

**Meeting Minutes of the Middletown Borough Council
January 25, 2016**

The January 25, 2016, special meeting of the Middletown Borough Council was called to order at 7:03 p.m. by Council Vice President Damon Suglia. After the Pledge of Allegiance, the following Council members answered roll call: Anne Einhorn, Dawn Knull, Diana McGlone, Robert Reid, Damon Suglia, and Greg Wilsbach. Also present were Mayor James H. Curry III and Borough Secretary Bruce Hamer.

It was noted that President Kapenstein was absent due to the birth of his child, that Ed Shull was resting due to his work, and Robert Louer was attending to a family emergency.

Public Comment on Agenda Items - There were no public comment on the agenda items.

Resolution to Appoint Signatories to Sign Checks – Mr. Hamer referred to his email to Borough Council dated January 23, 2016. He stated the Council President and Borough Secretary are presently authorized as signers and that at least two signatories are required on Borough checks. He indicated it is advantageous to have a 3rd signer in the event one of the regular signers is not available. Mr. Hamer noted that the Police Chief John Bey has stated a willingness to perform this duty as an authorized signer.

MOTION by Robert Reid, second by Greg Wilsbach to adopt Resolution No. 643, a Resolution to Appoint Signatories to Sign Checks. Motion carried by a vote of 6-0.

Appointment of Right to Know Officer - After a brief discussion, it was determined this matter would be tabled at this time.

Approval of Bills – Mr. Hamer referenced his email to Borough Council dated January 23, 2016. He explained the Accounts Payables List presented to Council this evening represents purchases already made and/or for services rendered. He further explained that in the future the Account Payable List will be distributed in advance of the meeting along with the agenda and other meeting information.

A discussion then ensued regarding several invoices on the list. Mayor Curry inquired about an invoice from Gettle for electrical work. Mr. Wilsbach asked about the Penn Line bill for tree trimming services. Mr. Hamer indicated the bills contained on this list were incurred in 2015. It was noted that a Lowe's credit card was under the control of the Public Works Department.

Meeting Minutes of the Middletown Borough Council

January 25, 2016
Page #2.

MOTION by Robert Reid, second by Anne Einhorn to approve payment of bills as shown on the Accounts Payable List dated January 25, 2016, for the period January 1, 2016, through January 25, 2016, to ratify approval of such bills already paid, and to authorize and direct the appropriate officials to take required actions to make said payments. Motion carried by a vote of 6 to 0.

Ms. McGlone noted that a procedure was in place by a previous Council whereby each Council member would sign off on the list of bills prior to the meeting in which they were considered for approval.

Tentative Adoption/Authorize Advertisement of 2016 Budget as Amended – Mark Morgan of Susquehanna Group Advisors made a presentation on the amendments made to the 2016 budget in accordance with discussions held at the January 19, 2016, special meeting of Borough Council. He discussed two versions of the proposed amended budget.

Version One changes include items one through 23 discussed at the last budget meeting. He noted that a \$60,000 allocation was provided for item 20, which concerns monitoring of the United contract. All items included in Version One do not require a transfer from the Electric Trust Fund and provide a \$34,085 operating surplus in the Electric Fund and a balanced General Fund budget.

Mr. Morgan indicated Version Two provides for a full-time Class A Lineman and making the Police Secretary position a full-time one. The General Fund budget is balanced under this version but requires a \$98,198 transfer from fund balance to balance the Electric Fund. Mr. Morgan questioned if there would be need for two Class C Lineman if a Class A Lineman is hired. Mr. Wilsbach indicated he believes there is a need for more training for the electric line personnel. Mr. Morgan also noted the non-uniformed collective bargaining agreement has not yet been approved.

Mr. Reid inquired about the effects of a one mill tax increase. Mr. Morgan advised that such as increase would generate about \$200,000 more in revenue. He noted that an increase of one cent per kilowatt hour in electric rates provides about \$650,000 more in revenue. Mr. Morgan reiterated that no transfer is necessary from the Electric Trust Fund and electric rates would still be below market rate. Mr. Wilsbach opined there is a need for a professional study on electric rates.

The discussion continued with Mr. Reid noting there are three taxing entities with the school district having the highest tax rate while the borough taxes are not as high. Mr. Morgan suggested that Council adopt a budget and would have the remainder of this year to deliberate on fiscal matters. He also stated he would not recommend a transfer from the Electric Trust Fund.

Ms. Knull stated her concerns about the \$725,000 payment from United not coming to the Borough. Mr. Morgan indicated that Council has the right to abolish the Authority. There was a discussion about a potential SRBC requirement to re-permit four wells if the Authority is abolished. President Kapenstein indicated the attorneys are working on this matter and it will be resolved. The first payment is due by April 1 in the amount of \$362,500. The second payment is on October 1 and there will be no problem if the matter is resolved by then. It was noted that Mayor Curry would be meeting on Friday with SRBC representatives on this matter. Mr. Morgan indicated it is a reasonable assumption these funds will come to the Borough but that the Electric Trust Fund could be used if required.

Ms. Knull asked if hiring new personnel could be delayed and Mr. Morgan answered in the affirmative. Mr. Wilsbach indicated contracted electrical expenses were excessive and that work could be done by staff lineman. Mr. Morgan noted the total expense for employing a Class A Lineman is about \$120,000 per year but he supports funding for that position.

Mr. Reid asked about the fire tax and how the train station construction this year would affect the budget. Mr. Morgan indicated there was a dedicated fire tax but an ordinance was enacted that changed the same to a general purpose tax for the 2013 budget. He noted the fire company funding from the Borough is now by a contribution in the amount of \$102,000. There was also a short discussion about future fire capital purchases. Regarding a question from Mr. Reid whether the fire company is receiving more or less than previously, Mr. Morgan stated the funding for the fire company is about the same. Mr. Morgan further noted a tax ordinance must be enacted annually. Mayor Curry indicated the tax rate was approved on December 30, 2015.

Ms. McGlone inquired about the Liquid Fuels Fund. Mr. Morgan explained the obligations on that fund as well as prior appropriations from the same toward the Streetscape project. He noted the current fund balance is about \$800,000. He also

noted there is no separate Capital Improvement Fund.

Ms. McGlone inquired about the Police Sinking Fund and a proposed \$57,000 transfer from the General Fund. Mr. Morgan explained there is an ordinance providing for 50% of revenue from fines to be deposited in the Police Sinking Fund. He recommended abolishing this fund and noted that \$57,000 is for leasing five police vehicles.

A discussion ensued regarding future capital projects. Mr. Morgan suggested the ICDA might have about \$1.5 million remaining after their projects are completed and the Authority has some funds available as well. He noted the Borough Council controls the ICDA. Mr. Morgan explained the capital projects funding in the Electric Fund.

Mr. Reid indicated he has not heard a concrete answer on the fire tax. Mayor Curry opined that nothing could be done this year on that matter. Mr. Reid suggested there is a need for a discussion with the fire company.

Mr. Hamer then suggested that the various problems confronting the Borough government cannot be remedied through this budget process but that the same can be addressed throughout the year.

Mr. Suglia asked for motion on either budget version.

MOTION by Anne Einhorn, second by Diana McGlone to tentatively adopt the 2016 budget as amended with said budget to be Version Two as discussed and to authorize advertisement of a budget summary for the required 10 day period of public inspection. Motion carried by a vote of 5 to 1 with Mr. Reid voting no.

Public Comment

Mike Dalton, 237 N. Pine Street asked about the \$103,000 allocation for conservation and development. Mr. Morgan indicated this is for various contributions including the Shade Tree Commission. Ms. McGlone asked about reinstatement of the Shade Tree Commission. There was a discussion on this matter noting the previous Council had abolished the Shade Tree Commission.

Rachelle Reid, 448 Grant Street inquired about the cash outlay on road salt. It was noted that \$25,000 is allocated for snow removal materials.

Mr. Morgan indicated that no Liquid Fuels Funds have been spent for several years. Mr. Wilsbach questioned if funds are available for Spruce and Ann Street. He also asked whether input was received from the fire company on the budget. Mr. Morgan indicated no such input was received this year. He further suggested the Council can still make changes to the budget going forward and opined that many requests will be made because a new Council is now seated.

Mike Bowman, 100 Wilson Street asked about electric charges for power purchase. Mr. Morgan opined some action is needed on the electric rate ordinance. Mr. Bowman asked about snow removal at the corner of Catherine and Emaus Street.

Authorize Advertisement of Ordinance Setting Electric Rate – **MOTION** by Dawn Knull, second by Anne Einhorn to authorize advertisement of an ordinance providing for a one cent increase in electric rates. Motion carried by a vote of 5 to 1 with Mr. Reid voting no.

Adjournment – **MOTION** by Diana McGlone, second by Dawn Knull to adjourn the meeting. Motion carried unanimously and the meeting was adjourned at 8:40 p.m.

Bruce Hamer
Borough Secretary