

**EAWA SPECIAL MEETING MINUTES
SEPTEMBER 21, 2024 - 8:00 AM**

- 1. CALL TO ORDER:** The EAWA Board meeting was called to order at 8:00 AM by Dale Treese, Chairman. Members present: Keith Murphy, Jeff McCloud, Rich Sheidy, Rick Erb, Chuck Brewer and John O'Connell. Also present were: Del Becker, Authority Manager; Jason Bock, Operations Manager; and Michele Powl, Business Manager. Not present: Michael Krieger, Engineer; Jeffrey Shank, Solicitor; Donna Bissinger, Admin Assistant. Members of the Public: None
- 2. PUBLIC COMMENT:**
- 3. REPORTS:**
 - a. Manager's Report**
 - i. Meetings and Dates**
 - a. Manager indicated that the current meeting schedule is Work Session Meetings on 1st Wednesday and Regular Meetings on 2nd Monday. Consensus of the Board was to keep the same meeting schedule.
 - ii. Personnel and Administration**
 - a. Operations: Becker reviewed a prepared memo regarding the Personnel Structure for the Operations group. Treese indicated this discussion would replace the subcommittee meeting on October 19. Becker indicated it was his opinion and that of the Operations Manager to revise the structure where two work groups would be formed: one for distribution system and one for water treatment facilities. Draft job descriptions were provided for new positions of distribution system and treatment facilities supervisors. Treese inquired if there would be a change in pushing the Operations staff to get the DEP certifications. Bock indicated we would still require staff obtain those certifications due to weekend duties and other staffing needs. Bock indicated that new hires would first be assigned to the Distribution group. Bock indicated that two additional operators are still recommended to get to full staffing. The two groups would still support each other during typical work days.
 - b. Impact of Increased Plant Usage on operations
 - As indicated by Bock and Becker, production demand has increased or raw water quality is diminished, the plant increasingly needs to operate, often at night and approaching 24 hours a day. During these periods, staffing is strained since personnel operate the plant as well as the typical daily needs of system operation.

Becker described some potential solutions as water treatment needs increase since the plant cannot be fully automated:

 - Dedicated night shift staff
 - Additional staff operating in rotating shifts
 - Potential additional compensation by implementing a shift premium
 - c. Administration: Becker indicated that the Assistant Business Manager position had been filled with a September 30 start date
 - d. Employee Benefits

- Adjustment of death benefit insurance – Manager indicated that levels have not been modified since formation of the Authority in 2004. Suggested adjustment in (). Cost impact is approximately \$100 per month.

0 – 10 years of service - \$50,000 (\$75,000)
 0 – 20 years of service - \$100,000 (\$125,000)
 over 20 years of service - \$150,000 (\$175,000)

e. Act 205 Pension / Act 457 Deferred Compensation Plan

a. Becker provided an update:

- Balance as of 8/30/2024: \$542,684.71
- YTD Return: 8.48%
- Current investment objective: Income, with medium risk tolerance and a 5 to 10 year timeline, contribution level at 6.5% of gross employee income
- Anticipated contribution requirement for 2025: \$54,000, see attached memo

b. Manager provided potential modifications for Board to consider for plan The following were discussed:

- Shift of 205 funds to an alternative investment firm with lower fees, if available. Fulton Financial fee is 1.0%, plus the fees built into the investment products. Becker indicated there are other options.
- Authority match of employee contributions to 457 plan to encourage employee retirement savings, coupled with a potential reduction in Authority contributions to the Act 205 plan (if allowed).

c. Cost of Living Adjustment: Becker indicated this would be moved to the Draft Budget discussion

iii. **Budget and Cash Flow** – Refer to:

a. Becker provided Monthly Cash Flow Summary and discussed the 2025 Draft Operations Budget with updated Revenue and Expenditures through August 31, 2024:

- Inflationary Pressure – Manager indicated that inflationary pressures and supply chain impacts have lessened but some impacts are still expected. Most recent Bureau of Labor Statistics for the Mid-Atlantic year to year, 3.3%. The Fed just lowered the Federal funds rate which may help.

b. Unanticipated 2024 Expenses – information provided by Becker and Bock:

- Chemical Costs: higher prices and increased usage
- Sewer charges: will continue to increase as the water plant is used more. Accounting will shift to Operations from Administration.

- Overtime: exceeded budget due to necessary after hour repairs and operational staffing

c. Healthcare

- Becker indicated that Benecon has indicated a significant increase for EAWA of approximately 20.0% is likely due to claim fund performance. He said that final rates obtained in early October. The increase was primarily due to large claims by two employees and their dependents.

iv. **Revenue**

- a. Revenue Adjustments: Becker presented a Memo that summarized revenue needs for operations and capital expenditures in the coming year. As discussed with the subcommittee, a rate adjustment of around 3.5% each year is need to meet the obligation of the Authority and maintain capital reinvestment. A planned decrease in contributions to the capital reserve will be planned for 3 year period beginning in 2026 with largest impact in 2029 when principal payments begin.
- b. Manager indicated that a funding resolution will be needed for the PENNVEST financing. Draft in process for Board action later this fall.

v. **Capital Reserve Account Update**

- a. Current Balance: Summary of accounts provided by Manager;
- b. Minimum balance implemented by Board in 2021;

vi. **Capital Budget and Facilities Priorities**

- a. As Becker explained, the Board last year developed several priorities that have fairly defined capital spending for the next five years:
 - Cast Iron Pipe Replacement: PENNVEST has made funding offer. HRG and Eckart Seamans assisting Authority with funding. Phase 1 bids received in the amount of \$2.7M for 7,350 feet of water main. Treese indicated the project will have a significant impact on water quality to the benefit of all customers and is the most ambitious project undertaken by the Authority.
 - As planned, other capital needs: fund with existing Capital Reserve Balance or potential future borrowing following fulfillment of current Truist Bank loan 2032
 - Meter Update and AMI Implementation: Third party assistance in upgrade of installed meters. Approximately 4,000 meters in need of replacement. The approximate installed cost of each meter is \$500 (\$200 for meter, \$200 for MXU, \$100 for installation). Discussing implementation schedule with Sensus.
- b. Treatment Facilities:
 - Rheems WTP: GHD designing improvements, including replacement of the nitrate system due to age (30 years), force main replacement and electrical upgrades including VFDs for pump operation.

- WTP Plant Improvements project: GHD designing phased upgrades including additional treatment skid, waste neutralization system, new membrane cleaning system, additional intake pipe, distribution pumps, and other plant improvements.
- Storage Tanks:
 - Established cycle for cleaning, interior coating and painting. In order of priority: Buckingham/Radio Road; Groff; Rockwood; and West Ridge Road. Buckingham Tank project has been submitted to DEP for permit approval. Groff Tank inspection and mixer installation in either 4Q 2024 or 1Q 2025. Mixer installed in West Ridge tank this year.
 - As discussed by Becker and Bock, a study and system modelling effort with GHD is needed to look at adequacy of current storage and plan for future storage needs given projected future growth and service area impacts.
- c. Vehicles and Equipment:
 - No replacements or additions anticipated until 2028.
- d. Land Development: Becker updated the Board with known development that is on the table.

<u>Development</u>	<u>Anticipated Year Unit Construction Begins</u>	<u>EDUs Added</u>
StoneyBrook Phase 2B	2024	54
StoneyBrook Phase 3B & 4	2025+	114
Bear Creek Estates	2025	39
Westbrooke IV (additional phases)	2027+	168
Campus Road	2025	489
Meridian Heights (Sheaffer Road)	2025	374
Raffensperger	2026	86
Westmount	2026	289
Cloverleaf & Market (commercial)	2025	50
MJT Warehouses	2026+?	87
Total		TOTAL = 1,750
Current Tapping Fee		\$3,300.00
Potential receipts		\$5,775,000.00

Becker reviewed a memo he had prepared that provided a summary of our ability to provide service to the proposed development. Calculation indicate that the Authority has capacity to meet the know projected growth. That does not mean however that there will not be operational challenges and capital project needs to meet that development. These are known and being addressed. Water sources will be challenged. O'Connell indicated that a fresh look at potential well development is needed. The Board agreed and Becker will develop a recommendation for such a study. Becker indicated that we should reach out to an entirely new consultant for such a fresh look that will not be influenced by past decisions.

4. UNFINISHED BUSINESS: none

5. NEW BUSINESS: none

6. **BOARD MEMBER'S REMARKS:** Brewer asked if we had plans to brief the Municipalities on the plans of the Authority regarding impacts on the community. Treese said the PR firm could assist us with this. Murphy suggested a joint meeting with them. Murphy asked if the Authority should consider bringing the quarry water directly to the plant. Erb stated the Authority's water is still very affordable and should look at an update to the tapping fee. Treese thanked everyone for their input in planning for next year and future years. O'Connell stated it is apparent the Authority cares about providing water to the community, despite all the challenges presented.

7. **EXECUTIVE SESSION:** an Executive Session was held on a personnel matter. No action was taken.

8. **ADJOURN: 10:49 AM**

Action: "That the Board adjourns the meeting."

Motion: K Murphy

Second: C Brewer

APPROVED

Respectfully submitted,

D. Becker, PE, Authority Manager

Approved at 10/14/2024 Meeting