

**BOROUGH OF LANSDALE
ADMINISTRATION AND FINANCE COMMITTEE MINUTES
MEETING OF MAY 1, 2019**

Members Present:

Denton Burnell	Borough Council President
Carrie Hawkins-Charlton	Borough Council Member
Leon Angelichio	Committee Chairman
John Ernst	Borough Manager
John Ramey	Finance Director
Brian McGowan	Assistant Finance Director
Chris Kunkel	Project Manager
Nancy Shaw	Human Resource Director

Mr. Burnell calls the meeting of the Administration and Finance Committee to order at 7:01pm.

1. Action of Minutes Previous Meetings

Motion Mr. Burnell, second Ms. Hawkins-Charlton to approve the minutes of May 1, 2019 Administration and Finance Committee Meeting. Motion carries 3-0.

2. Financial Reports Year to Date

Mr. Ramey- Current year revenue is up 25% for the year. A lot of revenue doesn't come in until the end of April, but apartment licenses are up because these didn't go out until late and done in the current year because of Energov. EIT is also up this year over last. Expenses are up 6% which is on budget and we are pretty much online.

We have used 19% of the expense budget which is the same as last year and doing a little better than last year on revenues. We are doing better at this point than last \$1 million loss compared to \$1.2 million last year because revenues haven't come in yet.

Thru the end of March, revenues exceeding expenses, but we haven't collected thru the end of March and running lean and this is why we have reserves. This is the General Fund only and not Electric or Sewer which have their own and they are discussing at their meetings.

Mr. Angelichio- Let's talk about the 2020 Budget update.

2. New Business

A. Audit Update &

B. 2020 Budget update

Mr. Ramey- Here is a quick audit update. In the past 3 weeks, there are have been 3 audits thru the year. The 1st was Worker's Comp and it is based on the prior year W-2's and audit is done to reconcile what is the actual Payroll that is paid to what is estimated. Quarterly premiums are based on an estimated payroll then after the reconciliation a refund is issued if they estimated too high or we get billed the difference.

The 2nd is the Liquid Fuels audit. We have received \$460k liquid fuels money and they want to see everything and compare to the report that I do. We don't need to use all the money in the year.

Mr. Burnell- What kinds of projects?

Mr. Ramey- Road projects and salt. We use a big chunk of it on capital planning which Chris will talk about.

Roads meet certain criteria and calculation based on population. They are very strict on what money can be used.

A resident asks...Is the money only used for salt and plowing? Also, what about the money if it is only a light winter?

Mr. Ramey- We do use for and can use for equipment and to buy a truck and can also roll the money forward if it is a light winter.

Mr. Angelichio- Some municipalities need to hold onto for a # of years because they don't get much money.

Mr. Ramey- The purpose of a financial audit is to give an opinion for the people to rely on. Based on their opinion that one can make their own opinion on the financial data.

The purpose of audit is to not find fraud. When it comes to financial statements, they should be ready for submission for the CAFR award again.

Also, an update on the 2020 Budget, we had a meeting with Council and with the departments we had a 2nd meeting already.

Mr. Angelichio- We are taking a long look and being responsible and for the future Councils. The longer the look the more cloudy it gets.

As resident asks, how often do you take a look back at 10, 20 and 30 years?

Mr. Ramey- We look directly at operation and accounts for money being spent. We look at years and disregard outliers. We always look at things and make sure organizations things are working and most efficiently as possible.

A resident asks Mr. Angelichio, has anyone followed up from the prior meeting and if anyone contacted you?

Mr. Angelichio- I have heard very little. We have looked at different things such as WIFI. Are we allowed? Can we handle? What is the liability? We are always looking at unconventional methods. Even solar, how do we do and we don't have enough property and what do we do? These are things we can do, but how efficient can we be.

Mr. Burnell- Look at the start of things to turn bigger like poles and attachments

Mr. Angelichio- We charge franchise fees for Verizon and Comcast. They got a lock on most

because they service everyone. We looked at franchise fee for say trash hauler, but we have to investigate with my wild ideas that I give John.

We enter into a long-term purchasing agreement and even if we buy solar and could, we still pay for electricity long-term to save money. This is a lot to investigate and a lot of great minds.

Mr. Ernst- As a utility provider, we work with a group of engineers to posture us to understand the market, other municipalities power needs, changes over the year. Sometimes these are municipalities who purchase monthly and watch rates and this is huge the amount of time. We engage market and municipalities work with engineers as a guide. And going forward, how do we mitigate our position to buy power when we can use solar. The amount of solar panels to install would be huge to try and generate power. American Olean wants to expand. We can't take away open space for things and give up other things.

Mr. Kunkel- Some of the problem is from going from point A to point B and how do we get there. We will probably still need connection to someone even with storing solar generating for cloudy days.

Mr. Ernst- Each year, the Borough participates in a conference and we get an annual report, a portfolio for electricity. Nuclear is going away because it is too expensive to produce and natural gas is rising. We need to make sure going forward that our energy is increasing from renewable resources. The portfolio has all energy types.

Mr. Ramey- Our annual contract is \$10 million.

Mr. Angelichio- If we go over it could be additional such as a surge price.

Mr. Ernst- If we reduce Peak service and reduce demand it saves us at that time. Every week, we get an update from power supplier. When we can do this "load shedding", we will evaluate these emails and if we can do and benefit from it. Then, we reach out to our customers thru email.

2. Old Business

A. Road Project Update

Mr. Kunkel- At the last meeting, we touched on how much that we historically spent. There are 54 linear miles of road, not including alleys, and doing 2 miles a year and 27 years of life for the road. This is a quantitative measure meaning we need to either maintain or replace each year. Each road needs some attention every 10 years. Traffic volume and base of road need to be evaluated.

This document is left from Jake Ziegler and with Justin Smith from 1990-2017, during 27 years and 41 miles was paved or maintained and 13 miles less which is 25%. For 2015-2017, 1 mile of road was completed. In 2018, we did 6.5 miles at \$4.5 million and for 2019 we have planned 3.5 miles at \$2.2 million.

At the end of 1990-2017 to now, that is 51 of 54 miles, but some of the roads are coming up again from around 1990. We are about 17 miles behind the estimate. These roads get more expensive and it is a delicate art to put together. We are not looking for the cheapest way and being cost-effective and there is only so much to go around.

Mr. Ernst- We are also sharing roads and working with our neighbors and also the water authority. If we don't, they will be ripping up our roads.

Mr. Burnell- What is the practical reasonable # of roads to do in a year if money wasn't an issue?

Mr. Kunkel- We think about 5 miles a year because at 6.5 miles we ran into problems.

Mr. Ernst- A lot depends on useage of roads because we have redone sections of roads over already, so that is 17 miles to needs to factor.

Mr. Kunkel- We microsurfaced roads last year, so they don't completely fall apart in the next 10 years.

Mr. Ramey- The cost of microsurfacing is very reasonable.

As resident asks about the white painting on sewer covers on their street and others around them.

Mr. Kunkel- Roads between Cherry, Hancock, Church, Penbrook had trenchwork done previously. The water authority came in because they have to replace all mains and laterals. Long story short it all is going to get scheduled for paving the next few years. All water lines need to be replaced in the entire area.

Mr. Angelichio- When NPWA tears up a road and we are not able to handle at that point, what is done?

Mr. Kunkel- They are responsible for putting back what they take and we need to look at and make sense. We need to work with them where we can and be more strigent in other places.

In working very close w/ Dan Preston, we are not looking to put our roadwork on them. If we can let them save and share in other areas together like joint costs of paving.

Mr. Kunkel- On 7th St. to Broad, there were issues from work done years ago regarding safety. We are replacing work that isn't old. We took core samples and compaction issues possibly and televised below the surface for a broken pipe. We decided to go with a thick 3.5" layer and why it was done again with old because it wasn't done properly. In this particular case, no road going forward gets done unless proof rolled and riding a truck over it. This would prevent an issue like this from ever happening.

Mr. Angelichio- When working with certain contractors, the burden of proof is on us to prove they didn't work properly.

Meeting adjourned at 8:02.