendations just discussed could certainly impact the budget for the Friendship Center (FC). He noted that this budget is more fluid at this time than it has been in the past.

Mr. Luetchford noted the FC budget has a few changes but for the most part items are similar to year's past. He noted that he is showing the \$100,000 contribution by the Township and a little change for rental of facilities, a \$10,000 change that has to do with the Pennsylvania Senior Games coming back to rent rooms from the facilities during the month of August. He noted that the fitness trainer income has increased slightly as we are starting to see more appointments. He noted that the vending sales show a slight increase due to price increases.

Mr. Luetchford noted on page two, facilities personnel shows an increase in salaries for lifeguards, maintenance staff, and service desk personnel. He noted that a recent employee at the service desk that was hired had a considerable amount of experience that commanded a higher salary. He noted that facility marketing will be roughly \$16,000 for this year; however, he would

like to consider making some improvements in this area to provide a greater exposure and adding some web marketing. He noted for young families, the target market is not necessarily the newspaper as they are more likely to look for online information. He explained that he wants to target the parents who are much more involved in the internet. He noted that the increase for personal trainers has also increased due to the demand for their services. Mr. Blain noted that the revenue increase was \$2,000 but the expense increase is \$3,000. Mr. Luetchford noted that he would look into that but he noted that it also involves the massage therapy. He noted that office equipment is a little higher noting that it is for computers and software. He explained that you will find the same type of increase in the Parks and Recreation Budget as well. He noted under fitness programs there is a significant increase from \$153,000 to \$165,500 as staff added a new program, Burner Access, starting in January. He suggested that it will be a significant increase of income for the FC. Mr. Blain questioned if it was like P-90-X or Insanity. Mr. Luetchford noted that it is like Insanity or Cross fit, a new trend, noting that he is trying to get into the front end of the new trends. He noted in the past, we have been in the back end and are now taking advantage of the new trends.

Mr. Luetchford noted for Youth Teen programs there was a drop in this programming and since it is no longer supported by Healthways by Highmark, staff is looking to replace this program.

Mr. Luetchford noted that the instructor's payroll has increased and involves almost all of the instructors for the programs that we do, noting that we do over 150 programs per season. He noted that the independent contractors are listed under the Instructors 1099. He noted that the annual memberships have changed as the operating Board suggested splitting the insurance memberships from the regular memberships. Mr. Blain questioned when the insurance memberships started. Mr. Luetchford answered that it was in 2010 or 2011. Mr. Wolfe noted at that time they were not based upon attendance but were paid by a flat fee per month. Mr. Blain noted that the trend has gone down but you are projecting it to rise slightly. Mr. Luetchford noted with the improvement of the economy, it will provide for a 4% membership increase. Mr. Wolfe noted that the Operating Board has proposed an increase in membership rates. Mr. Luetchford noted that he is proposing a 2% rate increase. Mr. Blain noted that you are projecting a 2% rate increase and questioned how many more memberships you project. Mr. Luetchford answered that it would be 4% over the course of the year, but the 2% increase would take effect in January.

Mr. Seeds noted that the FC has more members but less money. Mr. Wolfe answered essentially yes. Mr. Seeds noted that is due to the insurance memberships as they pay less than what a regular membership would pay. Mr. Luetchford noted that he has over 2,700 memberships if you add them all together. Mr. Seeds noted that there are more members but less total income. Mr. Wolfe noted that staff now realizes that it is an issue but it is there and it is the current marketplace. He noted that the old market place is not coming back so staff has to learn to adapt to what is there.

Mr. Luetchford noted under daily passes and guest passes there is some increase as both show a \$1 price increase. He noted that the guest passes are very popular and staff has not increased prices for three years.

Mr. Seeds questioned what Mr. Luetchford meant when he noted an increase for the service desk. Mr. Luetchford explained that he has a service desk receptionist who is making more money since she has been around for ten years as a part timer and she is getting paid more than the person who left the job.

Mr. Luetchford noted expenses for equipment replacement and the capital improvement fund were previously combined but last night the Operating Board choose to sort it out. He noted that the \$140,000 will be split to \$78,000 and \$42,000 which is fitness center equipment to be paid for balanced by the capital improvement fund. He noted that he has reduced this by \$20,000 as he is retiring the first lease of fitness center equipment that was started three years ago.

Mr. Blain noted for the depreciation line, what was the reasoning to list it as zero. Mr. Wolfe noted that it is a journal entry after the auditors... Mr. Blain noted that it is a non-cash issue, but questioned why there would be no depreciation expense showing. Mr. Wolfe answered that we have always looked at it at the end of the year after we close the budget. Mr. Blain noted that you are putting equipment into service and if it is not leased and you purchased it you would naturally have depreciation expense against it for the life of the equipment. He noted that the Township is saying that we haven't had any depreciation expense since 2011 and that doesn't make any sense. He noted that the auditor's come in and look at the fixed assets listing and run the depreciation on all the equipment and provide you with an entry to book. He questioned if when you were given the entry to book if the depreciation expense should have been to the FC, as it did not get booked into the General Fund or the Township. Mr. Wolfe answered that he would check that because staff doesn't book depreciation, only at the Authority level, and it is too hard to mix up. He noted that he will get a number. Mr. Blain suggested that it would be

\$250,000. He noted that it could go down as you have said, as we have leased stuff, so if it is an operating lease it would be expensed monthly as a payment so it would not impact depreciation expense. He noted that it would make a huge difference in the budget. He noted that there is an argument that it should not be in there as it is a non-cash operating activity and everything else is cash expense. He noted that it has historically been included so let's make sure it is right.

Mr. Luetchford noted that telephone service, electricity, natural gas, and sewer service go up and down depending on how the billing goes noting that it is not exactly the same year to year. He noted that this year and next year, it is a little lower figure and he believes that we are starting to see the effects of the various energy grants that we have received. He noted that staff spent \$150,000 insulating the gymnasium and fitness center ceilings and walls, as well as two DCNR grants for lighting the gym, social hall lights, pumps and energy recovery units. He noted that the benefit is especially found in the electric bills and somewhat in natural gas as well. He noted that the rest of the budget is the same from year-to year.

Mr. Luetchford noted that the debt service shows \$290,000 in principal for the bonds but if you look at the 2013 bonds the interest for this year is over \$9,000 and for next year it is almost \$23,000 on the initial costs of the \$1 million bond issue approved earlier this year for the replacement of equipment.

Mr. Wolfe distributed the debt service schedule for the Friendship Center showing the new debt as well as the old debt. He noted that there had been some discussion early on this year that at some point in time, the Township would smooth the debt of the FC making it more affordable by extending it out over time through the operating reserves and requiring payback from the FC over a specific period of time, longer than what is shown on the schedule. He noted that it is something for future discussion, noting that smoothing the debt out would make the operating budget at the center far more workable than what it is now. He noted in 2014, the debt service is nearly \$400,000 which is almost 20% of the overall operating budget for the center.

Mr. Blain noted that he is a little concerned about the budget, going back to the depreciation item noting if there is no depreciation for 2012, 2013 and 2014, but say it is \$250,000 a year. He noted if that is the case, and it is supposed to be there, the budget numbers for 2012 are negative \$165,000 plus \$250,000 on top of that, which would make it a \$400,000 loss. Mr. Wolfe noted for budget, we have never included depreciation and only budget cash for the FC. Mr. Blain noted that the actual for 2012 and 2013 would be the loss plus the depreciation.

Mr. Luetchford noted that the 2013 balance is a negative \$265,143 and for 2014 it is a negative \$218,804. Mr. Wolfe noted that it is cash so Mr. Blain's point is well taken, if you are including depreciation that number jumps significantly.

Mr. Blain noted that the income statement would show that you had a \$250,000 loss, but the cash flow statement would say that you are negative cash and reduced the cash position by \$218,000 and reduced it by \$265,000 this year. Mr. Crissman noted that it is paper and that is how it has been treated. Mr. Blain disagreed that the 2013 estimate is for a cash basis and he stating that it went down \$265,000. Mr. Crissman noted that the depreciation was not included in this. Mr. Blain noted that an exact income statement is different from a cash flow statement, and the cash flow statement is telling you that your cash has declined by \$265,000.

Mr. Luetchford noted that it reinforces the earlier discussion by Brailsford and Dunlavey for what we are going to do about it and how will we turn it around. Mr. Wolfe noted that no one should be surprised because we had this discussion a year ago and we started with this thought process 18 months ago having numbers a year ago that showed that the FC would be running in a deficient position come the end of 2013.

Mr. Wolfe noted that there will be some months when the FC runs out of cash and floats the payments from the Township and it is made whole the next month. He suggested that the FC should be zero at the end of the year and when it has negative balances into next year, it would come from the General Fund. He noted that the debt for the facility is pledged by General Obligation bonds so you have pledged the full faith and credit of the Township against the debt. Mr. Hornung questioned if it was included in the General Fund when we look at the budget for the Township. Mr. Wolfe answered no, the debt service is solely shown here so if there is overrun from this facility to the General Fund, we have not shown that. He noted that we can make a projection.

Mr. Hornung questioned how can it be zero if you are running \$265,000 to the negative. Mr. Blain noted that they may have had cash to begin with. Mr. Wolfe noted when the Township refunded bonds, it took the money up front as cash, and we are now running through the end of it. He noted that there are no more bonds to be refunded.

Mr. Luetchford noted that the list shows the FC capital expenditures for 2013 through 2015 that reflects the \$1 million General Obligation Bond approved earlier this year. He noted that Barton Associates is doing the engineering work for HVAC replacement for the pool pac that is to be replaced as part of the \$1 million bond. He noted that the Johnson Controls system

for the HVAC is being replaced this week. Mr. Seeds questioned what that was for. Mr. Luetchford answered that the control systems are 14 years old noting that the keypad and other mechanicals are failing and there is no way to replace it. He explained that he needs to be able to control the roof top HVAC units. He noted that it covers replacing the controls for all 12 units.

Mr. Seeds questioned if the FC no longer leases the cardio fitness equipment. Mr. Luetchford answered that he could remove that from the original list as he is using the capital improvement funds to lease equipment rather than purchase it. He noted for 2014, two billiard tables are listed, but if the fitness center is relocated into the social hall the billiard tables will not be purchased. He noted that this list was made in early 2013 and is subject to change. He noted that he does not know when the re-circulating pumps will fail but they are starting to get to the critical age where they may fail. He noted that one pool pac unit is slated to be replaced in 2014 and the other in 2015 at \$305,000 a piece, noting once the engineering is done that they will mobilize at one time and get both done at the same time, and he may do both in 2014. He noted that total expenditures listed on this page is \$968,000. Mr. Wolfe explained if you remove the lease item, it would be \$922,730.

Mr. Seeds noted that there are other items that are on the list that would be nice to have but we could live without them. He questioned if new bleachers are needed. Mr. Wolfe answered that the new bleachers are very much needed, noting that they are getting to the point that they are unsafe. He noted that the bleachers are in the natatorium in a caustic environment and are wood bleachers with metal frames, and there is not much left to them. Mr. Seeds questioned if the new bleachers would be made out of plastic. Mr. Luetchford answered it could be aluminum.

Mr. Seeds noted there are gym curtains on the list. Mr. Luetchford answered that the curtains run on a roller and they have been torn once at which time he had a person come in and sew them using a lift. Mr. Crissman noted that this is another item that could change as a result of future improvements. He questioned if the debt service will be discussed during the October 22nd budget meeting. Mr. Wolfe noted that is up to the Board to determine.

Presentation of the 2014 budget for Parks and Recreation

Mr. Wolfe noted that he asked Mr. Luetchford to discuss the Parks and Recreation budget at this time.

Mr. Luetchford noted that he kept the fee in lieu the same but there is a minor increase in the paintball lease as it will be a full year of lease receipts. He noted that he tried to hold the line

on all the other items but the Youth Basketball League where there is slight increase as he is doing a pilot project for web registration for basketball players and teams for the basketball leagues at Brightbill and Koons Parks so he expects to see a higher registration rate.

Mr. Luetchford noted on page two, almost everything is the same with incremental changes for contracts. He noted that office equipment has increased as he needs to purchase computers and software. He noted on page three, park escrow expense, turf maintenance is included in this line item. He explained for the past four years, staff has done one standard fertilization in the spring and nothing else, no weed control, no second fertilization or additional fertilizations, and we are starting to see a lot of turf grass issues. He noted that the grass is still green and growing but it also has a lot of weeds in it, but it is not what you want to have in athletic parks. Mr. Blain noted if you go to George Park and look at the lower level field where the new Paxtonia Baseball Field is, it is all crabgrass. He suggested spending \$25,000 instead of \$10,000 for fertilization, weed control and over seeding. He noted if we don't take care of it, it will be well out of control. Mr. Hornung noted that the fall application of fertilizer and weed killer can be done at the same time, noting that it will kill weeds as long as you still get the rain to wash it in. He noted that you will still have to use a pre-emergence in the spring to keep the crabgrass down.

Mr. Luetchford noted that he has \$15,000 in fencing, as he had a retired fencing contractor inspect the fences and he identified area where work needs to be done. He noted that the fabric is totally out and it is so deformed that it can't go into place again. He noted that Balthaser Street is one example of this in Koons Park and No. 12 multipurpose field in Brightbill Park, and Kohl Park as well. He noted that the barbs are sticking out and they hit people's shins and ankles. He noted that it needs to be replaced.

Mr. Luetchford noted that that Township owns four acres along Nyes Run, and the Greenway Committee is working on various projects but it has no money to do any projects. He noted that they could do some planning if the Board is willing to pay for the survey to begin the process of establishing a trail for the property that we own, along with the private property and the Kendale Oaks property to make a long trail run along Nyes Run. He noted that they would also like to connect sidewalks from different communities, noting that there are short runs of sidewalk that do not exist. He noted that last year, the Greenway Committee identified a number of sidewalks that could be put in place and or cross walks to make connections from strategic places. He noted that he included \$10,000 for that project.

Mr. Luetchford noted in George Park, he would like to work on the Teener Baseball infield for materials only and Public Works could assist in doing this work along with the Teener Baseball Association in Linglestown to do the labor to install the materials. Mr. Blain questioned if they had approached Mr. Luetchford about that. Mr. Luetchford answered yes. He noted there are walkways that were scheduled to be constructed in George Park that are half built. He noted that a main walkway was to be built at the various table tops in George Park and then making a connection to Nyes Road. He noted that there is no connection to walk into the park at this time except for using the roadway and it is not very wide. He noted that he is looking to put a walkway, roughly 1,000 feet, from Nyes Road to Possibility Place to get into the park and from there people can walk on the grass.

Mr. Luetchford noted for the Wolfersberger Park, HRG, Inc. is working on a grading plan. He noted that it was suggested to use the fill from the Sewer Authority and Public Works projects as fill for the newly acquired land. He explained that the fill would be placed in the areas for parking for the Simone Collins Plan. He noted that plan should be completed shortly. He noted that most of the grading work for the plan should be done by the end of the year with 25% left over to be included in the 2014 budget. Mr. Seeds noted that there is a need for fill for Heroes Grove and for Wolfersberger; he questioned how much fill will be needed for those projects. Mr. Luetchford explained that he did not have that information with him. Mr. Wolfe noted that it would be the Board's determination for how the sites would be filled. Mr. Luetchford noted that the scheduling may depend on who needs the fill first. He suggested that it would be a multi-year program and there should be enough fill for both projects over the course of time.

Mr. Luetchford noted the Forest Hills basketball and tennis courts are in very bad shape and need to be repaved and repainted as the first stage of rebuilding the courts. He noted Centennial Acres Park has a bridge that needs to be fixed as the end is sinking and it needs to be rebuilt and replaced.

Mr. Luetchford noted that the Arts Council events budget was cut from the past years and they have not used all their funds so \$5,500 would be adequate for them for 2014. He noted that the fireworks show is within budget of \$4,000 for 2014 and that is it for significant changes for the year.

Mr. Blain suggested that staff is not doing the budget correctly for the FC. He noted because it is an enterprise fund, he reran the numbers and the budget is a mixture of an income

statement and a cash flow statement. He noted that an enterprise fund for government is supposed to operate like a typical financial statement for a for-profit entity. He noted that staff has not shown depreciation in the budget but on the flip side it is showing the reduction of the principal on the debt but the only income statement impact should be the interest that you are paying as the principal reduction is nothing more than a balance sheet transaction, cash paying down debt. He noted that we are showing that in the statement. He noted that he just reran the numbers and reformatted everything and we are still running deficient but it looks different. He noted that we need to talk about this.

Continued discussion regarding the Township's ability to
form a municipal authority for stormwater facilities

Mr. Wolfe noted during the last meeting Mr. Stine provided details for the amendments to the Municipal Authorities Act as they effect stormwater and it was brought to the Board by Mr. Hawk who lobbied for the enactment of that legislation by the State that was signed by the Governor. He noted that last week, the Board discussed having a brainstorming session this evening and he invited representatives of HRG, Inc. and GHD to join in.

Ms. Jodie Reese introduced Jared Hockenberry and Hannah Stewart from GHD and apologized for Mr. Wendle who was unable to attend the meeting.

Mr. Bob Grubic from HRG, Inc. introduced Steve Fleming and Russ McIntosh who heads the Financial Services Group and whose main task is to look at different types of financing arrangements for municipalities and municipal authorities. He noted that he had a meeting with Mr. Wolfe last week and the presentation will speak for itself. He explained that he is present to offer comments and answer any questions the Board may have in regards to this.

Mr. Wolfe noted that State Act 68 of 213 allows local governments to create a Stormwater Authority (SWA) and it is done in the same manner as you would do for waste water management. He noted that the existing issues in the Township are the lack of a long-term capital plan for stormwater facilities, noting that the Township does have one for sanitary sewer and it is developing one for road facilities. He noted that a significant number of the current stormwater facilities are reaching the end of their useful life and staff does not have a complete or accurate inventory of the existing stormwater facilities and there are issues with the definition of what is public versus what is private. He noted that a significant number of stormwater facilities existing on private properties in public easements have not been dedicated to the

Township, unlike the road facilities or sanitary sewer facilities that exist in defined municipal right-of-ways or easements.

Mr. Wolfe noted that the current practice for funding stormwater is an allocation from the General Fund (GF) for maintenance; however through the General Improvement Fund (GIF) which undertake specific capital projects for stormwater improvements for 2012 and 2013, the Township issued General Obligation Bonds and a took a Pennsylvania Infrastructure Loan for specific capital projects. He noted that the current practice totally relies on real estate tax dollars for funding. He noted that it does not capture revenue from tax exempt real estate and there are several schools and churches and other such places in the Township that generate stormwater issues. He noted that it does not fairly allocate the cost of stormwater impacts based upon the real estate rate. He noted that the real estate tax rate of 1.3 mills against an assessed value of property has no real relationship to the stormwater impact of that property.

Mr. Wolfe noted that the Board must determine if it needs to change its current practice for funding stormwater which would be the reason for looking into an authority and it would be for both facility maintenance and capital improvements. He noted as a Second Class Township, the Board can do what it wants to do to maintain and undertake stormwater facilities within the community. He noted that it can do it through tax dollars and accept the public facilities on private property if it wants, and maintain the facilities that way as that is how the Township has done it for many years.

Mr. Wolfe noted if the Board would create an SWA, it could be independent such as the current sanitary sewer authority. He noted that the stormwater duties could be added to the existing authority or it could be a hybrid which is what he would recommend. He noted that the Board would enter into a management agreement with the Township and use the Lower Paxton Township Authority (LPTA) for a funding mechanism and for the owner of the capital facilities. He noted that it could be separate and distinct or it could be an add-on to the existing LPTA.

Mr. Wolfe noted that the expected practice would be an authority budget allocation for operations, maintenance and specific capital improvements and bond issues for specific capital projects. He noted that all the stormwater expenditures that we currently have now in the GIF would be transferred to this authority. He noted that the benefits of this would be that the Board could capture revenue from tax exempt property and more fairly assign the impact of stormwater to properties having the impact on the stormwater.

Mr. Wolfe noted for tax dollars, the method of collection is in place, setting a tax rate with delinquent accounts handled by the tax collection bureau. He noted that the Board could set aside a mileage real estate tax rate for stormwater facilities. He noted with the sewer system, you would need to establish a rate, collection procedures, piggybacking it onto the existing collection system that is currently in place for the sanitary sewer system but the Board would have to address the issue of delinquent accounts. He noted that this is the part of the scenario that scares him the most because unlike sanitary sewer facilities with delinquent accounts, people understand that they are getting a service with sanitary sewer service; however, for when it rains, it will be a harder sell in his opinion.

Mr. Wolfe noted that rate making for stormwater could involve a flat fee based upon the Equivalent Dwelling Unit, (EDU) concept. He noted that it could be based upon impervious area, or subdivision specific needs and costs or drainage basin. He noted that the Board does not have to determine a rate specific to the entire Township, but have it specific to geographic areas. Mr. Hornung questioned if it could be narrowed down further than a basin. Mr. Wolfe answered yes. Mr. Stine noted that you could have commercial versus residential and they would be easy to make. Mr. Wolfe noted that you would have to be able to back up the rates. Mr. Stine noted that they would have to be uniform and reasonable. Mr. Wolfe noted that is true also for real estate taxes.

Mr. Wolfe noted that the Board could have an intermunicipal authority and if we lived in a perfect world, it would be based upon drainage basin and it could be shared with other Townships but it would not be easy to get everyone to work together to do this. He noted that these are the major issues that he can determine at this time.

Mr. Hawk explained that he spoke with both members of HRG and GHD, along with Mr. Wolfe and it is good that we now have an Act that allows the Township to set up an Authority for Stormwater but he questioned how to do it. He noted that billing becomes a real problem and Mr. Wolfe has outlined several options for the Board to consider. He noted the question is, do we set up an authority or continue to fund stormwater that way the Board has in the past.

Ms. Jody Reese, GHD, noted that it should be an open discussion, noting when Mr. Wolfe started his presentation, he made an excellent point, before you get to making the decision the Board needs to understand what the Township has, what the needs are, and what the costs will be. She noted that the Township has to do asset management to understand what the fee would look like in order to determine if it would be a fee or a tax. She noted that a survey was made available to the Supervisors, the Black and Veatch Report, noting that it is a national

survey with limited information. She noted that it shows some of the options that are available as a utility or authority, with different ways of structuring fees and different ways to look at it. She noted one table showed monthly fees but there is a great disparity for what is charged throughout the country. She noted that the fees depend on what work needs to be done; therefore there is a need to do some asset management, looking at what is privately owned and what is in the public easement. She explained that GHD is currently doing a similar project for PennDOT and it is a real eye-opener for them.

Mr. Robert Grubic, HRG, suggested that the Board should not assume that the Authority is the way to go until the problem and magnitude of the issue is quantified in order to know what it is dealing with. He suggested that is what Ms. Reese was stating. He noted that the capital improvement program will have to be expanded noting that his firm is working on 2014 and 2015 work for projects; however, the full process is more far reaching than that. He noted that the issues need to be put into dollars and cents to include each drainage basin and how it impacts the entire Township.

Mr. Russ McIntosh, HRG, noted that inventory is necessary to get a sense of what the fees might be. He noted that the legislation only passed this year and there is no testing of it. He noted that Radnor Township is looking to do the same thing and Mt. Bethel already has some kind of facility. He suggested that there is a lot of information across the State, integrating it with the MS4 program, but there are many little pieces that will emerge over the six to twelve months that the Township may benefit from by allowing others to get out and take advantage of the new Act. Mr. Hawk noted that people are looking at it but there is no one to go to for direction. Mr. McIntosh noted that he is not suggesting that the Township do nothing; rather determine the assets, especially those on private property as it is very important. He noted once the Township does something for one group then it opens itself up to do work for all, even though there may have been some extenuating circumstances that prompted the initial response. He noted that there are broader issues that time will allow the Board to think through, not just the physical characteristics of what needs to be done. He noted that the Board has to determine how it will address some of the tackier issues when people feel that they are not being treated fairly. He noted that the Board needs time to get the word out as there is this sense, if people are paying a fee for stormwater management; it is not the same as flood control. He noted that the next complaint will be from the people who will want to know why their streets are flooding when they are paying in all this money. He noted that this becomes a public education dilemma that

needs to be worked through in the public's mind so they understand what the mission is and how the Township is addressing the regulatory aspects of it, and long term facility aspect providing a much better program. He noted if the Board decides that an Authority is the best vehicle for accomplishing the goals or not, is a decision that needs to be made after it gets all the facts to include policies for private versus public facilities and its priorities for work to be done. He noted that the Township needs to plan in order to take immediate steps to call out what it has under way, but at the same time develop policies and then determine if an Authority is the best vehicle for collecting the revenues.

Mr. Hawk noted if the Board starts an Authority, then it gets into the billing process and how do you do it. He noted that the inventory becomes key and how detailed do you make that inventory and what are the costs to do that. He noted that training and education of the public is very important, noting that the Board and staff have to know what they are talking about when they go out to the public with the process. He suggested that the process will evolve over a period of time, maybe a couple of years out.

Mr. Crissman questioned if there is a model in place for the collection of the quantitative data that we are talking about or are we trying to create a model. Mr. McIntosh questioned for which part of the process. Mr. Crissman answered for inventory, doing the assessment to question what direction to move in. He questioned if there is a model to know what information the Board needs to move forward. Ms. Reese answered with an assets management approach to this, not just taking an inventory, but determining the age of it, useful life of the inventory, and if this fails this is the result. She noted all of this will help to prioritize the scope of work, such as what we did for the mini-basins. She noted that we have to communicate to the public why the Township is doing a certain area first and why it is anticipating the fees for so many years out because of the infrastructure and assets management it has completed.

Mr. Hawk questioned if Ms. Reese feels that the inventory must be done first before doing anything else. Ms. Reese answered that the asset management process starts with the inventory to come up with costs. Mr. McIntosh explained it is the process by which the Township collects data by the way it is organized is an asset management system, knowing what condition the materials are in and how you prioritize those versus some other urgent need.

Mr. Seeds noted that he has been thinking about this for years, since 2011, and this past Friday, the Board received the information in its packet, noting that Mt. Lebanon has an ordinance and a plan. He noted that he does not like the tax idea, but would prefer the EDU or

ERU concept which Mt. Lebanon has because everyone pays. He noted that the non-profits, school and churches must pay under that process. He noted that the Board can start putting impacts for ERU's on the people, tack it onto the existing Authority bill to get money to charge for existing impervious areas. He noted that we would need to tweak Mt. Lebanon's ordinance to suit the Township's needs but he felt it was a good guide, having a set figure of \$5 per quarter on a residential EDU and allowing changes for imperious areas, and providing credits if they have retention areas. He noted that he does not think that we should hold off until we get more information, we need to move ahead.

Mr. Hawk noted that people are more willing to pay on the basis of usage rather than a tax increase. Mr. Seeds noted that they all the people in the Township use the stormsewers every day, every time it rains... Mr. Hawk noted that they would prefer the basis of usage rather than a tax increase. Mr. Seeds answered that is correct so everyone pays, especially those who have the huge parking lots. He noted if they want to put in a facility they would get credit for it.

Mr. Crissman questioned what are the pros and cons for creating a stormwater authority. He questioned if the Board has reached the conclusion that it needs to go in that direction. He stated that he guessed that the answer is yes, but he hasn't heard that yet. Mr. Seeds answered that we should. Mr. Blain noted before any discussion is held on creating a stormwater, we need to determine what the issue is in regards to dollars and from there make a better assessment as to what needs to be done. Mr. Stine noted that you have to understand what the problem is before you can come up with a solution.

Mr. Hornung noted that there is no use going down this road unless we have a consensus for raising taxes. He suggested that the Board will have to increase the average household tax by \$150 a year. Mr. Blain noted if you don't create an authority, you would have to raise property taxes to do these projects. Mr. Hornung noted that we could borrow money to do the work and pay it back and work our way through it without raising taxes. He noted that the group needs to move forward to say that we are willing to start an Authority tax. He noted the public opinion will not be in favor of it so there is no use spending Township money to go through asset management and all the other issues if the Board does not vote to increase people's taxes by a certain amount. He noted that it is a different tax, a user tax, but the public opinion will be that it is another tax. He noted if we are not willing to do that there is no use spending all the money. He noted this is the first decision the Board has to make.

Mr. Seeds noted the first question to answer is do we have to fix the problem because it is going to rain. He noted obviously, we have already borrowed funds to do this. He noted if we agree we have to do this, then we have to determine how to pay for it. He noted that having an additional \$5 per quarter on the sewer rate for residential... Mr. Hornung noted that it has to be a lot more than \$5 a quarter. Mr. Seeds noted if you look at our total EDU's, the current income for the Authority is almost \$12 million annually. He noted if you put an additional \$5 a quarter, it would be \$20 a year, for the average residential property, otherwise we would have to raise taxes or charge according to impervious. Mr. Blain suggested that it makes sense for the Board to figure the dollar cost for making the repairs and determine the inventory first. He noted if you set up an authority or do it through the General Fund, it doesn't matter, at the end of the day you want to be in a position to lay it out year over year, like the Sewer Authority. Mr. Hornung noted that we have already done that. Mr. Blain noted that we only look at the costs to do the major projects in the Township. Mr. Wolfe noted that staff provided a listing of identified capital improvements of an immediate nature. He noted the Board has put a cost for a portion of what needs to be done, and some of those projects have been funded. He noted that you don't have an inventory, condition assessment but... Mr. Hornung noted for rough numbers we have 12,000 households and some businesses, but the budget will have to be in the area of \$2 million. He noted that you are talking about \$100 to \$150 per household for a tax. He noted that businesses will help to alleviate some of it. Mr. Blain noted that it would assume that you do all the work in one year. Mr. Hornung noted that we probably have \$20 to \$30 million worth of projects. Mr. Blain noted that we do not know the total amount for the projects and he questioned if you would want to determine what the costs would be over a ten-year period. Mr. Hornung noted that he would not spend a lot of money doing that because it would depend on the rates that they are charging. He noted that one authority charged \$1 but realistically it would be more like \$10 per household monthly. He noted whether it is \$7 or \$12 or how fast you want to do it over ten or 20 years, you will be dealing with a minimum of \$100 a year per household. He questioned if the Board is willing to do that.

Mr. Seeds questioned how many households we have. Mr. Wolfe suggested that it is around 16,000. Mr. Hornung noted that it will cost a certain amount of money, and he questioned if the Board is willing to assess the money. He noted if we are not willing to do it there is no use in wasting the time. Mr. Blain questioned if he meant creating a stormwater authority. Mr. Hornung noted if you start a stormwater authority you will have to levy a tax for it and it will

have to be in the neighborhood of \$100 per year. He stated that he does not see it being any less than that. He questioned if the Board is willing to go to the taxpayers and say we are going to charge you another \$100 a year for stormwater management. He noted if we are not willing to do it there is no use... Mr. Blain noted that he is confused, noting if you decide to do it through the General Fund and the Board decides to make it a priority to fix the stormwater, if you don't want to create an authority, your only option would be to raise property taxes. Mr. Hornung noted that it is easier to raise the property tax by a tenth of a mill then it is to go the other way and start a whole new tax. He noted that an increase in taxes would provide for a negative public opinion. He questioned if the Board is willing to fight the public opinion and go through with the tax.

Mr. Hawk noted that he was looking at an average monthly single family rate; the highest rate charged is Philadelphia at \$13.66. Mr. Hornung noted that he saw a rate for \$28. Mr. Wolfe noted that you are both still talking over \$100 per year. Mr. Seeds suggested that you are not talking \$100 a year. Mr. Hawk agreed. Mr. Seeds noted that 16,000 households at \$20 a year is \$320,000 a year. He noted that it would not include the non-profits, schools and churches. He noted that Mr. Hornung was looking at raising close to \$1 million a year.

Ms. Reese noted that there are 67 stormwater utilities; they went into the business since they had stormwater problems, and many are very large municipalities that are dealing with it across the country. She stated that she would be careful with taking an average for a very limited survey response.

Mr. Hornung noted even if you take \$50 a year, he questioned if this Board is willing to go to a homeowner in the Township to take a vote to create... noting that you have to man the authority. He noted that someone would have to do the paperwork and supervise, so there is overhead that goes into this.

Mr. McIntosh suggested instead of looking at it in terms of what is the task; it would be good to look at what is your need. He noted that there are many different ways to approach stormwater management, for example the Township is spending money to address stormwater needs. He noted that you already have a certain amount of money built into the budget, so it is not an increase as it is already there. He noted that there are a lot of diverse aspects to the problem, not the least of which is that some stormwater management responsibility already exists not just for the Township but for the private land owners, developers, and the like. He questioned if the Township wants the "Great Government in a Great Community" to assume all

those liabilities and responsibilities or does it want to work through the agreements with property owners associations that may not be keeping up their end of the bargain, and may not be approving their facilities. He suggested, instead of raising taxes on everyone, work through agreements with those property owners and associations to make them monitor and make reports for their work. He suggested that it may not be desirable but it is not something you can decide in advance, you decide it as you look at it. He noted you many not need an exact inventory although it would be desirable from an engineering perspective as the more data the better, even if you add broader identification and work toward refining that the public policy element is really the issue. He noted that there are certain responsibilities that the Township must meet and it will cost the Township some money. He noted if it does nothing, what will that cost the Board. Mr. Hornung noted that he did not say that he did not want to do nothing. Mr. McIntosh noted that he did not say that, but you aren't having these discussion tonight, those pressures and costs would still come to bare. He noted instead of talking about an authority or tax increase, it would be better to scope out the size of the problem, see who else is willing to share it or maybe it is not a big deal. He noted that maybe the issue of tax exempt property is not as large an issue, maybe you would find you would have a higher non payment rate for a dedicated collection than you would be in revenues.

Mr. Seeds noted if you look at the Mt. Lebanon ordinance, it provides credits to development and so forth, and now we have a problem with retention ponds in the Township that are not being properly maintained. He noted that the ordinance gives the Board teeth to make them maintain their ponds because in order to get their credits they have to maintain the system and all the homeowners benefit in a lower fee. He suggested that it is great to have an ordinance like that to help maintain the facilities that we have. Mr. Hornung noted that he is not arguing about the fairness of it, but the day will come when the Board has to vote to enact an ordinance and you will issue a \$50 tax ... Mr. Seeds noted that it won't be that high, yes... Mr. Hornung stated that he disagrees. He noted once you open the floodgates, one person will say you fixed someone else's problem, I want my fixed. He noted that it will escalate like everything that comes with government. Mr. Seeds said yes. He noted that it won't be \$50 for the average resident.

Mr. Hawk noted that we need some basic information before making a decision. Mr. Blain noted, with all the overhead costs to do it, don't be surprised if it is not around \$40 to \$50 a

year. He noted that he would not stick his head out for \$150 a year. Mr. Blain questioned how you will bill it.

Mr. Ted Robertson questioned what the budget for the stormwater repairs is for next year. Mr. Robbins answered that we have money that was borrowed from the bond that drives the projects that are permitted and ready for construction. He suggested that it could be \$1 million to \$1.5 million for next year. Mr. Hornung noted that it will be like that every year. Mr. Robertson noted that is what is in the budget now. Mr. Hornung noted once the authority is formed, it comes out of the budget but do we go back to the taxpayers and tell them that we will reduce their taxes. Mr. Robertson noted that what they pay will be somewhat offset by that. Mr. Hornung noted that it is a different entity now, so you can't take money from one end and put it in the other end, so we either lower the property tax and make it up with the authority or ... Mr. Wolfe noted that it would be dependant upon if the Board is actually willing to do this because the Board will have to charge people money, whether it is a tax or a user fee, it has to come from somewhere. Mr. Seeds noted that the first question is, are we going to fix it. He noted obviously we are working on it, so if we are going to do it how do we pay for it.

Mr. Crissman noted that we are doing it either way. He noted that it is not an issue for him. Mr. Hornung agreed. Mr. Seeds noted that Mr. Robbins mentioned if we made all the repairs in the Township it would cost \$250 million. Mr. Wolfe suggested that would be a guess, but we don't have an inventory, and we don't have an asset management plan for what we have, nor has the Board addressed the issue completely of the public systems on private property which would have a whole separate cost to them as well. Mr. Hornung noted if you want to form an authority, it is going to be a different tax, and when you initiate the tax people will view it as an additional tax. He noted that you can cut the tax in the general fund, but it won't be for the same amount for a lot of people, but it will be viewed by many as another tax. Mr. Hornung questioned if the Board is willing to do this. He noted if you want to do it, let's do it.

Ms. Robin Lindsey questioned if there is anything in the near future about raising the sewer bill, noting that you need to look at that too. Mr. Hornung answered not for another two years.

Mr. Robbins noted that he does not see this as an option as we have to do something. Mr. Hornung noted that he was not arguing that, he questioned how to fund it. Mr. Robbins noted that the Board has to decide if it wants to do it and once it says yes, how we do it will be solved in multiple meetings down the road. Mr. Crissman noted that is what this meeting is all about, to

determine the process as he feels the commitment is there to do the job. He questioned if it should be done under general funding as we have been doing with the real estate tax. Mr. Wolfe questioned if the commitment is there, noting that the Board has committed to doing a list of projects that have been identified, but it is not by any means the universe of what we have out there. He noted that it is just the emergencies that we know of. He noted that the Board has not committed to anything over and above the priority list. He noted that is not the stormsewer system in the Township, we don't know what it is, what its condition is, and how much work is needed. He noted that you have committed to the listed projects only. Mr. Robbins noted that he is trying to get through the design and permitting process with the money that has been funded. He noted that there will be projects that will come off that list.

Mr. Crissman noted that we are discussing the process for funding, whether to continue to fund it from the general fund and raise taxes on an as needed basis or form an authority with all the complexities of bureaucracy, the need to establish rates, commercial or residential, process for collecting funds, delinquency issues, noting that all these items fall into this category if we go the authority route as opposed to an easier method of simply raising taxes. Mr. Seeds noted that you don't hit the non-profit. Mr. Hornung noted that he is not arguing that as he knows that, but the bottom line is are we going to come up with another tax as it will be viewed by the public as here comes another tax. He questioned if the Board is willing to say yes to it. Mr. Hawk noted that he already said yes. He noted that he has a no, a yes, and three maybe's.

Mr. Robbins noted that he had some data that he would like to share with the Board members. He noted in 2003 and 2004 he began collecting GIS data on the system. He noted that it was completed in 2004 and 2005. He noted that the data is not a total amount, and it does not include the years from 2004 to 2008. He noted that the Township has approximately 105 miles of stormsewer but we don't know what portion is in the road and what portion is outside of the right-of-way. He noted that the number will be higher when he compiles the data from 2004 to 2008 that was provided to him through the Township's dedication process. He explained that we have 4,800 inlets, 254 manholes, 152 endwalls and 851 plastic or metal end sections. He noted that we have a lot of the data but it is not exact, and the problems that he is faced with today are the right-of-way issue inside and transiting out into private property. He noted from a construction standpoint, how do you replace the facilities in the public right-of-way and not address the transition to... you can't tie into junk pipe. He noted that we have to address this issue. He noted that it is a great conversation and he was very happy that we are having it;

however, we should be able to take this data and the people from GHD or HRG should be able to address the issue of how much pipe is in the right-of-way and how much is out of the right-of-way.

Mr. Robbins noted that he has 12 projects going at this time, noting that a large percentage of them will be ready to go to construction in 2014. He noted that he will have to have a similar conversation this time next year for determining how to fund projects beyond that. He explained what is driving the projects comes from four categories, mini-basin programs, paving, emergency work and MS4 Program. Mr. Hawk noted that the Environmental Protection Agency (EPA) is not done imposing restrictions on the Townships. Mr. Robbins noted that we are getting projects done, but the money that is allocated is only... take Curvin Drive, he put 800 to 900 feet of pipe in the road at a cost of \$300,000. He noted when you look at what you are spending in certain aspects of the Township from 10,000 feet it is a big number.

Mr. Hornung suggested if we take the amount of miles of pipe and multiple it by a percent of how much of those pipes needs to be replaced in the next 20 years, and multiple it by the cost per lineal square foot it provides an approximate figure. He noted that he does not want to spend thousands of dollars to come up with what is the approximate figure for the average homeowner, and you will have many churches and non-profits coming in yelling and screaming when you start to tax them when they were never taxed before. He suggested that we contact someone who has enacted this tax to see what it was like. He noted if the Board feels the amount should be \$25, \$50 or \$100 then we may need to go through that process as well.

Ms. Reese noted that she spoke to the people in charge of stormwater in Philadelphia and they felt as though their stakeholder's opinions were extremely valuable in making it acceptable as they heard from all sides, the residents, tax empts, and commercials. Mr. Hornung suggested that it should be part of the program to get the public's opinion before raising taxes.

Mr. Seeds noted that we would have to go through an educational process as many people were educated in 2011 the hard way. Mr. Robbins noted that those storms stressed the system and will expose its weak points. Mr. Miller noted that education will be the biggest component of it all. He noted that it will be difficult to express somewhat difficult concepts to the residents as stormwater is a very complex concept. He noted that the storms and historic flooding events really bring much home to the Township, but we can never design to alleviate those problems. He noted that he will never design to put 70 inch diameter pipe in the ground to alleviate a 250-year storm. He noted there will be an education process as folks will come in to say that the

Township is going to levy this user fee on me but I never want to see a drop of water in my house again. He noted if staff spends a year on education it will pay huge dividends in the long run especially if it can explain the complexities and the dangers of the MS4 program. He noted that it has significant monetary fines attached to it if items are not addressed in a timely fashion. He noted that we can do a lot of education with the residents and whether they get it or not, it will be a good step to take to get them to understand it.

Mr. Robbins noted that he agrees with what Ms. Reese and Mr. Miller have said as the research he has done on creating authorities all state that education is critical. He noted that you have to make sure people understand what you are doing, why you are doing it and that it has a dollar value to it as well. Mr. Crissman noted that the first time there is a storm; residents will come to the Township to find out why they had damage when they are paying a special tax and complain that the Township did nothing for them.

Mr. Grubic noted if an authority was to be created today, it would create an expectation that action will be taken and these things are not done instantaneously over night.

Mr. Seeds questioned if he was recommending against an authority. Mr. Grubic answered no; he was saying that we need to take this one step at a time, being able to quantify the magnitude for what the problem is not only for 2014, but also for 2015 and 2016.

Mr. Seeds noted that we don't know the amount but we know we have a problem. Mr. Grubic noted once we get an estimate, then we can work it from the bottom up in terms of how to solve that problem and if the authority is the way to go which it very well may be, then that should be the recommendation; however, if there are other means to get to the problem, perhaps some hybrid type of solution could be found. He noted that the authority route may be the way to go but in order to do that you need to quantify and get back to Mr. Hornung's point of, will it cost \$5, \$10, or \$100. He noted that it is important to keep in mind that the taxpayers are already paying something towards stormwater. Mr. Hornung noted that they don't know that. Mr. Fleming noted that we have identified that it is not enough money and it is not keeping up with the emergencies that we have identified and it is not touching the ancillary issues that are lurking out there. He noted, one questioned is how big the problem is and the second is how we are going to address it in the most efficient manner. He noted that there are options to go the authority route or real estate route and the pros and cons differ with every case. He noted that one place has a high non-profit property rate that will impact whether going to a repair basin would work and other places don't, but they may have a collection issue or a perceived

collection issue. Mr. McIntosh noted that the Township can accomplish many of the things that the authority can do, but one thing you repeatedly see is that stormwater utilities or management becomes a nightmare, and a community base education project to make people aware of the impact of stormwater management is a necessity. He noted that it also spawns the desire to give credits for certain behaviors that cut down on the amount of stormwater to begin with. He noted that these are not just the credits as it relates to homeowners associations for keeping up their property which they should be doing, but these are people who put rain barrels out and planters and all sorts of other types of mechanisms and you can expect if you are not contemplating a dedicated charge, that people will come in stating they have rain barrels and it brings in the issue of inspection to verify the credits. He noted that there are many positive elements to the entire concept in terms of community involvement and participation and education but with all that comes some groups of folks who want to come in and participate in helping to solve the problem and in return they are expecting some type of compensation and credits for doing it. He noted as you embrace the independent charge, you are also embracing the credits from community participation and those kinds of issues. He noted that there are many more issues with stormwater than what occurs with sanitary sewer systems.

Mr. Hawk noted that he does not want to spend a huge amount of money in order to come to a parameter of understanding. Mr. Hornung noted that the time might not be totally wasted even if we decide not to form an authority; we will still have to raise the taxes to plan for work in the future to get it done. He noted that it needs to be done, one way or the other. He noted that he is in favor of an authority because it allows the Township to do things easier like we said to go on private land to fix things. Mr. Wolfe noted that all the authority does is to make it easier and provides another mechanism to generate revenue. Mr. Stine noted that it allows the Township to borrow lots of money. Mr. Wolfe noted that its corporate value as far as getting on people's property is exactly the same. Mr. Hornung questioned if we can go on a people's property for the sewer authority projects. Mr. Stine answered no, and that is why he must condemn a lot of easements.

Mr. Hawk noted that the Board has two teams to help it bring together. Mr. Crissman questioned what the Board's action plan is and what the next step is. He noted that he does not want to let the discussion drop. Mr. Wolfe suggested that the Township should make a presentation on the pluses and minuses of an authority versus the Township. He suggested that there may be some misconceptions for what an authority can do for you. He noted that the big

ones are financing and funding, but in all honestly, the differences are small and it comes down to how you want to tax or charge people.

Mr. Grubic noted that part two of that suggestion would be to come up with a bullet point list of the steps that need to be taken in order to get us to the next level. He noted an action plan that encompasses what Mr. Wolfe suggested with what steps are need to be taken to give everyone the information that they need to have the information to make a better decision as to which direction to go in.

Ms. Reese noted that we should add in some examples of municipalities that went from stormwater funding from the general fund to an authority or utility and find out what lessons they learned and if they are happy with their decisions or not. She noted that there is a group of people that could provide some experience. Mr. Crissman questioned if there are many to draw from. Ms. Reese answered, within the State of Pennsylvania, no, but outside of the state, establishing a stormwater utility is similar. She noted that the decision becomes, do you want the public to know a lot about stormwater repairs and what the issues are and just pay the tax or do you want to bring the public education out and say here is the problem, here is your contribution to the problem, and here is what you can do to help, but in the meantime, we need to fix it and here is how we are going to do it.

Mr. Crissman noted that the ones we don't know are the ones who are reviewing the situation like the Board and have decided not to do it for whatever reasons they chose. He noted that the comparative data will be somewhat difficult to compare. Ms. Reese noted that it will be difficult because some are CSO facilities. She noted that Sunbury and Coraopolis are two that discussed forming an authority but they never did. She noted that she could find out why they did not go the authority route.

Mr. McIntosh noted that the act is so new that many people have not gotten their arms around it and are still in the predicament that the Township is in.

Mr. Hawk noted that what Mr. Grubic is suggesting is exactly what he did when he was in the business and what Mr. Hornung does now. He noted that we need to determine the problem and how big it is, and what is causing it and once we know that, we have to determine what to do about it. He noted that sometimes the answer is nothing. Mr. Grubic noted that the public education input is very important as it is a tough but a necessary sell. Mr. Crissman noted that it must be a community sell. He noted that the money is needed, but the method for collecting it must be determined.

Mr. Grubic noted that it is a lot easier to sell the general public on the fact if a bridge needed replacement the Board would need to spend an x amount of money of the general fund or liquid fuels fund to replace the bridge because it is 60 years old and is failing.

Mr. Hawk noted that people buy benefits, they don't buy facts.

Mr. Hornung noted that another problem is if it isn't in my back yard then they don't want to fund it. He noted that they don't want to fund it if it is not their issue. He noted that he can drive over that bridge every day but every time it rains you tell me I have to pay for every rain drop that falls. He noted that is the educational process.

Ms. Reese noted that the University of Kentucky completed a stormwater survey extensively for many years and one of the pieces that they got into is why some states are so much more successful in forming stormwater utilities and one of the reason why is because they have a lot of flooding and one of the recommendations was make sure if you need legislation passed, have it ready to go waiting for the next flood, to do it while it is fresh in everyone's mind.

Mr. Hawk noted that this was a good forum to share ideas in order to make a good decision. Mr. Wolfe noted that he will place it on the next workshop session.

Adjournment

Mr. Blain made a motion to adjourn the meeting and the meeting adjourned at 9:30 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by,

Gary A. Crissman
Township Secretary