

**MINUTES OF PERKASIE BOROUGH
SPECIAL FINANCE COMMITTEE MEETING
OCT 04, 2014
620 West Chestnut Street
Perkasie, Pennsylvania**

ATTENDANCE:

Council Member:	Chuck Brooks Flo Frei Steve Pizzollo Jim Purcell Jim Ryder
Mayor:	John Hollenbach
Borough Manager:	Andrea L Coaxum
Finance Director:	Joe Berardi
Electric Superintendent:	Harold Stone

The Finance Committee meeting was opened at 9:00A.M. by Finance Committee Chairman Jim Ryder. The Invocation and Pledge of Allegiance were led by Mayor Hollenbach.

PUBLIC FORUM

None

BUDGET 2015-CONTINUATION

The Finance Director went through the agenda for the meeting. As a refresher, he covered the Revenue and Expense Summary in addition to the Fund Balances Summary. He also went through the summary of items from the Electric Fund before turning the meeting over to the Electric Superintendent. The Finance Director then reviewed the highlights of the Menlo Fund, the Recreation spending in addition to the Admin and Fire Fund. The major points of discussion were as follows:

SUMMARY

During the review of the Fund Balances, Jim Ryder asked about the Fund Balance at the end of 2014 in the Refuse Fund that is projected to carry over to the end of 2015. Joe Berardi stated that if the numbers hold up as projected, there will not be a need to increase the revenue in the Refuse Fund. We will not know until December if we will have a Refuse Fund Balance in excess of our target due to the volatility of the spending in that Fund.

ELECTRIC DEPT

The highlights of the Electric Fund were presented. The Finance Director then reviewed the 3 different scenarios regarding reductions in Electric Rates for residential and commercial customers and the resulting impact on the Fund Balances. Jim Ryder requested that we develop 3 more models at different reduction rates in the cost of energy usage. His thought is that we should return approximately \$400K to our customers in 2015.

Harold Stone began by discussing the electric outage that occurred on Thursday 10/02/14 and the possible cost of replacement of the damaged items. The lightning arrestors, fuses and other protection equipment worked as expected. Under best circumstances, the damaged equipment can be repaired and operational within a 2 week time period. The transformer needs to be tested before

being placed back into service. If the transformer is damaged, the repair will take longer depending upon availability of component parts. In the event that the transformer is damaged, the cost to repair could be up to \$750,000.00. The cost should be covered by insurance but we will not know until the tests are done and costs submitted to the insurance company. Harold will advise as soon as the testing is complete.

Harold then discussed the benefits of the AMI meters and the reasoning behind the recommendation. Also, we are at the point where we need to purchase new meters for normal replacement purposes. It would be cost effective to replace old meters with the AMI meters if we are going to make the decision to switch to the AMI meters in the near future. Council preferred to stay with the existing style of meter and not switch to the AMI meters.

MENLO FUND

The Finance Director reviewed the highlights of the Pool Fund. The revenue and expenses are much lower than the 2014 budget due to the removal of the concession stand items that will not be needed if a third party runs the stand in 2015.

RECREATION

The Finance Director reviewed the highlights of the Recreation spending and revenue. The revenue is similar to 2014. The recreation expenses are increasing slightly due to the addition of Zumba classes, floor hockey and bus trips. Chuck Brooks inquired about the Park & Rec impact fee. Andrea Coaxum stated that the issue will be discussed at the Council meeting on 10/06/14.

ADMINISTRATION

The Finance Director reviewed the highlights of the Administration revenue and spending. Part of the increase is related to the potential new developments. Joe Berardi expressed that the budget is very conservative and if a large number of houses are completed before the end of 2015, there will be more contribution than projected in the current budget numbers.

FIRE FUND

The Finance Director reviewed the current status of the Fire Fund spending and revenue. The proposed .5 mil Fire Tax is not included in the current numbers. In the event the Fire Tax is approved by the constituents, the revenue and expense will increase by 50% and the line item titled "donation from General Fund" will not be needed and the removal will increase the General Fund balance by the same amount.

OTHER

Flo Frei inquired about the costs to repair the facade on the Borough building at 7th & Chestnut. Joe Berardi said that the repair was anticipated to be completed in 2014 and consequently is not in the 2015 budget. The spending will reduce the Fund balance when the repairs are completed.

The Finance Director stated that the Health Care is the only remaining large cost item that is not definite at this point. We should know the exact numbers by mid-October and will advise Council of any changes as soon as they are known.

Jim Ryder said that once we receive the information related to the cost to repair the sub-station and the final cost of Health Care, it will be determined, at that time, whether we will have one more budget meeting.

OTHER BUSINESS

None

PUBLIC FORUM

Mary Antczak inquired about the cost of gasoline for the Fire Company. Joe Berardi said that the Fire Chief is looking into the cost. Since then, we determined that the Borough and the Fire Company are both entitled to an early payment discount of \$.05 per gallon.

PRESS FORUM

None

ADJOURNMENT

The meeting adjourned at 10:53 A.M.

Andrea L. Coaxum
Borough Manager/Secretary