

Borough of Somerset Budget Council Meeting

November 8th, 2021 - 5:00 p.m. *(In-Person Meeting)*

1. Meeting Called to Order - President Ruby Miller

2. Pledge of Allegiance

3. Roll Call:

Council Members present: Ruby Miller; Fred Rosemeyer; Lee Hoffman; Pam Ream; Steve Shaulis and Gary Thomas.

Council Members absent: Sue Opp.

Also present: Mayor Scott Walker.

Also present were the following:

Borough Manager, Michele Enos; Director of Finance, Brett Peters; Administrative Assistant, Roger Bailey; Solicitor, James Cascio; Consulting Engineers, Tom Reilly and Jake Bolby.

Public Attendance:

a) *None present*

4. Announcements

a) *None*

5. Approval of Minutes of Previous Meetings:

a) *No minutes approved at this meeting*

6. Award of Bids:

a) *None*

7. General Public Comments:

a) *None requested*

8. Administrative Business:

a) *Communications (None)*

9. Policy Agenda:

Old Business:

a) *None*

New Business:

a) 2022 Budgets

a) *Operating Budgets for General, Water & Sewer.*

b) *Capital Budgets for General, Water & Sewer.*

(Operating & Capital Budgets discussed throughout the Meeting)

Mr. Peters distributed a first draft of the Tentative Budgets for General, Water & Sewer Funds to members of Council. To refresh everyone's memory, Mr. Peters also explained the "Year-to-Budget to Actual Comparison" spreadsheet he also distributed.

Mr. Peters brought out that for General Fund purposes, it appears that there is a balanced budget. He explained that this is due mainly in part because we are expecting to get the second half of our "American Relief for Covid" monies in from the Federal Government. He noted that if the Borough didn't have that, we would be in a deficit situation for this year. Mr. Peters added that this would be discussed later.

Mr. Peters said that for the **Water Fund**, he is going to recommend a *.5 cent increase* in the water fund rates this year because we have purposely not been raising our water rates over the last several years to try to improve our chances of getting free grant money from PennVEST for the Water Project. He added that this strategy worked out well for us because we are receiving \$5 million dollars in grant money for our water projects for next year. Now is the time to start "tweaking" those rates to where they need to be.

Next, regarding the **Sewer Fund** rates, Mr. Peters said that we will be applying for a project from PennVEST as was done for the water fund. The strategy will also be to keep our rates as low as we can to increase our chances to get grant money for the future. As a result, he will be recommending *no rate increase* for the sewer fund for next year.

Ms. Enos brought out that Mr. Peters prepared the spread sheet for the 2022 Capital Budget Requests that came in from all Departments.

She explained that a meeting was held with all of the staff members to go through each and every request. The Engineers were also asked to be present for projects related to water & sewer because some things will be addressed in the Capital Water Project side. Mr. Bolby helped to provide a better cost analysis. Also, some of the Superintendents are not familiar with what requires permitting, engineering design and bidding.

Ms. Enos first reviewed the 2022 Capital Budget Requests received from the Public Works Department:

1. (2) Diesel Trailer Pumps 6" - Trailer Mounted: \$37,180.00

Ms. Enos brought out that pumps are used for our sewer system during flooding and other occasions. Presently, the Borough has two pumps that have been rehabilitated. She said that during the last rain storm the two pumps we have, failed.

Mr. Bailey brought out that the one pump was put together from the Borough's old sweeper motor that we had. We had an old pump, made a trailer, and connected the two together. The second pump is from the old leaf sucker diesel motor that we had. We found an old pump and put it together. Both of these rehabilitated pumps went down during the last big rain storm that we had. He said that both pumps are old and were used whenever we got them, and the motors were used and are old too.

Ms. Enos added that the rehabilitated pumps were used for a very long period of time too.

Mrs. Ream expressed that to stay out of issues with flooding and regulations, we need to be focusing on having good pumps, because if we do have storms, we are going to run into trouble.

Ms. Enos added that we also use the pumps for projects, to bypass our system, or for any type of fix.

2. CDL Heavy-Duty Dump Truck w/ Plow & Spreader (Replace 1999): \$161,500.00

Ms. Enos said that the next request that came in was for this CDL Heavy-Duty Dump Truck with a snow plow and spreader to replace a 1999 unit that is in serious shape with its frames. She acknowledged that this is a big ticket item.

Mr. Rosemeyer asked if the Borough's 1999 unit has any trade-in value. Ms. Enos responded by saying that we could probably get some type of trade-in on it. She noted that we get a better deal on trade-in's than we do on surplus equipment, so we can utilize the oldest one as a trade-in.

3. 2022 Ford F-600 w Plow/Spreader: \$93,500.00

Ms. Enos said that next is a request for a smaller truck. She said that the price tag on this is \$93,500.00.

Ms. Enos mentioned that the first three items on the Public Works Request List are multi-funded between General Fund and the Sewer Fund. So the General Fund monies will not solely be absorbing the total cost, but it is based upon how the vehicle is used and how the equipment is used.

4. Pool Car (Replace 2008 Ford Fusion): \$24,000.00

Ms. Enos pointed out that this car is stationed at the Municipal Building but it is used by Code Enforcement and Inspections. It is also used for mail delivery or used when there is a complaint.

Ms. Enos said that it would be replacing the 2008 Ford Fusion which has a rusted frame and probably is not going to pass inspection next year. The cost for replacing it will be split between General, Water & Sewer since it will be used for multi-purposes, enabling us to multi-fund it.

5. Flood Control Project (Coxes Creek): \$48,500.00.

Ms. Enos said that we are holding monies at 15% until we hear back concerning a grant that was submitted. She said that this number may need to be “tweaked” just a little bit for the final budget amount. We are expecting it to be potentially 5% higher from what we actually submitted this year, so we may be looking at the cost to be somewhere around \$70,000.00, not \$48,500.00.

Mr. Rosemeyer asked what the \$300,000.00 that the Borough is getting from the State can be used for. Mr. Peters answered by saying that it can be used for very limited purposes, but loss of revenue is one acceptable reason. He acknowledged that he is still not 100% clear on what it can be used for because the State is still adding to what you can use it for. Mr. Peters said that since loss of revenue is one of them, his intention is to replace the revenue the Borough lost in 2020 due to Covid. He said that real estate taxes did not come in quite as quickly. They came in 2021 instead of 2020. He said that we can use the State money to replace the money that was lost in 2020, even though we gained it back in 2021.

Ms. Enos added that the General Fund could definitely use that lost revenue.

Mr. Peters pointed out that if we cannot utilize it all in there, then Water Infrastructure & Sewer Infrastructure Projects are eligible for that Covid money. He said that we could shift it to the Water & Sewer Fund, if need be, but the focus is to keep tax rates as low as we can, so if I can utilize it in the General Fund, that is where we will try to keep it.

Ms. Enos brought out that we are mandated to keep Coxes Creek to a Flood Control approved status. It is inspected every year either by DEP or the Army Corps of Engineers. She said that this is the work that they have pointed out that we must do in order to comply with an acceptable standard.

Ms. Enos reiterated that Mr. Bolby had prepared an application for grant funding. This represents 15%, which was the local match required at that time. That number will have to be bumped up a bit to \$70,000.00 to represent the 15%. In a project that large, with that magnitude, it is a pretty good deal for a 15% match.

Mr. Thomas questioned whether the Pool Car replacement would be a new car or used car. Ms. Enos responded by saying that we would probably get a year or two old used-car. She said that the amount requested for the pool car was a smaller

number, so whatever Borough Council approves *up to* \$24,000.00, will be utilized. She pointed out that if we save the money, and get something that costs less, we will do that. She noted that a new car will not be necessary for what it will be utilized for.

Reviewed next was the 2022 Capital Budget Request received from the Police Department:

1. Police Cruiser with Up-fit: \$47,000.00

Ms. Enos stated that Chief Cox submitted for one Police Cruiser with Up-fit at a price of \$47,000.00 max.

Chief Cox explained that the Police Department has a 2014 Dodge Charger that has already had an engine replaced, and he is unsure of how much longer it will last. He said that the car is not worthy of putting any more money into it.

Chief Cox brought out that they would be looking at another Dodge Charger, which he does not have any quotes on yet because of the supply chain and production. He noted that he assumes it will be close to \$30,000.00. A Ford Explorer would be \$34,900.00. However, he said, Ford makes a Hybrid which has a gas engine, but also has a battery it operates on. He explained that the battery will charge up to 80%, which the car runs off of until the battery level drops off to 30%. Afterwards, the engine will kick-on and charge the battery again. He noted that it is not a plug-in vehicle. He said that the Hybrid is approximately \$4,000.00 more in acquisition costs, however, it is estimated that you will probably save that in fuel consumption in the first year. The fuel consumption savings will continue through the life of the car.

Chief Cox brought out that the other thing he is looking at, even more than fuel consumption, is the run time or run hours on a Police car. He pointed out that if a typical Police car has 90 some thousand miles on it, the equivalence of the wear and tear on the engine because of the idle time, puts it up to 250,000 miles. He added that Police cars spend a lot of time idling. This is where a lot of repair costs come with a Police car. So if Council were to decide on a Hybrid, there would be fuel savings along with savings on maintenance and repair costs, because the engine is not being used as much. Nevertheless, there is an increased acquisition price of about \$4,000.00.

Mr. Thomas asked, concerning the Hybrid, if all the electronics being put on the car such as the lights, radios and other things, will be able to hold up with the battery. Chief Cox answered by saying that it would. He said that this is a Hybrid Police Package, so the electrical system is designed for this. He said that he is sure that the lights, radios and computer is a larger electrically draw on the car, but according to Ford, the car will compensate for those things in the design.

Mr. Rosemeyer asked if the price included the lights and everything else. Chief Cox said that this is the Up-fit cost.

Chief Cox disclosed that the Police Department has been waiting for their new

car to be delivered since June 2021. He said that the car is here, but the supply chain is stalling the arrival. The parts, and mainly the lights, have been on back order. He said he is not sure of what the Up-fitting costs will be. Basically the cost is \$10,000.00, but with the way the supply chain is going, and inflation, he is unsure what the final Up-fitting costs will be. Chief Cox added that the Cruiser itself is steady and reliable. He disclosed that the car is in Latrobe at Blackout Tinting, and his hope is that this car will be in service by the end of the month.

Chief Cox explained that their two newest vehicles are used by each shift, and the Officers trade in and out of those two primary vehicles. He noted that they have reserved vehicles they use for the hospital, for the schools, or if one of the primary vehicles are down. So they are running approximately 15-17 drivers mainly through two vehicles.

Chief Cox said that when the new Cruiser comes in, Officers will be assigned to two vehicles, therefore, reducing the number of drivers of each vehicle and, thus, keeping the vehicles in service with more uniformity. Chief Cox expressed that the more drivers you have on a vehicle; the more maintenance costs you are going to have. So they will reduce the number of drivers per/vehicle, keep the mileage from getting high on two vehicles, and redistribute that total mileage between four vehicles, and five vehicles eventually, which will reduce our maintenance costs significantly.

Mr. Rosemeyer asked, "Would we be safer to make this \$50,000.00?" Chief Cox answered by saying that if Council wants to look at \$50,000.00, and make it a max \$50,000.00, he wouldn't spend that much if the costs aren't that high.

Mr. Rosemeyer made a recommendation that Chief Cox's request for a new Police Cruiser with Up-fit gets changed \$47,000.00 to \$50,000.00.

Ms. Enos said that a motion will not be needed at this time because the meeting is more of a workshop.

Mr. Peters added that the meeting is to give him direction. The actual voting will occur in two weeks at Council's next meeting.

Ms. Enos said that the Tentative Budget Adoption will occur at the end of November, so this is why everything is being ironed out to see how Borough Council feels about the requests, and see where they stand with everything.

Mr. Peters added that if there are strong objections regarding something being discussed, to let him know immediately so that they are not faced with changing things at the November Meeting. He said that if anyone has strong feelings, one way or another, to get them out on the table now.

No objections were voiced among Borough Council.

Chief Cox pointed out that there are two other alternatives. One, which was discussed last year, is searching for a good condition used Cruiser. He expressed that

the problem he ran into last year was that when he found a car, the day he had the money to purchase the vehicle, the car was already sold. He said if he found something used, it would require quick action, possibly only days to be able to purchase it.

Chief Cox said that the second alternative is to see if there are any leftover brand new 2021's. He spoke to Tri-Star (through Co-Stars) about this already. The drawback is that if he finds one, he doesn't think that he will be able to wait until January 1st or 2nd because we might be in a position where they would want their money before the end of the year. If we could find a leftover 2021, and avail upon Tri-Star's good will, then we could probably purchase it within weeks or after January 1st.

Mrs. Ream asked why the budget request for a new Cruiser is being raised to \$50,000.00 from \$47,000.00. Chief Cox answered by saying that what he thinks prompted it was him mentioning that he was unsure of what the Up-fitting costs will be.

Reviewed next was the 2022 Capital Budget Requests received from the Water Treatment Department:

1. Unit I – Truck Replacement: \$35,000.00

Ms. Enos brought out that the Unit I Truck was repaired multiple times. Presently, they are having electrical issues with it. Also, the frame is in rough shape. The Superintendent is asking for a truck replacement of up to \$35,000.00 for a used truck.

2. Coxes Creek De-chlorination Project: \$10,000.00

Ms. Enos brought out that she and Mr. Bolby talked about adding this project because the treatment process has to change.

Mr. Bolby said that the permit for Coxes Creek changes in November 2022. This cost would be for the construction of the de-chlorination system.

Ms. Enos next reviewed the 2022 Capital Budget Requests received from the Water Distribution Department:

1. Bob-Cat Compact Track Loader w 60" Brush Cat: \$65,841.54

Ms. Enos explained that this Bob-Cat is on tracks for muddy and more flood plain area situations. It is used for cutting brush and water line breaks.

Ms. Enos said that this is something that can be rented a few times a year. We have a dealership that we have used to rent equipment. So if it is Council's desire not to purchase this right now, Ms. Enos said that she would like to put at least \$10,000.00 in this category for rental. She said that she is fine with this, and it has been discussed with the Water Distribution Superintendent who is fine with it as well. She feels that putting \$10,000.00 in this category is something we can do to save some costs on the

rental.

Ms. Enos said that, in the future, we can look at different options that can be considered multi-funded use, and not just for one Department.

Mr. Peters brought out that he will probably take that off of the Capital, and throw the \$10,000.00 somewhere in the Operating Budget.

Ms. Enos said that this request will be wiped off of the Capital Requests.

Lastly reviewed was the 2022 Capital Budget Requests received from the Sewer Department:

1. 12x24 Storage Shed: \$12,000.00

Ms. Enos brought out that this shed is needed to keep their lawn mower equipment, smaller hand tools and different things. She mentioned that this is movable and will not be a permanent structure, so if anything changes at the Plant, or we find in our Capital Sewer Project that we need more space, it is a movable shed that can be relocated.

2. In-Line Muffin Monster for Digester: \$40,000.00

Mr. Bolby brought out that this is a grinder that is connected, on each end, to pipes that would be between the sludge digestors and the sludge digester pumps.

The intent is to take any solid material and reduce it down to protect the pumps that are there, and prevent the possibility of having the pipes being clogged up from something being lodged in them at the Plant. On a number of occasions, in the past, the pipes had foreign objects lodged in them.

3. Replace Secondary Clarifier Pump: \$20,000.00

Mr. Bolby brought out that this is one of the pumps that ensures that the effluent quality from the Plant is within DEP Regulations.

4. Pump Station Generator Connections (Brierwood, East End, Coleman): \$5,000.00

Ms. Enos brought out that the Superintendent requested stand-alone generators at each one of the Pump Stations, which is pretty costly. Instead of having 3 stand-alone generators, we are going to install hardwire connections for a portable generator to be placed at a pump station if one is needed there. This would give each Pump Station plug-in capability for the portable generator.

5. Control Panel (S. Edgewood Pump Station): \$30,000.00

Ms. Enos disclosed that the Control Panel is in bad shape.

6. Roof Repairs (Sludge Building/Bio-Tower): \$5,000.00

Ms. Enos said the roof repairs would be to the Sludge Building and the Bio-Towers at the Sewage Wastewater Treatment Plant.

7. Roof Replacement (S. Edgewood Pump Station): \$10,000.00

Ms. Enos confirmed, although expensive, this is the going price for roof replacement.

Mr. Thomas asked if the Borough has to pay prevailing wages, Union wages, when they do jobs like that? Mr. Bolby answered by saying "not on a job that is less than \$25,000.00."

8. Trickling Filter Recycling Pumps: \$60,000.00

Ms. Enos said that \$60,000.00 is what is budgeted and is an accurate cost for these pumps.

Ms. Enos added that the budget had been paired down to absolute needs on these requested items.

9. Bar Screen Control Box: \$12,000.00

Ms. Enos said that this is estimated to cost approximately \$12,000.00.

10. Omni Alarm System (S. Edgewood Pump Station): \$5,000.00

Ms. Enos said that we have used this Omni Alarm System. She noted that we have been strategically putting in alarm systems where all the antiquated dial-in systems have no support and do not work most of the time. We have been trying to do one or two locations a year.

Mr. Bolby said that the S. Edgewood Pump Station's control alarm system is telephone based, and it is part of the Control Panel which is unreliable and hasn't been working. The system communicates to the main Sewage Treatment Plant. They have had issues with this system for years.

He said that the Pump Station received one of these Omni Systems for free about 4 years ago and liked it, so one went in over the last two years. Mr. Bolby added that these systems have been proven to work at the other locations where old communication systems are being replaced.

Ms. Enos said that they wanted to try this new system to see if it was giving us what we needed. We have other systems on it now, and it has been working great, so we have been trying to add additional ones each year at locations needed.

11. Pickup Truck: \$45,000.00

Ms. Enos said that the top end price for a pickup truck is \$45,000.00, but we

certainly would be willing to look for a used pickup truck as well. She disclosed that this new pickup truck would be in addition to the 3-4-year-old truck that the Sewer Plant currently has. The Sewer Plant uses their truck to check all the pump stations, to run samples, and to run out to the GEO Lab as well.

Ms. Enos stated that if there was an item that Council would want to scratch, we can live without *number 11* for another year and reconsider it next year.

She added that we will not spend more than what we need to, and what Borough Council approves.

Mr. Thomas said to leave the Pickup Truck on the Budget Request List for now, and if it needs deleted, it can be deleted later on.

Mrs. Ream asked what the Trickling Filter Recycling Pumps were. Mr. Bolby answered by saying that the Plant has to have a million gallons of sewage constantly flowing through it to have the right bacteria-life in the trickling filter pumps. Sometimes it goes down below that, so we recirculate the flow back to it so it always has a million.

Mrs. Ream asked if the pumps we have are old and need replaced, or if we are critically thinking ahead? What are we doing with that? Mr. Bolby answered by saying that there are three pumps, and two of them are broken and inoperable. There is only one working pump left.

b) Operating Budgets for General, Water & Sewer.

Mr. Peters next distributed and reviewed a draft of the “Year-To-Date Operating Budget Summary” for the General, Water and Sewer Funds:

1. General Fund:

Mr. Peters disclosed that, without any Capital, there is a Total Surplus of \$191,954.00. Without taking any adjustments into consideration, we were at \$184,000.00 for General Fund Capital Requests. This Surplus of \$191,954.00 includes the money we are getting in for Covid Relief. The Borough will receive that in 2022, but if we were not receiving this money, Mr. Peters said he would be asking for a Real Estate Tax increase.

Mrs. Ream asked if the Covid money we are to receive is geared from 2021. Mr. Peters answered by saying that we get two installments. He disclosed that the Borough received one installment of \$300,000.00 this year, and another installment of \$300,000.00 will be arriving next year.

Mrs. Ream asked if it was based on 2021. She also asked if the Emergency Declaration is good until July of 2022. She added, “Does that mean that they will extend more Covid money past that?” Mr. Peters answered by saying that he is not

aware of any more money coming in.

Mrs. Ream said that for the most part, they are extending a lot of the waivers until July. She said that she knows that we can't count on any more money.

Mr. Peters said we can certainly re-evaluate this time next year if we get more money coming in. Mr. Peters stated that we do not know what next year will bring. He asked Council if they wanted to start planning on there not being any Covid money in 2023, and instead of doing a 1 mill tax increase or more for 2023, to do it in increments of a ½ mill increase this year and maybe a ½ mill or more next year, depending on what next year's Budget brings.

Mr. Thomas expressed that "we already hammered them last year for 1 mill." He continued saying that he couldn't see doing it again.

Ms. Enos pointed out that they wanted to make sure Council is aware that the money that is being seen in the General Fund side is the Covid money, it is not a result from the Real Estate Taxes. She said that they want to be crystal clear on this fact so Council completely understands why the Revenue side looks good this year and next year.

Mr. Thomas noted that the Somerset Borough's millage rate is the highest of any town or Borough in the County. He said that we just cannot keep hitting the people for tax hikes.

Ms. Enos responded by saying that those conversations will probably have to include how to cut spending then.

Mr. Thomas added that he is not for another tax hike.

Ms. Enos explained that the reason Mr. Peters mentioned about Real Estate Tax increases is that a ½ mill increase, in increments, would be better until we get to 1 mill. Council can also talk about reducing expenses and how to do it. She mentioned that on the Capital side of the General Fund, two plow trucks and a Police car are requested.

Mr. Thomas added that, in the last year and a half, people are against it because the price of everything is up so high.

Ms. Enos expressed that fixed costs has also increased for the Borough too. She reiterated that the Surplus looks good this year because \$300,000.00 was given to the Borough by the Federal Government.

Mr. Thomas said that one of the things to be considered is that all of these requests for the Sewer Department should not be coming out of General Fund monies.

Mr. Peters replied by saying that they are not.

Ms. Enos added that there are no Sewer expenses that come out of the General Fund. She said that if we buy a truck for Public Works, and use it for Sewer Projects, we use Sewer Fund monies and General Fund monies. It is a split cost, based on its use. She added that not one thing in the Sewer Department is purchased with General Fund monies because it is not permitted.

Solicitor Cascio mentioned that Windber Borough's Real Estate Tax is higher than Somerset Borough's at 18.92 mills. Somerset Borough's Real Estate Taxes are at 17.4 mills. Mayor Walker added that Windber's Taxes has been higher than Somerset's for 4 or 5 years now.

Mrs. Ream reminded everyone that Capital purchases have been put off a lot in the past. She added that she is not advocating for a tax increase, but when something happens in the Borough, and we do not have enough equipment because a frame is cracked or equipment can't be used because it won't pass inspection, the Borough residents will be wondering what we were planning for. She said that this also applies at the Sewer Plant where we could be facing violations because the equipment is not working properly. She expressed that Council has the responsibility to make sure that we can care for everyone in the Borough. She added that there are two sides to that coin, and Borough Council has to make sure they are taking care of both sides.

Ms. Enos noted that Administration is taking care of their responsibility of letting Council know where the Borough stands financially. She said as far as the Public Works trucks, we repair, repair, and repair. She said that these trucks are 23 years old, so when they get to a state where we have to replace, that is when Council is approached about it and it's put on the schedule.

Mrs. Ream added that next year when we are doing the Budget, there is a potential that we are not going to get away with just a ½ mill increase. She said that if we are not careful, and things don't change, it could be another 1 mill increase.

Mr. Peters reiterated that if he takes the Covid money out of the Purposed Budget, he would be asking for 1 mill this year.

Mrs. Ream added that Capital next year may be very slim.

Mr. Peters responded "Right!"

Chief Cox asked that if Covid didn't exist, and all the Revenue coming in was "normal" or "on average" for a year, where would we be? Mr. Peters said that he is not seeing much impact from Covid in the General Fund side. He added that the Water Fund and Sewer Fund is a different story.

Ms. Enos added that we haven't gone over but saw a huge reduction in these funds.

Mr. Peters said that the Revenues are down in the Water Fund and Sewer Fund, and it is not a matter of collection. He said that we actually billed less, and some of it can be attributed to the "Divinity Case" and such.

Mrs. Ream added that those remotely working, are not contributing to the water and sewer of all these businesses, building and apartments.

Ms. Enos added that with staff shortages, restaurants, more drive-thru's being entertained with less eat-in, hotels are down, and reduced hours of businesses, we are noticing the drop in our revenues on the utility side.

Mr. Peters said that the Real Estate Taxes are fixed. Even Earned Income Tax, surprisingly, hasn't taken too much of a hit yet. He has projected to get in what we budgeted for.

Ms. Enos reiterated that they want Council to know exactly where we are, why we are there, and why we are asking for what we are asking for. She said that any Capital Request that is presented to Council has already been slashed. The Requests are the things that are necessary. If they are not necessary, or critical, this will be stated to Council. She added that it is only fair to Council so they can make an informed decision.

Ms. Enos reiterated that we do not have to raise taxes next year because we are supplementing that with Covid money. So it is like a grant. If you get a grant, it is a bonus, but you do not budget a grant because you may get it or you may not get it.

Solicitor Cascio asked how much of the expenses are related to spikes in costs during the pandemic? Mr. Peters answered by saying that he is not seeing it. He said that he is projecting coming in less than what we budgeted for in expenditures. This year, particularly in the General Fund, we are going to have more revenue. We are over-budgeted in revenue, and our expenses should come in where we planned. So this was a really good year for the General Fund in particular.

Mr. Peters continued saying that we are going to come in low in revenue in the Water & Sewer Funds. But we stayed where we planned to, or even lower, in the expenditures.

For the Water Fund, in particular, Mr. Peters recommended a .05 cent increase in the water rates, because they have purposely not been raised. He brought out that the Borough had strategically been operating with a deficit for a number of years to get the PennVEST Grant Money, which we now have. He added that we could use a .15 cent to .20 cent rate increase next year, but he recommended raising rates in .05 cent increments and not all at once.

Mr. Peters next highlighted three specific areas of the General Fund Summary Draft...The "Current Annual Budget", the "Projected Current Year" and the "Proposed Budget for 2022":

General Fund Revenues:

- ... *Current Annual Budget: \$3.7 million dollars*
- ... *Projected Current Year: \$4.1 million dollars*
- ... *Proposed Budget for 2022: \$4 million dollars*

General Fund Expenditures:

- ... *Current Annual Budget: \$3.6million dollars*

- ... *Projected Current Year: \$3.6 million dollars*
- ... *Proposed Budget for 2022: \$3.7 million dollars*

The Total Surplus:

- ... *Current Annual Budget: \$2,620.00*
- ... *Projected Current Year: \$440,283.00*
- ... *Proposed Budget for 2022: \$191,954.00*

Mrs. Miller asked if we have any Contracts coming up next year. Mr. Peters answered by saying that we are unsure where we are going to be with the Police. He said that they have new Union representation, so we will eventually start negotiations with them.

Chief Cox said that what they asked for might be slightly tempered by the new representation, because they are more realistic from the previous representation. He said that he doesn't see that much of a change.

Ms. Enos added that she will be surprised if we are at the negotiating table this year.

Mrs. Ream raised a question regarding the salaries in the Public Works Department brought out on the General Fund Summary. Mr. Peters added "You mean why is Projected this year so much higher than what we budgeted?" *Mrs. Ream said "Yes."* Mr. Peters explained that he is still "tweaking" that. He said that they separated the Water Distribution Crew. It left what was remaining focused on General and Sewer. Before he had it spread out over three funds, now it is spreading out over two. He said that he didn't budget enough is the short answer. He said is it hard to project what will be worked on.

Chief Cox complimented Mr. Peters and Ms. Enos on their efforts in budgeting and financing for the Borough. He said that his job is so much easier because of what they do.

Mr. Hoffman added that a lot of thought and effort goes into it, and they are not just throwing numbers out there.

Mr. Thomas commented that "Speaking of paving, the Gas Companies paving sucks!" Ms. Enos explained that the paving is temporary and not the final restoration. She said that they have to go through and put cold patch in. The final restoration will come with the Concrete Contractor for the sidewalks. She said the Borough requires, by Ordinance, that the Gas Company put cold patch over the whole trench line and seal it up.

Mr. Bailey asked if the cold patch will be left in over winter. Ms. Enos said that she believes it will.

Mr. Bailey expressed that it will rip our plows to pieces.

Mr. Bolby added that part of the Ordinance says that the Gas Company will have to continue to maintain that so if there are cold patches that get removed, they need to be notified to go out and fix it.

Ms. Enos said that we will need to be looking at the Borough streets and reporting issues back to Columbia Gas.

Mr. Shaulis asked if they are anticipating on replacing the sidewalks before winter sets in. Ms. Enos said that they are not, and added that they are not completed, and you don't want to pour concrete too late in the season.

Mr. Thomas added that on Rosina Avenue, the sidewalk is cut completely off, and there are a few sections where not much of the sidewalk is left.

Ms. Enos said that Columbia Gas has to dig it out in this area and replace it. She said that there will be a full replacement, which is in the Ordinance.

Mr. Peters next highlighted three specific areas of the Water Fund Summary Draft...The "Current Annual Budget", the "Projected Current Year" and the "Proposed Budget for 2022":

Water Fund Revenues:

- ... Current Annual Budget: **\$3.2 million dollars**
- ... Projected Current Year: **\$2.9 million dollars**
- ... Proposed Budget for 2022: **\$3 million dollars**

Water Fund Expenditures:

- ... Current Annual Budget: **\$3.2 million dollars**
- ... Projected Current Year: **\$3.3 million dollars**
- ... Proposed Budget for 2022: **\$3.3 million dollars**

The Total Surplus (Deficit):

- ... Current Annual Budget: **\$515,311.00**
- ... Projected Current Year: **\$756,676.00**
- ... Proposed Budget for 2022: **\$557,268.00**

Mr. Peters said that our Reserves can handle it if we do a .05 cent increase, and incrementally do that year after year, then we can handle the Capital purchases that need to be done and make that work.

Mrs. Ream said that we have to do the .05 cent increase because she doesn't want to dig into the Reserves any more than we have too, because again, we have the responsibility to take care of other things too. If we dig too far into that, then we are setting ourselves up for failure.

Mr. Peters made the point that we really need more than that, but he doesn't want to hammer the residents.

Mrs. Ream added that she thinks a .05 cent increase is reasonable.

Ms. Enos, again, highlighted that we budgeted this deficit, but it was very intentional. The Borough had a healthy amount of Water Reserves, but we were using and depleting those Water Reserves, because we knew that when we would be going in for this Capital Water Project Application, the lower our Reserves were, and we showed the deficit Budget, we had a better chance of getting Grant Funding. She expressed that it worked absolutely perfect on our behalf, because we received \$5.4 million dollars in Grant Funding. So it was very intentional. Now that we have received the money, we are going to have debt service to account for, and also need to build our Reserves back up again. Ms. Enos said that they would be looking to ask Council for a .05 cent increase. She noted to keep in mind that debt service is roughly .17 cents.

Mr. Peters next highlighted three specific areas of the Sewer Fund Summary Draft...The "Current Annual Budget", the "Projected Current Year" and the "Proposed Budget for 2022":

Mr. Peters said that we are doing as was done in previous years with Water. We are purposely holding rates down. He disclosed that the Borough does not have a lot of Reserves to dig into, but we strategically want to keep the rates down so we will be looked at more favorably for Grant Funding. The same rationale works in the future for Sewer, as what worked for us with the Water. So Mr. Peters is not proposing a rate increase on the Sewer end, purposely to better our chances of Grant Funding.

Ms. Enos said to keep in mind that we do have a Reserve. She said that we always hold a Reserve in each of these accounts for any kind of emergency, things we don't count on. She expressed that they are not putting any of us in a situation where we have an emergency situation that we cannot fund. We always have that.

Ms. Enos noted that in the Sewer Fund, if we do need to raise rates because we need to fund something, we can do that in a small amount. But we are trying to be very strategic about not doing that if we don't need to.

She said that this is the same scenario we just went through with the Water Project. We want to try to keep the rate structure lower in the Sewer Funds so it will be more favorable when we are looking to go for the PennVEST Sewer Project. She said that if we have a situation, you can raise rates at any time. It doesn't have to just be during Budget process. It can be anytime. The rates can always be "tweaked", too, at any time.

Sewer Fund Revenues:

- ... *Current Annual Budget: **\$2.8 million dollars***
- ... *Projected Current Year: **\$2.6 million dollars***
- ... *Proposed Budget for 2022: **\$1.7 million dollars***

Sewer Fund Expenditures:

- ... *Current Annual Budget: **\$1.5 million dollars***
- ... *Projected Current Year: **\$1.7 million dollars***
- ... *Proposed Budget for 2022: **\$1.5 million dollars***

The Total Surplus:

- ... *Current Annual Budget: **\$2,571.00***
- ... *Projected Current Year: **\$309,705.00***
- ... *Proposed Budget for 2022: **\$100,272.00***

Mr. Peters said this is all the information he had unless Council had specific questions, or if there was any direction that Council wanted to give him to change any of the numbers.

He added that the next step in the process is the next meeting, on the fourth Monday of the month, where a Tentative Budget will need adopted.

Mrs. Ream asked if the salaries have built in an increase. Mr. Peters answered by saying the AFSME Union is by contract at 2½%. He said that he is not sure where we will be at with the Police, and with Management, the increase is up to Borough Council. He said that he has built in at 2½% - 3%.

Mr. Rosemeyer asked that with all the trillions of dollars that they are passing in D.C., is there a future for us in any of that? Ms. Enos answered by saying it was too early to tell yet.

Mr. Bolby disclosed that it is primarily geared toward transportation, which is covering the bridges, roads, rails and mass transit. But there is Stormwater tucked into transportation. Water & Sewer are separated out.

He said that at this point, it looks like they are providing additional funds to the EPA Revolving Loan Funds, which is the Program that funds or provides the ability to PennVEST to give away loans. In both Water & Sewer, it is going to be between \$12 - \$15 billion dollars over 5 years into the Loan Revolving Fund. Stormwater would only identify in the transportation aspect.

Mr. Bolby brought out that they specifically had a "Clean Water", which is Sewer, and then a "Drinking Water." He said that they did not have an Agenda item that he saw that specifically addressed Stormwater, but there is "Green" items and "Stormwater" listed in a couple other sections. He said that he did not see a separate category for "Stormwater."

Mr. Bolby brought out that their guess is that this will be money that will be funneled through existing Financial Institutions that is regulated by the State, which will either be DCED, PennVEST or USDA. All of their criteria is already in place, and is what that money will be subject to. So the same process that the Borough used to get the Water Loan and Grant, will be the same process. The only thing that they are going to allow them to do is basically fund the Projects under the same constraints that currently exist. That is the way it looks right now.

Ms. Enos said that this is what we know now, but it will not be direct funding to the Municipalities. At least that is what we see so far.

Mr. Peters concluded by saying that he will put some minor "tweaks" in the items discussed regarding the Capital List, and these will be presented at the next Meeting.

He added that if Council had any concerns, now would be a good time to air them out. Or if they had any questions in the meantime, to contact him, and he would address any questions about any particular line item.

9. ADJOURNMENT

Motion

Mr. Rosemeyer moved to adjourn, motion seconded by Mrs. Ream.

Motion Unanimously Carried
6:33 p.m.

Michele A. Enos, Borough, Manager/ Secretary