

**BOROUGH OF LANSDALE  
ADMINISTRATION AND FINANCE COMMITTEE MINUTES  
MEETING OF SEPTEMBER 2, 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

Mr. Angelichio calls the meeting of the Administration and Finance Committee to order at 6:23pm.

## **1. Financial Reports**

### **A. Financial Reports 07/31/2020**

Mr. Ramey- As we see with the General Fund, revenues are exceeding last year. With the tax increase real estate taxes are up \$160. So, of the \$84k increase, you can imagine other revenues are lagging in comparison to last year, so there is a 1% increase there.

Expenses are down \$340k. A big part of this is the Public Works non-personnel costs are down \$86k for the year and their overtime is down \$48k.

Mr. Angelichio- How much of this do you think of that contributed to the anomaly of a very soft winter? That has got to have a big impact on the amount of salt, overtime, plowing and I would imagine we paid out significantly less in contractor fees.

Mr. Ramey- I think it is two-fold where the 2019 # is a little higher is a little higher than usual and the 2020 a little lower than usual which leads to a big change from year to year. Overall, you can see that we are at 67% of revenues for budget compared to 72% in the prior year. For expenses, we are at 47% compared to 51% in the prior year.

Going back to the revenue, the one items that is also leads the decreases in the \$84k is the transfer tax. Through July 31<sup>st</sup>, we are at about \$50k less in transfer tax that we are recognizing. I am hoping in August there is a big rebound and I know in August it is really hot right now for residential. I am not sure on commercial end but there was some big properties that sold in August and hopefully we can see a big rebound.

Mr. Angelichio- Real estate inventories are low right now. We had a period of 4 to 5 months where a property couldn't be shown and that sales were non-existent. How much of that real estate transfer tax is contributed to new development? Over on Hancock St., we had a heck of a lot of properties come on-line and change hands last year and the year before. Is that an anomaly and I know we can't expect a new housing development to open every year and transfer 100 units.

Mr. Ramey- Looking at it month thru month, there are still a lot being sold. So, it is still happening where we are recognizing that one development coming on-line for the 3<sup>rd</sup> straight year.

Mr. Angelichio- What else do you have for us?

Mr. Ramey- Plumbing permits are up this year. We are about to hit the really hard part, as once we hit August. We hope that the transfer tax may make up for some of the losses in LST and EIT which are the things we really have no control over.

### **ELECTRIC FUND**

Mr. Ramey- Year-to-year looks a little skewed, but we look good and following the track of being on budget % wise. Decrease in revenues of \$368k or 3.4%. We can see a swing in people staying at home and using more. We are down \$639k in expenses mostly due to less purchase in electricity.

Mr. Angelichio- So, we are still not in a situation here where we make or break thru a threshold for use it or lose it and not going to be penalized buying enough?

Mr. Ramey- Andy can correct me if I am wrong, but there is not to be any kind of penalty for under usage this year specifically.

Mr. Ernst- John, that is correct and in our contract we worked with Andy to make sure. This is a such unique year and they are not in position to charge us or penalize us for non-usage.

Mr. Krauss- That is also for the term of the contract to make sure for that.

Mr. Angelichio- What is the term and when is this up?

Mr. Krauss- I believe 2032.

Mr. Ramey- We are at 52% and 54% in revenue for 2020 to 2019 and at 52% in 2020 to 55% in 2019. So, we are cutting back in expenses when comparing the budget. We are less in revenues as expected.

Mr. Ramey- One thing, I also wanted to mention about the receivables as of July 31<sup>st</sup> when comparing 2020 to 2019 is that they are up \$21 out of \$1.268 million. There is a change of \$21 from year to year.

### **SEWER FUND**

Mr. Ramey- I will leave it up to you guys and I know I talked to Leon earlier about. The Sewer Fund is actually running pretty normal right now.

### **PARKS AND RECREATION FUND**

Mr. Ramey- The Parks and Rec is what the Park and Rec is this year. There is a decrease in revenues and a decrease in expenses.

Mr. Burnell- I am curious about the pool and I expect that to get out of the Parks and Rec.

Mr. Ramey- I plan on going to Parks and Rec and actually going into detail with them.

## 2. Committee Business Items

### 1. Police Drop Ordinance

Mr. Ramey- We had a state pension audit where they usually come out every other year. This was a 4 year audit period. One thing that came up, when the Drop program started in 2014 an ordinance never passed that follows CBA. This is kind of a housekeeping thing to clean up and get everything to match together. This month we are just looking at a prepare and advertise. Patrick was able to put together the ordinance.

Mr. Angelichio- So, this will be specifically for prepare and advertise and not to vote on the actual ordinance but to put it out in public per view.

Mr. Ramey- Yes.

Mr. Angelichio- Patrick, so do you see anything of an issue particularly concerning? We instituted a drop program back in 2014 and here we are in 2020 and finally realizing that we need an ordinance.

Mr. Hitchens- I think the most important thing is that you are actually following the DROP program for your CBA requirements. I would say the adoption of the ordinance is more a formality.

Mr. Angelichio- We know we have to put this ordinance in the public hands to review. We can bring it forward to full Council and we know it needs revisions. Do we want to bring to full council contingent on those 2 items that Patrick brought up to be corrected? It doesn't hurt us to bring it to full Council understanding that there is these 2 little items that need to be tweaked.

Mr. Ernst- I would say you can go ahead and authorize prepare and advertise. It doesn't necessarily mean that the ordinance is actually ready. It says once we are comfortable with it and it says everything that we need it to say then we can go ahead to advertise at that point. As long as, we have the authorization to do so, we can do it at any point following.

Motion Ms. Hawkins-Charlton to **prepare and advertise for the Police DROP ordinance** and bring forward to full Council. Second Mr. Burnell. Motion carries 3-0.

### 2. 2021 MMO'S

Mr. Angelichio- Alright John, let's talk about our 2021 MMO's and we know this predominately deals with the police department and their pension and I know you gave me some good news this afternoon.

Mr. Ramey- I am delighted to share this news. We get a calculation from the actuary and estimating the current payroll and what kind of contribution. After doing all of the calculation, it only went up \$8,000 from last year. It went up over \$85k in 2019-2020. It does show that the plan is performing much better. Historically, it has been larger increases and it is nice to have a nice small one in a year that we are trying to tighten everything up.

Mr. Angelichio- Agreed. We do have MMO's for non-uniform.

Mr. Ramey- It is calculated off non-uniform salaries and that is a straight % and it is distributed amongst different line items depending on the department and could change if not as much over-time this year. Police is a hard # and that needs contributed to plan by 2021.

Mr. Angelichio- So, that item would need to be brought forward to full Council for consideration for approval of that amount to be put forward to the Police portion of the MMO's. This is pretty straight forward.

Mr. Ramey- This is something we do each September.

Motion Ms. Hawkins-Charlton to move forward **approval of 2021 MMO's which is for an increase of \$8,000.00**. Second Mr. Burnell. Motion carries 3-0.

Mr. Angelichio- Anything else to talk about John for the Committee Business items?

Mr. Ramey- We are moving along on the 2021 Budget and by the time the Business Meeting comes around we will have an updated Capital Plan available for people to view on the website.

## **2. Old Business**

Mr. Angelichio- We have nothing listed here in Old Business. Do either of my counterparts have anything in Old Business anything to bring up? or John?

Mr. Ramey- None.

## **2. New Business**

Mr. Angelichio-I received a letter and I am fairly certain everyone did. So, lets discuss Discover Lansdale and their decision not to accept a contribution from the Borough this year.

Mr. Ernst- I was at the Discover Lansdale meeting last week and they voted unanimously to take the \$50k that Borough Council authorized in the 2020 budget and return it the Borough knowing full well there was a lack of activities that they can produce in this season. The sent a letter I believe to everyone and they would like the money to be back in the budget 2021 for them assuming the events go back on schedule.

Mr. Angelichio- I have 2 questions. John- can you please if it hasn't already been distributed forward this letter to the entirety of Council? I know we did on our committee. Also, my 2<sup>nd</sup> question might be for Patrick because that is something that is a line item on our Budget that we appropriated funds. Is there any clean-up or any type of legal?

Mr. Hitchens - No is my initial reaction and would check with Mr. Ramey. If you made a line item to buy police vehicle but then decided not to buy the Police vehicle anymore then it will just stay there. It is a non-expenditure here.

Mr. Ramey- Using say "Police" vehicle and not buying, we are under on the line item and nothing needs to be done. The only issue if we go above any expenditures that is where a motion goes to Council needs to approve.

Mr. Angelichio- Is there any place particular that the money has to be returned to? Is it returned to the General Fund or Capital Fund?

Mr. Ramey- With the revenues short falls in 2020 I would leave it in the General Fund to try and save fund balance at a level that we are at. We actually didn't give them the money yet and they usually request it. Discover Lansdale got \$125k in 2013, \$100k, \$75k and it has gone down it has been at \$50k since 2016.

### **Emergency Electric Block Grant**

Mr. Angelichio- I have talked a little bit in the past with the idea to develop and implement maybe a little bit of assistance for the people in the Borough who have been impacted by Covid and are struggling at this point to make ends meet. We are in a position to help if we can and in the position to. Mr. Ramey, where are we say in the parameters of 60 and 90 days? It is the people who have fallen on hard times.

Mr. Ramey- We have 30, 60, 90 and 120+ on the aging report. To focus on 120 day past due, as of today at 2:30pm, there is \$11,843 outstanding and a total of 57. Of the 57 accounts, \$5,000 is accounts which haven't made a payment in January or before. Accounts that actually went delinquent after Feb. 2020 is only \$6,182.00 and have made payments.

Mr. Angelichio- That is not inclusive of the people at 60 and 90 days and are at 120 days for amount. What is 90 days?

Mr. Ramey- \$7,438 for 90 days or less. \$11,713 for 60 day or less. We are around \$30k. There is overlap in these accounts for someone who is 120-day delinquent there is also 90 and 60 days that are parts of it. The total # of accounts with no overlap is 138 accounts out of 9,000 and these are only the residential #'s.

Mr. Ramey- If you take out the \$5,000 for the longer outstanding we are at about \$25k.

Mr. Angelichio- I want to make sure we have an accurate # for the impact of Covid and have this carryover from Nov, Dec and Jan. \$25k can reasonably assume is because of Covid. I know John and John have put together a plan to start reminding people with no pressure to pay and there is where you or at and can you make a payment.

Mr. Ramey- I ran the same report just for residential from last Wednesday to this Wednesday and the total receivable went down \$297k. If someone still can't pay then their balance keeps shifting from 60-90-120 and it is not. Those individual times frames are still staying steady so looks like paying the older stuff.

Mr. Angelichio- This is to help people and people can apply and there are benchmarks to be met, Not everyone qualifies and you have to show legitimacy to your needs. There may also be people on the bubble who don't qualify for relief they qualify for deferral. That is step 1 to fill out an application to

qualify. Maybe you aren't A, B and C and just B and C. Do we have a lower threshold and a tiered system and obviously not going to be a perfect system.

We have a genuine necessity and there are people are struggling in the Borough and we know that. Talking to Meg, there is an influx of people are using kitchens at this point. Do we have the will to do so? The means we have and do we have the will to do it and I think we do. We have gone on undertaking outside of the scope to benefit out residents like undertaken maintenance to the alley system which is private property. Services don't make money and shouldn't expect it. We don't expect Police department to make money because it is a service. We don't expect Parks and Rec to make money and try to offset the costs as best as possible. People gain on it and improve quality of life aspect.

Mr. Burnell- You and I spoke about this offline and I am supportive of the idea. I think from our solicitor a program to give money away. We could pursue and an ordinance and we don't know the full extent of the problem and worrying this could be bigger than we are talking about, as we know people lost the extra \$600. People may start to feel that now and in the coming months. This problem we have been calling smaller could somehow get bigger. We could formalize something today where people could apply and get some formal deferral. We are not forgiving it per se, but we want to help you and give you an extended period of time to pay. We could then get real data of people struggling to pay their bills and see the scope of the problem. We can carve out a clear line and see the people who desperately need help and the size of that and really implement that plan and do both of these things at the same time. What will the ordinance look like as A. and B. to collect data.

Mr. Angelichio- I do agree. We are already working on a deferral w/no penalties or shut-offs. We understand there is a problem and we don't have the data. My fear is we won't see the impact for years to come from Federal or state. We need to look and I don't want to wait long. Our government just extended the crisis. It is hard to understand and we let it go too far we never have the money to solve the problem. Yeah, we are not charging fees and doing shut-offs. The income is lost and not coming back for these people unless they work over-time or get another job, but the problem is not going away. The deferral is nice to give people time. We are absolutely responsible to provide for the health and welfare of the people that we serve.

Ms. Hawkins-Charlton- I have a lot of questions. So, John Ramey you said that there are 138 delinquent?

Mr. Ramey- Yes, it is that are 2 months or greater.

Ms. Hawkins-Charlton- Out of the 138, how many are on a payment plan with us already?

Mr. Ramey- None right now because no penalties or shut-offs. We are just asking them to pay as much and when they can.

Ms. Hawkins-Charlton- Why haven't we offered them to get on a payment plan like the oil companies?

Mr. Ramey- We do offer a budget plan and it is based on the prior 12 months averaged together. It does go up and down each month.

Ms. Hawkins-Charlton- I spoke to Andy yesterday about LIHEAP and their program this sounds similar to what Leon is proposing. How many of our customers are on this?

Mr. Angelichio- There are strict requirements and it is only for heating and there is a credit that goes to the oil company to deliver to you. It is very limited in scope and strict. This program is woefully underfunded each year and the need for that.

Mr. Ernst- The current application for LIHEAP doesn't open until November.

Mr. Ramey- We are getting checks currently on a weekly basis from LIHEAP.

Mr. Burnell- There is nothing precluding us from starting the process of preparing and advertising an ordinance. Whether we approve that or not, there is nothing stopping us from starting that process. We should actively work to start collecting data. I know we got a document which is the application form. I would move to prepare and advertise work to full Council for approval.

Mr. Herbert- I completely agree with Denton and no reason to do an ordinance and move it forward. If this is not the event then we built the system to use in the future incase something changes. The event isn't over and the emergency isn't over. I think it makes sense to build something that we can rely on for future. I would love to see you move it forward for this reason.

Ms. Hawkins-Charlton- Did we talk about doing a lower rate class for lower income families?

Mr. Herbert- I believe we did and Andy talked about how difficult and expensive this is.

Mr. Angelichio- Yes, it is very cost prohibitive and don't want to discount because I think it is a great idea.

Ms. Hawkins- Charlton- That would be great for long-term goal for us to do and I talked to John Ramey about it today. We don't have a lot of information of that and an estimate is about \$5,000. I am not sure and like to look at other options as well and it is just an idea.

Mr. Burnell- I agree Carrie. If we don't move, then nothing happens. We can prepare and advertise this brings forward and not approve and ordinance. All this is doing is saying lets keep this process moving forward and lets continue to talk about and collect data and lets ask people if they need help and to come forward to us that they need help.

Mr. Angelichio- I agree. My fear is this stagnates and goes nowhere. I don't want this get lost in the shuffle and Carrie is right about long-term. We need a short-term solution to something that is going to be long-term.

Mr. Hitchens - From a legal standpoint, I encourage clear direction on what you want that program to ultimately look like and framework of application is a great starting point. We may have to draft an ordinance to capture that program in an ordinance form. It will be very important to get those particulars down. I understand that LIHEAP may or may not apply. I think when I draft something that I will be using a statutory model for drafting the ordinance. I need a lot of specifics for the criteria and what are the classifications and what are the amounts. It will help me to put something together to you quicker that will capture everyone's thoughts and encourage to share them to be close to what you are thinking.

Mr. Angelichio- I understand and don't want to hold off to long. We need to get something on paper and can modify at that point and got to put a starting point together.

Mr. Burnell- I think we can articulate a framework to put together to spur more conversation and continue to get data from John and it will all be a factor.

Mr. Angelichio- With that being said, we have 2 weeks until our Business meeting. We have another then 2 to 3 weeks until our next Work Session. Do we want to move something forward to full Council so can begin some things?

Mr. Burnell- I already have a motion of the floor which hasn't been seconded yet.

Motion Mr. Burnell to move forward to full Council **to begin to develop framework for Council to use and to prepare and advertise**. Second Ms. Hawkins- Charlton. Motion carries 3-0.

Mr, Angelichio- Patrick sharpen up your pencil for the work to do.

Meeting adjourned at 7:15.