

**BOROUGH OF LANSDALE
ADMINISTRATION AND FINANCE COMMITTEE MINUTES
MEETING OF JUNE 5, 2019**

Members Present:

Denton Burnell	Borough Council President
Carrie Hawkins-Charlton	Borough Council Member
Leon Angelichio	Committee Chairman
Garry Herbert	Mayor
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 June 5, 2019 Administration and Finance Committee Meeting. Motion carries 3-0.

2. Financial Reports Year to Date

Mr. Ramey- Thru the end of April we are looking good, revenue is up 4% and expenses are up 8%. This is normal for this point into the year. In comparing of actual to budget, we are exactly the same in comparing 2019 to 2018. We are tracking the same at this point in the year to budget. For 2019, we are at 42% for revenues and 28% for expenses and when comparing to 2018, we were at 42% and 27%.

Mr. Angelichio- Anything glaring like real estate transfer taxes?

Mr. Ramey- Yes, we are trailing there.

Mr. Angelichio- Are you ready to speak on franchise fees? It is my understanding that we may not be able to pursue.

Mr. Ernst- We did reach out to the solicitor to legal statues in the state and cannot charge an“impact fee” or “surcharge”.

Mr. Burnell- We talked about looking at ways to generate revenue and I can ask Kilkenny.

Ms. Hawkins- Charlton- All residents are concerned with trash and passing it onto them.

Mr. Angelichio-What makes this different than a franchise fee?

Mr. Ramey- It is because we let them use right-a-way.

2. Committee Business Items

A. Appoint Agency of Open Records

Mr. Ramey- This is pretty much a bookkeeping thing. Tracy Flynn will be taking over.

Mr. Ernst- By law, we have to appoint someone.

B. Settlement Agreement

Mr. Ernst- Gorecon, we are paying for the road work on Cannon. We came to an agreement with the contractor for the work done and work charged. We came to \$202k that we owe them. There were legal fees involved which were not as high as could have been.

A resident asks, does the settlement keep them from working in the Borough?

Mr. Ernst- Yes and for a particular length of time.

Mr. Angelichio- This allows us going forward for future contractors in deciding.

Mr. Ernst- I will provide as much info publicly, but I will wait until Council votes.

Mr. Angelichio- Well, then we will have Kilkenny at meeting to answer questions.

2. Old Business

A. Audit Update

Mr. Ramey- We should have done it at the end of the month. I leave it up to you whether to have them come into here or we can do it out there with everyone.

Mr. Angelichio- I would like it in front of everyone.

B. 2020 BUDGET

Mr. Ramey- We have a meeting tomorrow night and we are well ahead of schedule. Next month, we are looking at debt finance and are looking at more than \$100k in savings, but I don't want to commit to that until then.

Mr. Burnell- It also depends on the markets then.

A resident asks, if you are sensitive to raising taxes and talking debt, do you consider us to be sensitive to what the school board does?

Mr. Angelichio- School raises tax to the highest legal limit each year because costs go up and for debt service also. And we can't let them influence us or let them temper us and the school board is doing this.

Mr. Ramey- The way we do the budget is to look at what to do for the residents and take a step back and look at and see what we can do.

Mr. Ernst- I guarantee the school district isn't talking about our budget.

Mr. Angelichio- We benefit from the excellent education after they graduate because these people will take care of us and pay taxes and make good money. It is an excellent education.

Mr. Ramey- A good school district is worth more and benefits the residents.

2. New Business

A. Debt Refinancing

Mr. Ramey- Our bond council is coming out next month to refinance 2014. Usually you refinance every 5 years because it gets more expensive and we have \$32.6 million in debt at the end of 2018. We have 3 loans which make up \$3.2 million. For infrastructure there is \$2.4 million, police radio- \$64k, and LED lights \$681k and for bonds for \$29 million to total \$32.6 million.

The legal debt margin to have is just under \$60 million. Also, how many bonds can we issue? We bond limit up to about \$40 million and it is based on 250% of revenues and 350% of total revenues. We can borrow to at 75% of debt can effect rating.

We are going to reissue at lower rate of say 6% to 4% and keep doing for 5 years. There is no downside to this and there is no bond council fees and issuance fees.

For next month, issuance can't happen until 90 days before call date.

Ms. Hawkins- Charlton- When do we pay off?

Mr. Ramey- We pay a bunch of principal to each one and we want a steady amount to pay. We got \$3 million left on 2010 and then we will shift that over to others.

A resident asks, why is it beneficial to have debt?

Mr. Ramey- It is because of current resources for residents. The object is to borrow money and your taxes pay towards current road rather than paying for something you are not using.

Mr. Angelichio- You don't want to front load expenses and why we do this.

Mr. Ramey- We are kind of at the max what we can afford to pay each year. We can't raise taxes too much because people can't pay, but some places are more affluent and can pay more. Then we get into issues of paying past useful life.

A resident asks, how much do you pay back each year?

Mr. Ramey- Total debt is just over \$2.5 million for a year. I would have to look up principle

and interest. Right now, we are at 2032 to pay.

B. Fire Company Stipend Program

Mr. Ramey- We received a request to increase stipend from \$50k to \$75k. You may remember the conversation before that we started with \$75k and we went to \$50k. It is working they feel and when we had met they had 8 new volunteers. I think we should bring them into committee.

Mr. Burnell- I am glad to hear of success and would like to meet with others.

Mr. Ernst- An increase in stipend may lead to the Borough paying an audit for the Fire Co.

Mr. Ramey- That would be about \$500.

Ms. Hawkins- Charlton- Most of them do this on a volunteer basis and didn't sign up for money. It is 200 hours of training. It is 1st yr into this and now they are looking at an increase.

Mr. Angelichio- There is also a cost to train each firefighter year after year for retention. If this entices and that avoids the cost of training each new member.

Mr. Ramey- I want to say there was a limit and it doesn't mean they would even get all of the \$75k. We approved as an amendment for 2018. At the end of January, we submit all reports and had to write a check after they turned in the books, but the check is in 2019. We are on accrual and it can be in a new year. They were at about \$56k and we cut a check for \$50k.

Mr. Angelichio- Does it make any sense to do annually or quarterly?

Mr. Ernst- They want this in July.

Mr. Burnell- The budget is for \$50k, but they want to increase.

Mr. Ernst- They want it approved sooner and why this year.

A resident asks, so they submitted say \$56k, and it was only \$50k, so what happens?

Mr. Ramey- It was ok. They asked for the \$50k and they want to make up the difference.

Mr. Ernst- Maybe we can have them come in again.

Ms. Hawkins- Charlton- Do we know the breakdown?

Mr. Ramey- I ask for the name, meetings and # of calls. I asked for backup and for random people.

Mr. Burnell- You had let them come in last time and they didn't have a lot of time when they came in.

Mr. Angelichio- We should have them come into Council next time.

A resident asks, does fundraiser money go to expenses? And, what about the Fire Company not participating in the car show last year. Didn't they want to do?

Ms. Hawkins- Charlton- Money can be used towards truck and equipment. Discover Lansdale took over car show and the money went to the freight house. The Fire Department didn't want this.

Mr. Ernst- It is a hard topic to discuss.

Mr. Angelichio- Dispatch calls 911 and brings out others and it doesn't matter where and they are called to serve. It helps against redundancies in equipment. We don't need 4 fire departments to each have say 4 - \$1.4 million fire trucks.

C. Environmental Advisers

Mr. Ernst- I wanted to let staff, residents and council members know about Environmental Advisory Committee. The purpose is to help governing body to understand and to act to help in providing info activities, programs and concerns. The PA State Legislature provides for allowing us to establish. This is important when having the body go out for grants. The EAC then has access to Borough resources and to access to Borough solicitor.

I like this committee to have a draft to establish this committee and to draft, record and change. There are people in this room who were at the meeting last night.

We are eventually looking to expand this discussion to a much larger group. I am asking this committee for the Solicitor to establish a resolution for this committee. This is a recommending body and this group would just provide insight to others which could be used in making decisions. There are other committees in Hatfield, Montgomery Twp., Phoenixville, Ambler, Abington, Cheltenham Twp.

Mr. Burnell- I don't feel this is a coordinated effort and each department may feel they have some part of it, but there is no coordination between. We need a way to look at this problem and have a coordination.

Mr. Michael Beuke, Consulting Engineer(Boucher & James, Inc)- There are many benefits to EAC land development and EAC recommends to governing body environmental concerns and resources. EAC gets invoices with enhancing open spaces, conservation and preservation of public properties and there are grants. I understand this can cross over what others have done in the Borough.

Mr. Herbert- Often times, people come forward and say this or that, but rather than go to like electric or WWTP. This brings to the group and allows for coordination.

Mr. Ernst- Coordination must follow Sunshine Laws and follows committee structure in state statues for everything and # of members, meetings and minutes.

There is an EAC committee commission with all the guidelines and I send that out to Council.

Mr. Ernst- There is an EAC committee commission with all the guidelines and I send that out to committee.

Mr. Angelichio- I don't want to create another layer and create issues such as an issues to outside land development.

Mr. Burnell- I agree with Leon and we don't want more bureaucracy and this more for a coordinated effort.

Mr. Ernst- We have enough issues right now for this body to be involved with like storm water.

Mr. Angelichio- There is a financial component to this with additional resource.

Mr. Burnell- It happened late last night, this discussion. I wanted it here and for Parks.

Mr. Angelichio- We need to look at to not create bureaucracy and muddy waters.

Meeting adjourned at 8:02.