

**BOROUGH OF LANSDALE  
ADMINISTRATION AND FINANCE COMMITTEE MINUTES  
MEETING OF JULY 3, 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
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 Ms. Hawkins-Charlton, second Mr. Burnell to approve the minutes of July 3, 2019 Administration and Finance Committee Meeting. Motion carries 3-0.

### **2. Financial Reports Year to Date**

Mr. Ramey- We are looking good so far thru the end of May 2019 and revenues are up \$189k or 3% and expenses are up \$165k or 4%. Revenue was budgeted at 4% and expenses at 5%. Year-to-date for the Borough we are at 65% for revenues and 33% for expenses for the budget. Last year, we were at 64% and 34% for the budget which was expected and planned.

Tonight, we are looking at the base value of property tax for 2019. This is the face value and it's not what is received because of the 2% discount. We have \$41,600 more billed without a tax increase and assessment. At this point in 2018, we collected 91% of face value of taxes and also at 91% this year for 2019.

Question from resident: If you have a tax bill come to your home and if you pay it on the 1<sup>st</sup> of the month, when does the Borough collect that, then or later?

Mr. Ramey- It depends, but it is usually a week until we receive it, but at minimum once a month that the Tax Collector submits. When we are talking about \$100's of thousands in collection then this is several times a week that we receive.

Mr. Burnell- So, there is a shortfall of revenues and 1% of budget than received?

Mr. Ramey- There is just timing stuff in there also and I can find out more detail for you. There are a lot of line items that lead into this and there is nothing that stands out.

Question from resident: So, this is all General Fund and not the Electric Fund?

Mr. Ramey- Yes, this is all General Fund. As we did back the revenue up for the missed electric revenue, and we use accrual accounting to go back to those months then this then puts us in line.

Mr. Angelichio- So, this is an anomaly and it goes away.

Question from resident: Was Madison apartment calculated into all of this?

Mr. Ramey- They just got their occupancy and we do for 2019 and then do again later.

Question from resident: Was this budgeted for 2019?

Mr. Ramey- No, it wasn't.

### **3. Committee Business Items**

#### **A. Approval disposition of records-**

Mr. Ramey- This is just a yearly thing that we do and we list what to shred. We follow PA historical retention laws.

Motion Ms. Hawkins-Charlton- to approve the disposition of records, pending anything that anyone has not agreed with per Denton before Council, second Mr. Burnell. Motion carries 3-0.

#### **B. Approval of Debt Financing**

Mr. Ramey- There will be a presentation by Ed Murray at the meeting.

At the end of June, there will be a partial refinance of the 2014 bonds. The initial savings on the face will be \$779k all the way up thru 2036.

Mr. Angelichio- Is this savings each year?

Mr. Burnell- It's about \$45k each year.

Mr. Ramey- The present value of the savings is about \$606k.

Mr. Angelichio- Is there any effect on the bond rating?

Mr. Ramey- Not really, but it would lower our debt service which would help the rating.

Mr. Angelichio- What are the interest rates?

Mr. Ramey- Much lower and saving \$. Interest is higher as the bond gets older. We can refinance in 5 years and it's also cheaper.

Mr. Angelichio- Any penalty?

Mr. Ramey- No, and the fees are about \$25k to \$30k.

Mr. Angelichio- The last time was under \$30k, I believe.

Mr. Ernst- That is correct.

Mr. Burnell- The market conditions can change and that amount can go up and down.

Mr. Ramey- We are looking at a December 5<sup>th</sup> call date and we can do at the end of September.

Mr. Angelichio- Do the rates change?

Mr. Ramey- No, they will be locked in at the end of September.

Questions from resident: If we negotiate and lock in and we need a resolution to do, what if the rates go up? What about the window of opportunity and to pull out of the deal?

Mr. Ernst- in the past, we gave flexibility to the Finance Director if in the range of %'s.

Mr. Angelichio- That is correct and Shapiro had a range % to do it in.

Mr. Burnell- Yes, Mr. Ramey will have the same discretion.

Mr. Angelichio- We have to give Mr. Ramey the same discretion.

Motion Mr. Burnell, second Ms. Hawkins-Charlton to move forward to full Council and to add Ed Murray going forward. Motion carries 3-0.

## **4. Old Business**

### **A. 2020 BUDGET**

Mr. Ramey- We are still moving forward and we had a good meeting today to go over capital and to have a Capital plan moving forward.

Mr. Angelichio- When you orientate and look at it and span, scope, time and how much we have and how much we need. Are we putting together again?

Mr. Ernst- If you are looking at a Gantt Chart, but we are not in that conversation with staff, no discussion about a Gantt chart. I am not saying it doesn't have value or it would be easy to follow and easy to see.

My goal unlike previous years. We will have a document for the Business meetings for August. So, as Council, you are prepared and understand, documentation and photograph, to be replaced and why each Council member will have.

Mr. Burnell- How many years?

Mr. Ramey- 5 years.

Mr. Ernst- We will use as a working, breathing document moving forward.

## **5. New Business**

### **A. Electric Incentive Application- Elm Terrace Gardens**

Mr. Ramey- Coming out of EDC is the Electric Incentive for Elm Terrace Gardens. They qualify for the 10 years at 10%. Their average bill is \$38k and the savings is \$3,800 and are looking for \$461k back over 10 years which include the \$50k in permits fees. They made a huge investment in Lansdale and have made \$14 million here.

Question from resident: How much did expansion affect usage and how much?

Mr. Ernst- It increased because of more units.

Mr. Ramey- I only looked back at the past few months from last year.

Question from resident: Do you have before and after?

Mr. Ramey- I just have average over 12 months.

Mr. Ernst- We should have more comparable time at the end of the year to compare to say the 2017 year.

Mr. Ramey- This will be the 4<sup>th</sup> business to qualify.

Mr. Angelichio- Does this mean that they do not need to hire more and have the same #?

Mr. Ernst- Yes.

Ms. Hawkins- Chartlon- It's 120 employees and they need to be full-time and we have that by their payroll.

Mr. Ernst- There are a couple of other businesses we are discussing this with and we will discuss this with you. As far as a tax break, we can't give that, but we have a commodity that we can.

Mr. Ramey- We use just the payroll of residents in Lansdale for calculation from payroll. They are a really large commercial and is primary.

Question from residents: Any calls from customers about the issue on their electric bills?

Mr. Ramey- We didn't get anyone saying about low bills.

Mr. Ernst- The average range was \$300 to \$500 over average. One customer was \$7,000 more and it was a \$4 difference.

We put safeguards in place now that we know this happened to make us aware more sooner.

## **B. Alley Maintenance**

Mr. Angelichio- There is no finalization or direction yet, obviously this is contentious which may or may not benefit, but pay into. There has been quite a bit of discussion on who is the owner and what is the legality. There will be time for public comment.

Mr. Ernst- It is a very complicated issue and to whittle it down to essence of what I would suggest. The Borough did undertake a routine alley maintenance program which it stopped 5 years ago because of legality and lawsuits. Since we stopped, our complaints by residents have multiplied. Now with no maintenance, we have a trip and fall hazard. The liability was there before when we did maintenance. We are not taking on anymore or any less liability if we start this again. Talking to the Public Works Director regarding the staffing and the crew spending its time on this was a scheduled work day investment of time was budgeted into. The cost of material and 2A stone dropped into the alley. Having conversations with Public Works that we may have enough stone to scrape and level. This would level out the surface. Electric needs to use alleys, trash trucks drive down, Amazon deliveries and vehicular traffic all puts wear and tear. Here we are looking at starting program and Rick said this is a summer maintenance program and we could do 1.5 to 2 alleys a day of scrapping and rolling. The crew used to move the trash cans aside and a grinder would go thru and push thru and then move the trash cans back and use a roller to level and repair what was done this year.

In consultation with Solicitor, this program would be routine maintenance that it did not need approval from Council. We should bring this to Council to approve and they are aware. We have the right to do this and charge owners and lien properties, but it is not intended that we do this. It is my recommendation that we start this again.

Mr. Angelichio- There is a cost and this reverts to the property owner. I don't want to see this turn into that our alley is messed up again and telling us to fix it again this day or that day. Not everyone has an alley and there is a cost. We want to make sure and I want to make sure that if we take this up again that we minimize our exposure. We might have direction, but we are not 100% sure.

Ms. Hawkins- Charlton- This is long overdue and frustrating. If we start again, I want to guesstimate and do they touch the alleys every 3 to 4 year. What is the estimate and as Leon said this is not for every other day.

Mr. Ernst- I believe in the past that every alley may have been touched, but I am unsure. If we restarted, the 1<sup>st</sup> year may take longer to do. In the 1<sup>st</sup> year, we have weather, emergencies and staff needed for other things.

Ms. Hawking- Charlton- Will there be any new hires?

Mr. Ernst- No new staff and we have the equipment to do.

Mr. Angelichio- How do we reduce damage?

Mr. Ernst- Alleys will not see amount of deterioration if we keep maintaining to keep potholes to a minimum and not turn them into lakes. Also, decreasing traffic in the alleys would help.

Mr. Angelichio- Do we have right to enforce speed limit in an alley? An increase in speed is

exponential to increase in damage.

Mr. Ernst- I don't want to speak for Mike, but only enforceable on the streets.

Mr. Angelichio- We don't want to degrade once we do and the residents will likely come out if they see a trash truck speeding.

Mr. Ernst- There are a lot of alleys which don't need much maintenance. We need to make a determination of what each alley needs. A person's property goes to the edge of property and the homeowner is responsible for. It doesn't affect the assessment. We might decide to stop.

Question from resident: Could you put something in there for moving the trash cans?

Mr. Ernst- There is some legislative stuff and we can.

Question from resident: What is the cost to restart the program?

Mr. Ernst- We would be shifting responsibilities of people and pushing back around things. There is always something and so many hours in a day and what would slide a priorities change.

Question from resident- How many hours before?

Mr. Angelichio- I am going to squeeze Rick on that. In this committee lets discuss impact and the nuts and bolts. Rick did this work and we need to discuss at a higher level of need and prioritize. We may end up running this program like the leaf pickup and breaking into sections.

Mr. Ernst- We may run into doing sections because of time it takes to remobilize from one area to another. It is also going to be hard to keep track jumping from one area to another.

Question from resident: Why was this program dropped?

Mr. Ernst- My understanding was a lawsuit for a trip and fall and the threat of liability has not gone away not doing anything.

Question from resident: How are you going to let homeowner's know? Do they still have the responsibility? Each resident had to contribute and 40 homes let's say split the costs. You had a little meeting and had one contractor do it.

Mr. Angelichio- This is one of the logistical difficulties, residents and owners will jump at the opportunity to maintain property. When it comes to an apartment, they may not feel that way because there is no benefit. We got no ordinance to force the issue on them like sidewalks.

Meeting adjourned at 8:00.