

**Red Lion Municipal Authority  
Budget Meeting Minutes  
Wednesday, October 28<sup>th</sup>, 2015**

**Members**

Skip Missimer  
Brad Smith  
Mike Poff  
Eric Immel (arrived @ 6:20p.m.)  
Jeff Herrman (arrived @ 6:45p.m.)

**Others**

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

**Visitors**

Dianne Price  
Dennis Klinedinst

1. The meeting was called to order @ 6:07p.m. All present participated in the pledge to the flag.
2. **Discussion was held on the proposed (draft) budget for 2016.**
  - **Water budget discussion**
    - Previous adjustment to rates has paid off in that the income level has been built up to be absorbed in the PennVest funding (loan to be paid back), as well as making debt service payments. The rate adjustment was over a 5-year period to build up the income level, and Jason projects a 9% increase on revenue for the 2014-2015 year. Water rates were increased last year by 7½ % for residential customers, as well as commercial, industrial and institutional, and 5% to bulk water customers. Those increases should balance out income and expenses coming into 2016.
    - Projected numbers, based on year-to-date figures (per end of 3<sup>rd</sup> quarter) were reviewed and no dramatic changes are expected.
    - Chemical budget was estimated high last year due to the new Water Treatment Plant and not being sure of what chemicals would be necessary. Based on year-to-date numbers, Jason projects that budget can be lowered for 2016.
    - Electric numbers were also estimated high last year and expected to be lower in 2016. Keith stated a new electric meter was installed at the new Water Treatment Plant in September 2014 by Met-Ed. Met-Ed had not charged the Authority for any electricity for that meter to date. There are two electric meters in this area, but this particular meter did not show any usage all year. Keith had called Met-Ed several times regarding this. He also contacted Direct Energy (electric supplier at that time) to see if they would be the supplier on that electric meter until the new supplier (GDF Suez) contract kicked in, but they said no. He has since called GDF Suez to ensure they would pick up that meter even though it was not part of the contract. They said they would get back to him. Met-Ed will be making an adjustment on the electric bill, in the Authority's favor, because of their error. The meter has a memory in it that was used to produce a history of usage. Keith has estimated the bill to be approx. \$19,000/month for that meter only for strictly Met-Ed's cost, with no supplier. If GDF Suez accepts that meter into the contract, that cost may get reduced. A new meter has now been installed on September 15, 2015.
    - Proposed net income for 2016 for water is \$121,280 with no rate increases. In order to offset expenses and provide for any unexpected circumstances, a 2% rate increase is being proposed to provide a \$64,000 net increase.
    - Authority members complimented the staff for keeping the costs down this year!

- **Sanitary Sewer discussion**
  - Costs were mostly in line with projections with the exception of Industrial Sales. Basically, this was due to industry within the Borough having less water usage.
  - Revenue for 2015 was projected to be \$1,105,000, but came in at \$1,070,000. Projected revenue should be approx. \$1,075,393 (approx. \$30,000 less than expected)
  - Expenses—a 3% increase is expected on Transportation Charges; \$339,295 is budgeted for 2016. A decrease for 2016 is expected in Springettsbury charges. As a result, projections are to be \$186,000 for 2016.
  - Net income projected for 2015 of \$236,000. Net income projected for 2016 is \$55,000.
  - Expenses for 2015 are estimated at \$993,227. Expenses for 2016 are projected to be \$1,020,000
  - No sewer rate increase is projected for 2016.
- Jason will bring the Final Draft of the 2016 Water & Sewer Budget to the Authority's November meeting.
- 3. **Distribution of Auditor's Report**—Mr. Missimer suggested the Auditor(s) attend a meeting next year so their report can be given in person. This way, the Authority will have a better understanding about the outcome of the Audit and any comments can be addressed at that time.
- 4. **Adjournment**—Mr. Missimer made a motion to adjourn the Budget Meeting @ 6:55p.m. Mr. Smith seconded. All were in favor; motion carried.

Respectfully submitted by:

Stacy Myers, Recording Secretary