

MINUTES OF THE MEETING
OF THE MIDDLETOWN TOWNSHIP, DELAWARE COUNTY SEWER AUTHORITY
HELD ON APRIL 19, 2021

The regular monthly meeting of the Middletown Township Sewer Authority was held virtually via Zoom, on April 19, 2021, at 7:00pm. All Authority Members and Advisors participated in this meeting.

Present were Authority Members: Roland Bailey, John Hanna, Edward Klodarska, Robert Scholz, and Timothy Sullivan.

Authority Advisors James Flandreau, Esquire, Solicitor, Walter Fazler, Engineer, John Ibach, Manager, and Francis Niermann, I&I Coordinator, were also present.

• **PLEDGE OF ALLEGIANCE TO THE FLAG**

Chairman Sullivan called the meeting of the Sewer Authority to order at 7:00pm and led the recitation of the Pledge of Allegiance to the Flag.

Instructions for the public to attend the Board meeting were advertised and no public requests were received by the Sewer Authority.

• **APPROVAL OF MINUTES OF THE MEETING HELD ON MARCH 15, 2021**

Mr. Hanna made a motion to approve the March 15, 2021 minutes. Mr. Klodarska seconded the motion. The motion was carried with a vote of 5-0.

A. Manager's Report

1. North Branch Chrome Run Additional Repairs

Mr. Ibach reported the completion of the repair behind 306 Mystic Drive. The 2nd repair at 218 Mystic Lane will be completed by KBX. Mr. Ibach will notify the homeowners prior to starting the work.

2. Wawa Sanitary Sewer Overflow

John received an email from a resident in the Granite Run Townhouse community about an overflowing manhole. A site investigation determined Wawa unintentionally discharged approximately 700 gallons of a highly concentrated soap product into MTSA's sanitary sewer main. The soap solution caused excessive foaming and John observed discharge from the top of several manholes. The affected manholes were along Baltimore Pike and in the Chrome Run Interceptor near the intersection of Granite and Northbrook Drive. John immediately notified Wawa of the situation and informed them cleanup of the sewer mains and manholes would be their responsibility. Wawa contracted with Aquaterra Technologies Inc. to clean the sewer main, manholes and provide a written report on the SSO. Aquaterra cleaned up all surface foam and followed up by spraying a fabric softener solution to break down the foam. They also pressure washed the affected MTSA manholes. On April 20th, Wawa contracted with KBX to televise several hard-to-access manholes along Baltimore Pike. Based on the televising, no additional clean-up work was required in those manholes. Mr. Ibach reported Wawa was very cooperative and responsive and indicated they would assume liability for all expenses. Mr. Ibach sent the Material Data Safety sheets (supplied by Wawa) to DELCORA to inform them of the contents of the SSO and the rinsing solution used. DELCORA was not concerned because the SSO contents will be very diluted by the time they reached their treatment plant. Mr. Flandreau commended Mr. Ibach on monitoring the confined space entry protocol and Mr. Fazler for receiving quick responses from PADEP and DELCORA. Mr. Klodarska inquired about obtaining a list of other products Wawa will be using in the future that could be harmful to the sanitary sewer system. Mr. Ibach stated that he will be working with Mr. Drennen, Middletown

Township Emergency Coordinator, to obtain a list of commercial properties and a list of products each property uses that could prove detrimental to MTSA's sewer system. Mr. Flandreau has already been in touch with Mr. McMullan about implementing a better emergency system in the future. This would entail a yearly review/update of emergency contacts for all the commercial properties to be contacted in case of an emergency. Mr. Fazler suggested that the chemicals list should also be shared with DELCORA.

3. N. Heilbron Gravity and Force Main Exposure

Mr. Ibach informed the board that the emergency permit was issued by PADEP on April 15th to repair the exposed section of pipe in the stream located behind 676 N. Heilbron Drive. The scope of work includes burying the exposed pipe under the surface of the ground and stabilizing the stream bank upstream and downstream of the exposed sewer main. Mr. Ibach is in receipt of the signed access agreement from the property owner of 676 Heilbron Drive. KBX will begin work tomorrow April 20 and should be finished within 5-7 business days.

4. PUC Hearing

Mr. Ibach and Mr. Stuart took the required continuing education class and exam on April 16th and passed. Mr. Ibach submitted a copy of the test results to PUC. No further action from MTSA is required.

5. Pump Station Abandonment Committee

Messrs. Ibach, Fazler and Klodarska visited Black Horse, Parkmount Road, Fair Acres, and Lenni Road pump stations regarding the confined space risk assessment report. Mr. Klodarska shared a few slides with Board members subjectively rating their risks. He stated that Black Horse and Parkmount confined spaces are riskier than the other two pump stations. Mr. Klodarska presented a cost breakdown totaling \$293,000 (obtained from Mr. Fazler) which includes abandonment procedures, engineering, and the necessary environmental studies. Mr. Fazler stated the confined space for each pump station will be filled with flowable fill and topped with a layer of cement and/or clean fill. There was discussion as to what type of an expense this would be considered, and the consensus was that it is a capital expense. Mr. Ibach will be verifying this with Mr. Nepo, Auditor, and will get back to the Board at May's meeting. Mr. Ibach recommended to have the pump station confined space abandonment work go out for bid as one job to be more economical. Mr. Klodarska will email his presentation worksheets to the Board.

6. Capital Budget

Mr. Ibach included a copy of a draft capital budget in the Board's packets. He and Mr. Fazler will be meeting again to further discuss and rate the importance of each line item ranging from 1-5 for the Board's consideration. He will present the revised version of the capital budget to the Board at May's meeting.

MISCELLANEOUS – PFM 2016 Bond Issue Re-Finance Presentation

Mr. Schlesinger from PFM stated MTSA currently has a 5-year callable 2016 Bond Issue which could be refinanced to save significant money since current interest rates are very favorable. He discussed the three ways MTSA could re-finance the Bonds 1) Conventional bonds are the least risky and are based on the Authority's credit rating. 2) Traditional bank loans have a life span of 15 years maximum and are also based on the Authority's credit rating. Mr. Schlesinger did not feel this to be the best option because, historically, MTSA would need a longer term to pay back the proceeds. 3) A loan obtained from Delaware Valley Regional Finance Authority (DVRFA). In Mr. Schlesinger's opinion, this is the riskiest of the three options presented and is not based on credit rating. Everyone receives the same low interest rate because DVRFA borrows a very large sum of money to accommodate a large pool of borrowers. Mr. Schlesinger stated if one borrower defaults, the remaining pool of borrowers would share the defaulting party's financial obligations. Mr. Schlesinger stressed the

savings over the course of the loan is substantial. With DVRFA, the interest rate is not known until after the application process is approved. He recommended to start the process with the township to obtain a guarantee for MTSA's loan since this is a necessary step for all three refinancing options. PFM would assist with this process. The Board gave Mr. Schlesinger the go ahead to start the process so MTSA can remain on the timeline of possibly adopting a resolution at the Township's June Board meeting and settling on the re-finance sometime in July. Mr. Schlesinger will provide Mr. Ibach with a Dual Track Process Report comparing bank versus bond issue for the newly formed sub-committee (Mr. Sullivan and Mr. Hanna) to review.

B. Treasurer's Report

1. Payment of Operating Expenses

Mr. Hanna presented a list of paid invoices for the period of March 16, 2021, through April 16, 2021, totaling of \$115,998.68. The largest invoice is to KBX (\$41,934.62). Mr. Hanna made a motion to approve these paid invoices. Mr. Scholz seconded the motion. The Board approved with a vote of 5 - 0 with one abstention by Mr. Hanna solely for the payment of the KBX invoice.

2. Payment of Capital Expenses – Bond Redemption and Improvement Fund

Mr. Hanna reported Capital Expenses totaling \$53,712.72 for April 19, 2021. The largest expense is to McKenney Construction (\$40,356.66). Mr. Hanna motioned to approve these expenses. Mr. Bailey seconded the motion. The Board approved with a vote of 5-0.

3. 2021-2022 Operating Budget

The proposed budget (included in Board's packets) reflects a \$173,700 deficit which is being balanced by a transfer from Reserves. Mr. Hanna inquired if a sewer rate increase for 2021 was being considered because of this deficit. Mr. Sullivan concurred. Mr. Sullivan stated this budget can be approved as is because MTSA is on an April 30th fiscal year and taxes/sewer rent billings go out based on a calendar year. Receivables for sewer rents take place most heavily in the first quarter of the following calendar year. This means that if there is a deficit, MTSA can approach Middletown Township about a sewer rent rate increase (\$100) and have it approved in time for next year's billing. Mr. Scholz also brought up the possibility of a 10% increase in sewer treatment charges from DELCORA for 2021 to further justify the sewer rent increase. Mr. Hanna motioned to approve the 2021-2022 budget. Mr. Scholz seconded the motion. The 2021-2022 operating budget was approved with a vote of 5-0.

C. Solicitor's Report

1. DELCORA/Del. County Lawsuit

This continues to be in a holding pattern which may more than likely necessitate a 10% DELCORA treatment rate increase since there is no trust fund in place.

2. Chrome Run Easements

Mr. Flandreau reported that the easements were received and the work was well supervised by Mr. Fazler and Mr. Ibach. This project is complete and repairs will be starting in the next few weeks.

3. Darlington Pointe 1 Deed of Dedication

Mr. Flandreau rejected the Developer Attorney's Deed of Dedication and he has re-written a new one that is not complete yet. He is working with Council and is hopeful to have it ready for May's meeting.

4. Arbor's Deed of Dedication

This deed of Dedication is still being worked on.

5. PADOT Glen Riddle Bridge Agreement

Mr. Flandreau updated the Board that this agreement has been approved. MTSA will have a minimal contribution of 15% to relocate the MTSA sanitary sewers in the vicinity of the project. Mr. Fazler and Mr. Ibach will be supervising this project. Mr. Ibach added that he will be sending PADOT the signed agreement.

D. Engineer's Report

1. CCIP3 Construction and Storm Damage

This project has been completed and payment has been sent to PACT Construction.

2. Darlington Valley Pump Station (DVPS)

Electric components have finally been received despite the national shortage due to the pandemic. Pump relocation and demolition will begin this week. Mr. Fazler will have more to report at May's Board meeting.

3. DELCORA I & I Program

Televising of the laterals is progressing well. Mr. Fazler continues to add to the list of I&I deficiencies.

4. Overview Planning for Dutton Mill Interceptor

Mr. Fazler is waiting to hear back from PADEP regarding the status of the Act 537 Plan review. He will present the Board with modifications of the access routes to the pump station or relocation options of the pump station to avoid crossing a major water line and 4 petroleum lines. He will have a cost analysis report for the Board at next month's meeting.

5. Baltimore Pike Collector

Mr. Fazler has nothing further to report. Mr. Ibach continues to monitor the area daily for any signs of further soil settlement.

6. Chrome Run Interceptor Relocation/Replacement

Mr. Fazler is continuing to work on the survey of the entire Chrome Run Interceptor. Once complete, he will come up with options whether to replace the sewer or to rehabilitate the sewer and restore the stream bank.

7. Ponds Edge Pump & Haul

As stated last month, the pump station is designed to work when a minimum of 10 homes are connected and are sending sanitary sewer flows. In the interim, Mr. Flandreau is working with the developer to decide on the best way to proceed with the various options.

8. Tapping Fee Calculations

Mr. Fazler referenced a spreadsheet he created which he will email the Board after this meeting. He stated there are three different ways of calculating tapping fees. However, MTSA is locked into the historical method because it was used previously. This means that MTSA knows the historical cost of the original system at installation and will escalate it to today's cost. In 2005, Mr. Nepo conducted an analysis of tapping fees dating back to when the system was built in 1970. He adjusted this by adding all capacity construction costs from 1970-2005. The only other change Mr. Fazler made to this figure is to use Engineering News Record's Construction Cost Index (ENR CCI) rates to escalate it to March 2021 rates. This analysis was done again in 2015 by Mr. Nepo. The same concept was applied to escalate it to the 2021 renewed cost and the tapping fee was increased accordingly. For the 2021 analysis, Mr. Fazler added capital construction costs for CCI Phases I, II, & III, Dutton Mill Interceptor and Yearsley Mill pump station (2016-2021) to the 2015 value. This escalated value is then reduced by any grants/contributions made to MTSA (DELCORA's contributed in 2018 & 2019)

resulting in the trended cost of the system. All the trended costs for the different time frames are added together which result in the total cost of MTSA's system (\$90,204,349). Outstanding debt (\$13,880,000) is subtracted from the total cost to come up with the adjusted trending cost (\$76,324,349). This adjusted amount is divided by the system's design capacity amount (\$1,883,000) to result in price per gallon which is then multiplied 262.5 gpd (=1 EDU) resulting in the maximum tapping fee per EDU (\$10,650.00). Based on these calculations, Mr. Fazler is recommending an increase from the current \$8,000 to an amount up to \$10,650. Mr. Flandreau suggested that if DELCORA is acquired by Aqua, DELCORA's tapping fee would vanish which makes up for some of MTSA's tapping fee increase. He also stated that, per a study conducted by himself and Mr. Fazler, MTSA's tapping fees are very reasonable in comparison to other municipalities even if DELCORA's tapping fees remain.

QUESTIONS FROM THE AUDIENCE

None.

ADJOURNMENT

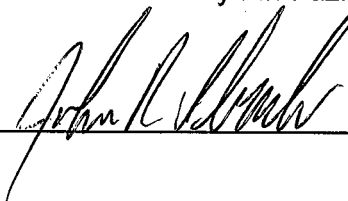
Upon motion by Mr. Sullivan and seconded by Mr. Hanna, the meeting was adjourned at 8:37 pm.

Respectfully Submitted,

John Ibach, Manager
Cc: Authority Board and Advisors
Township Manager
S.W.D.C.M.A.
DELCORA

The minutes were recorded by Mr. Fazler and transcribed by Ms. Tierney

Approved: _____



Date: _____

5/17/21