

Weaverland Valley Authority

Continued Meeting Minutes

May 16, 2017

The Board of the Weaverland Valley Authority (“Authority”) met at the East Earl Township building 4610 Division Hwy, East Earl, Lancaster County, Pennsylvania on May 16, 2017 to continue the meeting from May 1, 2017. Chairman Ken Witmer called the meeting to order at 6:30 p.m. and informed all present that the meeting may be being recorded by a resident.

The following Board members were present: Ken Witmer, Harold Kilhefner, Gene Pierce, Scott Marburger, Jerrene Zimmerman, Randy Miller, Jason Firestine and Scot Ash. Also present were Bradford J. Harris, Good & Harris LLP; Jeff Sweater, ELA; and Denise Bensing, Administrative Assistant.

PUBLIC COMMENT:

Ken announced that a public comment period will be held, but will be limited to 3 minutes per person and a total of 30 minutes.

Ed McDevitt, 415 Spring Grove Rd. – Why is the Authority continuing what they are doing and putting a financial burden on the people of Spring Grove Rd. when only Goodville needs public sewer? *Ken explained that 9 wells were tested in the Spring Grove Rd. area and 6 failed. Who tested the wells? Jeff said Martin Water performed the test after requesting permission from the property owners. Why this area? Jeff explained that it was included because it is dense housing near where the public sewer is planned. Jeff also explained that due to the well test results, the Spring Grove Rd. area is now considered to be a needs area.*

John Cox, 1425 Hayfield Dr. – Was there any thought give to connecting Terre Hill to the plant in Fivepointville? *Jeff said yes there was but it wasn't done because it wasn't cost effective. How is it cost effective for East Earl to send sewer to Earl Township then? Jeff noted that when East Earl Sewer Authority initially purchased the capacity it was also expensive. Over time it does not seem as expensive.*

Ed McDevitt, 415 Spring Grove Rd. – It will cost \$17 million for all of this but it would cost \$4 million for just Goodville. How is that cost effective? Is the cost analysis available? *Jeff noted that the cost analysis is in the 537 Plan and was available a long time ago.*

Tom McDermott, 1442 Hayfield Dr. – The consent order discusses sewer for East Earl and Terre Hill but it does not mention the other areas. It also notes Goodville as the area to be connected. *Jeff said that is correct. How can it be justified to bring in these other areas when the consent order doesn't say anything about these other areas being need areas?*

Robert Hare, 416 Spring Grove Rd. - Mr. Hare thank the board members for their service and asked them to show compassion to the property owners. He asked them to please vote for the Authority to own the grinder pumps as is already done is East Earl Township.

DAVID BUSCH - RATE STUDY:

David Busch distributed cash flow summaries for both water and sewer using the information provided by Denise and Valerie. David noted that there are a couple gaps in the information so we know that things will change. David explained that the surpluses are significant but depreciation and debt service are not included in the summaries. If the Authority was only concerned about today, the rates could be reduced but the Authority needs to account for the future.

Using the current rates, the excess revenue over the amount required for expenses in 2017 was considered for future capital project (Transfer to Capital Reserves). David noted that the debt service for the East Earl Sewer Authority borrowing is not included but there is still a question if the loan will ever be used.

Using the cash flow summaries, David presented 3 possible rate scenarios.

Sewer (residential meter size)

Scenario 1 – Service charge \$67.59/quarter \$5.96/1,000 gallons (no allowance) For customers without a meter sewer would be charged at a flat rate of \$165.00. This flat rate is based on average consumption + 10%. The 10% is to give incentive to install a meter and be charged based on consumption.

Scenario 2 - Minimum charge \$73.50/quarter \$5.90/1,000 over allowance (1,000 allowance) Flat rate \$165.00/quarter.

Scenario 3 – Minimum charge \$84.66/quarter \$5.68/1,000 over allowance (3,000 allowance) Flat rate \$165.00/quarter.

Water (residential meter size)

Scenario 1 – Service charge \$171.00/quarter \$2.37/1,000 gallons (no allowance).

Scenario 2 – Minimum charge \$59.36/quarter \$2.36/1,000 gallons over allowance (1,000 allowance).

Scenario 3 – Minimum charge \$63.96/quarter \$2.31/1,000 gallons over allowance (3,000 allowance).

Tom McDermott, 1442 Hayfield Dr. – Does the law require only one rate structure? *David explained that there are systems that have different rate districts but he would not recommend do it. Jeff noted that the funding streams would prefer the same rate structure for everybody.*

Robert Hare, 416 Spring Grove Rd. – Instead of all the paper, why couldn't this information have been given electronically and projected for the audience to see? *David Busch feels it needs to be on paper for the board to be able to digest all the information.*

David explained that he would suggest a common allowance for both water and sewer. Harold asked if David will make a recommendation to the board. David said he would be happy to make a recommendation. He feels the best structure is a service charge plus usage charge.

Gene asked if the analysis includes maintaining the grinder pumps. David explained that it includes the costs to maintain the grinder pumps is East Earl and the impact of adding the grinder pumps on the Terre Hill system would not be significant. Harold asked if it would be difficult to run the scenario with and without grinder pumps. Scot expressed his concern about looking at the cost with and without grinder pumps. He feels the minute they start doing this they will then open it up to looking at who goes to the treatment plant and who goes to Earl Twp. He feels it needs to be looked at as a whole system. David said given the estimated yearly cost to operate the grinder pumps of \$45,000 divided by the total number of EDU's would be approximately \$17.88 /EDU per year. Jerrene noted that cash flow summary doesn't take into consideration the additional grinder pumps that will be required.

Jerrene asked David if he needs the board to tell him what option they would prefer. He said they can either select one of the options he presented or the board can ask him to run other scenarios before making a decision. He said he could also do some what if scenarios. He did note that, before he would come back with a recommendation, he would want a defined goal of the board.

Jerrene noted the debt for the Earl Township upgrades would also increase the rates. She then noted that East Earl Sewer Authority could use the funds they have in savings to pay for the upgrades. She asked David if this would be a good idea. David explained that if all the costs are paid for from savings the

Authority would then have limited available cash. He also explained that the loan is at a low rate. He would recommend stretching it out as long as they can before drawing on the loan. He also recommended passing a Reimbursement Resolution. The Authority would then be able to pay from the available cash with the understanding funds can be drawn from the loan to reimburse the Authority so the funds can be used for other costs. Jeff asked if the funds have to be used for a sewer project or can they be used for water projects as well. David said he would need to talk to Daryl.

Jason asked if it has ever been discussed to put water lines in when the sewer lines are being put in. Jeff said it would be cost effective but it would be more of a burden on the residents. It was noted that Terre Hill does have water available for future needs. It was also noted that typically the lines would not be installed in the same trench because they would need to be 10 feet apart.

Tom McDermott, 1442 Hayfield Dr. – Will David be able to give a written recommendation or will there need to be more continued meetings. Ken explained that the decision needs to be made at a public meeting and it would be preferred that David be in attendance to answer any questions the board may have.

Gene discussed the possibility of the Authority servicing all customers, including gravity connections, from the house to the curb. He explained that the Authority would own the line to the street for grinder pump connections he feels to make it equitable the Authority should own the same for the gravity connections. He feels this could address some of the I & I issues in gravity lines. Scot doesn't feel the Authority would have the manpower to do this. Gene said as with grinder pumps, it wouldn't all be a problem at the same time. Ken noted that he would like to discuss this at the Day-to-Day meeting.

Scot Ash moved to adjourn the meeting at 8:20 p.m., seconded by Jason Firestine. The next meeting will be held on June 5, 2017, beginning at 6:30 p.m.

Respectfully submitted,

Denise A. Bensing

Cc: Scot Ash
Harold Kilhefner
Scott Marburger
Randy Miller
L. Eugene Pierce
Kenneth Witmer
Jerrene Zimmerman
Jason Firestine
Bradford J. Harris, Attorney
East Earl Township
Terre Hill Borough
Robert Rissler
Jeff Sweater, Consulting Engineer
Gary Martin, Becker Engineering
Frank Mincarelli, Blakinger Thomas