

Finance Advisory Committee
Minutes – 09/02/2020

Attendees: Lauren Barnett, Bob Dewing, Monica Goscicki, Dan Happer, John Kaplan (minutes), Jim Murphy, Mitchell Stern.

Absent: Audrey Lane

1. Approval of August 11 minutes: Happer proposed, unanimous.
2. Status of DOT grant funding for ML roads/sidewalks: Contract for Morris Avenue was signed and executed. Request for grant funding (75% of total) will be submitted to the state by September 4.
3. Update on tax and water & sewer collections: Collection rates remain on track. M. Goscicki will continue to monitor.
4. Electronic water meter replacement plan and funding: M. Stern provided an overview of the plan and expected cost. New radio water meters can be read and monitored electronically eliminating the need for manual reading (3-4 DPW employees over 3 weeks quarterly). Many existing old meter readers are inaccurately reporting usage. New meters are read constantly (read hourly, reported 4x per day) and can detect problems such as leaks, unauthorized shut-offs and meter failure.
 - Vendor – Core & Main; in municipal co-op.
 - Manufacturer – Sensus.
 - Total number of meters in borough ~2,000. Currently, 1,500 will need to be replaced. Balance of 500 meters were previously replaced with the Sensus meters but will require radio component upgrades.
 - Total cost including installation \$693,000.
 - Man-hours saved from manual reading will offset some of the new meter cost. Estimate to be provided at next FAC meeting.
 - 20-year warranty.
 - 90 days to install 90%. Home access required for installation.
 - If installation approved by BC, the FAC recommended funding as part of the anticipated July 2021 bond issue.
5. Water & Sewer fund balance review and rate discussion: Rate increase required for water will be offset by a similar rate reduction for sewer.
 - Water: 5% rate increase (~\$36,500) recommended for 2021. Increase will fund down payment for new water meters. Even with the proposed water rate increase, the year-end 2021 fund balance is projected to fall below \$100,000 from \$137,000 projected for year-end 2020. Target fund balance is \$150,000. Rate changes for 2022 will be evaluated at this time next year based on expected savings from new meters, meter funding cost and updated fund balance projections.
 - Sewer: ~4.2% rate reduction (~\$36,000) recommended for 2021. Year-end 2020 projected fund balance is \$239,000 versus target of \$75,000. Future rate reductions will be reviewed if fund balance remains above target level.
6. Financing options to fund full reassessment: At its June 3 meeting, the FAC recommended moving forward with a fall 2020 full property value reassessment with future annual maintenance reviews. Cost for the full reassessment will be \$125,000 and would be funded through an emergency appropriation with 20% (\$25,000) included in the current budget per year for 5 years. The amount will be added to the budget as an additional expense funded with surplus or additional taxation. The amount falls outside the 2% budget cap. A full reassessment with annual maintenance is expected to reduce cost of future tax appeals and refunds.

7. BAN financing update: Resolution approved by BC for a \$4,759,885 Bond Anticipation Note issue maturing on July 16, 2021. Use of funds:
 - October 1, 2020 BAN refinancing amount - \$699,980.
 - 2019 Capital Ordinances - \$815,049.
 - 2019 Morris Avenue - \$105,000.
 - 2020 Capital Ordinances - \$639,855.**Sub-total BAN refi & capital ordinances - \$2,259,885.**
 - 10 mos. estimated Borough Hall construction/renovation costs - \$2,500,000.**Total - \$4,759,885.**

8. Review preliminary bond timetable: Bond council provided preliminary timetable for a July 16 2021 note issuance. Funding expected to include:
 - i. Refinancing of July 16, 2021 BAN less 10% pay-off of that portion of the BAN used to fund capital ordinances excluding Borough Hall construction costs and less any cancelled capital ordinances.
 - ii. Balance of Borough Hall construction costs.
 - iii. 2021 Capital ordinances (TBD).
 - iv. Radio water meters.Key dates include:
 - April 1 – Issue 2020 audit.
 - Mid-May – Submit materials to rating agency(ies).
 - July 1– Receive bids for notes.
 - July 16 – Settlement.

9. FAC applicant review and selection: Four candidates applied for the vacancy. All candidates had excellent qualifications. J. Kaplan was able to connect with three candidates. The committee discussed all the applicants and unanimously agreed on the final recommendation to submit to BC. BC will make its decision at its September 14 meeting.

10. Other business: October meeting cancelled.

11. Next meeting: Wednesday, November 4 at 7:30pm Zoom mtg.

To Dos:

1. Water Meter Replacement:
 - Cost savings estimate shifting from manual to radio water meters.
 - Check if funding can be done as a General Fund capital ordinance and charged back to water utility versus funding at the water utility.
 - Check financing term allowed.
 - 5-year fund balance projection including financing and cost savings
2. Provide 3-year historical annual cost to borough of tax appeals.