

Borough of Somerset Council Meeting (2023 Budgets)

November 13th, 2023 - 5:00 p.m.

1. Meeting Called to Order - President Ream

2. Pledge of Allegiance

3. Roll Call:

Council Members present: *Pam Ream; Ruby Miller; Lee Hoffman; Ian Mandichak; Sue Opp and Steve Shaulis.*

Absent Council Members: *Jim Clark.*

Also absent: *Mayor Fred Rosemeyer.*

Also present were the following:

Borough Manager, Michele Enos; Municipal Authority Manager, Jessica Sizemore; Director of Finance, Brett Peters; Administrative Assistant, Roger Bailey; Police Chief Randy Cox; Solicitor, Allyson Lonas; Consulting Engineers, Tom Reilly & Jake Bolby.

Public Attendance:

a) None present.

4. Announcements

a) None.

5. Approval of Minutes of Previous Meetings:

a) None 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) 2024 Budgets

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

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

(Operating & Capital Budgets discussed throughout the Meeting)

Mr. Peters began with the Operating & Capital Budgets for General, Water & Sewer Fund. He then explained the formatting of the spreadsheets to Council Members.

Mr. Peters began with the **General Fund Operating Budget**. He said that we budgeted for a deficit this year with Capital, using reserves to pay for the Capital expenditures. He is projecting to come out at \$758 dollars to the good to break even. Next year he is projecting a \$68,000.00 surplus before any consideration for Capital. He said that he is not in a position to recommend any type of tax increase for next year, and is not asking for a tax increase in 2024. He added that the 2 mill increase for 2023 was essential, and is helping to carry us through the next year, as well.

Mr. Peters stated that he is projecting the Real Estate Taxes to come in at, or close to, what we budgeted. Our Act 511 Taxes came in better than what he anticipated. Earned Income is projected to come in higher than what was budgeted. The Business Privilege Mercantile Tax is coming in much better than anticipated, and he believes it is due to the fact that the Borough acquired a new collector this year. We are using the same collector that the School District is using for those taxes, so it is making it simpler for the businesses in the Borough to only have to remit to one collector now instead of two. This probably increased our Revenues.

Administratively, we budgeted \$996,000.00 for Administrative expenses. He is projecting to come in at a little over that, and budgeting a little bit more for next year. He said that these expenses are for “across the board” costs. He added that some costs included in this are for Professional Fees and Engineering, and EADS is doing a lot of work, whether it be storm, sewer or water.

Inspections budgeted \$90,000.00. He is projecting to come in at \$90,000.00.

Public Safety budgeted for \$2.1 million dollars, projecting \$1.9 million dollars for the year, and actually budgeting a little bit less. The big part of that is the wages.

Chief Cox said that he expected a “wash-out”, if not a problem, because they definitely have less hours on the schedule per/week, but many of them are overtime hours.

Mr. Peters said that it is not working in the Borough's favor, financially, but it may be to our benefit from a protection standpoint.

Chief Cox said that the overtime would be "killing us". He added that the hours, primarily, that he and Officer Borosky work on the street, does not impact the budget.

Mr. Peters said that the Total Operating Expenses are \$3.9 million dollars. He is projecting \$3.9 million dollars, and budgeting \$4,027,000 for next year. He said that overall, he feels we are doing well in the General Fund.

Mr. Peters next covered the **Water Fund Operating Budget**. He said we budgeted for a \$368,000.00 surplus this year. He is projecting \$1 million dollars. This is due to the fact that we received reimbursement from PennVEST for the Water Projects going on in the Borough right now. We were up-fronting those Engineering fees for the years leading up to the project, and PennVEST finally reimbursed us those prior year expenses that we had involving the project. So that is really the main reason for the surplus this year. Next year we are looking at \$105,000.00, and again, some of this \$1 million dollars may get pushed into next year.

In the Water Fund, a rate increase is not being proposed. We are proposing to increase the guaranteed Revenue that we have by increasing our minimum rate. Currently our minimum water bill rate is \$15.00. We are proposing to increase this to \$17.00 for the first 2,000 gallons of water used as a minimum, but nothing to the rate itself. This would increase the Revenue by approximately \$50,000.00.

Mr. Peters said that we budgeted for \$4 million dollars this year. There is \$12 million dollars coming in, and this is due to the fact that he didn't really budget for the PennVEST money that comes in and goes out, so the Revenues are high because we have these two figures coming in, which is almost \$9 million dollars of PennVEST grants and loans. On the expense side, we have that same amount going back out. He said that it is hard to budget how much we are going to get, and how much work we are actually going to do. Last year at this time, he had no idea where we would end up this year.

For *Administration*, we budgeted for \$987,000.00. He is projecting \$1 million dollars. This also includes Professional Fees for the Water Project. The proposed budget for 2024 is somewhere in between.

For *Water Distribution*, there was actually less in maintenance and repairs. He budgeted \$641,000.00. He is projecting \$546,000.00 and proposing \$567,000.00. Mr. Peters added that hopefully, with new infrastructure from the Project, we can see those repair numbers continue to go down.

For *Water Collection & Purification*, he budgeted \$1.74 million dollars. He projected \$1.8 million dollars, and is slightly more for next year.

In total, Mr. Peters said that he projected for a surplus for the year of \$368,000.00. We are coming in at \$1,075,000.00.

He said that, typically, if we have the money in our Water Reserves, he will pay the Contractors knowing that we're going to be reimbursed from PennVEST. If he doesn't have enough money in Reserves, then he doesn't pay the Contractors until we get the money from PennVEST, so it becomes a timing issue.

Mr. Peters next covered the **Sewer Fund Operating Budget**. He said that he budgeted for a deficit of \$137,000.00. Projected to come in right where we said at \$135,000.00. He added that the Surplus, before any Capital considerations, is \$125,000.00 for this year.

Mr. Peters reiterated that they are not proposing a rate increase for the sewer, but are proposing to change the minimum. Currently our sewer minimum is at \$4.00 a month. They are proposing to change that structure, similar to the way the water rates were structured last year, and increase that minimum from \$4.00 to \$22.00 to get that guaranteed Revenue coming in.

He said that there are approximately 400 water customers that are probably getting the minimum charge. He assumes that it would be a similar number for the sewer, especially when talking about minimums and residential. It would probably be close to the same number.

Mr. Peters stated that at some point next year, discussion will be held about adding a stormwater flat fee, as well. That will be a new charge that the customers are not accustomed to seeing, but we need to start building Reserves for the infrastructure to put storm sewer in.

More information, and customer notification preferences, will be available for all customers in the future.

Regarding the Revenues in the Sewer Fund this year, Mr. Peters said that we budgeted for \$1.7 million dollars, projecting to have \$2,017,000.00. Basically, this is the line-of-credit advances we received from Somerset Trust. They are advancing before the PennVEST Project kicks in for the Sewer Fund. We have opened a line-of-credit with Somerset Trust and had \$260,000.00 in drawdowns this year, or projected to. We are projecting to draw some more down on that next year, as well.

For *Administration*, we budgeted for \$820,000.00. He's projecting to come in at \$996,000.00. \$225,000.00 was budgeted for Professional Fees, and it is projected to come in at \$425,000.00.

For *Sewer Collection*, we budgeted \$257,000.00, and \$222,000.00 is being projected. We are budgeting somewhere in between.

For *Sewer Pretreatment*, we projected right where we budgeted at \$22,000.00 with a slight increase for next year with the cost of living.

For *Sewer Treatment*, we budgeted \$506,000.00, projecting \$597,000.00, and somewhere in between for the budget for next year. This is all before any Capital consideration.

Mr. Peters said that all of this information will go to the Municipal Authority as well. The Borough is the Manager of the Water & Sewer Systems, but the Authority owns the infrastructure, so both bodies will play a role in the Water & Sewer Budgets.

Before reviewing, Mr. Peters noted that the Capital Requests that came in this year was very light.

Mr. Peters reviewed the 2024 Capital Budget Requests received from:

1. Administration:

1. Pool Car: \$38,000.00

2. Inspections Department:

No requests.

3. Public Works Department:

1. Locator Kit: \$5,472.00

Mr. Peters said that this would be used for water & sewer leaks.

Mr. Bailey explained that this would be used for leaks and locating. Basically, for PA-1 Calls.

2. Steel Garage Doors: \$33,909.00

Mr. Peters said that this request was a “scratch-off” from last year’s request.

Mr. Bailey explained that the Public Works garage doors are wooden, heavy and falling apart. He added that they are constantly being worked on.

Ms. Enos said that this is a multi-funded request, so it is General, Water & Sewer funded.

3. Zero turn mower: \$14,374.00

4. Police Department:

1. Police Cruiser: \$50,000.00

Mr. Peters said that the Police Department requested a Police Cruiser.

2. Meter Reader: \$4,190.00

Mr. Peters said that this is the Meter Reader software & plate reader that Chief Cox informed us about earlier.

Mr. Peters next reviewed the 2024 Capital Budget Requests received from the Water Treatment Plant:

1. Shaffer Run Water Well #1 VFD: \$9,000.00

Ms. Enos stated that this request item is used to protect the pumps.

Mr. Bailey added that it provides variable speeds for the motor.

Reviewed next was the 2024 Capital Budget Requests received from the Sewer Plant:

1. Flygt Mixers for Chlorine Contact Chambers: \$34,138.00

2. Polaris Ranger with Plow: \$17,000.00

Mrs. Sizemore stated that with this equipment, it would allow the crew to start cleaning out the Lagoon themselves instead of paying a Contractor to come in and do the work. It could also be utilized amongst the different groups, as well, if they needed it.

Mr. Peters added that with these Capital Requests, it doesn't change his opinion on the fact that we can use our Reserves in the General Fund. He noted that we have approximately \$4 million dollars in our General Fund, so it is not in jeopardy.

The Water & Sewer Funds can certainly absorb those amounts, too, if all the requests were entertained by Council.

Mr. Bailey expressed that all the Heads of the Departments are using common sense in the requests they made. He said in the last few years, they got away from the "wish list" items. They know what they need, and put it out there. If we get it O.K., if not, we work around it.

Mrs. Ream expressed that she would like to really entertain all the requested items for employee retention.

Ms. Enos said that she agreed with Mr. Bailey, that a lot of these items are to

either make the work convenient, easier or quicker. And there hasn't been any high request items.

Mrs. Ream liked the fact that the employees were thinking about what they can do with the Polaris Ranger to avoid other costs, and to help each other out. She added that this is a good way to think about it.

Mr. Hoffman added, plus, they can get done in a timely manner instead of waiting around for whoever they would have to wait for to do the job.

Chief Cox presented a Power Point presentation that explained what his request item "Meter Feeder" is so Council would understand what it was before potentially approving his request.

He explained the equipment involved, and how an Officer could use the equipment to verify if someone is in violation of paying their meter fees while the person's car is parked at a meter. He also explained the way meter costs could be paid by the consumer, the costs associated with having this equipment, along with the benefits of having it.

Discussion and questions followed among Council regarding Meter Feeder, along with meters and parking zones in the Borough, after Chief Cox's presentation. It was also noted that Meter Feeder could be implemented by January 1, 2024.

In conclusion to Mr. Peters' review of the Operating & Capital Budgets, he said that he would implement all the Capital Requests into the first budget, and get Council the information they need before they affirm next week's meeting.

Discussion followed among Council regarding the implications of no tax rate increase for 2024, and if any increases may need to be implemented for 2025.

10. ADJOURNMENT

Motion

Mr. Hoffman moved to adjourn, motion seconded by Mrs. Opp.

Motion Unanimously Carried
6:05 p.m.

Michele A. Enos, Borough Manager/Secretary