

FOX TOWNSHIP SEWER AUTHORITY BUDGET MEETING MINUTES – 12/09/15 @ 4:30 P.M.

Those Members Present: Cheryl Ruffner, Carole Harshbarger, Mike Kamandulis, Rudy Pollino and Jerry Zimmerman, Jr. Others Attending: Chad Shields, Plant Operator and Juli A. H. Schlimm, Authority Clerk.

The meeting was called to order followed by pledging the flag. The year to date Financial Report was reviewed for 2015. Each line item was discussed at length for both income and expenditures.

Tap on income was discussed. Jerry thought we should not include REBCO and McDermott's in this projected income in case anything changes. Dollar General is budgeted for as it is definite and one additional tap. Income is being projected at \$644,349.

Future capital improvements were discussed as within the past year the manhole repair work and clarifier cover costs were within this category. This year \$26,323.44 was spent. The Act #13 grant money will help offset these types of costs. The balance in this category is \$15,500.

Professional fees other than the routine retainers were attributed to projects such as Micale's Centerville, REBCO, Black Earth, Dollar General, etc. and are billed out to the developer as reimbursements to the Authority.

A future consideration for an additional capital improvement is the GIS mapping we had previously discussed with HRG. It had been mentioned that around \$14,000 could be budgeted for this purpose. Jerry told members the Twp. has some type of software used for signs that possibly we could be added as an additional user. He will check with Randy Gradizzi, Twp. Roadmaster on this prior to the Authority deciding anything further on this. Jerry thought we could hire summer help for this project. All agreed the GIS mapping would be a benefit.

Our insurance package was discussed with a 1.6% percentage increase anticipated for 2016. It was discussed if the clarifier cover cost of \$14,000 should be added to our coverage. This was debated because of what it is and determined not to add it on.

A new printer/scanner will be purchased for the office the existing ones have begun to wear out.

Plant expenditures were discussed. Repairs, maintenance along with all other line items such as continuing education, bioxide, chlorine/chemicals, mileage, plant equipment and supplies, telephone (this is for the lift stations) and testing were all discussed.

Electric costs will show a savings as we had signed a new contract. \$43,000 was budgeted which is a \$10,000 savings over last year.

Jerry asked why the revenue is showing a \$50,000 increase? Cheryl said we are projecting an increase in revenue. There is a \$10,000 savings in electric costs. Juli's hospitalization coverage is going from a family plan coverage to an individual. David has gotten his own coverage,

Whitney turned 26 years of age in November so she can no longer be covered and Josh got his own coverage with his employer. It is an additional \$10,000 in savings beginning this month just for her spouse's coverage.

Our income for 2016 is projected to be higher and our expenses will be less than 2015's. This is also because of the tap on money planned for from REBCO and McDermott's. Jerry thought this should be taken out of the potential income until it occurs. Jerry said we may only recognize actual income for part of the year by the time the project happens. This was adjusted back to \$5,000 for the Dollar General tap and one additional connection.

PennVEST is our big ugly payment set in stone. We know what it is.

Raises and pension need to be discussed. Cheryl said there has been no increases to pension since it began. Her figures for 2016 increased it from \$1,650 to \$2,000 per employee annually.

Per Cheryl when we received our updated insurance information mid-year and changed companies Russ had suggested looking at paying less than family benefits. At that time it was said that it would be a consideration at budget time.

Supervisor Dave Mattiuz joined the meeting in progress.

Juli created a chart that was shared with all members. The information included the employee's hourly rates, years of service both part and full time. The dental, vision and life insurance figures are unaffected and will remain the same. As stated before Juli's coverage for hospitalization is going to the single plan. This is an overall annual savings of \$17,305 per the chart provided on her coverage alone. This information provided a breakdown of benefits for each employee. Shawn's is a family coverage as is Chad's. The chart shows the benefits for each person listed accordingly. Juli's benefit cost for 2016 will be \$11,334.12, Shawn's benefit cost for 2016 will be \$19,812.36 and Chad's will be \$17,428.68. Total overall cost annually as it now is would be \$48,575.16 for employee benefits to include pension.

Details were given on spouse's coverages, cost and their deductibles. David's insurance through his employer will cost him \$1,800 a year. He didn't share what his deductible is or out of pocket limit. With David off the policy FTSA realizes a \$9,686 savings this year.

Amy Zimmerman's plan if paid by her would be \$497.28 monthly with no deductible. Missy Shield's would cost her \$950.88 annually with a \$500 deductible and \$2,500 out of pocket including the deductible. If Amy were off our policy it would save FTSA \$5,700 annually. If Missy were off of our policy it would save the Authority \$4,949 annually.

This was all researched since there was conversation that if spouses are offered coverage by their employers this should be looked at closer. This is what had been mentioned earlier in the year. If these costs were cut it would enable FTSA to give employees higher hourly rates and a larger annual allotment to their pension funds. These are ideas to be considered.

Hospitalization continued:

Hospitalization deductibles were discussed. Three (3) years ago employees had no annual deductibles. Two (2) years ago it was changed to \$2,000 annually. This year changing the insurance from Blue Cross to Health America the employees had a \$2,000 deductible from January to June then an additional \$500 deductible from July thru the end of 2015. Also mid-year when the coverage was changed the new premiums were based on individuals on the plan being rated by age. Total out of pocket amount is \$2,500 annually per employee.

Cheryl shared for every \$.25 increase to wages including taxes costs FTSA \$1,800 annually.

For every \$1,000 increase in pension benefits it costs the Authority \$.48 per employee per hr.

Cheryl said we can make these changes, we can do nothing or adjust wages. We cannot say we are compensating them for insurance benefits. It doesn't work like that. Their retirement could be increased. Russ suggested at one point to make employees pay a certain amount toward their spouse's coverage. There are many options to be considered.

Cheryl said in her opinion if a large raise is given to an employee they pay payroll taxes on it. If given to them in their retirement they would be given the full value of it.

Cheryl told members this is all up for discussion. We can think about it and act later. Carole said she felt Russ and Ken should also be present for this decision.

Carole said in the newspaper she read the county is paying a deductible of \$2,000 per employee. The county is paying the larger part of this. The employee then pays like \$250 or \$500 a year toward the deductible.

Rudy commented on his Blue Cross it has a higher deductible of \$3,000 yearly. Under his coverage if spouses have insurance through their employers they must participate.

Cheryl shared that she and her husband pay \$1,300 a month with a \$500 deductible yearly. It is \$2,400 total out of pocket.

Jerry said his out of pocket is \$2,500 annually.

Carole suggested shopping for cost comparisons. Carole said agents should work to get clients the best offers. In doing so it may also lower rates. Cheryl said the problem with that is that UPMC only takes Highmark. With Health America you can go anywhere to Pittsburgh, or Cleveland or Danville. With the Affordable Care Act premiums are based upon age and of course with age comes higher rates. All companies are dealing with that as well.

Cheryl said it is how much can you tolerate financially as an employer and how much can you tolerate as an employee.

Cheryl said FTSA has done what they can to watch their budget and monies. The employees also have done their part to accomplish this. She doesn't feel the employees should carry the financial burden. It also on the other hand isn't fair to our customers to keep raising rates as the Authority also represents them. Cheryl said we also have to be financially responsible to our customers. Carole said she thinks we have been. Cheryl feels we need to find the balance or medium. Cheryl also mentioned the \$75,000 annual loan from the Township for FTSA to be able to operate. We are working toward becoming financially independent from this. It is a cumulative loan after our PennVEST loan is done. Cheryl feels FTSA is in a position that we can do something to give back to the employee. If the Authority is recognizing a savings with changes and improvements within our budget we can afford to pass it on. Mike Kamandulis said he agrees completely with this. Cheryl described what the Township employees are paid in comparison to our employees and the disparity. Cheryl asked do retirements mean more than cash? Juli said just depends on if you live to see it! If an hourly increase is given the employee and employer pays tax on it.

Carole said the Authority had to be able to build the lines to serve the people but the cost was more extravagant than we could afford without the Township's assistance.

Jerry suggested the members go into an executive session for further discussion on these matters. The session was a half hour in length from 5:30 until 6:00 p.m.