

**MINUTES**  
**FINANCE COMMITTEE MEETING**  
**AUGUST 9, 2023 (VIRTUAL)**

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Attendants: Messrs. Cherico, DiSantis, S. Garner, Hurst, Kern, Knapp, Monaghan, Moss, Nagle, Willert, Mesdames Billings, Bonnett, Caulk, B. Garner, and Sage.

The following was present: Joe Buda. There were no other members of the public present.

1. ROLL CALL: Seven 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. Mike Cherico, Chief Financial Officer, provided the Board with a written summary report of the July Interim Statements and highlighted items contained in the written report. Regarding Revenue and Expenses, Mr. Cherico stated that, after seven months, we are still on target to meet the \$13 million that was budgeted for the reserve for replacing Capital Assets. He also stated that variances to the budget are similar to where they've been in prior months. We have favorable revenue variances in tapping fees and interest income, and Debt Service and Employee Benefits continue to show a favorable variance. Some of the negative variances include chemicals, solids disposal, and repairs and maintenance, as discussed in prior months. We are about \$420,000 ahead of the \$13 million that we have budgeted. Concerning Debt Service, Mr. Cherico stated that, at the end of July, we have borrowed \$10.6 million on the approved loan of \$30 million. Regarding the Cash Balance, he reported that we continue to generate about \$22 million on the previous twelve months and that about \$16 million of that operating cash was used towards capital assets so the actual cash balance has increased by a little over \$6 million in the past twelve months. Mr. Cherico had no additional comments to the written report. The Committee had no questions on the written report.

Regarding Residential Accounts Receivables, Mr. Shep Garner, Accounting & Customer Service Manager, reported that about \$780,000 was collected in July 2023 compared to about \$352,000 collected in July 2022, indicating a favorable difference of approximately \$427,000. Year-to-date collections are doing very well at about \$1.7 million higher than 2022. He reported that we are still issuing shut-off notices and will continue to do so. Mr. Garner had no additional comments to the written report. The Committee had no questions on the written report.

4. AUTHORIZATION FOR PROFESSIONAL SERVICES:

- NewGen Strategies & Solutions – Proposal Dated July 27, 2023 – To Provide Rate Model Update For 2024 Rates – Total Amount Not To Exceed \$9,770.00 (Operating Funds)

Mr. Cherico reported that this is an annual proposal. He stated that this firm takes our rate model and updates it so that it is into the current budget year.

Following discussion, it was the consensus of the Committee to recommend Board approval of the above proposal. This item will be placed on the agenda for the August 15<sup>th</sup> Board meeting.

Prior to adjournment, Mr. Kern requested that the following item be added to the Board agenda:

- Approval of the Amendment to the Philadelphia Water Department Service Agreement

Mr. Kern stated that the amendment was sent to us, unprompted, by the City and it solely addresses the rate model that calculates our contribution to their Long Term Control Plan. It does not change the expiration date of the current agreement and it does not change how our operating costs or management fees are calculated. It only changes how DELCORA's contribution to their Long Term Control Plan is calculated. The current calculation will reduce our contribution from 9.44% to 0.21%; a savings of approximately \$1 million in 2024 and a savings of approximately \$5 million over the life of the agreement which expires April 1, 2028.

Following discussion, it was the consensus of the Committee to recommend Board approval of the above amendment. This item will be placed on the agenda for the August 15<sup>th</sup> Board meeting.

ADJOURNMENT: It was moved by Ms. Billings, seconded by Mr. Monaghan, and unanimously carried to adjourn the regular meeting at 3:38 p.m.