

WEST GOSHEN SEWER AUTHORITY
REGULAR MEETING
May 2, 2018
7:00 PM

The regular meeting of the West Goshen Sewer Authority was held on Wednesday, May 2, 2018 at the West Goshen Township Administration Building. Those present were:

<u>Authority</u>	<u>Unruh, Turner</u>	<u>Administration</u>	<u>HRG</u>
Theodore Murphy	Ross Unruh	Mike Moffa	Josh Fox
Dan Tierney		Casey Lalonde	Kevin Fox
Phil Corvo			
Shaun Walsh			

1. The regular meeting of the Authority was called to order at 7:01 PM by Ted Murphy. The Chairman advised that Authority Vice Chair, Tina Smith, was unable to attend the meeting.
2. The Authority meeting minutes for April 4, 2018 were motioned for approval by Phil Corvo, seconded by Dan Tierney. Resident Margie Swart asked if the comments by residents at the April meeting on the sewer rate discussion had been included in the meeting minutes. Ted Murphy responded that the comments were included and read the comments from the minutes. Approved 4-0.
3. Authority Chair and Member Announcements:
Ted Murphy advised that the Authority had taken a tour of the Sewer Treatment Plant on Thursday, April 26th to view progress on the various construction projects. Also participating were Township Supervisors, Robin Stuntebeck and Ed Meakim.
4. Wastewater Superintendent Report for the month of April was presented by Mike Moffa.
 - a. The treatment plant operated in compliance with the NPDES permit
 - b. Treated 141 million gallons of wastewater
 - c. Pressed for disposal 269 tons of solid waste
 - d. The recently installed by-pass pump connections at Taylor Run pump station were used during service of the station emergency generator and replacement of a pump discharge valve. Use of the by-pass connections made this operation significantly simpler and with less risk of spills than would previously have been possible.
5. Solicitor's Report was presented by Ross Unruh.
 - a) Good progress was made at the April 25th meeting with DOJ, EPA and DRN to review the proposed Settlement Agreement for the TMDL litigation. Further review meetings are scheduled for June 6th and June 26th with the goal of reaching agreed terms and language for the Settlement Agreement
 - b) A further meeting with West Whiteland Township is to be held on May 8th. Most of the clarification issues on the Agreement had been explained to WWT, with only one item remaining
 - c) Discussions with Westtown on their Agreement have continued. Differences remain on the designation of capital vs. O&M designation for each project item. A further attempt

will be made to explain the capital investment to Westtown staff and their solicitor. If unsuccessful, litigation may be necessary

6. Treasurers Report dated April 30, 2018 was presented by Dan Tierney (See report for details)
 - a) Ted Murphy motioned to approve, as Requisition #95 from the Bond Construction Fund, Application for Payment No. 12 as submitted by Walabax Construction Services Inc., in the amount of \$107,671.10 for work completed through April 18th, 2018 for Contract 17-1. Seconded by Dan Tierney. Approved 4-0.
 - b) Agenda item 6. b) was held until presentation of the Engineer's report
 - c) Phil Corvo motioned to approve as Requisition #112 from the Bond Construction Fund, Application for Payment No. 4 as submitted by Blooming Glen Contractors, Inc., in the amount of \$80,132.72 for work completed through March 20th, 2018 for Contract 17-4. Seconded by Shaun Walsh. Approved 4-0
 - d) Phil Corvo motioned to approve as Requisition #98 from the Bond Construction Fund, Application for Payment No. 4 as submitted by Eastern Environmental Contractors, Inc., in the amount of \$155,655.00 for work completed through April 16th, 2018 for Contract 17-3 (General Construction). Seconded by Dan Tierney. Approved 4-0
 - e) Ted Murphy motioned to approve as Requisition #96 from the Bond Construction Fund, Application for Payment No. 4 as submitted by DiRocco Brothers, Inc., in the amount of \$91,620.00 for work completed through April 12th, 2018 for Contract 17-5. Seconded by Phil Corvo. Approved 4-0.
 - f) Phil Corvo motioned to approve as Requisition #99 from the Bond Construction Fund, Application for Payment No. 2 as submitted by Garden Spot Electric, Inc., in the amount of \$13,500.00 for work completed through April 18th, 2018 for Contract 17-6 (Electrical Construction). Seconded by Dan Tierney. Approved 4-0
 - g) Phil Corvo motioned to approve as Requisition #97 from the Bond Construction Fund, Application for Payment No. 3 as submitted by Eastern Environmental Contractors, Inc., in the amount of \$8,937.00 for work completed through April 16th, 2018 for Contract 17-8 (General Construction). Seconded by Dan Tierney. Approved 4-0
 - h) Dan Tierney motioned to approve for payment, Requisitions #100 through #111 from the Bond Construction Fund, plus Tapping Fee Fund Requisitions of \$24,940.89 and Developer's Invoices of \$267.50. Seconded by Phil Corvo. Approved 4-0.
7. Developers Report, dated April 28, 2018 was reviewed by Josh Fox (See report for details).
 - a. A pre-construction conference for the Woodlands at Graystone was held on April 18th
 - b. HRG has reviewed the sewer planning module and the submitted design for two separate low pressure force mains for the 13-unit subdivision at 901 Shiloh Road. Comments for further action have been returned to the developer
 - c. Phil Corvo motioned for release of \$43,674.00 in financial security for the development at 825 Goshen Road based on inspection by Township staff of the work completed to date. The remaining Performance Security is \$14,640.30. Seconded by Ted Murphy. Approved 4-0

8. Engineers Report dated April 28, 2018 was reviewed by Josh Fox (See report for details).
 - a) Mike Moffa and Josh Fox described the monthly process of confirmation by Mike Moffa of the HRG spreadsheet used to determine the required transfer of funds from the East Goshen Bond Construction Fund sub-account based on the share of incurred project expenses attributable to East Goshen
 - b) Shaun Walsh motioned to approve Change Order #2 for Walabax Construction Services, Inc. for an increase in the Contract Price of \$6,781.00 and an extension of time of 30 days for substantial completion for additional work and materials related to the temporary by-pass pumping operation at the Headworks and for the grating to cover openings missed from the contract scope. Seconded by Phil Corvo. Approved 4-0
 - c) Ted Murphy motioned to ratify the field Change Orders previously approved by Mike Moffa for Contract 17-3 (Change Order No.1) in the amount of \$733.85 and for Contract 17-9 (Change Order No. 1) in the amount of \$6,745.00. Seconded by Shaun Walsh. Approved 4-0
 - d) Ted Murphy motioned for approval appointment of Optimum Controls Corporation to provide professional services as the Systems Integrator for the Capital Improvement Program and to authorize programming of the ECA and Anaerobic Digester control panels for a cost of \$20,190.00 contingent on the review and approval of the Professional Services Agreement by the Authority's solicitor. Seconded by Dan Tierney. Approved 4-0

9. Presentation of West Goshen Rate Study by Kevin Fox, HRG.

Kevin Fox provided four documents for discussion Exhibits 1&2, Exhibit 3, Exhibits 4&5 and Alternative at the meeting. Exhibits 1&2 and 4&5 showed scenarios for an increase in the base/volume sewer rates. Exhibit 3 illustrated Sanitary Sewer Rates of nearby Municipalities.

Kevin Fox presented the information and described the on-going preparation of the draft paper/presentation for the Township BoS. The Authority discussed the scenarios. The draft paper/presentation was not reviewed at the meeting.

The key discussion outcomes were:

- a) The Breakdown of Rate Increase in the Exhibits requires further review as the previous debt service would have been repaid by 2019. The years 2020/2021/2022 in the model should not use this basis in determining the breakdown.
- b) The funding amount of the CRF was debated by the Authority. The ageing collection system is likely to continue to require repairs in future years beyond the current 4-year capital investment program (2016 to 2019). The cost of the sanitary sewer system repairs has been funded at \$0.5 to \$1.0 million annually during this 4-year period. In addition, lower priority pump station rehabilitation has not been included in the current capital investment program, but anticipated costs in the years ahead are approx. \$1.8 million. No conclusion was reached at the meeting, with further analysis needed to better define the basis for the level of CRF funding to be recommended.
- c) Ted Murphy asked each Authority member their current position on a rate increase based on the information presented and the discussion. The consensus view was that the Alternative scenario was preferred and should be renamed Option 1 (2019 one-time \$32/qtr increase to residential sewer rate to \$97/qtr). The majority of Authority members were also supportive of a larger rate increase in order to more substantially fund a CRF. Therefore, Kevin Fox was asked to create an Option 2 (2019 one-time \$40/qtr increase to residential sewer rate to \$105/qtr) and determine the level of CRF funding achievable.
- d) Shaun Walsh stated that the creation of a CRF in itself is not a guarantee that future

- borrowing will not be needed by the Authority as may be required to fund significant collection system repairs or for new regulatory requirements to lower discharge limits
- e) Resident Margie Swart asked why initial indications back in Q1 2017 were for a lower rate increase in the order of \$9 to \$13/qtr and that the Township should first look to lower other expenses to reduce the rate increase necessary. Ted Murphy and Shaun Walsh stated they believed an error had been made during the initial high-level assessment of a rate increase to pay the bond debt, in that a 40% contribution from the other municipalities to service bond debt had been assumed when in fact they were not participating in the bond issue and the rate increase was therefore solely attributable to West Goshen customers.
 - f) Kevin Fox stated that excess funds held by the Authority need to be deposited in a Bond Redemption and Improvement Fund. Shaun Walsh stated that he believes since it is the Township that receives the funds from the sewer rates and only pays the Authority the necessary rent to service the bond debt of the Authority, the Township can retain additional monies in both a level-funded CRF and the Township Sewer Fund and does not need to transfer excess funds to an Authority BRIF. Shaun Walsh is to provide clarification questions to Casey Lalonde to seek a determination from Bond Counsel on the interpretation of Article VI of the Bond Indenture.
 - g) Ted Murphy requested that Authority members review the draft paper/presentation and provide comments/edits by email to Kevin Fox in time for Kevin to incorporate feedback and present the final draft for approval at the Sewer Authority regular scheduled meeting for June 6th, 2018. The paper would then be provided to the WGT BoS.
 - h) Robin Stunteback, Vice Chair, WGT BoS suggested that a joint public workshop with the Township BoS and the Sewer Authority members would be beneficial to understand and review the background details and the complexities of the proposed rate increase options. It was determined that the week of June 25th would be the first opportunity to do this post completion/approval of the recommendation at the Sewer Authority June 6th meeting.
 - i) Ted Murphy reminded meeting attendees that the Sewer Authority will only be making a recommendation on the rate increase to the WGT Board of Supervisors. The Board of Supervisors is the determining body on whether and what size of rate increase is made.

10. New Business

No other business was raised

There being no other business, Dan Tierney motioned to adjourn the meeting at 10:25 PM, seconded by Phil Corvo. Approved 4-0

Respectfully submitted,

Shaun Walsh, Secretary