

# **SPRING-BENNER-WALKER JOINT AUTHORITY**

## **REGULAR MEETING**

**March 26, 2018**

### **ATTENDANCE:**

<b>AUTHORITY MEMBERS:</b>	<b>Spring</b>	Gregg Heny Chris McMurtrie Dondi Smeltzer
	<b>Benner</b>	Dan Hoffman William Hughes Timothy Miller
	<b>Walker</b>	Dennis McDowell Joseph Swanderski

**GUESTS:** Steve Gabriel, Rettew Associates

**EXECUTIVE DIRECTOR:** N. Warren Miller

**EMPLOYEES:** Will Barton, Kelly Gill and Chris Ranio

### **CALL TO ORDER:**

The March 26, 2018, Regular Meeting of the Spring-Benner-Walker Joint Authority was called to order at 7:00 P.M. by Dennis McDowell, Chairman. Mr. McDowell thanked everyone for attending and stated that the meeting would be recorded for transcription.

### **ROLL CALL:**

William Hughes, Secretary, took Roll Call, recording eight members present. Mr. Galbraith was excused from the meeting. Mr. McDowell, Chairman, noted that with a quorum present, the Spring-Benner-Walker Joint Authority was permitted to conduct business under the laws of Pennsylvania.

### **PLEDGE OF ALLEGIANCE:**

Mr. McDowell, Chairman, led the Board members, Employees and Guests in the Pledge of Allegiance.

**APPROVAL OF MEETING MINUTES:**

Mr. McDowell asked the Board if there were any questions and/or changes to the March 12, 2018 meeting minutes as presented. **Mr. Hoffman moved, seconded by Mr. McMurtrie to approve the Minutes of the March 12, 2018 Regular Meeting as presented. 8 ayes, 0 nays, 1 absent. The motion carried.**

**CORRESPONDENCE:**

**William T. Meeker-Lobb** – We received a letter of resignation from William T. Meeker-Lobb indicating that March 28, 2018 will be his last day of employment with SBWJA. A copy of the Exit Interview was also provided to the Authority Board.

Mr. W. Miller stated that March 20, 2018 ended up being Mr. Meeker-Lobb's last day of employment due to being called to his new job. Mr. Meeker-Lobb previously worked at a gas field in North Dakota and has decided to return to the gas industry (locally) citing financial reasons.

**FINANCIAL REPORTS:**

Treasurer's Report: Mr. Heny reviewed the financial reports for the period ending 02/28/2018. Mr. McDowell asked if there were any questions regarding the Treasurer's Report or any comments by the Authority staff. With no questions, **Mr. T. Miller moved, seconded by Mr. Swanderski to approve the Treasurer's Report as presented. 8 ayes, 0 nays, 1 absent. The motion carried.**

**APPROVAL OF PAYMENTS:**

Approval of Requisitions:

**Revenue Fund Requisition 2012-120** – Mr. Heny presented the Board with Revenue Requisition #2012-120 in the amount of \$65,844.49. Mr. McDowell asked if there were any questions regarding the presentation of Revenue Fund Requisition 2012-120. **Mr. Swanderski moved, seconded by Mr. Hoffman to approve Revenue Requisition 2012-120 payable to SBWJA in the amount of \$65,844.49. 8 ayes, 0 nays, 1 absent. The motion carried.**

**GUESTS:**

**Rettew Associates, Steve Gabriel** – Mr. McDowell introduced Steve Gabriel of Rettew Associates who was hired to complete a Rate Study for our Authority. Mr. McDowell stated that Mr. Gabriel has completed a 20 year projection that will aid in determining if the Authority will need to modify its rate schedule to accommodate future projects/expenses.

Mr. Gabriel indicated that an excel spreadsheet projecting the Authority's income, expenses and cash reserves over the next 20 years was prepared as a tool to be utilized by the Authority's staff on an annual basis. The spreadsheet was based on the Authority's 2018 budget and included projections through 2038 when the Authority's bond payment is scheduled to cease.

The following projections of the Authority's income/expenses were made:

**Income:**

- #50101 – Sewer Rental – Increased by 1.2% per year based on the addition of 83 EDUs
- #50201 – Tapping Fees – 83 EDUs added per year
- #50712- Contracted Services- BTWA – Increase by 3% per year
- #51201 – Rockview Usage & Treatment – Used average of 44% of SBWJA O&M Costs and 27.298% of Bellefonte WWTP Capital Projects

**Expenses:**

- #65101- Hourly/Salary Wages – 3% Annual Inflation
- #65201 – Overtime Wages – 3% Annual Inflation
- #65301 – Payroll Taxes – 3% Annual Inflation
- #66001 - Health Insurance – 3% Annual Inflation
- #72001 – Office Supplies – 3% Annual Inflation
- #72101 – Postage & Meter – 3% Annual Inflation
- #73201 – Insurance/Package Policy – 3% Annual Inflation
- #74101 – Electricity/Pump Stations – 10% Annual Inflation
- #74201 – Electricity/Building – 10% Annual Inflation
- #74902 – Other Utilities/PS/Walker – 3% Annual Inflation
- #75001 – Bellefonte Treatment – 5% Annual Inflation
- #76101 – Maintenance/Supplies – 3% Annual Inflation
- #76201 – Maintenance/System – 3% Annual Inflation
- #76301 – Maintenance/Repair – 3% Annual Inflation
- #76401 – Maintenance/Tools & Equip – 3% Annual Inflation
- #76501 – Maintenance Rentals/Uniforms – 3% Annual Inflation
- #76701 – Maintenance/P.S. Chemicals – 3% Annual Inflation
- #78101 – Vehicle Fuel – 3% Annual Inflation
- #78201 – Vehicle Maint. – 3% Annual Inflation
- #79101 – Legal Services – 3% Annual Inflation
- #79201 – Engineering Services – 3% Annual Inflation
- #79301 – Accounting Services – 3% Annual Inflation
- #79402 – Investment Management Fees – 3% Annual Inflation
- #79601 – Contracted Services – 3% Annual Inflation

Mr. Gabriel stated that the Capital Improvements throughout the 20 year projection includes trading in the Backhoe every three (3) years, purchasing a new Service Truck five years out of every seven years based on the age of the truck, purchasing a T-Tag Dump Truck in 2028, purchasing a new Vector Truck in 2027 and updating Pump Station #8 (Zion Stover) with suction lift pumps in 2034. Since the Authority typically accepts bids for the sale of the old equipment (vehicles), the amount budgeted reflects the cost difference between the new purchase price and the sale of the old model.

Mr. Gabriel informed the Board that \$3 million has been budgeted for 2018 and \$546,000 in 2019 for the Authority's portion of the Bellefonte Borough Authority's Wastewater Treatment Plant (WWTP) capital project planned for 2018. Throughout discussions with the Rate Study committee, Mr. Gabriel indicated that \$90,000 was budgeted for years 2020-2025 and \$150,000 for years 2026, 2029, 2032, 2035, 2038 for future WWTP capital projects, if needed.

Based on the 20 year projection, with no rate increase, in year 2024 the Authority's Expenses begin to exceed the Income in connection with the Authority's bond payments significantly increasing. In year 2029 the projection reflects an overall negative cash flow for the Authority.

Mr. Gabriel informed the Board that the Rate Study committee indicated that they would like to see the Authority's cash reserves stable at around \$4 million in year 2038 and directed Mr. Gabriel to run two different rate increase scenarios beginning in year 2019.

The first scenario involved three (3) larger rate increases over the 20 year span. In years 2019 and 2026 a \$10/per EDU/per quarter rate increase would be instituted. In year 2030 a \$15/per EDU/per quarter rate increase would be instituted, with the Authority's rate being at \$100/per EDU/per quarter in 2030.

The second scenario was representative of a \$3/per EDU/per quarter increase in years 2019 through 2028, with the rate being at \$95/per EDU/per quarter in 2028.

With either of these two scenarios, Mr. Gabriel indicated that the Authority would be able to achieve the committee's recommendation of having cash reserves of around \$4 million in 2038 and a still maintain a lower quarterly usage rate than that of the surrounding municipalities.

Mr. Gabriel provided the Board with an overview of Sewage User Rates for other Authorities within the Commonwealth that ranged from \$65/per EDU/per quarter to \$169/per EDU/per quarter, with our Authority's rate being the lowest. The next lowest quarterly rate was \$94.38/per EDU/per quarter which was representative of the Lancaster Area Sewer Authority.

Mr. McDowell stated that he highly recommends that a decision regarding a rate increase not be made until later this year when the Authority has some final numbers from Bellefonte Borough Authority's WWTP project.

**Equipment Rental Hourly Rates** – Mr. Gabriel indicated that he was asked to provide a comparison of our Authority’s equipment rates (fee schedule) to other Municipalities/ Authorities in the Commonwealth that provide similar services. Our Authority’s rates were comparable; however, Mr. Gabriel suggested increasing the Backhoe rental rate to \$65/hr. and the Utility Truck rental rate to \$45/hr. The Authority’s fee schedule doesn’t currently reflect a rate for the Mack Dump truck or T-Tag Dump truck; therefore, Mr. Gabriel suggested setting those rates at \$60/hr. and \$50/hr. respectively.

**Employee Wage Rates:**

**Lancaster Area Sewer Authority (LASA)**– Mr. Gabriel provided a review of the hourly cost analysis for wages and benefits for the Lancaster Area Sewer Authority and indicated these rates are higher at some levels due to the nature of the work and experience level.

**Leola Sewer Authority** - The Board was also provided with a base hourly wage rate for the Leola Sewer Authority, which ranged from \$16.00/hr. to \$28.56/hr. and was dependent upon the number of certifications held by that particular employee. Mr. Gabriel indicated that the benefits and insurances added up to a total of roughly 40% of the hourly wage rate. Per union contract, a 2% wage increase is set for 2019 and 2020, with a 3% wage increase scheduled for 2021. Employees make no contributions to their health insurance premiums and each employee receives \$650 per year to cover the cost of vision, dental and any uncovered health cost expenses.

Mr. Gabriel stated that he feels it’s important for this Authority to really focus on staying competitive with its wages and benefits to keep the employees on staff. Any turnover and having to replace anyone that is experienced costs the Authority money. It involves starting all over again with the training, which can be expensive. Mr. Gabriel stated that there are benefits to bumping those wages up to maintain the current staff. The Authority builds that experience and knowledge base that can’t easily be replaced.

**Charges to Benner Township Water Authority for Water System Services** – Mr. Gabriel provided an overview of the contract the Authority currently has with the Benner Township Water Authority (BTWA) in which the hourly labor rate of \$36.50/hr. was charged in 2017 for all field operations and office personnel. The BTWA is charged for all office supplies, postage, field supplies and special equipment/vehicles this Authority uses in completing the contracted services. The Authority averages between 40-45 hours per month for field operations personnel and 20 hours per month for office personnel as reflected in the monthly bills. Based on the current billing structure the Authority would’ve charged the BTWA approximately \$28,470 in 2017.

Mr. Gabriel informed the Board that he completed a cost comparison for two alternative billing scenarios. The first would involve charging the BTWA for all services based only on field personnel at \$55.00/hr., which is in line with the Authority’s fee schedule. The Authority’s fee schedule does not call for charging for all supplies used in providing such services. Based on this alternative billing, the Authority would’ve charged the BTWA approximately \$29,700 in 2017.

The second alternative billing would involve invoicing the BTWA for all field personnel hours at \$55.00/hr. and office personnel hours at \$36.50/hr. Based on this alternative billing, the Authority would've charged the BTWA approximately \$38,640 in 2017.

Mr. Gabriel stated that as long as this Authority continues to bill for the cost of the equipment use as reflected on its Fee Schedule, the current billing structure would be sufficient to cover all of its costs in providing water system services to the BTWA. With the 2.3% cost of living increase given to all employees in 2018, plus approximately 3% increases in payroll taxes, insurances and retirement costs, Mr. Gabriel suggested increasing the labor rate to \$40.00/hr. for services provided to the BTWA, which was already adjusted effective January 1, 2018. Altering the existing billing structure to the BTWA with either of these two alternatives does not generate a significant amount of additional revenue.

**Septage Management Services and Fees** – Mr. Gabriel indicated that he was directed by the Rate Study Committee to look into cost comparisons for Septage Management Services. Due to a majority of the Commonwealth's Sewage Enforcement Officers (SEOs) nearing retirement age, the availability of trained SEOs to complete this work may diminish and Municipalities may be looking for help in getting these services completed on a regular basis.

Mr. Gabriel provided the Board with two service arrangements. The first would involve having a qualified pumper/hauler perform both the pumping and inspection for a more streamlined and least cost process. The Municipality's SEO would then follow up on any issues found and conduct random checks of the pumper/hauler's conducted inspections to ensure all the required checks have been completed. If the SEO finds that a pumper/hauler is failing to conduct thorough inspections, the pumper/hauler can be disqualified from inspecting as well as pumping.

The other service arrangement would involve having a qualified pumper/hauler perform the tank pumping. The Municipality's SEO would be responsible for system inspections, but could utilize a trained individual to perform the actual inspections. The SEO would conduct follow-up inspection work only as necessary.

**Calculating User Rates for Unique Uses** – Mr. Gabriel stated that the Authority personnel asked for his assistance with some unique user rates that have proven to be a challenge for the Authority. These unique uses include establishing sewer rates for fitness centers, kennels, banquet halls and sports training facilities. Some of these unique users are not on public water. Mr. Gabriel stated that he reached out to other Authorities to inquire about their billing of these types of uses and ran into a similar challenging situation. Mr. Gabriel completed a review of several Authority's rate schedules for comparable businesses and came up with the following recommendations.

**Fitness Centers** – Recommendation to bill a minimum of 1.00 EDU, plus 0.1 EDU per employee at work over 10, plus 2.00 EDUs per connected filter if the fitness center has a pool.

**Kennels** – Need to account for wash-down of living space, wash-down of runs, bathing of animals, landscape watering and typical domestic water use by employees. Recommendation to bill 1.00 EDU per 15 pets or fraction thereof, plus 0.1 EDU per employee at work in a 24 hour period.

**Banquet Halls** – Infrequent use makes fair or accurate measurement difficult. Recommendation to bill 1.00 EDU per 75 seats or fraction thereof, plus 0.1 EDU per employee.

**Sports Training Facility** – Need to include EDU requirement based on number of employees, number of athletes and number of spectators. Recommendation to bill a minimum of 1.00 EDU per center, plus 0.1 EDU per employee at work over 10, plus 1.00 EDU per 15 athletes, coaches and spectators.

Mr. McDowell thanked Mr. Gabriel for his presentation and asked the Board if anyone had any questions. Mr. Heny asked if a meter to measure the sewer flow could be installed at these facilities where there wasn't any public water. Mr. Gabriel stated that in his experience, the sewer meters were not as reliable as water meters. Mr. W. Miller stated that a sonar flow meter with a flume would need installed to measure sewage flow, which wouldn't be cost effective.

## **EXECUTIVE DIRECTOR'S REPORT:**

**Hughes Street Sewer Extension** – Mr. W. Miller informed the Board that the Hughes Street Sewer Extension was started on March 13, 2018 and should be completed within a few days. The maintenance department encountered rock, which has delayed the excavation.

**Surge Protection** - Mr. W. Miller reported that Mr. Barton is looking into surge protection for our pump stations. The Authority personnel will be replacing some of the faulty surge protection and also installing additional protection where the Variable Frequency Drives (VFDs) are located.

**Letter to the Editor** – Mr. W. Miller made the Authority Board aware of a recent letter to the editor in the Lock Haven Express and the Centre Daily Times that mentioned our Authority in connection with the Nestle Bottling Plant. A rebuttal was written by the Benner Township Water Authority's Chairman.

**OLD BUSINESS:**

**Equipment Rentals** – Mr. Smeltzer referenced the two equipment rental charges on the Revenue Requisition for the backhoe hammer and skid steer in which he thought that the Authority owned this equipment. Mr. W. Miller stated that this Authority never owned a skid steer or backhoe hammer. Mr. Smeltzer then asked what job these rentals were for. Mr. W. Miller indicated these equipment rentals were for the Hughes Street Extension, but the skid steer and angle broom were also used to clean up the stones from winter plowing at our pump stations and office. Mr. Smeltzer asked how many days this rental was for and Mr. W. Miller stated a week for each rental, which also included a trailer rental for hauling the equipment. Mr. Smeltzer stated this was additional cost that the Authority didn't account for when planning the project. Mr. W. Miller indicated he believes the project will still be within the budgeted amount.

**Trailer** – Mr. Heny indicated that in the past Mr. W. Miller has mentioned looking into purchasing a trailer, but the Board hasn't heard anything more about it. Mr. W. Miller stated that he previously considered the trailer purchase for the transportation of manholes to save money with delivery costs. Mr. Heny stated that the trailer was also previously mentioned for hauling the backhoe to a job site or when the backhoe is in need of repair. Mr. W. Miller stated the Authority doesn't have any storage room for a trailer or skid steer and this equipment would have to sit outside. From that previous discussion, Mr. Heny stated that he had expectations of receiving a request for consideration in purchasing the trailer and Mr. W. Miller stated not at this point because of storage issues.

**NEW BUSINESS:**

**Investment on New Employees** – Mr. Heny stated that he would like the Personnel Committee to look into options of incorporating the means for our Authority to recoup monies for the investment this Authority places into its new employees, if he/she vacates employment within a specified time. Mr. Heny indicated he was not referring to the hours of training --mainly certifications, boot allowances, etc. Our Authority expects a year of return for a boot allowance and he would like the Personnel Committee to research options. Mr. Hoffman indicated the Personnel Committee will look into this further.



**COMMITTEE REPORTS:**

**Personnel & Community Relations Committee** – Mr. Hoffman indicated he will have something for the next meeting.


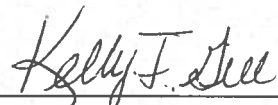
**Facilities Committee:** Mr. Hughes had nothing to report.

**Financial Committee:** Mr. Heny had nothing to report.

**ADJOURNMENT:**

**Mr. McMurtrie moved, seconded by Mr. Hoffman to adjourn the meeting at 8:57 p.m. 8 ayes, 0 nays, 1 absent. The motion carried.**

Respectfully submitted,

  
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William Hughes, Secretary  
\_\_\_\_\_  
Kelly J. Gill, Recording Secretary

CC: Benner Township \_\_\_\_\_  
Spring Township \_\_\_\_\_  
Walker Township \_\_\_\_\_