

**BOROUGH OF LANSDALE
ADMINISTRATION AND FINANCE COMMITTEE MINUTES
MEETING OF AUGUST 5, 2020**

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

Guest Speakers: Black Lives Matter Message & Proposed Mural

Anthony Simpson	Organizer
Sierra Ritchie-Gruver	Organizer

Mr. Angelichio calls the meeting of the Administration and Finance Committee to order at 6:15pm.

1. Financial Reports

A. Financial Reports 06/30/2020

Mr. Ramey- 2019 compared to 2020 revenues are up \$54k which is mainly because of the tax increase that we did for the current year. Real estate taxes are up \$160k or 4%. Collections are running pretty much like last year as of June 30th we are at 90% collected on the face and we were at 92% at the same point last year. So, we are running similar in comparison to prior years.

Expenses are down \$350k and a negative 6%. Some of the big ones there are in the Public Works department and over-time is down \$44k and non-personal is down \$77k. It is mainly down because of the mild winter that we had.

Talking about revenues another big one that we look at is transfer tax which is down \$71k from the prior year. Hopefully, the way the markets are going right now and talking to real estate agents things are picking up big on residential. People still think that the commercial stuff will still be hurting for a little bit.

Looking at where we are compared to budget this year, we are at 63% of revenues and last year we were at 58%. In expenses, we are at 39% and last year we were at 43% and where we expect to be having missed such big benchmarks throughout the year of different taxes, permits and other things going forward.

Mr. Ramey- Currently, we are sitting better in 2020 than we were 2019. I really think come August we will start seeing less EIT come in. One of the subcommittee projects that I did for the consortium was to look at EIT and we are kind of estimating. We are probably going to be losing about \$25k a month compared to prior years. We are looking half decent throughout the year, but a lot of the effects of COVID 19 we are about to start dealing with.

Mr. Angelichio- When is the EIT collected? Is it monthly, quarterly, weekly?

Mr. Ramey- It depends on the type of employer you are. The larger ones are submitting with every payroll. There are quarterly filers for small businesses and yearly filers for individuals and it all depends. The yearly filers not having to file until July 15th with their 1040's had really started to push things back.

ELECTRIC FUND

Mr. Ramey- Moving onto the Electric Fund. We see revenues are down quite a bit at \$416k and this is an anomaly. We have always been on an upper trend on these, but expenses are on the downward also at a much bigger pace so that is looking much better.

You see where a little profit is standing from last year and this year as of 06/30. We are \$300k better this year than where we were in a prior year. Some of the big items that we have on this one for revenues is primary general electric service and we are down \$441k. We made up for it on residential because most people are staying home and up \$78k. Another big one hurting us is the penalties which have stopped charging and we are going to keep not charging them.

On expenses, the purchase of electric is down \$626k which is due to the use on electric. Again, it is the lack of usage on the business side and it is also the purchase of power. We are going to give this a little bit longer and reach out to the engineers. We will see if they can do a calculation to see how much of the savings is based off less usage and how much is based off the new purchase power agreement. This will be valuable knowledge to have going forward.

Mr. Angelichio- I think so John and this information will be very telling. This information is good to have to see where revenues or expenses electrically go. Are our businesses using considerably more than the residential side of it? These are things can help us tailor future purchase power agreements and how we structure fees. It is unfortunate but we are more focused on this and say hyper-focused right now and this is really good information to have.

Mr. Ramey- We are at 42% in revenues in comparison to budget looking at revenues and 45% compared to budget looking at expenses. For 2019, we were at 44% of budget for revenues and 48% for expenses.

Mr. Burnell- It will be interesting when we talk a little bit about this in Electric meeting too, but are there any concerns that we are under purchase at some point is going to trigger something like a penalty?

Mr. Angelichio- Are we going to run into a penalty?

Mr. Ramey- I believe we got a confirmation that they are not going to do an under-purchase penalty base on everything right now.

Mr. Ramey- One other thing I like to talk about, as I did last month and keeping an eye on how much accounts receivable we have for electric. For the past 5 years, as of June 30th, the average receivable in outstanding billing is \$1.2 million. As of 06/30/20, we are at \$1.1 million which is a 9% below the 5-year avg. to show that people are paying their bills on time. We do see some shifts in who is outstanding but overall doing pretty good.

Mr. Angelicho- What are you seeing for delinquencies for 60, 90 and 120 days? Do you have #'s and historically where here and now we are here.

Mr. Ramey- Looking at 06/30, the amount of money we were outstanding was \$28k that is much higher than the \$9,000 at 06/30/2019. The # of accounts has jumped from 18 to 122. It is 6x as many of accounts, but only 3x the money.

SEWER FUND

Mr. Ramey- The Sewer Fund revenue is up 1% and the expenses are down 1%. We are right on last year with revenue 34% this year and last year 35%. We have cut expenses to 39% from 44% in 2019. Looking at their accounts receivable is a little different than the Electric Fund, as NPWA collects about 95% of the accounts. We are much below right now the 5-year outstanding in collections which is \$369k and right now we are at \$304k. We are only 22% below the 5-year average on accounts receivable. North Penn water does a great job on collections

Ms. Hawkins-Charlton- Is NPWA doing no late fees and shut-offs as well?

Mr. Ramey- That is correct. They haven't and would discuss with us when they would start to do something.

PARKS AND RECREATION FUND

Mr. Ramey- For the Parks & Rec, so we see the effects of not having the pools and memberships on the 2020 numbers. Again, these #'s are as of June 30th and right before the pools opened and the memberships really started kicking in. Next month, we hope for not as bad of a swing down in revenue. We are at a 70% less right now on revenues and expenses are down 25%. Going down and looking at revenues to budget we are at 20% of budget compared to 70% in 2019 and for expenses we are at 29% this year compared to 37% in 2019.

This is kind of what we expected, but hopefully with the memberships kicking in July and the before hour rentals. We get closer to the amended budget that we did.

2. Committee Business Items

1 . LERTA Hearing and Ordinance

Mr. Ramey- This is kind of more information item. Come the Business Meeting there will be a hearing to enact and approve the LERTA and then following that would be the ordinance.

Mr. Burnell- Has anything changed in the position of Westrum in term of the terms looking for as far as a 5 year payback?

Mr. Ramey- Just to remind everyone that the school board finance committee is meeting tomorrow night which will give us an idea what they are thinking about. They meet a day after our Business Meeting.

Based on the consensus of their Finance Committee we should be able to make a decision Borough-wise.

Mr. Angelichio- It wouldn't hurt to give them a gentle nudge from behind that we are waiting on them. Every month that we move this forward this delays Westrum's plans and gets more expensive for everyone.

2. Blacks Lives Mater Mural Proposed

Mr. Angelichio- There is a Black Lives Matter proposal from the public space behind Borough Hall. Please keep the presentation to 15 minutes. If we have any questions, please try not to repeat and ask the same questions.

Ms. Ritchie-Gruver- We kind of went over a lot of specifics at the Business meeting last month. I will hand this over to Anthony to start things off.

Mr. Simpson - The purpose is to signify equality, justice, respect, peace, inclusivity, freedom and peace and community commitment. The mural is a statement that honors, reflects, and contributes to diverse attitudes, perspectives, and experiences in our community.

Creating a lasting message about our dedication to achieving equality and justice and importance of recognizing, respecting and celebrating our difference. We believe in sending a strong clear message to the Borough and with all to show we are committed for fighting against racism and inequality, injustice and oppression. Project is not a solution to the very real problem that people are experiencing and the goal of our project is bringing to light for support together. It will show our commitment to work together for changes so desperately needed.

Ms. Ritchie-Gruver- So, what we really like to use the time tonight for is to show the importance of the project and why it is so significant. Also, acknowledging our conversations with the Mayor and understanding there are certain legalities behind this and why it may not happen the way it is supposed to think it could happen. It will most likely happen that the Borough will take over project and what we really would like to talk about tonight is the most important aspects of the project and advocate for any project for equality, freedom and diversity.

We started a group called the Lansdale Equality Coalition after the murder of George Floyd and BLM protests. The goal is to acknowledge the experiences in our community and to really take a stand. There are not any existing murals or public tributes in the Borough and feel there should be a mural or memorial to represent these experiences. As we move forward, we like to stay apart of the conversation and partners with the Borough and an added resource of the Borough. We want to see you succeed and be part of that and see all those ideals and things that Anthony talked about. We want the final project to represent what we are looking for.

Mr. Angleichio- Thank you and that was well spoken. I want to open the floor first to my fellow Council person for question or comments.

I can tell you Anthony is here and have had discussions with length with our legal representation and implications are what this means for Lansdale. We don't want open ourselves to unexpected consequences. I feel the BLM message is important message and to the people and fosters learning and for the community and what happens and for those who are not part of the group or have contact with it. We hearing something happen and we don't understand like it didn't happen to us then it didn't happen.

So, this is not the truth and we know that. So, we are apart of this as a community and we want to air on the side of caution if need be and also don't want people upset . I was a big part of changing things for marginalized citizens and spent a lot of time with legal council and our mayor and made sure we opened some protected classes to make sure Lansdale would remain an extremely inclusive society. It is a place where people could be safe, raise families and feel they had a fair shake with local government and they were protected. I don't want to say also that caution isn't a negative thing, but it is a reality.

Mr. Burnell- I appreciate the presentation and this has evolved. I understand this is not what everyone wanted and that there is some frustration there. I will say that I agree with the message 100% and 1000% frankly. I recognize the need, want and desire to do something and think that is important and don't need to let go of that and find a way to move forward.. We were put into a rock and a hard place particularly in the way this evolved. If we said yes to what was proposed, we are creating this limited public forum and saying yes to a lot of other things that we never want. We want to do something and this matters to us. Plenty of my neighbors do want to talk about it and do want to take action and do something. Let's not let go of that and something we can all get behind as what Leon had said.

Ms. Hawkins-Charlton- I attended every one of the protests in doing so with my son and attending during COVID. We can do something to last generations rather than the time being. I do feel Lansdale is a great place for something. I envision a mural on a wall and get artists to donate and get people to donate and to have a community impact. I know you want the mural on the ground and maybe is better on a wall than on the ground, do it on a wall forward facing to the community for generations. We need to educate and Anthony we appreciate your time and effort. It takes a passion of a few for change and I really appreciate your time and not to change the original vision but as a community can come together and do something wonderful.

Mr. Angelichio- Well said Carrie and everyone. This is a problem and we need to learn about it and make great strides. We need to stand on the shoulders of people who already made great strides. I am going to open comments to the public and you will have to raise your hand and everyone will have an opportunity and please be clear and concise. We will need your name and where you live for the record.

Patrick Cummins(123 Shady Lane, Lansdale)- To the point if it doesn't happen. If it happens to one person in a group of people it can happen to anybody.

Anthony(215 S Broad St)- At this point try to understand and how to try exactly to move forward is what trying to say. What is the proper venue at this point to come together for the public and the for the Borough?

Mr. Burnell- We will need to form a committee on its own which is public and private and reach out to peers on Council who want to be involved and then privately. Some other things are legal framework and can reach out to the Borough solicitor if need to. We can take first step to form some time a working group and need to have a meeting to form a public and private partnership to hash out some options.

Mr. Angelichio- I would be more than happy to join that group and be on that list if you will have me. More frequent and more consistent to answering questions and bring new questions to light. This is important for meeting not stretch out 2, 3 or more weeks which can dilute the passion and conversation is less frequent and slip from memories.

Mr. Simpson-It is a great step and important to get everyone involved and to get this moving.

Mr. Burnell-I said expect to hear from me or Leon this week and initial cut of who will be involved and when we will meet.

Mr. Angelichio- We need to know who would be in group and equal representation from the public and matter a fact a little more representation from the public Anthony & Sierra if you want to start working on people who want to be involved and contact info is very public and have them reach us by email.

Ms. Colleen Collins(842 Wedgewood Dr, Lansdale)- I am very interested in something happening and switch into something happening but hope it is not nothing happens. I think a mural is a great idea. When I was in the city, we got a mural done on side of a building and got funding. I have 4 adopted children which are African American and thanks and would like to be apart of this.

Mr. Angelichio- Any youngsters getting involved is a good thing as long as we don't get into an issue legally with their age.

Manny(unaudible)—We follow through w/ the passion to show rather than do. Put something concrete to show BLM because they do matter and have and always will.

Mr. Angelichio- I appreciate you guys stepping forward.

2021 Budget

Mr. Ramey- This is general info right now. I asked all departments to have their salaries, benefits and capital items for next week.

We will start then with expenses and what to give and then how to pay for and balance.

Mr. Angelichio- I would love to see zero based budgeting. I would love to see same level of services at the same budget level that we have now with no additional increases. I would love to see mandatory increases for salaries. I would love for anyone to bring me a 2% decrease. I think we have done a pretty good job.

Mr. Ramey- Salaries are zero based and benefits and are every employee by department. We know what union increases are and health insurance, taxes, life insurance and disability are all based off exact #'s which we have. The health insurance we kind of have to guess that at this point and have been in contact with our health insurance trust and they are working hard to avoid increases for next year. I usually start at 5% and it usually comes in at 4%. With the union and Steelworkers, we really don't know what is going on there.

Mr. Angelichio- I know it is going to be difficult to anticipate revenue with everything happening. Let's for our best to "eer on the side of caution" to prepare for the worst-case scenario. If we think revenues are 10% and look at 12.5% and we from there and I don't want to say to pad it. If we come under budget on expenses that is a good thing.

Mr. Ramey- EIT is going to be a big one to worry about. I have contact with Berkheimer who meet and can help us to predict for next year.

Mr. Burnell- I guess I would add that we will likely be in the hole at the end of the year. If we are not that I be shocked and great. I am sure nobody has appetite to talk about increases and we will have to talk about reserves and put on the table. It is a last resort but have to discuss.

Mr. Angelichio- The situation rises in every household to dip into savings. This is a problem if we go consistently into a hole.

Mr. Ramey- Knowing what we have and a 1 time thing is not an issue. We get into trouble dipping into like others in other municipalities. We try to limit what we cut into it.

Meeting adjourned at 7:10