

SPRING-BENNER-WALKER JOINT AUTHORITY

REGULAR MEETING

September 25, 2017

ATTENDANCE:

AUTHORITY MEMBERS:	Spring	Joseph Galbraith
		Gregg Heny
		Chris McMurtrie
		Dondi Smeltzer
Benner	William Hughes	
	Timothy Miller	
Walker	Dennis McDowell	
	Ted Onufrak	

GUESTS: Jeffrey Krauss, The HR Office

EXECUTIVE DIRECTOR: N. Warren Miller

CONSULTING ENGINEER: Andy Johnson, P.E.

EMPLOYEES: Kelly Gill

CALL TO ORDER:

The September 25, 2017, Regular Meeting of the Spring-Benner-Walker Joint Authority was called to order at 7:00 P.M. by Timothy Miller, Chairman. Mr. T. Miller 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. Hoffman was absent. Mr. T. Miller, 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. T. Miller, Chairman, led the Board members, Employees and Guests in the Pledge of Allegiance.

APPROVAL OF MEETING MINUTES:

Mr. T. Miller asked the Board if there were any questions and/or changes to the September 11, 2017 meeting minutes as presented. **Mr. Galbraith moved, seconded by Mr. Heny to approve the Minutes of the September 11, 2017 Regular Meeting as presented.** 8 ayes, 0 nays, 1 absent. **The motion carried.**

CORRESPONDENCE:

Robert Pacella – We received an email from Robert Pacella requesting the Authority grant a reduced user fee for the new home he is constructing at 157 Lighthouse Lane. Mr. Pacella indicated the water and sewer lines have not been installed and he doesn't anticipate occupying the home until June of 2018.

Mr. W. Miller informed the Board that Mr. Pacella obtained his sewer permit on June 30, 2016 and in accordance with our rules and regulations, the property is to be invoiced for sewer rental after one year, even if the sewer connection has not been made. Mr. W. Miller recommended the Authority Board approve the reduced user fee for this property until such time the connection to the sanitary sewer has been made. **Mr. McMurtrie moved, seconded by Mr. Hughes to grant Mr. Robert Pacella the reduced user fee rate for his property located at 157 Lighthouse Lane, Bellefonte until the connection to the sanitary sewer system has been made.** 8 ayes, 0 nays, 1 absent. **The motion carried.**

Soothing Hands Massage and Day Spa Services – The Authority received a letter from Lisa O'Hara, of Soothing Hands Massage and Day Spa Services located at 132 Roanoke Road in which she is requesting the Authority Board re-evaluate the number of EDUs her in-home business is being assessed. Mrs. O'Hara states this is a part-time business which does not schedule more than four (4) clients per week. She also indicated there are other businesses in her development, such as child care providers, that probably use more water than she does, but their EDUs did not change.

Mr. W. Miller informed the Board that our Authority personnel became aware of the in-home business due to a sign located at the property. An EDU Assessment form was sent to the property owner for completion, which aids in determining the amount of EDUs assessed. In accordance with our Authority's rules and regulations (Section 2 Sewer Rentals or Charges) each business within a home with one person is charged .25 EDUs, in addition to their home charge. In this case, the home and business is assessed at 1.25 EDUs for a rate of \$81.25 per quarter.

The Board discussed Mrs. O'Hara's reference to in-home childcare providers within her neighborhood not receiving an increased sewer bill and noted that was due to our Authority not necessarily knowing about the business. The Board unanimously agreed to follow our rules and regulations in which the property is assessed at 1.25 EDUs. A written response will be sent to Mrs. O'Hara indicating the Board's decision and will reflect that any in-home businesses that our Authority is aware of are being charged for the business.

Lee, Green & Reiter, Inc. – Robert Mix, Esquire has provided our Authority with an email outlining the Municipality Authorities Act as it pertains to establishing rates and contracts.

Thank You – Mr. T. Miller read a thank you card forwarded by the Ken Stine family (Sam Royer and family) for the food platter given by the Authority as a result of his recent passing.

Centre County Recycling & Refuse Authority – We received an invitation to the Centre County Recycling & Refuse Authority's annual Customer Appreciation Day on October 11, 2017 for a BBQ.

FINANCIAL REPORTS:

Treasurer's Report: Mr. Onufrak reviewed the financial reports for the period ending 08/31/2017 and asked if there were any questions regarding the Treasurer's Report or any comments by the Authority staff. **Mr. McDowell moved, seconded by Mr. McMurtrie 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 2012-109 – Mr. Onufrak presented the Board with Revenue Requisition 2012-109. Mr. T. Miller asked if there were any questions regarding the presentation of Revenue Fund Requisition #2012-109. **Mr. Hughes moved, seconded by Mr. Heny to approve Revenue Requisition 2012-109 payable to SBWJA in the amount of \$40,126.61.** 8 ayes, 0 nays, 1 absent. **The motion carried.**

GUESTS:

The HR Office, Jeffrey Krauss - Mr. T. Miller introduced Mr. Jeffrey Krauss and indicated he was asked to attend the meeting to discuss employment services that he could offer to our Authority. The HR Office, Inc. is an employment services company based in State College that provides employers of all sizes with assistance in staffing and recruiting. Mr. Krauss indicated that throughout discussions with Mr. Onufrak he has been made aware of the challenges this Authority is facing with the hiring of a Maintenance Supervisor, which he is confident that they can assist our Authority with finding the right candidate for the position.

Once an agreement of services is established, the HR Office will begin recruitment which involves advertising job openings, screening and interviewing candidates, administering skills testing, matching candidates to employer needs, checking references and completing background checks/drug screens.

The costs for these services are job tier based and represent a percentage of the recruit's first year's wages. The three tiers and their wages are:

Direct Labor/Office Position	10% of First Year's Wages
Technical Position	15% of First Year's Wages
Executive Position	20% of First Year's Wages

Based on the Authority's job description, the Maintenance Supervisor would be considered a technical position. Both maintenance job descriptions and salary ranges were provided to Mr. Krauss for review prior to the meeting. Mr. Onufrak indicated there has recently been discussion about the starting wages for the maintenance positions and asked Mr. Krauss if he feels we offer sufficient wages for those positions. Mr. Krauss believes the wages for the Maintenance Laborer I and II were competitive, but the Maintenance Supervisor position was slightly low.

If the Authority were to retain the services of the HR Office, Mr. Onufrak wanted to know the necessary steps to proceed. Mr. Krauss stated a contact person for the Authority would be established. There would be no advanced payment. The Authority would pay upon the satisfactory hiring of a candidate to fill the position. We would provide an authorization to move forward with the process. The starting salary of the position would be used to factor in the equation for payment—15% times the starting compensation. Once authorization is provided, the HR Office would be sending the resumes of qualified candidates that best match the job description to the Authority's contact person. To be deemed qualified the HR Office would have met with the candidate to complete an interview and completed reference checks. Mr. Krauss suggested that Mr. W. Miller be the contact for all positions except the Executive Director's position, which he believes the Board would oversee. It would be the intent of the HR Office to bring 3 to 5 candidates to the Authority's attention. Mr. McMurtrie asked if background checks are completed when the HR Office is filtering the candidates. Mr. Krauss stated no, a background check should only be processed once an offer of employment is made.

Mr. Krauss stated a 30 day guarantee would be offered for the Maintenance Supervisor position. If after 30 work days we are unsatisfied with the performance of the candidate that the HR Office has recruited for us we can either ask for a refund or the HR Office will continue the search for a suitable candidate. Mr. Galbraith asked if the 30 day guarantee could be extended due to our probationary period being longer than that and Mr. Krauss stated it could be discussed further.

Mr. Onufrak asked if the HR Office works with other governmental entities and Mr. Krauss stated yes, but he is unable to disclose the names of those entities. Mr. Onufrak then asked Mr. Krauss if any of those governmental entities offer compensation time in lieu of overtime. Mr. Krauss stated yes-- compensation time is legal for governmental entities, but not private industry. Mr. Onufrak stated our Authority has a limit of 40 hours per calendar year and asked how these other entities were handling it. Mr. Krauss stated strategically it's best to allow unlimited because it saves the Authority money.

The Authority Board thanked Mr. Krauss for his time and indicated the Authority will further discuss the services being offered.

EXECUTIVE DIRECTOR'S REPORT:

Maintenance Laborer Positions – Mr. W. Miller informed that Board that the two (2) vacancies in the maintenance department have been filled. William (Trevor) Meeker-Lobb began employment with our Authority on September 25, 2017. Trevor has worked as an equipment operator in the Oilfield industry and has started as an entry-level Maintenance Laborer I.

Gary Wyant is starting employment on October 2, 2017 and has been working in the sewer industry for the past five years. Mr. Wyant has his Wastewater Operator Class E license and will begin his employment as a Maintenance Laborer II.

Mr. W. Miller informed the Board that our Authority also hired a part-time employee for the maintenance department. Devon Bechdel is currently enrolled in CPI's Water & Wastewater Utility Operator/Technician program and will begin employment with our Authority on October 9, 2017. Mr. Bechdel will be working approximately 23 hours per week while he is attending school and could possibly become full-time in the Spring of 2018.

Mr. Onufrak asked if any of the current employees applied for the Maintenance Supervisor position. Mr. W. Miller stated no, the position wasn't offered due to none of the current employees having the required experience as specified within the Authority's Maintenance Supervisor job description. Mr. W. Miller believes there is potential but not without further training and job experience.

SBWJA Master Key Locks – Mr. W. Miller informed the Board that a master key was established prior to his employment with the Authority which can be used at all of the Authority's buildings, pump stations, meter pits, etc. to gain access. The Authority's office staff has kept a listing of the total amount of keys available that includes the names of all key holders and how many keys each employee has. The master key has the wording DO NOT DUPLICATE listed on the key; however, it has come to the attention of Mr. W. Miller that at least two former employees had duplicates made and turned them over to the Authority on their last day of employment. During a staff meeting last week, Mr. W. Miller asked the Authority's employees how many master keys each had and indicated these were not to be duplicated. As a result, Mr. W. Miller is recommending the Authority Board consider re-keying all of the locks which he estimates would cost less than \$2000. He also wants to revise the personnel handbook to add a policy that strictly prohibits the duplication of a key.

Mr. Onufrak stated the Authority could consider purchasing secure (registered) keys for each of the Authority's employees which are numbered and can only be purchased by the Authority (Owner). **Mr. McDowell moved, seconded by Mr. Hughes to re-key all of the Authority's locks. 8 ayes, 0 nays, 1 absent. The motion carried.**

SBWJA Rate Study –Following the last meeting, Mr. W. Miller contacted Mr. Johnson to see if he could be prepared to discuss the possibility of his firm completing a rate study for the Authority. Mr. Johnson stated Mr. W. Miller shared with him a draft Request for Proposal (RFP) prepared by Mr. Onufrak in which there are two elements to consider. One is the quarterly usage (EDU) rates that are charges to the Authority's customers and the other being the hourly rates charged for outside services. Mr. Johnson wanted to ensure he fully understood the Board's request as it pertained to a rate study.

Mr. Onufrak stated his biggest issue was our Authority having a licensed water operator working for the Benner Township Water Authority (BTWA) that we bill \$36.50/hr. for but then we have non-licensed laborers inspecting new construction and charging them \$55.00/hr., which doesn't seem to make sense. Mr. Onufrak wants to make sure we are charging properly for these services. Some other Board members were concerned about having enough money to cover debt service and upgrades to the Bellefonte Borough's Wastewater Treatment Plant. Mr. Johnson stated the data is already established in our annual audits. There is a large amount each year that is applied to depreciation and Mr. Johnson feels that would be a line item to cover capital improvements. The audit reflects the bottom line every year. Mr. Johnson stated the audit indicates a net position change of -\$242,227 which includes \$927,929 in depreciation. Prior to the 2008 bonds being approved the Authority had to complete a cash projection which outlined the Authority's income/expenses through 2030 that reflected the debt service payments increasing in 2022 yet still showing a positive cash flow. Mr. Johnson stated there are some things we are already doing that establish a positive cash flow, but he recommends talking to the auditor and bond counsel prior to completing a rate study that may not be necessary. Mr. Johnson indicated there is a lot of information that he feels a Board committee could sit down to review for further insight with the Authority's auditor.

Mr. Onufrak stated his point was – where did we lose \$242,227? Was it because of not charging the BTWA enough? Mr. Johnson stated that if the depreciation were removed from the equation, the Authority would have a positive net change in position. Further discussion with the Authority's auditor could resolve the issue instead of paying to have a rate study completed. Mr. Onufrak wanted to know which customers are paying for the depreciation. Mr. Johnson stated everyone is. How much is being set aside when the vector truck is used by outside agencies? Mr. Onufrak wants to see how much each piece of equipment costs to operate and what we should be charging for an hourly rate. Mr. Johnson stated a majority of this information is already prepared by Authority staff. Mr. Onufrak suggested the Authority place a request for proposal (RFP) for the rate study to see what kind of response we get. He also stated that if it's too expensive, then we figure it out ourselves. He believes it's worth looking into.

Mr. Onufrak stated the auditor decides each year how much is set aside for depreciation and he's not saying that we aren't putting enough away. He wants to know how we are allocating all of the equipment we own. Is it all being paid for by the standard quarterly rate and none by the outside services we offer? He just would like some clarification.

Mr. T. Miller indicated that may be Mr. Onufrak's issue, but not his. Mr. T. Miller wants to ensure the EDU rate structure is covering what it needs to be. Mr. Onufrak stated he thinks it is. Mr. T. Miller indicated he feels tapping fees should be put aside and

later used for future projects, but they're part of the general fund. Mrs. Gill stated that the cash projection referred to earlier this evening by Mr. Johnson was a proforma that was prepared by PNC Capital Markets with the assistance of Authority personnel in 2008, prior to the bond issue being approved. This proforma was a projection over the life of the bonds that documented the Authority's incomes/expenses and its ability to make its annual debt service payments. When preparing the proforma the Authority was unable to use tapping fees for the income portion and depreciation was excluded.

Mr. W. Miller stated he would like to further discuss Mr. Johnson's earlier statement about the Authority's change in net position resulting in a loss of \$242,227 in 2016. Mr. W. Miller stated there are many GASB (Governmental Accounting Standards Board) rules that make up the Net Position statement that Mr. Johnson is referencing and further discussion with our auditor would be beneficial. Mr. W. Miller continued by stating our Authority did not lose money in 2016, we simply paid for capital improvements to Bellefonte Borough's Wastewater Treatment Plant that we did not receive tangible goods for our investment. Mr. Onufrak stated that a rate study may identify that we need to increase rates to cover these costs.

Mr. W. Miller continued by stating that Moody's Investor Services and Standard & Poor's continue to monitor and rate our financial position on an ongoing basis. Mr. Onufrak stated that he didn't say our Authority is not doing well-- he just wants to see what hourly rates we should charge for our different services.

Mr. W. Miller informed the Board that the \$36.50/hr. that is charged to the BTWA does not include incidental services such as postage, materials and supplies. Our standard inspection fee of \$55.00/hr. already includes those costs.

Mr. Onufrak moved, seconded by Mr. McDowell to solicit a Request for Proposal to complete a Rate Study to include Sewer Rentals, Equipment Rentals and Inspection Services. 8 ayes, 0 nays, 1 absent. The motion carried.

OLD BUSINESS:

Maintenance Supervisor Position – The Board further discussed tonight's presentation by Mr. Krauss and the services offered by the HR Office for our Authority's open Maintenance Supervisor position. Due to Mr. Hoffman's absence, the Board tabled any action. Mr. T. Miller will contact Mr. Krauss to inform him of the process being turned over to the Personnel Committee for further discussion and recommendation at a future meeting.

NEW BUSINESS:

The Mews at Burnham Farm Estates Phases 3B & 3C Agreement of Dedication – Mr. W. Miller informed the Board that the sewer facilities for Phases 3B & 3C were installed, which completes the development. At this time the developer is only building in Phase 3C. All items to close out the project have been received; therefore, Mr. W. Miller recommended approval of the Agreement of Dedication. **Mr. Smeltzer moved, seconded by Mr. Hughes to approve the Agreement of Dedication for the Mews at Burnham Farm Estates Phases 3B & 3C. 8 ayes, 0 nays, 1 absent. The motion carried.**

Christmas Party - Mr. T. Miller indicated it is time to start planning for the Authority's Christmas Party and asked if the Board wanted to continue with last year's venue. The Board agreed and recommended the Authority staff contact the Bellefonte Elks to schedule the event after deer season in December.

COMMITTEE REPORTS:

Personnel & Community Relations Committee – Mr. Hoffman was absent.

Facilities Committee: Mr. Hughes had nothing to report.

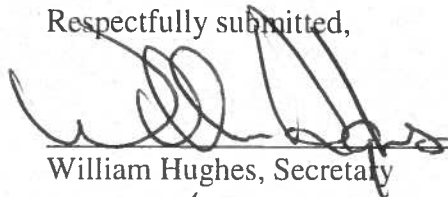
Financial Committee:

Environmental Stewardship Fund – Mr. Onufrak asked if the Authority is affected by the budget cuts to the Environmental Stewardship Fund, which was mostly for sewer projects. Mr. W. Miller stated no, the only grants our Authority has received pertains to low to moderate income projects. Mr. Onufrak then asked what budget the Act 537 funding monies were derived from and Mr. W. Miller stated there haven't been Act 537 monies available for years. He was unsure which budget those monies originated from, but they were part of Act 339.

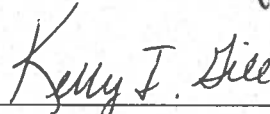
ADJOURNMENT:

Mr. Hughes moved, seconded by Mr. Heny to adjourn the meeting 8:30 p.m. 8 ayes, 0 nays, 1 absent. **The motion carried.**

Respectfully submitted,



William Hughes, Secretary



Kelly J. Gill, Recording Secretary

CC: Benner Township _____
Spring Township _____
Walker Township _____