

EAWA SPECIAL MEETING MINUTES
September 25, 2021 - 8:45 AM

1. CALL TO ORDER:

The EAWA Board meeting was held in the Meeting Room at 211 W. Hummelstown St. and was called to order at 8:45 AM by Dr. C. Dale Treese, Chairman. Members present: Jeff McCloud, Chuck Brewer, John O’Connell, and Rich Sheidy. Members absent: Keith Murphy and Rick Erb. Also present was Del Becker, Authority Manager. Other Attendees: None.

2. PUBLIC COMMENT: none

3. REPORTS:

- a. **Manager’s Report** – Becker noted the legal notice for meeting appeared in 9/22 Elizabethtown Advocate.

- i. **Meetings and Dates**

- a. Current meeting schedule is Work Session on 1st Wednesday and Regular Meeting on 2nd Monday. The consensus of the Board was to retain the meeting schedule for 2022.

- ii. **Status of Operations Budget and Cash Flow** – Refer to:

- a. Monthly Cash Flow Summary and 2021 Draft Operations Budget with updated Revenue and Expenditures through September 22, 2021. Becker provided the Board with an estimated total for cash flow through the end of the year. Becker provided a draft Operations Budget and reviewed significant impacts on the budget that are currently anticipated. On Expenses, the primary impacts anticipated are inflationary pressure on salaries and materials and debt service increases to \$818,132.84 for 2022. Revenue on invested Authority funds will continue to be very low. Sheidy inquired if other bank account options were available. Becker indicated that interest paid is low across the board and at every institution.

- b. Unanticipated 2021 Expenses

- The primary impact to the Authority was the TTHM Issue and increased expenses due to customer notifications, lab analysis, and pretreatment chemicals There will be other expenses in 2022 to address a permanent solution to the issue including increased oversight costs and construction of improvements to the chlorination system.

- c. Healthcare

- Benecon estimates slight decrease to slight increase for EAWA, up to 2%. Final rates obtained in October. Due to increased utilization of health care by employees, EAWA will likely receive a reduced rebate of premiums as a result.

- iii. **Capital Budget and Facilities Update** – Status and potential future projects:

- a. Pipe Replacement Projects: Treese inquired if the delay in work had impacted planned work by the municipalities. Becker indicated it had not. The Market Street replacement on Market Street between College Ave and Arch Street will be completed prior to the Market Street repaving by PennDOT next year and is the last remaining piece of small diameter cast iron pipe on Market Street. Becker anticipates

that bid pricing will come in at higher levels than forecast previously due to the current bid and construction environment.

b. Distribution and Treatment Facilities: at the request of the Chairman, Becker stated that the 10 Year Capital Budget had been updated to include increased asset management of the storage tanks on a inspect every 5 years and paint/coat every tank on a 20 year cycle. He indicated that it was his feeling the Authority can manage this internally without hiring a company to manager the tanks as long as it is diligent and adheres to the schedule due to the good condition of the tanks. Adding an additional membrane treatment skid may be needed more quickly than anticipated in order to deliver the full plant output due to increased growth and water usage. A recent electrical issue at the Mount Joy Township Farmland facility with the failure of an electrical transformer was also discussed.

c. Vehicles and Equipment:

The next large equipment purchases are replacement of the older dump truck and the backhoe. It is likely that replacement to the backhoe can be deferred.

d. Land Development Pending:

<u>Development</u>	<u>EDUs Added</u>
StoneyBrook Phase 2	54
StoneyBrook Phase 3A	34
StoneyBrook Phase 3B & 4	114
Westbrooke Phase IV	221
Campus Road	482
Sheaffer Road	377
Raffensperger	86
Cloverleaf & Market	300+ ??
	Total
	1,668
	Current Tapping Fee
	\$3,300.00
	Potential receipts
	\$5,504,400.00

During the discussion, it is generally agreed that the amount of the projected growth and the timing of the additional developments is likely optimistic due to the magnitude of sewer capacity issues.

iv. **Billing / Rates**

a. A revised rate structure was discussed. Becker distributed a memo and discussed with the Board. He indicated that the rates thus far were preliminary but in the ballpark of what is needed regarding revenue in 2022. Billing would be based on meter size and amount of water used with the type of connection dictating the water usage fee. A primary difference in the new rate structure would be classifying all rental properties as commercial. Sheidy inquired if the additional residential construction would impact that the administrative services. Becker indicated it would but that recent changes to the billing process would minimize the impact. Typical quarterly fees were discussed for a range of typical customers. Becker said this analysis made it apparent that continuing the decreasing block rate structure is likely needed to minimize impact for large use customers. The Board indicated that the use of that type structure could continue but that the goal was to have one uniform rate for every gallon of water within 3 to 4 years. It is also important to educate our customers for the needed expenditures to ensure the integrity of the system and needed improvements and facilities replacements.

- b. Fire Service: a memo prepared by Becker indicated that the cost to the Authority for providing fire service is approximately \$350,000 per year based on an established relationship for population served and peak flows experienced by the system. Those costs are typically allocated to both private and public costs. He indicated that the inventory of private fire services needed to be updated in order to allocate costs for private service. He also stated that any charges for that type of service would fall on customers classified as Public such as the public schools and Elizabethtown College due to our customer base. McCloud stated that fire service could be thought of as another form of insurance. The consensus of the Board was to defer consideration of fire service charges at this time due to pending revisions in EAWA water fee structure. Sheidy inquired why fire flows were not metered for residents. Becker indicated that the meter was located in such a manner as to not interfere with the fire service to the building.

v. **Capital Reserve Account Update**

- a. Becker provided an update on the Current Balance and impact of expenditures on the balance and the minimum balance to be maintained;
- b. Propose sweep of all funds in excess of Operational Reserve of \$1,000,000 from Operating Fund to Capital Reserve at year's end as in years past and an aggregate increase of 4 to 4.5%.

vi. **Act 205 Pension**

- a. Balance as of 8/30/2021: \$424,103.80
- b. YTD Return: 8.39%
- c. Current investment objective has not changed: Income, with medium risk tolerance and a 5 to 10 year timeline and is subject to market fluctuations.
- d. Anticipated contribution for 2022: \$42,000+ (dependent upon final salary adjustments)

vii. **Short-term Priorities;**

Focus for 2022:

- Disinfection Byproducts
- Construction in advance of PennDOT work on Market Street
- Wages and Rates
- Continued update to standard practices and all manuals, including Design Standards.
- Succession Planning: training for junior staff has resumed. Identify additional fresher training for senior staff.

viii. **Long-term Priorities;**

- Disinfection Byproducts focus to avoid repeat of TTHM issue during warmer months
- Impacts of Climate Change: Becker indicated that the warming climate may impact Authority operations including potential need for pretreatment options not part of original plant design due to rising temperatures for source water and also impact on sustainability/reliability of water sources with extreme weather events.
- Customer growth: may accelerate need for 3rd membrane skid. The treatment capacity of each skid is 600 gallons per minute but this does not take into account the need to clean and perform maintenance which reduces the capacity.
- LCR compliance – Becker indicated this is a large multi-year effort that is just starting due to new regulatory compliance. Inventory of every service lateral must be

completed. Later required efforts will include increased testing and replacement of service connections.

- Capital Reserve Costs Impact

4. **UNFINISHED BUSINESS:** none

5. **NEW BUSINESS:** none

6. **BOARD MEMBER'S REMARKS:** McCloud indicated it was apparent to him that the inflationary impact on wages may be more than anticipated. Brewer asked in consideration had been given to additional Operation Staff.

7. **EXECUTIVE SESSION:** an executive session was held to discuss a personnel matter following adjournment of the meeting. No action was taken.

8. **ADJOURN: 12:11 PM**

Action: "That the Board adjourns the special meeting."

Motion: R Sheidy

Second: C Brewer

APPROVED

Respectfully submitted,

D. Becker, PE, Authority Manager

Approved at the 10/11/2021 Meeting