

**Red Lion Municipal Authority  
Budget Meeting Minutes  
Wednesday, October 23<sup>rd</sup>, 2019**

**Members**

Eric Immel, Chairman  
Skip Missimer, Vice-Chairman  
Mike Poff, Secretary  
Jeff Herrman, Treasurer (arrived @ 6:05pm)  
Dennis Klinedinst, Asst. Sec/Treasurer

**Others**

Keith Kahwajy, Superintendent  
Jeff Beard, Asst. Superintendent  
Jason Reichard, Engineer  
Stacy Myers, Recording Sec'y

**Visitors**

Stephanie Weaver  
Bob & Tina Frutiger

1. The Budget Meeting was called to order @ 6:00p.m. Everyone participated in the pledge to the flag.
2. **2020 Water & Sewer Budget Discussion**—Keith stated many items on the 2020 Budget will remain the same; only some items will need updated. The following updates were discussed:
  - **Water Budget**
    - Revenue—came in close to what was budgeted, with a slight decrease in sales revenue. Anticipated revenue is holding with exception of projected sales.
    - Expenses—certain expenses were highlighted, such as:
      - **Personnel/Human Resources assessment**—the Board would like to conduct this assessment, looking at standard operating procedures & principles. \$30,000 will be built into the 2020 Water Budget and will be a 75/25 split between the Water/Sewer Budget. Mr. Missimer stated this amount may not rectify major deficiencies, so after the assessment, funds to address any deficiencies could be added to a future budget.
      - **Engineering**—coming in lower than the budgeted amount, due to engineering fees related to construction projects being drawn from Construction Capital.
      - **Legal**—legal fees in 2019 were higher due to litigation issues. 2020 Budget will be based on projected year-end figures & can be adjusted after input from the Solicitor.
      - **Electric**—a new agreement with the carrier allowed for 2019 figures to be lowered & in 2020, this expense can probably be lowered even more. Year-end total cost expected under \$200,000.
      - **Water testing**—2019 Budget was increased due to testing, but as these were non-reoccurring tests, this can probably be lowered for 2020.
      - **Vehicle expense**—Filter plant truck has severe body rust. It's a 2008, one of the newer in the fleet of Authority vehicles, but staff would like to build funds into the 2020 budget for replacement. The Board is agreeable to building a Vehicle Fund into 2020 Budget that can be built upon, continuing to accumulate money that can be used when a vehicle or equipment needs purchased.
      - **Roof repairs**—had obtained a quote of approx. \$20,000 for repair to the Maintenance Building roof, so that would be an increase to the 2020 Budget.
      - **Construction revenue**—Currently, have \$225,000 budgeted but with proposed projects, an extra \$25,000 will be added into 2020.

- **PennVEST loan**—a planned increase in 2020, based on the amortization schedule, requires an extra \$57,000 in 2020 Budget. (2020 will be year 6 of the loan).
- **Other Expense points of discussion:**
  - Health insurance—Keith is showing a 14% increase in Budget; however, this is believed to be high. The general rule of other employees in the fund is 3.2%.
  - Meter replacement project—staff purchased 700 meters in 2019. Keith is planning quarterly purchases in 2020 so excess inventory does not sit in stock.
  - Two factors of the higher 2020 Water Budget are the increased PennVEST interest rate & legal fees. Legal fees are not expected to be as high in 2020 but will be discussed with Solicitor.
  - Of note, “Authority Salary” is listed in the budget; however, Mr. Missimer wanted to clarify this is an expense reimbursement for any expenses incurred throughout the year, not a salary. Jason can make this adjustment.
- Jason calculated a 5% increase to water rates to allow the 2020 Water Budget to balance. The Board agreed this was a good idea.
- **Sewer Budget**
  - Projected year-end sewer revenue is lower than what was budgeted for 2019. Revenue budgeted for 2019 was \$1,241,000; for 2020 will be \$1,205,000. (due to tapping fees received in 2019, not expected in 2020).
  - Expenses—a few were discussed, but not many adjustments are needed:
    - Engineering fees were adjusted slightly for items that weren’t needed.
    - Year-end 2018 cleared \$27,000; projected year-end 2019 to clear \$23,000
  - 2020 Sewer Budget does not reflect a rate increase.
- Discussion was held on the fleet of Authority vehicles including their age, mileage, use, etc. Jason & Keith predict excess funds at the end of 2019; this can be used to purchase a vehicle before year-end, then a Vehicle Fund can be started going forward. The \$37,000 built into a new Vehicle Fund line can be lowered to \$30,000, beginning 2020, to be built on going forward after looking at how to rotate the fleet & replace, as necessary. Keith, Jeff & Jason can continue discussion on this until next month. Mr. Missimer made a motion to purchase a vehicle this year with current funds; Mr. Poff seconded. All were in favor; motion carried.
- It was the consensus of the Board to leave the 2020 Sewer Budget as is with no rate increase & the 2020 Water Budget will reflect a 5% rate increase. The Board will review the drafts presented tonight & get any questions to Keith. Finals will be presented at the November meeting for Board approval.
- 3. **Adjournment**—Mr. Herrman made a motion to adjourn the Budget Meeting @ 6:44p.m. Mr. Poff seconded. All were in favor; motion carried.
- 4. **The next regular Red Lion Municipal Authority meeting will be held Tuesday, November 19<sup>th</sup>, 2019 @ 7:00p.m.**

Respectfully submitted by:

Stacy Myers, Recording Secretary