

**MINUTES OF THE ANNVILLE
TOWNSHIP AUTHORITY**

April 28, 2015

The April Regular Monthly Meeting of the Annville Township Authority was held starting at 5:30 PM on April 28, 2015 in the Commissioners' Room of Annville Town Hall, 36 North Lancaster Street, Annville, PA with the following members present: Anthony Perrotto, Chairperson; Hugh Rooney, Vice Chairperson; Barry Ludwig, Secretary; David Myers, Treasurer; and Keith Seward, Assistant Secretary/Assistant Treasurer. Also in attendance were Nicholas T. Yingst, Township Administrator and Authority Clerk; Timothy D. Sheffey, Township Solicitor; Leslie J. Powell, Superintendent of the Wastewater Treatment Plant (WWTP); Dale Shope, Engineer with Gannett Fleming; and Sabrina Colbridge, Robert Doughty, Caitlin Dryden, Klayton Garman, Kaili Horn, Dakota Keefer, and Brenna Mehern, students at Lebanon Valley College.

Chairperson Perrotto called the meeting to order and led those present in the Pledge of Allegiance to the flag of the United States of America.

PUBLIC COMMENT: Chairperson Perrotto provided an opportunity for public comment and no comments were noted from those in attendance.

MINUTES: MOTION by Mr. Seward, second by Mr. Ludwig to approve the minutes of the Regular Meeting held March 24, 2015 as presented. Motion carried unanimously.

SEWER FUND REPORT: The Authority reviewed the Sewer Fund Report for the period ending March 31, 2015 and Mr. Yingst offered additional information on two of the revenue accounts. First, he explained the reason the Sewer Rentals revenue account appeared to be running below budget. Mr. Yingst indicated this was because of a routine year-end adjusting journal entry from 2014 debiting approximately \$178,000 from this account, and that without this adjusting journal entry this account would be projected to reach 103% of budgeted revenues by year-end. He also noted that a similar amount will be credited to this account when the 2015 financial statements are finalized, so this represents a temporary accounting matter that will be effectively reversed at year-end. Second, Mr. Yingst noted that, although it is not reflected on the March Report, two quarters of capacity reservation fees have been billed to and received from North Annville Township and will appear in the Capacity Reserve Fees revenue account on the April Report. Mr. Rooney noted that the Treatment Fees revenue account appeared to be running below budget and asked what the reason for this might be. As this is the account that records revenue from septage haulers, Mr. Seward suggested that last year's figure might have been higher due to South Annville Township residents being required to have septic tanks pumped in 2014. Mr. Rooney expressed his frustration with several years of low revenues in this account, noting that a portion of the costs for the WWTP improvements project was to maximize intake from septage haulers due to adequate capacity at the plant, and he asked that all opportunities for increasing septage revenues be pursued. Mr. Powell indicated that he has attempted to do so, noting that he has proactively reached out to septage haulers in an attempt to increase business with them. Mr. Rooney asked if Mr. Shope had any thoughts on the reason for this recurring budget shortfall and while Mr. Shope indicated that he did not, he did note that he found the low revenues to be surprising. Chairperson Perrotto and Mr. Rooney then engaged in a discussion as to how the Authority should best address this potential issue going forward. There was eventually concurrence that the Treatment Fees revenue account should be monitored by the Authority monthly and, as information from the next few months becomes available and better

year-end projections for this account could be made, to revisit the issue as to whether and what actions may need to be considered. Mr. Powell also noted that availability of adequate land for the spreading of biosolids continues to be a concern that was not an issue several years prior, although he is persisting in searching for new fields that are willing to be permitted for this. Mr. Ludwig then reviewed the actual gallons of septage received through the first three months of 2015 in comparison to the first three months of 2014 and it was noted that there was a decrease of approximately 10% in 2015. This led to a conversation about the assumptions used for creating the 2015 budget, and it was noted that the 2015 budget figure for the Treatment Fees account was the same as the figure from 2014. Mr. Yingst indicated that while the actual 2014 septage revenues did not ultimately reach the 2014 budget figure, the rationale for keeping the budget figure the same in 2015 was due to several factors, including an anticipated increase in access to the plant by septage haulers due to the completion of the WWTP improvements project and a recent increase in charges to some of the haulers. Mr. Rooney noted that the 2015 budget figure is much less than the historical high for septage revenues from several years prior and is less than what was projected when the scope of the WWTP improvements project was being determined. Chairperson Perrotto asked Mr. Yingst to monitor this account and provide updates to the Authority on it at future meetings.

ACCOUNTS PAYABLE: The Accounts Payable list for April 2015 was reviewed. Chairperson Perrotto asked for additional information concerning checks 10272 and 10292 and was informed that they represented payments for bugs and Odophos, respectively. **MOTION** by Mr. Ludwig, second by Mr. Rooney that the list of vendors to be paid (Cash Disbursements Journal) for the Sewer Fund, which list is filed with other Authority records, be approved by the Authority for submission to the Board of Commissioners for payment. Motion carried unanimously.

WASTEWATER TREATMENT PLANT (WWTP) IMPROVEMENTS PROJECT: The following items regarding the WWTP improvements project were discussed in detail:

Payment Requisition: An invoice summary was distributed on the WWTP improvements project, which included pay estimates for Gannett Fleming engineering services for the period ending April 3, 2015 in the amount of \$5,608.50. Chairperson Perrotto asked how many additional invoices for engineering should be expected and Mr. Shope indicated that he anticipated at least two more due to work associated with the PENNVEST closeout process. **MOTION** by Mr. Seward, second by Mr. Myers to recommend to the Board of Commissioners for payment the list of invoices for the WWTP improvements project as presented in the total amount of \$5,608.50. Motion carried unanimously.

Escrow: Mr. Yingst reported that the County Engineer conducted an inspection of the WWTP on April 3, the results of which were satisfactory. Payment for the inspection has been issued to the County Engineer and release of the more than \$483,000 currently held in escrow by Lebanon County for the WWTP improvements project is expected to be received shortly.

Aboveground Piping: Mr. Powell reported that the installation of the aboveground piping has been completed and that it is functioning adequately, resulting in the need for less electricity to run the blowers.

SUPERINTENDENT'S REPORT: Mr. Powell reported that the WWTP is operating very well. Per review of the Monthly Report, Mr. Rooney brought attention to the figure listed for Total Nitrogen Offsets Generated From Septage Gallons Received and asked if the Authority was benefiting from these offsets. Mr. Powell indicated that it was, as these offsets reduce the total nitrogen amount that the plant must remain below per the threshold established by its permit. Mr. Powell then reviewed the Status of Pending Projects Report, a copy of which is attached hereto and made a part of these minutes, and the following items were discussed in detail:

Surcharges: Mr. Powell briefly reviewed the April water sample numbers for Hoss's Steak and Sea House and Lebanon Valley College. He also noted that letters would shortly be issued to those customers receiving surcharges informing them of the new surcharge for fats, oils, and grease and the flat fee for sampling associated with manpower, equipment, and testing.

First Stage Blower Valve Control Boards: Mr. Powell provided an update on the status of the damaged control boards for two of the first stage blower valves. He reported that the boards have been ordered and he provided a revised quote from North East Technical Sales, Inc. for parts and installation that was approximately \$500 less than the previous proposal. Chairperson Perrotto thanked Mr. Powell for his efforts in working with the supplier to reduce this price.

Request to Hire Full-Time Employee: Mr. Powell noted that Joseph R. Viozzi was hired as a part-time employee by the Board of Commissioners in March 2015 and requested that Mr. Viozzi be hired as a full-time employee. He noted that the Public Works Department has been operating with one less full-time employee than the prior year due to the resignation of Matthew McGowan in December 2014 and he reported that Mr. Viozzi has performed well in the weeks he has been working part-time. Mr. Ludwig asked if it was Mr. Powell's intention for Mr. Viozzi to pursue certification and Mr. Powell indicated it was, noting that Mr. Viozzi is well educated and a good worker. Regarding questions concerning adequate funds for this hire, Mr. Yingst noted that, as wages and benefits were budgeted for Mr. McGowan in 2015 prior to becoming aware of his resignation, there is adequate funding in the 2015 budget to hire a full-time employee. **MOTION** by Mr. Seward, second by Mr. Rooney to recommend to the Board of Commissioners that Joseph R. Viozzi be hired as a full-time employee. Motion carried unanimously.

Reed Bed Usage Proposal by Lebanon City: Mr. Powell provided an update on the proposed use of reed beds at the WWTP for drying out the contents of Lebanon City storm sewer catch basins. He reported that he worked with Mr. Sheffey and Mr. Yingst to create a draft agreement pertaining to use of the reed beds and that this agreement has been submitted to the Lebanon City Solicitor for review and comment. Mr. Powell concluded by noting that he anticipates presenting the final agreement to the Authority at its May meeting for signatures.

Clear Springs Crossing: Mr. Powell reported he has been informed that the contractor for the Clear Springs Crossing development in North Annville Township will shortly be laying the sewer lines for the project. Mr. Ludwig asked if anyone would be reviewing and inspecting the lines and Mr. Powell indicated that he anticipated doing so.

ANNVILLE TOWNSHIP WASTEWATER TREATMENT PLANT

STATUS OF PENDING PROJECTS

April 24, 2015

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| (1) <u>SURCHARGE</u> | We sampled LVC and Hoss's; results attached. |
| (2) <u>HAULING</u> | Hauled 34 loads 129,200 gals. |
| (3) <u>PLANT UPGRADE</u> | Second stage air piping is complete. System is working very well, 1st stage valves have been ordered. |
| (4) <u>JOE VIOZZI</u> | He started part time back in the beginning of March. He is a very good worker and catches on to the process very well. I would like to recommend that we hire him at full time. |
| (5) <u>KEITH HECK</u> | Keith went and took his test to be Lab Supervisor on Thursday April 23. |
| (6) <u>SCHOOLING</u> | Les and Pierce attended a workshop on Emergency Response Planning for Small Communities. |
| (7) <u>PT TEST</u> | Keith has performed all the Proficiency tests for DEP and passed them; results attached. |
| (8) <u>LEBANON AGREEMENT</u> | Lebanon has agreement; waiting for it to be signed and returned. |

Respectfully Submitted,
Les Powell Chief Operator

SOLICITOR'S REPORT: Mr. Sheffey informed the Authority of the following items:

Legal Actions Against Significantly Delinquent Customers: Mr. Sheffey provided brief updates on several liens for unpaid sewer and trash fees. Regarding the lien against BSW Holdings' properties on North King and Church Streets, he reported that over the past few months approximately \$3,000 has been applied to the lien, noting that approximately \$1,800 of this amount has been applied to interest and the remainder applied to principal. He further noted that these amounts are in addition to what is being paid by BSW Holdings for its current monthly sewer and trash fees. Regarding the lien against 113 South King Street and the liens against 146 West Main Street, Mr. Sheffey reported that closing on these properties is anticipated in May, with full payment of these liens likely to follow shortly thereafter. Regarding the lien against 125 North Railroad Street, Mr. Sheffey reported that a partial payment has been received from Wells Fargo for this amount and he anticipates a second payment paying off the lien in full should be received shortly.

Potential Lien Against 524 West Queen Street: Mr. Sheffey provided a brief update on the lien against 524 West Queen Street and reported that he has received notification this property will be listed for Sheriff's sale in June. The payment history of the current lien was discussed in detail, including the similarities and differences for how payments are applied to the balance on the sewer and trash billing system in comparison to the application of payments to the principal and interest of the lien. As a result of this discussion, it was noted that the current amount of sewer and trash fees on the billing system is likely less than the principal of the lien, in which case filing an additional lien for unpaid sewer and trash fees over and above those represented on the existing lien would not be necessary. However, since the specific figures were not immediately available for the unpaid balance per the billing system, nor for the principal and interest on the existing lien, Mr. Sheffey asked if the Authority would be interested in having he and Mr. Yingst look into this and make a motion allowing a second lien to be filed if he and Mr. Yingst deemed it prudent to take such an action based upon this review. Mr. Rooney asked what impact this would have on a previous motion the Authority made concerning this property that would waive the interest and legal fees on the lien based upon the property owner meeting certain payment benchmarks. Mr. Sheffey noted that it would not impact it, as that motion was based on timely payment of sewer and trash fees over an extended period of time, while the Sheriff's sale would take place prior to those timeframes being satisfied. He also reported that he did not have the opportunity to make that waiver proposal to the property owner's attorney as the attorney seemed solely concerned with the actual amount of principal and interest on the lien at the time of their most recent conversation. **MOTION** by Mr. Seward, second by Mr. Ludwig to authorize the filing of a lien against the property at 524 West Queen Street for unpaid sewer and trash fees if such action is deemed prudent by Mr. Sheffey and Mr. Yingst. Motion carried unanimously.

Potential Lien Against 225 West Queen Street: Mr. Sheffey provided a brief update on the lien against 225 West Queen Street and reported that he has received notification this property will be shortly be listed for Sheriff's sale. It was noted that this situation was similar to the one for 524 West Queen Street, in that there may be additional unpaid sewer and trash fees associated with this property that are over and above those represented on the existing lien. However, since the specific figures were not immediately available for the unpaid balance per the billing system, nor for the principal and interest on the existing lien, Mr. Sheffey asked if the Authority wished to

make a motion similar to the motion it just made for the property at 524 West Queen Street. **MOTION** by Mr. Ludwig, second by Mr. Seward to authorize the filing of a lien against the property at 225 West Queen Street for unpaid sewer and trash fees if such action is deemed prudent by Mr. Sheffey and Mr. Yingst. Motion carried unanimously.

ENGINEER'S REPORT: Mr. Shope informed the Authority of the following items:

WWTP Insurance Revaluation: Mr. Shope provided the Authority with a draft version of the summary of updated replacement cost values for the WWTP and gave a brief update of the status of the insurance revaluation. He noted that the final analysis should be completed in the next week or so and that he would provide this to the Authority at its next meeting. Mr. Shope also noted that a spreadsheet would be provided to the Township so that it could input information going forward regarding additions and deletions of structures and equipment.

Chapter 94 Report: Mr. Shope reported that the Township's Municipal Wasteload Management (Chapter 94) Report has been completed for 2014 and submitted to the Department of Environmental Protection (DEP). He also noted there was additional analysis required for sludge inventory. Mr. Rooney asked for clarification regarding this term and Mr. Shope discussed this briefly and his thoughts on why DEP now required this to be reported on Chapter 94 Reports.

Revised Tapping Fee and Equivalent Dwelling Unit (EDU) Calculation: Noting that the WWTP improvements project is nearly complete, Mr. Shope revisited a tapping fee update report he had presented to the Authority the prior year. He reminded the Authority of the methodologies used in this analysis and noted that the report recommended changes to both the tapping fee and the EDU calculation. Regarding the tapping fee, the report recommended a decrease from the current capacity and collection component rates of \$11.48 per gallon and \$13.93 per gallon, respectively, to revised capacity and collection component rates of \$8.81 per gallon and \$12.61 per gallon, respectively. Regarding the EDU calculation, the report recommended an increase from the current EDU of 122 gallons per day to a revised EDU of 202.5 gallons per day. Together, these revisions would result in a maximum allowed tapping fee per EDU for the capacity and collection components of \$1,783.70 and \$2,553.87, respectively. The Authority then discussed this at length with Mr. Shope. In this discussion Mr. Shope noted that the reason for the decrease in the tapping fee is because the calculation is based on the equity in the plant. As the WWTP improvements project has been financed by a bond and many years of payments on the bond lay ahead, the Authority's equity in the plant is currently low. Mr. Shope also discussed the different methodologies used for the EDU calculation, noting that his analysis used a simpler one based upon the most recent census data as opposed to a more complicated calculation that is based upon annual residential water consumption in the Township over a five year period. At the conclusion of this discussion Chairperson Perrotto asked the Authority members if they were comfortable with both the revised tapping fee and EDU calculations and the response of the members was positive. **MOTION** by Chairperson Perrotto, second by Mr. Rooney to recommend to the Board of Commissioners that an ordinance be adopted revising the equivalent dwelling unit (EDU) to 202.5 gallons per day and the capacity and collection component rates of the tapping fee to \$8.81 per gallon and \$12.61 per gallon, respectively, per Mr. Shope's report. Motion carried unanimously.

Lebanon Valley Advanced Care Center (LVACC) - Certification of Sewage Capacity: Mr. Shope reported that the County Sewage Enforcement Officer was requiring a certification of sewage capacity for the LVACC land development plan. He noted that this certification would come from the Township and not the Authority, as the Township actually owns the WWTP. Mr. Shope further noted that he will draft a letter for the Board of Commissioners to review and take action on at its May Regular Meeting, indicating that adequate capacity does exist in the WWTP for this additional usage.

LVACC - Engineering Review: At the request of the Township Office, Mr. Shope presented a proposal for Gannett Fleming to perform sanitary sewer engineering reviews pertaining to the land development plan for the LVACC. **MOTION** by Chairperson Perrotto, second by Mr. Seward to recommend to the Board of Commissioners to authorize Gannett Fleming to perform sanitary sewer engineering reviews for the Lebanon Valley Advanced Care Center, with the cost of these reviews to be paid by the developer. Motion carried unanimously.

Timing of Application of Revised Tapping Fee and EDU: It was noted that Chapter 18, Sewers and Sewage Disposal, of the Annville Township Code of Ordinances requires a tapping fee to be charged for each additional EDU deemed necessary that is associated with the redevelopment of a property. As LVACC meets this criterion, it was noted that the developer would be required to pay the capacity component of the tapping fee only for an additional 19 EDUs. The Authority then discussed whether the current tapping fee should be required of LVACC or the revised tapping fee that is not currently a Township ordinance but was recommended to the Board of Commissioners for adoption as an ordinance. This resulted in a lengthy discussion revisiting the EDU calculation methodology used in Mr. Shope's report, with Mr. Shope noting that this calculation is different for residential customers than for nonresidential customers and would be more expensive for the former than for the latter. Mr. Rooney expressed his concern with the inequity of this scenario and asked if an alternative method to using the census data for calculating the residential EDU could be considered. Mr. Shope indicated that using the calculation based upon the Township's annual residential water consumption over a five year period is more tedious and time consuming and is one of the reasons why the census method is more popular; however, he said it could be considered and that he would be willing to do an evaluation based upon that data. Mr. Rooney asked if that data could be retrieved from the water companies serving Annville Township and Mr. Yingst agreed to contact them to determine the nature of how that information would be provided and the cost to the Authority for that information. Lengthy discussion then followed as to whether the current tapping fee and EDU methodology should continue to be used in light of Mr. Shope's report and the just-approved motion to recommend the amending of these items to the Board of Commissioners. Noting that the total costs for the WWTP improvements project was not yet known, nor fully paid, and that costs associated with the project since the issuance of Mr. Shope's report were not included in his analysis, there was concern that the data used in the report did not represent the final figures. Mr. Rooney expressed his opinion that the matter of revising the tapping fee and EDU calculations should be placed on hold until all costs for the WWTP improvements project were taken into consideration and the possibility of using another methodology to calculate a residential EDU was evaluated. **MOTION** by Mr. Rooney, second by Mr. Ludwig to rescind the motion to recommend to the Board of Commissioners that an ordinance be adopted revising the equivalent dwelling unit (EDU) to 202.5 gallons per day and

the capacity and collection component rates of the tapping fee to \$8.81 per gallon and \$12.61 per gallon, respectively, per Mr. Shope's report. Motion carried unanimously.

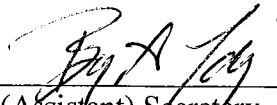
CLERK'S REPORT: The Authority was informed of the following items:

Delinquent Report: Mr. Yingst informed the Authority of the measures taken by the Township Office over the past month to collect on delinquent accounts. He noted that since the March 24, 2015 Authority meeting 15 accounts were posted for shutoff; this was comprised of eight customers who were under a payment contract but had not paid, four customers not under a payment contract with the Township, and three landlord/tenant customers. Mr. Yingst noted that one delinquent account had its water service shutoff earlier in the month and that this resulted in the customer paying the bill in full and the water service being turned back on. He also reported that over the past four weeks more than \$8,000 had been received from significantly past-due customers, including \$1,500 from BSW Holdings. Mr. Yingst concluded by noting that the total outstanding balance of sewer and trash fees prior to the issuance of the May bills was lower than he has seen in many months.

Motion to Intervene with the Federal Energy Regulatory Commission (FERC): Mr. Sheffey reported that his office filed a motion on behalf of the Township to intervene with FERC regarding the Atlantic Sunrise Natural Gas Pipeline project earlier in the day. He noted that the deadline for doing so is April 29 and that filing this motion means that the Township will receive all documents pertaining to a case and allowing it to appeal a FERC decision regarding the pipeline project.

MOTION by Mr. Ludwig, second by Mr. Seward to approve the reports as presented at this meeting. Motion carried unanimously.

There being no further business to come before the Authority, **MOTION** by Mr. Rooney, second by Mr. Ludwig to adjourn the meeting. Motion carried unanimously and the Regular Meeting was adjourned at 6:40 PM.



(Assistant) Secretary