

CATAWISSA BOROUGH BUDGET WORKSHOP
November 21, 2019 – 6:00 p.m.

CALL TO ORDER:

- The meeting was called to order by Council President, Doug Krum.
- The pledge of allegiance was recited.

ROLL CALL:

- Present were: Doug Krum, Gary Steinruck, AJ McKenney, Patsy Hess, Barbara Reese, Borough Manager Larry Kopp.
- Absent were: Roy Klinger and Mayor Jeff Achy.

GUESTS TO BE HEARD: None

NEW BUSINESS

- Borough Manager, Larry Kopp opened the budget workshop with a discussion regarding property taxes while pointing out comparisons to other Boroughs in the County which show that Catawissa's millage is the lowest but the school tax is among the highest, which does not go to the Borough.
- Borough Manager, Larry Kopp then spoke of electric rates. He stated that the revenue from electric is very dependent on the weather, such as if there is a mild winter the electric revenue is lower. Mr. Kopp then compared the Borough's electric rates with PPL. Mr. Kopp noted that the Borough's kwh is .06 to .08 more than PPL but the electric revenue is what pays the Borough's municipal services.
- Mr. Kopp then presented a detailed (5) year projection which consisted of inflation, cost of purchasing electricity and the revenue it generates. Mr. Kopp stated the Borough is cutting cost due to insufficient revenue which means services are being cut.
- Manager Kopp stated the Street Department's truck is literally falling apart and the streets are in need of repair, for which he and the street department are putting together a plan as to which streets have priority to repair each year.
- Manager Kopp stated there are outstanding Pension Plan liabilities that have been let go for years which need to be looked at to be funded now before they get out of hand.
- Manager Kopp stated the (3) top items that residents are seeking according to those who filled in and returned the Resident Survey which are: The streets need work; Economic Development by bringing in more businesses and Parks and Recreational items. Mr. Kopp stated the only way to do what residents have said they want is to increase revenue which he feels can only be accomplished through raising electric rates. Mr. Kopp added this is not his decision to make.
- Manager Kopp stated that if anyone should have questions, they can give me a call.
- Audience member, Sue Helwig asked what is the difference between small power and large power. Manager Kopp explained residential is what you get at your home and small power would include businesses such as Melick and other businesses, etc.
- Sue Helwig also asked where other Boroughs are getting their income from if they don't have their own electricity. Manager Kopp stated from property tax. Ms. Helwig stated if our tax rate is lower, then how can that be. Manager Kopp said we get our income with electricity.
- Manager Kopp proceeded to go over the major parts of the budgets, starting with the General Fund.
- Councilwoman, Barbara Reese asked if they were aware of the loss of some tax money due to the Catawissa Church. As of next year, they will be off the tax rolls which amounts to \$1300.00 real estate and \$236.00 fire tax.

- Councilwoman, Barbara Reese asked about budget line item numbers 405.05 and 406.05 stating she thought that was talked about during the exec. session where there would be no raise. Manager Kopp stated they have not increased. Council President, Doug Krum stated the numbers are the same this year as they are in 2020.
- During discussion concerning the Police Department budget, Councilwoman Patsy Hess asked what we're going to do when fulltime officers take vacation, who's going to cover for their vacation? Manager Kopp stated "Josh" is to cover. Councilwoman Hess asked what are they paying him, time and a half, double time? Manager Kopp stated whatever the contract states, he wasn't sure. More of a discussion continued about her concern for how much the officers would be paid and where the money is coming from. Councilwoman, Victoria Waugh went into detail concerning her place of employment and the policy for making sure an employee is allowed only so many Fridays off per year, etc. Councilman Gary Steinruck stated they have to remember they have a contract with this Borough and they can't just arbitrarily make changes. Councilwoman Waugh stated that she has a contract as well but they have to work together to figure it all out. The discussion continued concerning how much Josh would be paid. Officer Laidacker was then asked, by Councilwoman Hess, who is to cover a week an officer has off. Chief Laidacker stated he is. Councilwoman Hess then asked who is covering the second week if another officer has off. Chief Laidacker stated he is, he will be "floating" and he will adjust his schedule as to avoid overtime. Chief Laidacker stated the work schedule is modeled after Frackville. Councilwoman Hess stated "now you're talking coal crackers", Chief Laidacker stated he didn't know what she means but they still have to fill their schedule. Councilman Steinruck said the hours only show part of it, you have to look at the benefits that increases dramatically. Chief Laidacker stated it's still cheaper. Councilwoman Hess stated no, if we hire a person with (10) kids the health insurance is going to cost \$100,000.00, we can't afford that. Chief Laidacker said he thinks what people are trying to do is save the Borough money, if you look at just the police budget it's cheaper. That's us doing our job whether or not you like the fact how many officers we have or how many kids they have, if you look at the numbers, we are doing our job. That's what we were asked to do. Councilwoman Hess stated it's not the officers who are costing us, it's the officers families that are costing us. More discussion followed concerning the scheduling, police coverage, drugs, etc.
- Borough Manager Kopp directed those present to go to the last page and notice that he had the General Fund balanced.
- Next, Manager Kopp proceeded with the Sewer Fund budget. Manager Kopp stated he took the auditors recommendation to pay \$50,000.00 on the sewer loan instead of \$100,000. Councilwoman Barbara Reese asked when the Sewer Department was going to pay back the Electric Department for a \$250,000 electric CD that was cashed in to fund the Sewer Department repairs during the 2011 flood due to the PMEA/FEMA money not being available yet and the contractors stating they would not proceed without payment. Councilwoman Reese stated not a whole lot of people knew about it. Council President Doug Krum asked if we ever received any of the PMEA/FEMA money, to which Councilwoman Reese stated we did but we used that money to pay part of the loan.
- Manager Kopp stated there is insurance available in case of a disaster that would replace all the telephone poles to be replaced, lines, transformers, etc. Mr. Kopp said it's not that expensive a year, a municipality bigger than ours is paying \$2000.00 per year. Manager Kopp proceeded to point out that we have a million dollars in CDs for the electric department and that would actually free up some money.
- A discussion followed concerning the culvert project.
- Manager Kopp started to go into detail with the Eyer Fund budget and the projects that are projected for next year.
- Manager Kopp next went over the Liquid Fuels account budget.
- Manager Kopp went over the Senior Center account budget.

- Next Manager Kopp started to go over the Capital Fund budget. Mr. Kopp said he spoke with Crystal and they agreed that South 3rd street was the worst street. Councilwoman Barbara Reese asked why we are transferring \$100,000 from the electric fund if things are so tight. Manager Kopp stated he is going to look into cutting down that amount.
- Manager Kopp went over the Electric Department budget. Mr. Kopp stated the income is mainly dependent upon the weather. Councilman Gary Steinruck asked if the Geisinger loss was figured in. Manager Kopp stated, it was. Manager Kopp stated the electric department needs to purchase telephone poles. Councilwoman Barbara Reese stated they have (15) poles down there and (15) transformers, we shouldn't need more for the year. Manager Kopp replied that he will cut that amount if you want me to, that's entirely up to you. Councilwoman Patsy Hess commented that to just to have them is crazy and just have them sitting there. Councilwoman Reese followed with commenting, wanting and needing are two different things.
- A discussion followed concerning transfers of funds between accounts and cutting electric supplies by \$10,000.00. It was recommended to cut \$50,000.00 from Electric account transfer to Capital Equipment Fund. \$30,000.00 should be cut down to \$15,000.00 transfer from the Sewer account transfer to Capital Equipment Fund.
- A discussion on street repairs followed.
- Borough Manager Kopp stated that budgeting is not looking at just one year, it is looking out for five years to see how we are going to pay for the stuff five years from now. We're cutting the stuff we have in the Capital Fund, it's down considerably for future projects, what are we going to do the year after that, how are we going to pay for projects? We still have streets to pave. We're not going to solve any problems, just kick the can down the road for another year then there's going to be worse problems. Councilwoman Patsy Hess said that's what they've been doing for the last fifty years here. Manager Kopp said that's the reason, why not stop it now? That's why were in the situation, that's why I spent the time putting this together. Council President Doug Krum said that's why we're so far behind with the pensions, we shouldn't be that far behind with the pensions. Councilwoman Hess stated that was with previous Councils that did that. President Krum said, yeah, this Council and everyone previous. Councilman Steinruck said, yeah because we followed the recommendations as what should be put in. President Krum said, luckily, we have somebody here that dug a little deeper to save a headache for Councils down the road. Borough Manager Kopp asked, so what's the answer for 2021, 22, 23, 24, what's the answer? Councilman Steinruck replied, cut back on some of the non-necessities. Manager Kopp replied, you can't do that forever Gary, you have to generate revenue somewhere. We have to look ahead, at long term, we have to do something. We have to get more income, that's the bottom line. We have an income problem; we don't have an expense problem. We're cutting things we really shouldn't be cutting. Councilman Steinruck stated everyone has their own opinion, I think we have an expense problem. Manager Kopp stated he disagrees with that. Councilman Steinruck stated that our concerts and stuff, people enjoy those I don't participate in them why should I have to pay for them? Manager Kopp stated that's not the big picture, you can't go with the same amount of income forever. We've been stagnant for the past 12, you know.
- A discussion was started concerning bringing in businesses by making the town more appealing. Councilwoman Waugh said you have to spend a little bit of money to make the town look nice, we have to start generating revenue. Different ideas were discussed with suggestions offered how to make the town look nice. Manager Kopp said we have a small amount of money for economic development, but the things you're talking about takes money. The point I was trying to make is thinking ahead of how to pay for these plans in the years to come. The long term is what I'm looking at, we have to get more income from some place, if you keep income the same, you're looking at less and less.

- Resident Lori Breech commented to Manager Kopp that he is right, we're going to have to find some way to get money, but it's an easier pill for some people to swallow if they know there's something tangible you're working towards. If you let the taxpayers know we need to make this happen in the future and get them on board, you're more apt to get a positive response. Make people think they are part of the improvement. I don't mind paying more in my electric bill if I know it's going to make Catawissa a better place for people to live.

ADJOURNMENT:

- A motion was made by Victoria Waugh, 2nd by Barbara Reese to adjourn. All Aye

MEETING ADJOURNED

Transcribed and Submitted by:

Nancy M. Yost
Borough Treasurer/Admin. Asst.