

**Red Lion Municipal Authority
Budget Meeting Minutes
Wednesday, October 28th, 2020**

Members present

Skip Missimer, Chairman
Mike Poff, Vice Chairman
Jeff Herrman, Secretary
Dennis Klinedinst, Treasurer
Chris Minnich, Asst. Sec/Treasurer

Others present

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

Visitors

Stephanie Weaver

1. The meeting was called to order @ 6:00p.m., followed by the pledge to the flag.
2. **Discussion was held on the proposed 2021 Budget.** Keith, Jeff & Jason have prepared the proposed budget. Jason explained the spreadsheet & information distributed to the Board:
 - 2021 Wage & Benefit information has been updated to reflect current staff. Keith, Jeff & Jason recommend the same wage adjustment as last year. Health, dental, vision & life insurance numbers have all been updated, but Jason noted that the health insurance amount has decreased from what was listed on the Board's paperwork. Keith said these numbers are being revised almost daily and he gave updated health insurance numbers for: Single employee is \$879.40/month; the remaining 3 are \$1,975.96/month.
These amounts carry through to various sections of the water & sewer budget.
Of note, Mr. Missimer reported he received an email from PMAA (PA Municipal Authorities Association) regarding data they collected from all municipal authorities across the state (all that participated in the survey anyway). The survey collected data on which holidays the employees have off, wage rates, what insurance is covered, i.e. health, dental, vision, etc. Mr. Missimer said he's happy to report that when comparing the survey results, RLMA is paying right around the average of what other municipalities are paying for comparable positions/job titles. When comparing Administrative Assistants or Water Superintendents, Red Lion Municipal employees fall within the range of others within our region. Mr. Missimer said wages will always be one of the largest items within a budget & he feels RLMA employees do a great job for the Authority & the community.
Last year, Keith distributed totals of what it cost the Authority for each employee's benefits, but he stated the employees pay approx. 10% of their benefits.
 - **Water Revenue**—When preparing the budget, Keith, Jeff & Jason look at the previous year's (2019) audited records and also the first 3 quarters of this year then project the 4th quarter. Some items/costs need to be tweaked, added, deleted, etc. Jason said this year's budget was pretty straightforward, with the projections for 4th quarter/2020 falling into place. Some areas to note:
 - **The Variance column** is showing a deviation from last year's budget to this year's. Interest is down \$4,000 and there is no indication that will change.
Metered Sales—Residential, reflective of the pandemic has increased \$51,000, while Commercial/Institutional have all decreased, but the Residential increase compensated for any decrease that was experienced.
 - **Hydrant Revenue**—revenue is generated due to the Borough paying fees, but Jason & staff weren't sure what was happening regarding the discussion about turning the hydrants over to the Authority. More on this issue will be discussed at the Regular Authority Meeting following this Budget Meeting, but Mr. Missimer stated, from what he's heard at recent Council meetings, he believes the Borough will continue to

maintain the hydrants & pay the monthly hydrant fees. Mr. Klinedinst & Mr. Minnich were unclear of the Borough's decision & didn't want to speculate. The outcome of the Borough's decision will affect the Hydrant Revenue for 2021; however, Red Lion Borough is not the only municipality that pays hydrant fees. Mr. Missimer stated RLMA will still have hydrant rental fees from Windsor Township, York Township, businesses, schools, should Red Lion Borough continue to maintain their hydrants.

- **Historically, a percentage of the labor expense for new water meter installations** was allocated from sewer coming into the water budget. Last year, it was difficult to balance the sanitary sewer budget, so the amount coming from sewer was decreased. This is a large water budget expense at approx. \$230,000+, so after discussion, Jason, Keith & Jeff didn't feel this made sense to move this money from sewer into water anymore. RLMA only serves Borough residents with sewer (other than a few township residents on the edge of the Borough), so this helped balance the sewer budget after a transfer of \$34,000 from sewer to water.
- **Overall, water revenue is up a little**, with a slight increase of \$5,000 over last year, but similar overall.
- **Water Expense**
 - **Computer expenses have been reduced** due to having to replace nothing this year, unlike previous years when equipment was replaced on a rotation basis. Of note, RLMA uses Doceo for IT support where they used to use Stambaugh Ness.
 - **Larger expenses are broken down** into separate categories, i.e. water distribution system, office, office building, etc. so the staff & Board know how much employee time is spent in one area.
 - **Costs for bill printing, postage, etc.** is all taken from water, then in December, Connie completes a refund from sewer into water for 25% of those bill expenses. Connie did the refund earlier this month, so the Board would have a better idea of expenses.
 - **Contribution to Construction Fund** remains at \$250,000 to help prevent going out to obtain bonding for all RLMA projects. As each year passes, the Fund continues to build.
 - **PENNVEST expense shown on the budget** is taken directly from the amortization schedule.
 - **Projected water net revenue** is \$116,000, which is up a little & expenses are down a little, so NO water rate increase is proposed for 2021.
- **Sewer Revenue**
 - **Interest earned has decreased.** While new connections have increased revenue this year, not as much is projected for 2021.
 - **Metered Sales**—Residential has shown an increase with more people being home during the pandemic, while Commercial & Institutional have decreased.
 - **Revenue** is being projected approx. \$26,000 lower in the 2021 budget.
- **Sewer Expenses**
 - **No dramatic changes**, expenses have held steady.
 - **New this year under Office**, is "Equipment Purchase" and \$10,000 has been put in that new line item. Last year was the first year this line item was in Water, showing \$30,000, which goes into a separate account for large mowers, backhoes, new vehicles, etc.
 - **Again, all expenses & line items are kept separate** so that residents not charged for sewer from Red Lion are not paying for RLMA employees to perform sewer duties. Any expenses, should they be sewer or water are noted in separate line items in the budget.

- **Of note, the original wage sheet discussed earlier tonight** are separated on a Wage Distribution Sheet that separates wages between water & sewer in a 75/25 split respectively.
 - **Most engineering fees/expenses** are reflected in the Construction Fund, whether it be water or sewer.
 - **As a recap**, sewer revenue is expected to be down by approx.\$26,000 & a net reduction in sewer expenses of approx. \$36,000 is seen. Net Income for 2021 is at \$23,893. Staff is recommending NO sewer rate increase for 2021.
 - **If the Board has any questions or would like anything revised, please let Keith or Jason know in the next couple weeks so revisions can be done prior to the Tuesday, November 17th meeting when the budget will get adopted.** The Board commended Keith, Jeff & Jason for a job well done putting the budget information together in an organized format.
 - Mr. Klinedinst asked why RLMA pays spousal insurance if an employee's spouse works somewhere that offers insurance? *Mr. Missimer said that information of whether or not a spouse works or has insurance is none of RLMA's business. We pay for what situation the employee is in whether they're single, married, have a family, etc., as many businesses do.*
3. **Adjournment**—With no further business, Mr. Poff made a motion to adjourn the Budget Meeting @ 6:50p.m. Motion carried, meeting adjourned.

Respectfully submitted by:

Stacy Myers, Recording Secretary