

**MINUTES OF PERKASIE BOROUGH
SPECIAL FINANCE COMMITTEE MEETING-BUDGET 2023
OCT. 12, 2022
620 West Chestnut Street
Perkasie, Pennsylvania**

ATTENDANCE:

Council Member:	Jim Ryder Jim Purcell Steve Rose Randy Faulkner Scott Bomboy Dave Weaver
Mayor:	Jeff Hollenbach
Borough Manager:	Andrea L Coaxum
Finance Director:	Rebecca Deemer
Electric Superintendent:	Harold Stone

The Finance Committee meeting was opened at 4:00PM by Randy Faulkner. Mayor Jeff Hollenbach led the Pledge of Allegiance.

PUBLIC FORUM

None

DRAFT BUDGET 2023

The Borough Manager gave a brief introduction. Tonight's meeting is all about electric. Mike Migliore, a representative from AMP, attended the meeting and gave a presentation to council which relates to the Borough's electric and what we can expect for next year.

Jim Ryder asked if there is a need to have a second consultant (GDS) reviewing the Borough's power supply portfolio and other electric information. Mike Migliore said that AMP encourages it. There are some big decisions to be made, such as the diesel project with a 20 year investment, so it's good to have someone else reviewing the information. Mike said that about half of the AMP members have another consultant.

After the presentation, the Finance Director went through the overview of the 2023 draft Electric Budget. As mentioned in an earlier meeting the current draft budget is unbalanced with a gap of \$575,415.

The comparison of revenue and expenses shows that revenues were reduced by \$371,789 and expenses increased by \$203,626. The biggest changes in revenue line items were as follows:

Installation of Services decreased by \$51,000. This was an estimate provided by Howie based on a list of new housing/development for 2023.

Sales of Electricity was also reduced by \$174,000. 2021 actuals came in under budget by \$234,504.03 and our CY projections show that we can expect another shortfall. We are trying to be

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more realistic with our expected revenue.

In 2022 we had budgeted \$30,000 for the sale of the old bucket truck, however, Council approved to keep the truck to be used by the Public Works Department so we eliminated that revenue source.

Undesignated fund balance as a source of revenue to help bridge the gap was reduced compared to prior years.

There was some discussion amongst the council members regarding the reduction of revenue for the sale of electric. Andrea stated that despite adding new residents we are not seeing the load growth that we would expect to see. This seems to be the trend all over the nation. We do hope to see somewhat of an increase with big projects still to come on line, like the Delbar Townhomes. We're trying to budget conservatively but also have a responsible budget that shows what we think is our best guess. There are many contributing factors, the weather, smart meters, energy efficiency, and newer homes having gas for their heating source instead of electric.

Rebecca reviewed what our power purchases are estimated to be in this draft budget. Compared to 2022 we will see a slight decrease in our power purchases.

There was some discussion about the deployment of the new meters. They are currently deploying about 40-50 meters/ month. Howie told Council that we will be having training on the new system next week and we will have a better idea of what kind of plan we can put into place.

The biggest changes related to the expenses were for salaries and benefits, transformers and designating funds for future capital equipment purchases. Some of those capital items include the ongoing meter replacements, saving for a bucket truck and a dump truck with a plow, underground cable replacement and the purchase of transformers in 2030.

Provided in the budget binder was some historical information on the rate decrease between 2014-2016. Rate comparisons were also provided that showed how a Perkasio resident's consumption charges and customer charges compare to other municipalities and electric companies.

There was some discussion amongst Council regarding the road program and ARPA funding. Scott Bomboy asked if the road improvement tax can be used to help bridge the budget gap. Andrea explained that the road tax is specifically for road improvements and would not have any impact on the current budget deficit.

Rebecca started to go through the line items in the Electric Budget. Andrea mentioned that while there is a decrease in the revenue for Installation of Services, there will also be a reduction in the expense for Materials/Supplies/Equipment.

Rebecca talked more about the revenue line item for Sale of Electricity. She pointed out that our actual revenue compared to what was budgeted for 2021 came in under budget. Rebecca handed out some historical information on budget to actual numbers, consumption and total customers for the past 10 years. The comments from Council at this point were to keep the sale of electricity at the \$8.6 million for now.

Randy asked why the power purchases aren't changing by the same dollar amount as our sale of electricity. Andrea explained that your revenue number will be higher in order to make a profit to cover staff wages and other expenses for the electric department.

OTHER BUSINESS

None

PUBLIC FORUM

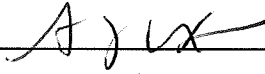
Mary Antczak from 718 Shadywood Drive addressed Council and expressed concerns about how the utility boxes are being assessed.

PRESS FORUM

None

ADJOURNMENT

The meeting adjourned at 5:57 PM.



Andrea L. Coaxum
Borough Manager/Secretary