

MINUTES
FINANCE COMMITTEE MEETING
APRIL 15, 2020 (VIRTUAL)

Attendants: Messrs. Boland, Cherico, DiSantis, Hurst, Kester, Knapp, Lenton, Lucas, Monaghan, Mullen, Pileggi, Pisani, Willert, Zidek, Mesdames Amadio, Bonnett, Caulk, and Sage.

There were no members of the public present.

1. ROLL CALL: Nine members of the DELCORA Board of Directors were present constituting a quorum.

2. PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was recited by all parties present.

3. MONTHLY FINANCIAL REVIEW: Mr. John Pileggi, Chief Financial Officer, provided the Board with a written summary report of the March Interim Statements and highlighted items contained in the written report. Regarding Revenue and Expenses, Mr. Pileggi stated that since we are only three months into 2020, there are no significant variances between budget and actual expenses. He also mentioned that some tapping fees had been received resulting in a positive benefit to the year. Addressing Operations during the Pandemic, Mr. Pileggi stated that employees are coming into the office to handle phone calls and emails. The lobby is closed to the general public. Collections have been good in spite of the pandemic and the closed lobby, ahead of last year by about \$200,000. This could also be due to the rate increase of 8%. All basic functions are still being done, i.e. employees and vendors getting paid, bills being sent out, bills being collected. In response to a question from Mr. Willert concerning the total number of bills paid, Mr. Pileggi stated that in March there were 472 payments mailed in, 711 phone and web payments, 150 payments in the lockbox, and 343 people came in to pay prior to closing the lobby. Mr. Kester inquired about any federal money available for people who can't pay their bills or for DELCORA to cover these unpaid bills. Mr. Pileggi responded that we are waiting for more guidelines from the federal and state government on how to apply for reimbursement.

Mr. Knapp asked Mr. Pileggi to review the Over \$5000 Breakdown report. Mr. Pileggi stated that there had been an update to the initial report. Reviewing the report, he stated that names listed under the heading "Illegal Service" are those people who have had their water shut off but they have turned it back on illegally. There is no way to stop this except to have someone physically go to the address of the illegal hookup. We have done this before but we do not currently have the staff right now to do it. The next heading, "Repeated Delinquencies", includes those who do not pay regardless of having their water shut off or liens placed against the property. One company on that list, Shamar Management, is in the process of selling their properties. We are in the process of collecting on that debt of \$21,000. The new buyers are paying off that old debt. The next heading, "Payment Expected", includes those that are expected to pay in the next three to four months or are on payment plans or the payments are delayed because of

the pandemic. DELCORA has to wait for the court to resolve the cases of those listed under the next heading, "Bankruptcy Accounts". Those listed under "In Dispute" do not agree with their bill. The last heading, "Lost Revenue", lists customers outside of the Chester Water Authority service area. Those listed are water customers of Aqua and for DELCORA to obtain water shut-off approval, Aqua is requiring that DELCORA reimburse Aqua for lost revenue while the water is shut off. We are negotiating this provision with Aqua. Mr. Pileggi had no additional comments to the written report. The Committee had no other questions on the written report.

4. REVIEW OF THE 2019 AUDITED FINANCIAL STATEMENTS: Mr. Pileggi provided a copy of the 2019 audit. Overall, DELCORA had a very good year. There were no management findings and no adjustments or corrections were needed. We are waiting for the letters from two lawyers regarding any legal issues. We expect no legal issues to be found. Other than that, the audit is complete. Mr. Pileggi will follow up with the two law firms so that we can get their letters as quickly as possible. Mr. Pileggi had no additional comments on the audit. The Committee had no questions on the audit.

Following discussion, it was the consensus of the Committee to recommend Board approval of the 2019 Audit. This item will be placed on the agenda for approval at the April 21st Board meeting.

Prior to adjournment, Mr. Hurst mentioned a proposal from Maddren Law Office to research and acquire easements for existing and proposed pipelines that will be on the Board agenda. It was on the March Board agenda but that meeting was cancelled. He added that Mr. Maddren has done a very commendable job in the past for DELCORA in this area.

ADJOURNMENT: It was moved by Mr. Pisani, seconded by Mr. Monaghan, and unanimously carried to adjourn the regular meeting at 3:48 p.m.



INTER-OFFICE MEMORANDUM

TO: Robert Willert, Executive Director
FROM: John J. Pileggi, Chief Financial Officer / Mike Cherico, Accounting Manager
SUBJECT: Monthly Finance Report – MARCH 2020
DATE: April 15, 2020

I will be offering written comments as highlights to the financial information that you and the Finance Committee are receiving for March 2020.

1. Revenue and Expenses

Approximately \$11.5 million is budgeted for a combined Reserve for Capital Replacement and Reserve for the LTCP. These funds would go toward the capital plan and LTCP expenses planned for 2020 and beyond. At this early point of the year, there are no variances to report between budget and actual. DELCORA did receive \$375,000 in tapping fees due to development throughout the county. Tapping fees, by their nature, are not anticipated and are not budgeted.

2. Operations during the Pandemic

In 2020, DELCORA collected \$2,154,304 over the first three months. Over the same time period in 2019, DELCORA collected \$1,922,948, a favorable difference of \$242,357. During the pandemic, DELCORA is not charging late fees or penalties. Also, we are not sending out delinquency notices or shutting off any water for nonpayment.

The Finance Department is operating on a reduced schedule with reduced staffing. The basic functions of the department are still being done. Employees and vendors are getting paid. Bills are being sent out. Sewer fees are being collected and deposited. Financial reporting is still being done,

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cc: File