

**Borough of Somerset Council Meeting (2025 Budgets)
November 14th, 2024 - 5:00 p.m.**

1. Meeting Called to Order – Vice President Shaulis

2. Pledge of Allegiance

3. Roll Call:

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

Council Member Absent: *Pam Ream.*

Also present: *Mayor Fred Rosemeyer.*

Also present were the following: *Borough Manager, Michele Enos; Director of Finance, Brett Peters; Administrative Assistant, Roger Bailey; Police Chief Richard Appel; Solicitor, James Cascio.*

Public Attendance:

a) None present.

4. Executive Session: *To discuss AFSCME Contract Negotiations.*

Motion

Mrs. Opp moved, seconded by Mr. Hoffman to go into Executive Session to discuss AFSCME Contract Negotiations.

Motion Unanimously Carried
5:02 p.m.

Back in Session

5:40 p.m.

5. Approval of the Agenda:

a) Approve the agenda as presented.

Motion

Mr. Mandichak moved, Mrs. Opp seconded, to approve the agenda as presented.

Motion Unanimously Carried

6. Approval of Minutes of Previous Meeting(s)

a) None at this meeting.

7. Award of Bids:

a) None.

8. General Public Comments:

a) None requested.

9. Administrative Business:

a) Communications (None).

10. Policy Agenda:

Old Business:

a) None.

New Business:

a) 2025 Budgets

a) Operating Budgets for General, Water & Sewer.

b) Capital Budgets for General, Water & Sewer.

Mr. Peters reviewed the Operating & Capital Budgets for General, Water & Sewer.

General Fund Operating Budget:

For the 2025 Budget, Mr. Peters is projecting a surplus of \$61,000.00 in revenues. This amount excludes any Capital requests.

For the current year, Mr. Peters is projecting a deficit of \$508,000.00, which is worse than what was planned for or budgeted for. A \$105,000.00 deficit was budgeted for.

Mr. Peters explained that there was some restoration at Parson's Run. Also, the projects in the diamond area of Uptown were expanded, which were not planned for in the budget. He said that we were able to fund both projects without borrowing any money by utilizing reserves. He added that this is a one-time expense.

Ms. Enos explained that this area of Parson's Run runs behind Luther P. Miller. The wall was caving into the stream and we were losing the alleyway by soil erosion. The alley needed blocked off for a certain period of time with an emergency declared in this area. Under an Emergency Contract, Sanner Construction was moved over to this

project site to handle that emergency. \$143,000.00 of the \$508,000.00 was used for this area which was not budgeted for.

She added that the Borough had \$80,000.00 in Capital that was going to be used for Coxes Creek that runs through Gilmore Bypass. That \$80,000.00 was put towards Parson's Run.

Ms. Enos noted that several grants were acquired for the North & South Center Avenue Sidewalk Replacement Projects in Uptown. The south side was funded completely through grants. A line-of-credit was approved by Council to complete the North Center area, and undertake all the utility line replacements, before the water replacement project was done in that area, sewer replacement was started, and gas utility lines were upgraded in that area. She noted that if Mr. Peters would have used the line-of-credit we were approved for, we would have had to turn that into a loan with high interest rates. Using Capital monies allowed the project to be paid for and completed. The \$760,000.00 Multi-Modal Grant did not fully fund the North Center Avenue Project, so the majority of the \$508,000.00 was used.

Mr. Peters added that we were able to do that because the revenues came in better this year. He noted that Earned Income Taxes are higher than expected this year. The Mercantile Taxes we collect came in almost twice as much than what was budgeted for this year. The Occupational Privilege Taxes that we collect are coming in right around what was budgeted. The Nuisance Tax Revenue came in really well this year. So the combination of all of this has allowed us to complete this Multi-Modal Project, without borrowing any money, by funding it with reserves. He added that this is the reason why 2024 is coming in worse than what we anticipated, but will go away in 2025.

Ms. Enos added that there is no carry-over of expenses for the Emergency Project & the North Center Avenue Project. All utilities were also replaced, so we will not be revisiting the North Center Avenue section.

Mr. Peters noted that after reviewing many factors, he came up with a budget. Salaries were budgeted in with a 4% increase over projected 2024's numbers. Before any Capital consideration, Mr. Peters is projecting a \$61,000.00 surplus. He said that if Council approves everything on the Capital list, that surplus will go away.

Mr. Peters noted that he doesn't want to budget in an Operating deficit. He's projecting, at the end of the year, we will have \$2.3 million dollars in the General Fund. He added that this is the Borough's safety net, but we can also pay for some of the Capital items out of that reserve. He also expressed that he doesn't want to hoard too much money in the General Fund, but he doesn't want to get in a situation where he cannot pay the bills. He noted that the reserves have slowly grown over the years.

Ms. Enos added that we have been able to fund many projects and Capital items by using those reserves.

Mr. Peters also mentioned that he is not proposing a tax millage increase in 2025.

Ms. Enos noted that we are going to be funding the General Fund Capital Requests for 2025 by using the Borough's reserves.

Mr. Peters reviewed the 2025 Capital Budget Requests received from:

1. Administration:

1. HVAC system (In the Public Safety Building): \$25,000.00

Mr. Peters said that this request is for upgrading the software to the HVAC system so the system could be viewed remotely. Also, the control system parts are not available for the current system, installed in 2008. It also does not have remote access available.

Ms. Enos added that this upgrade could provide remote access and save the Borough the cost of an on-site service call from a Pittsburgh company.

2. Inspections Department:

No requests.

3. Public Works Department:

1. Hoop Building: \$80,000.00

Mr. Bailey explained that this is to store salt in. The current one has been rebuilt twice since the Borough has had it, and it is in really bad shape.

2. Sweeper: \$396,570.00

Mr. Peters said that if Council approves this, we will do a 5-year lease to spread the costs out over 5 years. This would be multi-funded, and split, between the General Fund and the newly created Storm Fund at a total of \$92,0000.00 a year. Mr. Peters noted that a sweeper is needed to keep the roads clear and our storm sewers open.

Mr. Bailey added that the sweeper the Borough has was down this past summer. He said that parts were ordered for it, and the lead time to get parts was 8-12 weeks. He noted that it is getting harder to get parts for this unit because it is around 24 years old. A sweeper is necessary to remove leaves and shale in the storm drains so they will drain properly.

4. Police Department:

1. Bullet Proof Vests: \$10,932.00

2. Duty Gear: \$10,000.00

3. Access Control: \$30,308.00

4. Video Data Server: \$20,000.00

5. Tasers: \$13,000.00

Chief Appel explained the Police Departments Capital requests. He said that the Tasers and the bullet proof vests both have a 5-year shelf life. The manufacturer will only back them for 5 years. He added that when it comes to safety equipment, we want to offer our Officers the best protection that is out there, and having a current vest on them is absolutely vital.

Chief Appel noted that the deployment of an expired Taser will also not be backed by the manufacturer because the conductors wear out after 5 years. This could prove injurious and life-threatening, as well, if an expired Taser is deployed.

Chief Appel acknowledged that the lock system of the Public Safety Building is going to be an expense to replace. He mentioned that the building is still on Generation 1, and the company has upgraded their newest system to Generation 4. He expressed that the security of information, and the security of a Police Station is very important. Chief Appel expressed that we have to have a lock system that functions accordingly and permits access for those that deserve it, are entitled to it, or given authorization for it. At the same time, it also keeps those out that do not deserve access. Chief Appel explained to Council how the key card system can be programmed to grant access, or secure it, if the Police Department needs to do that.

Ms. Enos noted that the Playground Committee requested Borough Council to consider \$25,000.00 a year from the Borough for the next 3 years. She said that this has not been factored into the Capital requests, because Council has not made a decision regarding this as to date. Also, Council has not received enough of information from the Playground Committee to make their decision, because they have not seen any kind of plan from the Committee as to what they are proposing, even though this information was requested from Council. She added that Council will need to collectively make the decision as to whether they are supporting the Playground Committee's request, or are not supporting it. If supporting, at what level of monies would Council be supporting their request.

Discussion continued amongst Council regarding the Playground Committee's request, and the budgeted costs for maintaining the playground.

5. Water Treatment Plant:

1. Bridge at Well #1: \$150,000.00

Mr. Bailey noted that this would be for a Municipal Road into the well. Currently, the Crew is driving through a creek to reach the well.

Ms. Enos mentioned that this is in a flood plan area and the reason for the higher cost for a bridge. It also has to be in compliance with Flood Plan Regulations, too, which drives the price up higher. Ms. Enos noted that there have been times when there was no access up to the well because of high water.

2. Feed Mill Line: \$180,000.00

Mr. Bailey said that this is a secondary line that comes across from Leiss Tool & Die over to the Agway side of the creek. He mentioned that there was a break in this line approximately one month ago, so it was repaired. He noted that the line is very old, the valve on the Agway side does not completely close, and there is no valve on the other side. So the request is to repair the line, put a liner in it, and put two new valves in.

3. Security Cameras: \$20,000.00

Ms. Enos stated that this request is for the facilities at Coxes Creek.

6. Water Distribution:

No requests.

7. Sewer Plant:

Mr. Peters noted that the requests for the Sewer Plant were for maintenance items like valves and pumps, which are high value ticket items. So their requests were taken off the Capital request list, and maintenance equipment line items were adjusted according.

In review, Mr. Peters reiterated that the General Fund request items total \$235,240.00. The Borough's Operating Budget is more than balanced with a \$60,000.00 surplus. Using Reserves and the \$60,000.00 can fund some, or all, of the Capital request items in the General Fund if Council deems that appropriate. He added that some requested items were not included that, presently, were not necessities.

Mr. Peters stated that there is a need to propose a rate increase in the Water Fund. He noted that the Borough is finishing up a \$20-million-dollar Water Fund Project, and it is time to start paying back the loan. The debt service alone for the PENNVEST loan on \$20 million dollars is \$300,000.00 a year. Next year that number will be even higher because we do not start the principal repayment until November 2025. So next year will be 12 months of principal and interest. The projected payoff will be 20 years.

Ms. Enos recapped that the Borough is under a Corrective Action Plan from DEP because of the Borough's very high water loss, and as a result, not meeting our Permit standards. This is what threw us into a Corrective Action Plan. Research had to be done to come up with a way to lower the water loss. This is the reason why 3-4 years was spent going over a plan before an informed decision was made by the Borough Council and Municipal Authority on how they wanted to proceed.

Ms. Enos also mentioned that the Borough was awarded a \$5.4-million-dollar grant, so the loan value on the \$20-million-dollar Water Project is \$14.6 million dollars. So this is a 20-year loan, with a 1% interest rate, on the \$14.6 million dollars.

Ms. Enos noted that there was a 40% replacement of the system.

She also mentioned that the Laurel Hill Plant was eliminated because the Borough did not need it any longer. As a result, we will see a reduction in the Borough's budget starting in 2025 from the Plants removal. She added that there is also a good possibility that there can be some timbering done on the property at Laurel Hill for revenue.

Mr. Peters mentioned that **the water rates** are being proposed to increase with the minimum rate being increased from \$17.00 to \$18.00. The water rate for anything over the 2,000-gallon minimum will go from .75 cents per/100 gallons to .82 cents per/100 gallons. This is in order to get the Borough to this balanced budget.

Mr. Peters added that the Borough will have a water rate increase, sewer rate increase and a new charge for stormwater sewer.

Ms. Enos added that everyone is facing old infrastructure issues. The Borough is under a Corrective Action Plan for both the water and the sewer. Why we incorporated a stormwater rate structure is due to a lot of flood prone areas, such as the Brierwood area.

She added that one of the reasons the Borough could not offer financial assistance with flooding, is that stormwater problems is a tax based issue. If we replace the sewer system, and remove any illegal connections, we have to incorporate stormwater facilities in areas that do not have stormwater available. Overall, this helps the sanitary sewer system because we are letting water into our sanitary sewer system. The Borough is also in violation of DEP's Clean Streams Act. The increases in both sewer and water rates are very much driven from the Corrective Action Plan out of the DEP office.

Mr. Peters noted that the rates are still comparable, and less than other Municipalities, but it is a big increase compared to what the Borough residents are used to. For years we were at \$6.50 as a minimum bill.

Ms. Enos said that even though the burden of the increase in payment of the system rests on the residents, the decision was made by Borough Council for residents to not have to replace their lateral and dig up their basements, which is costly. The Council's decision, though, resulted in having to increase the size of the public lines.

Mr. Peters noted that he is projecting to end the year with a healthy reserve of \$1.6 million dollars in the Water Fund. The Water Fund requests totaled \$350,000.00 for the bridge at well #1, feed mill line, and security cameras.

Mr. Peters said that, as regards **the sewer rates**, the minimum rate for sewer service will be increased from \$22.00 to \$25.00. And the rate will go from \$1.08 per/hundred to \$1.18 per/hundred.

Mr. Peters explained that money has been borrowed in the Sewer Funds for the preliminary work that is being done on the sewer side. The Flow Testing and Smoke & Dye Testing were done, along with all the Engineering fees, so we have been borrowing money from Somerset Trust as a bridge loan. We have to pay that interest, and also, if we are successful in getting PENNVEST funding for that, we have to pay Somerset Trust back, which will be new loan funds. There are some expenses that we have paid for, with the line-of-credit, that are not going to be eligible PENNVEST expenses. So we are going to have a net cash out in order to pay Somerset Trust off that will not be coming from PENNVEST. Mr. Peters noted that he budgeted for this, so that is what drove up some of the costs in the Sewer Fund.

Mr. Peters noted he is projecting to end the year with Cash Reserves at \$1.39 million dollars. He expressed that, for the current year of 2024, we are doing well for the Water and Sewer Funds, but next year we have to start paying some of the costs back. That is the reason the rates are going up.

Mr. Peters said that he is projecting, with the new Storm Sewer Fund fee, receiving \$230,000.00 a year in from those storm sewer charges. For a typical residential property, it will be \$6.00 a month. It will be quite higher for establishments like the hospital, businesses and parking lots, which are higher pervious material places.

Balancing the budget in the new Storm Sewer Fund, Mr. Peters is budgeting \$230,000.00 of expenses.

Ms. Enos noted that we did not receive any Stormwater Grants, but will be looking at what PENNVEST is offering us, because all of our financing is coming through PENNVEST for the sewer funds.

She noted that there is a portion of stormwater that is a part of the Sewer Project. She expressed that PENNVEST is probably “the best game out there” right now for Municipalities, grant-wise and low-interest loan wise.

Mr. Peters added that if the Borough was trying to do stormwater out of the General Fund, \$230,000.00 would raise taxes by 2 mills.

Discussion ensued among Council regarding the GIS position that was proposed by Mrs. Sizemore.

After discussion, it was agreed upon to “table” this subject until the next Council Meeting when more questions about this position could be answered by Mrs. Sizemore, who was not present at this Council Meeting

Ms. Enos noted that Mrs. Sizemore sent out letters to every Borough resident. She explained that DEP handed down a new program, the Lead & Copper Rule, which is an EPA Federal unfunded mandate. As a result, every Municipal Authority has to verify that their lines are lead-free. She noted that this has already been determined

inside of most Borough homes through surveying.

Ms. Enos explained that the Borough has to determine 3 points of access, the inside piping, at the curb stop, and where the mainline is connected. It has to be confirmed that there is no lead piping involved the whole way through the line.

Mr. Bailey noted that the letter had to be sent to every resident, even where it is known that they have copper. The DEP mandate said that if the Boroughs lines were not 100% identified as lead-free, everyone in the system had to receive the letter. This has caused a lot of confusion among the Borough residents.

Ms. Enos noted that any lead lines that were found through the Water Project have been removed and replaced through the foundation into the house. This was through a grant and was part of the PENNVEST grant. So anything Project related has already been replaced.

11. ADJOURNMENT

Motion

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

Motion Unanimously Carried
7:22 p.m.

Michele A. Enos, Borough Manager/Secretary