

MINUTES
FINANCE COMMITTEE MEETING
OCTOBER 11, 2023 (VIRTUAL)

Attendants: Messrs. Cartafalsa, Cherico, DiSantis, S. Garner, Kern, Knapp, Lenton, Monaghan, Moss, Mullen, Nagle, Willert, Mesdames Amadio, Billings, Bonnett, Byrd, Caulk, B. Garner, Jackson, Nichols, 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. Mike Cherico, Chief Financial Officer, provided the Board with a written summary report of the September Interim Statements and highlighted items contained in the written report. Regarding Revenue and Expenses, Mr. Cherico stated that we continue to be on target to reach the budget of \$13 million to be used for current and future capital assets, and Long-Term Control expenses. There are a few variances listed in the report. There is a \$600,000 negative variance from Wholesale Customers which is offset by Tapping fees, Interest income, and Debt Service. Repairs and Maintenance, Utilities, Chemicals, Solids Disposal, Minor equipment are some negative variances. Employee benefits have a positive variance of \$300,000. Mr. Cherico stated that he is expecting to exceed the \$13 million by \$450,000. Regarding Debt Service, Mr. Cherico reported that we have borrowed \$10.9 million of our \$30 million loan facility. Regarding Cash Generated in Prior 12 Months, Mr. Cherico stated that cash generated from operations continues at about \$23 million and we spent about \$13 million on capital projects, so the net cash has increased about \$10 million for the year. 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 \$405,156 was collected in September 2023 compared to about \$257,000 collected in September 2022, indicating a favorable difference of approximately \$147,000. Year-to-date collections are doing very well at about \$2.3 million higher than 2022. Mr. Garner had no additional comments to his written report. The Committee had no questions on the written report.

4. PRELIMINARY DISCUSSION OF 2024 BUDGET: Mr. Kern shared that he wanted to get a consensus from the Board on the 2024 rate increase for rate payers as well as wage increases for non-union employees. Mr. Kern mentioned that there are two ways of evaluating the rate increase for rate payers which would be tying it strictly to the 2024 budget or tying it to Long Term financial needs of five and ten years. Mr. Kern

suggested going with the long-term approach for many future projects. Ms. Nichols mentioned that she doesn't agree with the rate increase as far as the long-term approach is concerned because of the uncertainty of the Authority within the next few years. Mr. DiSantis mentioned that the Consent Decree has a timeline with stipulated penalties if things aren't accomplished.

Regarding the wage increase for non-union employees, Mr. Cherico mentioned that in 2023, the wage increase was 4.6% which was based on federal employees pay increase.

Discussions continued regarding the rates, and it was preliminarily agreed upon a 3% rate increase as well as 4.5% increase for non-union employees. It was the consensus of the committee to approve a rate increase of 3% for rate payers as well as a 4.5% wage increase for non-union employees.

5. ADJOURNMENT: It was moved by Mr. Mullen, seconded by Mr. Nagle, and unanimously carried to adjourn the regular meeting at 4:02 p.m.