

**BOROUGH OF LANSDALE  
ADMINISTRATION AND FINANCE COMMITTEE MINUTES  
MEETING OF JUNE 2, 2021**

Members Present:

Denton Burnell	Borough Council President
Carrie Hawkins-Charlton	Borough Council Member
Leon Angelichio	Committee Chairman
Garry Herbert	Mayor
John Ernst	Borough Manager
Melissa Gemelli	Finance Director

Mr. Angelichio called the meeting of the Administration and Finance Committee to order at 6:15pm.

**1. Action of Minutes Previous Meetings**

**Motion Mr. Burnell to approve the minutes from the Admin and Finance Committee meeting on 05/05/2021, second Ms. Hawkins-Charlton. Motion carriers 3-0.**

**2. Financial Reports Year to Date**

Ms. Gemelli- I am going to share my screen and the Variance Analysis for April. Under the assets cash is down 23% and the reason for that is that there is a negative cash balance of \$3.9 million in the Capital Fund. That is the result of invoices that were paid that we had to pay and subsequently bill whatever grantor agency that is paying us. So, we will be getting the grant money. Accounts receivable is up 34% and that is because the timing of sewer payments that we received from NPWA. Inventory is up for purchases of transformers, meters, poles and a lot of material and supplies by the Electric and Sewer Fund and we expect to use them soon and higher than usual. Fixed assets are up 21% and mainly due to the addition of Electric Fund assets. Prepaids are down 34% and again due to the timing of when we make the payment. The one thing that looks very odd is that payroll liabilities are showing they are up 275%. Again, that is the timing of the pay period. The last period in April was a month longer and there were more days in that accrual and why liabilities are off and a timing issue. Deposit are up 20% and receipt of several large Escrow deposits. Sales tax payables are up 853% and again this is because the timing of when we paid it. We paid it early in 2020 than in 2021.

Going onto the revenues, the General Fund revenue is down and mostly due to a decrease in licenses and permits. The Electric Fund revenue is up a little over \$900k and that is due to an increase in \$728k in residential charges Sewer Fund revenue this goes hand in hand with accounts receivable and sewer fund revenue is down \$220k and do to NPWA collecting and paying us. The last item is a pleasant surprise that I want to discuss revenue and I will be providing you with more information. In April, Parks and Rec. revenue is up \$60k, mainly due to \$48k increase in pool registrations and \$4k in facility rentals and \$16k in miscellaneous revenue.

Under the expenses, most of the things in the other funds were mostly expected and the timing of the payments and also when we got the invoices. Capital Fund expenses are down almost \$753k because of completion of several projects for Public Works and WWTP complete in 2020. Highway Aid Fund expenditures are up \$115k and 99.5 % of those are result of ice removal and snow treatments.

Mr. Angelichio- The collection of revenues is higher than the expenditures and it is a nice offset. I think one of things that is important to remember is that revenues like the Parks and Rec, but the revenues were down last year due to Covid and weren't going to come into and facility. Next year at this time, do not expect to see \$60k and as we float back into this normal and as a comparison I would almost go back to 2018 and is the first year of non-Covidness if that is a word, where are we with the revenues and expenditures?

Ms. Gemelli- We are getting back to the normal level and the good thing is that John Ramey and Karl spoke about the budget for the pool registration they had budgeted I think it was \$120k and they have not met that for several years. They have always come close to hitting that and obviously not for last year. At the same time, it was also helpful that since we did not open to late that we saw and decrease in some of the expenditures for seasonal help hired for the pool.

Mr. Angelichio- One of the important things to keep in mind for those in the business world that deal with numbers, that when we are looking back at 5 to 7 year averages there will be a shift, but it will be out of the ordinary. By making sure that we are budgeting for the same when things were normal going forward. That is great that everything is up. It shows that people want to get out and not just a financial spring back, but people want to get out and for the entire social picture.

Ms. Gemelli- Maybe for the July meeting or even August meeting, I may be able to put together a 10 year end trend analysis just so we can see what was budgeted and what the revenue was and see the variances. I think one of the most telling things for 2021 is that revenues are only down 1% from 2020, but the expenses are down by 6%.

Mr. Angelichio- I think that will be a good idea. I think it is very telling that it absorbs the drop in revenue. We may see those #'s get a little closer together, but maybe not. The bigger the gap between those 2 gives us a bigger cushion.

Mr. Burnell- I love the comparisons and being able to see the trends. I do agree that the longer-term trend will be helpful and level out some of these anomalies from last year.

Ms. Gemelli- On the next screen, we did have some technical difficulties with Incode in preparedness, but this is the Residential utility delinquent report as of today. So, the amount of as of today was \$388,172k. \$268k of that is current. So, 69% of total billing are current.

Mr. Angleichio- So overall, it is like \$120k and I like to take current out of it and have +1 +2 and so on

Ms. Gemelli- So the ones that are 1 month overdue are \$47kis 12%; 2 months is \$27k or 7%; 3 months is \$15k or 4%; plus 4 is \$30k or 8%. I would like to point out that 3 of the customers service reps make multiple phone calls to people who are delinquent. They make the call and the customers say they will pay \$200 and in 2 weeks they say they will pay more. If they don't pay in 2 weeks, then customer service rep. will call and see if can pay or change it up. We have been telling people when talking to them about their delinquencies that we will be starting to charge penalties and interest and lien properties.

Mr. Angelichio- I think that is an important aspect of this discussion and I have given it considerable amount of thought and have been very liberal in my thought and my set feeling to give people as much as time as possible. We are starting to see things change and happening much quicker than we had initially anticipated. Mask mandates have bene pulled and people are getting back to work. I am a July

1<sup>st</sup> person now rather than September and to start the process and getting people on a payment plan and have to start at that point. I think we have to at that point take the role of the utility company as if we are and start at that point and we can threaten and say this is coming and without a hrd date and yeah Christmas is coming. I

Mr. Burnell- I think we have something on the books to do just that.

Mr. Ernst- I would just like to add a point of clarification. As Melissa stated, that our staff has been informing customers that our grace period is going to come to an end. Based on our billing cycle and they way that our customers accounts are setup up. We were tentatively shooting for July 22<sup>nd</sup> and again based on the way the cycle is setup and the amount of time we want to give the public a heads up through social media and phone calls.

Mr. Angelichio- I certainly wouldn't have a problem with that date. Billings cycles for that month starting whenever end of June and given to end of the billing cycle in July gives our Customer Service Department a little more time. I think the question is not can you pay today, but how much can you pay today? This will give them more and understand the process that we are going through.

Ms. Hawkins-Charlton- I agree. We need to start acting like an Electric utility get this ball rolling again and it will given people plenty of time to setup a payment plan or what they need to or even get assistance.

Mr. Ernst- One of the 2 committees needs to make formal resolution to move this forward. Leon, I would follow your lead if you feel it is appropriate since this deals with money that comes out of Admin & Finance and we can just get a motion to move forward.

Mr. Angelichio- I think you are right on this and this committee deals with the ins and outs and the expenditures and the revenues that it should come out of this committee. However, I would request Carrie because you are the chair of the Electric committee that your are in support of what this committee is recommending.

Mr. Burnell- I think if both committees move this forward then there is no question and it can be moved forward officially then by you Leon in 2 weeks. Then, both committees will then have an opinion.

Mr. Ernst- We will still need a vote from this committee to move it forward.

Mr. Angelichio- I am going to ask to move forward.

**Motion Mr. Burnell to move the begin collection of the penalties as of the billing cycle which is July 22<sup>nd</sup>. Second Ms. Hawkins-Charlton. Motion Carrier 3 to 0.**

Mr. Ernst- Last month, we talked about working with customers to come up with a payment plan based on incremental dollar amounts. We all walked away feeling that the dollar threshold was a bit cumbersome in terms of what the payment structure should be. We then thought to call the customer and get them to tell us what dollar amount they can pay and to hold the customer to that.

Mr. Angelichio- That is correct and gives the customer an active role in that then and what can you pay.

### **3. Committee Business Items**

#### **1. Responsibility of Utility Bill**

Mr. Angelichio- I think this goes back to what we have been discussing or is there an initial discussion which may be had on that point John.

Mr. Ernst- The property owner will always be responsible. Based on our conversation last month, we did go out to our partners at PMEA and did a poll on that exactly that and a consensus and it was exactly that across the board. I would say 6 of 12 held the landlord accountable. Others did the collection part on their own. While others engaged in 3<sup>rd</sup> party collection agency which were done by PECO and PP&L which both have the luxury of spreading that cost out over 1.3 million customers.

One of the things that I would offer though is, currently if a tenant doesn't pay then the landlord cannot rent that until the bill is paid. What we talked about is if that debt is at a certain threshold to make those #'s easy. The landlord at that time wishes not to pay that off then we would work to put a lien on the property to know that debt would be settled. We can then let them get a new tenant into the property and Lansdale then gets a new electric customer.

Mr. Angelichio- I think when you talk about residential when the bill may not be that significant, but what happens when someone skips on a \$200 bill and what about if that property is a commercial property where the tenant is 2 or 3 months behind and owed \$6,000? That is a serious hit.

Mr. Ernst- That is why we leave that to the landlord to decide if they want to pay that.

Mr. Angelichio- I think if we get an agreement for payment then we should allow that property to continue on a pay basis.

Mr. Burnell- There are 3<sup>rd</sup> parties that do this and there is a cost. I am curious if we have any data around this and how much would we lose

Mr. Ernst- I do not have a hard #'s but have anecdotal #'s that other managers gave. It is my understanding that the collection agency will try to settle debt for 75% of balance. Then, the bill is split 60/40 where the municipality gets the 60% share of the 75% collected. We will put some kind of matrix together to look at and also Melissa is out of the country next month, so we may have to wait and if not July then August a comparison.

#### **2. Human Relations Commission requesting a budget allocation of \$1,000**

Mr. Angelichio- I don't think that is an obscene or unjust amount of money to ask if it going to cover the expenses they occur in the commission of what they are doing. Do anyone want to discuss or have an opinion on that?

Ms. Hawkins-Charlton- Was it for training?

Mr. Ernst- The request at the meeting was for \$750.00 and nicer to work with a round #. Potentially, this cost can be shared with at least 2 others in the area and also have printed material and try to get the word out at Lansdale Day that we have that community and also Founders Day.

**Motion Ms. Hawkins Charlton for a budget allocation to the Human Resource Commission, second Mr. Burnell. Motion carries 3 to 0.**

## **Old Business**

## **Public Comment**

Meeting Adjourned at 7:15