

**OCEAN PINES SERVICE AREA
WATER AND WASTEWATER
Advisory Board Meeting**

Wednesday, January 9, 2019

Present: **Water and Wastewater Advisory Board**
Fred Stiehl, Greg Sauter, Jack Collins, Jack Poremski
Worcester County Treasurers
Jessica Wilson
Worcester County Public Works
John Tustin
Worcester County Public Works - Water and Wastewater Division
John Ross, Meg Etzler

Fred Stiehl called the meeting to order at 10:00 a.m.

Approval of Minutes

Minutes of the December 11, 2018 meeting were addressed. Jack suggested the need for a point man contacting the environmental committee for Ocean Pines and the golf course. Fred shared that he has already contacted the Chair of the Environment & Natural Assets Committee. Discussion was held. General consensus is Fred will pull together a fact sheet and we will then devise a plan before going forward. This will assure inclusion of all the groups that will be involved with this issue.

Jack stated he didn't see a connection with reference to the ditches and paving in our General Discussion. John shared that these are indeed linked together and that we have a lot of common issues with Ocean Pines Administration. It is especially frustrating for us when a road is newly paved and we are going immediately afterwards to tear it up for a repair. Communication between us and Ocean Pines Administration will alleviate some of the issues we currently have. John shared that he would look into having a point man for these issues.

Bob made a motion to accept the minutes as written and Jack seconded. Minutes were so moved.

Budget Review

Jessica opened the discussion on the Budget Worksheet Report for the year 2020. She began by explaining the schematic of the report. She shared that she would also be referencing the Capital Equipment Request for FY 2020. She noted that the 2019 Actual Amount figures were for 6 months commencing on July 1, 2018. Currently we have a \$26,000 budget surplus and increasing O&M has definitely helped.

Fred asked about the budget deficit and Jessica explained. As of June 30, 2018 we carried a 2.4 million reserve deficit, which is minus our fixed assets. This deficit is partially owed to the Debt Service and to the General Fund. Jessica explained that there has been a deficit for our reserves since approximately 2001 with many variables causing this. We have an aging infrastructure. We banked on selling EDU's which were never fulfilled. We began billing in arrears going for almost 9 months with no collection. As Jessica noted there isn't any one thing but many that have contributed to this deficit.

Jessica explained the increases in Revenue and how she comes up with the figures. In the Hook-Ups it was explained that we try to be realistic about those figures. If we fall short in our estimates it will even out elsewhere, as in no new meter/sewer installations.

Jessica then moved on to each Department and reviewed their individual budget figures. She explained that the Personnel Services Salaries for all Departments is based on a 2% COLA, a 2.5% Step built into payroll and Longevity Benefits.

Jessica referenced the Capital Equipment Request for FY 2020 for Departments showing a large increase in their Capital Equipment requests. The FY2020 Request details each item request by the Department. John Tustin suggested that the Wastewater Treatment Plant's request for a screen re-toothed could be moved out of Capital to Maintenance.

Jessica noted that there is a decrease in Construction Salaries within primarily the Water and Collections Departments due to our budgeting for three less employees in Construction.

General discussion was held on the Budget Worksheet Report.

Jessica shared the FY 2020 Proposed Rate Increases with Options 1, 2 and 3 and a possible Option 4. General discussion weighing the pros and cons of each option was held. Rate monies go to reducing the Reserve Deficit. Basically our O&M expenses are greater than our revenue. After further discussion Fred asked for a show of hands for the Options. The vote was three for Option 3. One vote for Option 1. Fred made a motion to adopt Option 3 with one opposed. John noted that this vote is just a recommendation to the Commissioners who will be making the final decision.

Our next meeting will be on Wednesday, February 13 at 11:00 a.m.

With no further business Greg made a motion to adjourn. Bob seconded the motion. The meeting adjourned at 12:23 p.m.

Respectfully submitted,

Meg Etzler
Administrative Assistant