

WESTERN BUTLER COUNTY AUTHORITY

**607 MARKET STREET
ZELIENOPLE, PA 16063
PHONE: (724) 452-5501**

Regular Meeting Minutes - July 9, 2020

CALL TO ORDER:

A quorum was reached, and after reciting the Pledge of Allegiance, Chairman Thomas Tomayko called the July 9, 2020 meeting of the Western Butler County Authority Board of Directors to order at 7 p.m.

PRESENT ON ROLL CALL:

The following board members were in attendance:

Mark Butler
Ed Eckenrode
Daniel Karns
Paul J. Kremer Jr.
Ron Lutz
Greg Such (via teleconference)
Thomas Tomayko (via teleconference)
Dave Weber

OTHERS PRESENT:

Manager Autumn Heckathorn
Solicitor Matt Racunas (via teleconference)
Consulting Engineer Chad Hanley
Samantha Cobb of HRG
Recording Secretary Nicole Peffer

MEMBERS ABSENT:

No members were absent.

VISITORS:

No visitors were in attendance.

MINUTES:

In a motion made by Ron Lutz and seconded by Ed Eckenrode, the Board of Directors

unanimously approved the June 11, 2020 Regular Meeting Minutes, as amended.

BILLS AND COMMUNICATIONS:

A list of bills in the amount of \$100,404.97 was presented to the Board of Directors in an Expenses by Vendor Summary with checks dated July 9, 2020.

In a motion made by Ron Lutz and seconded by Dave Weber, the Western Butler County Authority Board of Directors unanimously approved all of the bills for payment as presented by the Manager in an Expenses by Vendor Summary with checks dated July 9, 2020.

REPORT OF THE SECRETARY:

The Secretary had nothing to report.

REPORT OF THE COMMITTEES:

Personnel Committee

Two employees were placed on modified duty as a result of possible exposure to the COVID-19 virus. It did not qualify under the CARES Act as an exposure incident requiring quarantine. The employees were isolated to minimize the Authority's liability but had thus far not shown any symptoms. They were slated to return to regular duties the following week.

Finance Committee

In a motion made by Ron Lutz and seconded by Ed Eckenrode, the Board unanimously approved to move \$250,000 from the operating budget to pay down the Authority's debt.

Committee Chairman Ron Lutz moved discussion of the financial aspects of the Harmony Pump Station upgrade and construction of a new waste water treatment plant to New Business.

Facilities Maintenance Committee

The Committee had nothing to report.

Administrative Review Committee

The Manager distributed the final draft of the revised rules and regulations for review via e-mail in anticipation of a vote during the August board meeting. Several members requested hard copies for review.

REPORT OF THE SOLICITOR:

The Solicitor highlighted the following report items:

- Drafted easement documents for Herman Pump Station.
- Discussed COVID-19 procedures for Authority employees and established procedures to protect employees, including when quarantine measures are necessary.
- Finalized suggested revisions to the Sewage Service and Construction Agreement, incorporating revisions proposed by the Engineer. A draft will be prepared for distribution and Board review.

REPORT OF THE ENGINEER:

The Engineer highlighted the following report items:

- **Herman Pump Station Replacement:** HRG was in contact with property owners regarding land acquisition agreements. The Engineer is incorporating the geo-technical report into the bidding documents and evaluating the extent of de-watering requirements.
- **Act 537 Plan:** The Engineer deferred presentation of a financing plan to New Business for the waste water treatment plant expansion and the Harmony project.
- **Administration Building Roof:** Work on the roof was to begin the third week of July.
- **Harmony Pump Station Upgrade:** Examining force main alternatives and horizontal directional drilling technology for under streams and railroads.

Dave Weber requested an update on the Scenic Ridge development in Lancaster Township. The Manager said the Authority has not yet received a maintenance bond, and the Engineer has reviewed two easement corrections, but they have not yet been recorded. The agreement to accept the sewers is contingent upon meeting these obligations.

REPORT OF THE MANAGER:

ADMINISTRATIVE

- The audit is complete and was distributed to Board members. The Manager is awaiting an answer from the Accountant regarding language in the audit related to compliance.
- Continuing to track the HEROES Act regarding hazard pay and grant opportunities for payouts.
- The Manager requested a motion accepting the PennDot Resolution associated with the “Zelienople Curve” project:

In a motion made by Daniel Karns and seconded by Dave Weber, the Board unanimously voted to adopt Resolution 7-20.

- **Harmony Junction Pump Station:** Worked with Garman Murray to change flood insurance provider from West Field to Cincinnati Insurance for the same coverage in the amount of \$3,625.90, with a savings of \$2,716.

FACILITIES

- The Manager gave a brief update on the Administration Building roofing project.

SEWER SYSTEM REPORT

- **Scenic Ridge:** The balance of the Phase 1 & 2 Line of Credit is \$27,078.00, and will be held until the maintenance bond is presented. The balance of the Phase 3 Line of Credit is \$103,025.00.

In a motion made by Dave Weber and seconded by Ron Lutz, the Board unanimously voted to Release Request #1 in the amount of \$87,571.25, reducing the amount to \$15,453.75.

- **Spring Valley:** As-built drawings are needed for Phase 1.
- **Jackson Trails:** All recorded easements were received.
- **Foxwood Trails:** The sequestered account balance is \$15,000 of the original \$246,518.02. A release request will be presented during the August Board meeting.
- **Buncher Development:**
 - Phase 3A construction is complete; mandrel and vac testing, walk-through inspections, and as-built drawings were requested.
 - **Buncher Phase 3B:**

In a motion made by Ed Eckenrode and seconded by Daniel Kearns, the Board unanimously approved to open an escrow account for Buncher Development Phase 3B.

In a motion made by Tom Tomayko and seconded by Ed Eckenrode, the Board unanimously approved the Developer's Agreement for Buncher Development Phase 3B.

In a motion made by Dave Weber and seconded by Mark Butler, the Board voted unanimously to approve the Escrow Agreement for \$184,632.80 in lieu of performance and labor materials bond for Buncher Development Phase 3B.

PAST DUE ACTIVITY

On June 9, 2020, a total of 40 customers failed to respond to the 30-day past due notification and were mailed notifications of their account status of water shutoff. Only customers on a public water service are included for shut off. Customers with a balance in excess of \$20 who are 60 days past due are included.

	Zelienople	Jackson	Lancaster	Harmony	Total
May 2020	\$11,854.12	\$3,575.88	\$696.40	\$6,727.18	\$22,853.58
June 2020	\$13,870.39	\$3,670.37	\$668.20	\$7,897.83	\$26,106.76

The Board discussed resuming penalties on past due customer accounts. The Manager noted a substantial increase in delinquent payments among Zelienople Borough customers. The Borough suspended water shut-offs due to non-payment as a result of the COVID-19 pandemic; WBCA has not posted penalties since April.

Dave Weber said it did not make sense to resume posting penalties while the pandemic is ongoing. Greg Such concurred, and suggested that guidelines from the State governor continue to be followed.

In a motion made by Mark Butler and seconded by Ron Lutz, the Board voted to resume posting penalties on past due customer accounts in a roll call vote: Voting YES – Paul Kremer, Mark Butler, Ron Lutz, Ed Eckenrode, and Daniel Kearns; voting NO – Dave Weber, Greg Such, and Tom Tomayko. The motion carried, 5-3.

OLD BUSINESS:

- No old business was discussed.

NEW BUSINESS:

- The Engineer reviewed the Act 537 Capital Improvements Financing Memo, which summarized a funding and required rate increase scenario for the Harmony pump station and waste water treatment plant upgrade projects, including the near-term need for funding design and permitting costs, as well as long-term needs to repay debt. The report considered projections for future tap fee collection, debt, capital, financing, revenue, and expenses.

Tap fee revenue will fund much of these projects, anticipating 176 taps annually in the next five years. The pace of new tap-ins is expected to decrease to 128 annually in the 6 to 10 year term, and to 116 annually in the 11 to 30 year term. Aggressive development in Jackson Township is anticipated, as Cranberry and other developing municipalities reach capacity.

Debt and capital assumptions were based upon a current Capital Improvement Account

balance of \$1.8 million; an existing bank loan that is expected to be paid in full in 2020; and a continuation of tap fees. Future Operating Account surplus will be transferred to Capital. The Authority will fund the Herman Pump Station project from Capital with an estimated cost of \$1.2 million, and will pay for design, permitting, and other project-related soft costs from Capital for the Harmony and waste water treatment plant projects with an estimated cost of \$5 million.

Financing assumptions include that the Harmony project will be financed for 10 years at 1.5% through Butler County Infrastructure Bank (which assumes \$8 million borrowing, but as yet to be determined). The waste water treatment plant project will be financed for 30 years at 1.0% through Penn VEST (borrowing \$60 million). Construction costs during the construction period will be paid for by the secured loans.

Revenue assumptions include that new connections are expected to use 4 billing units (4,000 gallons) per month per EDU; sewer rental fees are estimated to be 185,000 billing units total in 2020; and other revenue in 2020 at the budgeted amount of \$220,000 and increases 1.0% per year through the 30-year period.

Expense assumptions include operating and administrative expenses increase at 4% annually throughout the 30-year period. When the new wastewater treatment plant goes online in 2026, a 15% increase is projected (approximately \$340,000). Miscellaneous Capital expenses are budgeted as \$200,000 per year through 2030 and increase an additional \$50,000 every five years thereafter.

The conclusion is a .50 cent rate increase per 1,000 gallons each year for the next four years (\$2 total) is adequate to sustain the Authority if the assumptions hold for the next 10 years. At the 10-year mark, 15-year mark, and 20-year mark, rates increases will be required of \$1 per 1,000 gallons per month. At this pace, the rate in 2040 would be \$21 per 1,000 gallons per month.

Discussion followed. The Manager suggested developing a four-year plan to raise rates .50 cents per year to match cost of living increases. She said that this model will make rate increases more manageable for a typical customer. The Engineer said that this model would allow Phase 2 of the plan to fund itself. Dave Weber asked if this would require changes to tap fees. The Manager and the Engineer discussed how these will need to be recalculated and reviewed.

ADJOURNMENT:

As there was no further business to discuss, Ron Lutz motioned to adjourn, seconded by Ed Eckenrode, and the July 9, 2020 Regular Meeting adjourned at 8:30 p.m.

Respectfully Submitted,

Nicole Peffer, Recording Secretary