

**MINUTES OF THE MEETING**  
**OF THE MIDDLETOWN TOWNSHIP, DELAWARE COUNTY SEWER AUTHORITY**  
**HELD ON MAY 17, 2021**

The regular monthly meeting of the Middletown Township Sewer Authority was held virtually via Zoom, on May 17, 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.

Mr. Sullivan announced the Board had an Executive Session prior to the Board Meeting to discuss real estate matters. Another executive session took place after the Board meeting to review the personnel committee's recommendations.

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 APRIL 19, 2021**

Mr. Hanna made a motion to approve the April 19, 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 Lane. The remaining repair of an exposed lateral will be completed by KBX soon. Mr. Ibach will notify homeowners prior to starting the work.

2. KBX/Golden Merge with Wind River Environmental (WRE)

KBX was recently bought out by Wind River Environmental. Mr. Fazler and Mr. Ibach will be meeting with representatives from both entities to review the remainder of the MTSA Maintenance contract that ends December 2021. They will also discuss legal documents that Wind River Environmental will be submitting to the Authority as part of the ownership change. Mr. Flandreau will review the assignability clause in the legal document and revise it, as necessary. Mr. Hanna inquired if there would be a price increase. Mr. Ibach responded there would not be an increase for calendar year 2021, however there would most likely be an increase in the future maintenance contract. He also stated that WRE would have to win any future maintenance contract. The future MTSA maintenance contract will be offered as two separate bids, one for maintenance and the second for construction.

3. Wawa Sanitary Sewer Overflow (SSO)

Mr. Ibach reported that this SSO has been cleaned up. He, Mr. Scholz and Mr. Fazler will be meeting with Wawa on June 2nd to discuss measures to prevent future SSOs. Discussion will also include the Authority's proposed capital improvements status in that area, and the condition of the existing

wastewater treatment plant.

4. N. Heilbron Gravity and Force Main Exposure

KBX completed the repair of the exposed gravity sanitary sewer and force main.

5. Pump Station Abandonment Committee Recommendations

Mr. Ibach asked the Board whether MTSA should proceed with the abandonment of Black Horse Lane and Parkmount pump stations, Fair Acres pump station abandoned vault and Country Village pump station vault. Mr. Klodarska motioned to approve this capital expenditure to decommission the confined space at the four pump stations. Mr. Hanna seconded the motion. The Board approved with a vote of 5-0. Mr. Fazler will authorize the environmental study and will put it out to bid in the next few weeks as one single project.

6. Capital Budget

Mr. Ibach included a copy of a revised draft capital budget in the Board's packets. The Board will discuss this further at June's Board meeting.

7. MTSA Credit Card

Mr. Ibach requested the Board's approval on obtaining a departmental credit card. Mr. Bailey motioned to approve this request with a \$1,500 credit limit. Mr. Scholz seconded the motion. The motion was carried with a vote of 5-0.

8. MTSA Goals for Significant Activities (Approved & Deferred)

Mr. Ibach included a list of approved and deferred projects in the Board's packets. Mr. Ibach thanked Mr. Scholz for his assistance with this task. This list prioritizes the Authority's project goals. Mr. Ibach will closely monitor and respond accordingly to any issues. Mr. Sullivan commented that Mr. Scholz's list is very different from Mr. Ibach's, Mr. Niemann's and Ms. Schreiber's goals because it represents the Board's goals for the Authority. This list will also assist Mr. Ibach in his preparation for the monthly Agenda meeting. Mr. Sullivan suggested that some of the items on the manager's report do not necessarily need to be discussed verbally during the Board meeting since they are already addressed in the Manager's report. Mr. Ibach suggested to decide on these topics of discussion at the agenda meeting so there is not a duplication. This will be discussed further at next month's Board meeting.

9. June Resumption of In-Person Meetings

The Board will be meeting in person starting in June.

Miscellaneous— PFM Follow-up by Mr. Schlesinger

Mr. Schlesinger returned for a follow-up meeting to further discuss the 2016 Bond Issue refinance affordability. He stated that although interest rates have not changed much in their yield rate, the spread is starting to widen in the bond market due to possible inflation concerns. He re-stated that MTSA can shorten its debt by either going with a 10-year bank loan or a new callable bond issue at today's low interest rates. There are some concerns with both options. The bank loan's yearly repayment debt adds an additional \$260,000 to the Authority's debt service, and the callable bond's interest rate will be much higher than the current rates when called. The Board discussed whether the future housing developments (Franklin Station, Ponds Edge, Granite Run 2 apartments, and Sleighton school) could generate enough revenue to cover the additional annual repayment of the bank loan. Mr. Hanna inquired whether the Authority has a breakdown of the residential sewer rent. Mr. Fazler suggested to possibly have an analysis done by Mr. Nepo, auditor, to breakdown the

residential sewage rental. Mr. Schlesinger made another suggestion to have Mr. Fazler do a 5-year budget look-ahead. The Board settled on Mr. Fazler doing a 5-year debt analysis using the two possible scenarios comparing the normal 10% yearly increase to the 3% increase (if Aqua take-over occurs) by June's Board meeting. Mr. Schlesinger stated this report is important and will be submitted to Middletown Township to utilize in their filing with the Department of Community and Economic Development (DCED). This report should show a positive ending balance to absolve the Authority's debt from the Township's. To adhere to the original timetable, Mr. Schlesinger will approach the Township (on May 24<sup>th</sup> Council meeting) to advise them that the Authority is in the process of refinancing its 2016 bond issue, and that he would like to join the Township's next few meetings regarding first and second reading of the required debt service ordinance. For the first reading, a preliminary ordinance will be presented. By the second reading, the Authority must have the final borrowing amount, the final amortization amount, and the final bill. Once approved by Council, the resolution will be adopted by the Authority at their regularly scheduled board meeting. Mr. Sullivan expressed his hesitancy on choosing the bank loan versus the bond because of the uncertainty of additional future revenues covering the debt service. He would like to wait and review Mr. Fazler's analysis before deciding. Mr. Scholz remarked that these discussions are solely based on the potential increase in the number of new billable sewer rents versus implementing a residential sewer rent increase. He does not think that this could be possible without a rate increase. Further discussion took place about the amount of the rate increase (\$50 versus \$100). Mr. Flandreau brought attention to the inconsistent schedule of the Township meetings over the summer months and to keep that in mind while planning to participate in Council's meetings of the first and second readings of ordinances.

## B. Treasurer's Report

### 1. Payment of Operating Expenses

Mr. Hanna presented a list of paid invoices for the period of April 19 through May 14, 2021, totaling of \$693,342.51. The largest invoice is to DELCORA (\$579,665.75). Mr. Hanna made a motion to approve these paid invoices. Mr. Bailey 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 (\$28,027.43)

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

Mr. Hanna reported Capital Expenses totaling \$70,849.63 for May 17, 2021. The largest expense is to KBX Golden (\$48,702.15). Mr. Hanna motioned to approve these expenses. Mr. Klodarska seconded the motion. The Board approved with a vote of 5-0 with one abstention by Mr. Hanna for the payment of the KBX invoice.

### 3. 2016 Bond Issue Refinance

This was discussed thoroughly during Mr. Schlesinger's segment. A decision needs to be made as to which refinance option will be chosen.

## C. Solicitor's Report

### 1. DELCORA/Del. County Lawsuit

This continues to be in a holding pattern. Mr. Flandreau is awaiting results from two proceedings (PUC and Commonwealth Court). He has some questions regarding whether MTSA wants to seek documents regarding DELCORA's various arrangements with Southwest and Lower Chichester. Mr. Flandreau is in touch with Council about it and will get back to the Board by the next Agenda meeting to decide on how to proceed.

### 2. Darlington Pointe 1 Deed of Dedication

Mr. Flandreau has not received satisfactory documents (drawings and description) according to Mr. Fazler's and Mr. Ibach's requirements. Although Mr. Flandreau has received a signed deed of dedication, it cannot be recorded because it is incomplete. This will be postponed another month.

### 3. Arbor's Deed of Dedication

Mr. Flandreau has not received satisfactory documents (drawings and description) according to Mr. Fazler's and Mr. Ibach's requirements. Although Mr. Flandreau has received a signed deed of dedication, it cannot be recorded because it is incomplete. This will be postponed another month.

## D. Engineer's Report

### 1. Darlington Valley Pump Station (DVPS)

As stated previously, there were significant delays in obtaining equipment, especially the electrical components. Mr. Fazler stated staging has begun of the standby power generator and all temporary electrical hook-ups. Tomorrow May 18<sup>th</sup>, the pumps will be moved out of the DVPS's wet well and placed in the adjacent manhole. Dismantling the pump station and reconstructing it will begin according to the plans. He will have more information at next month's Board meeting.

### 2. DELCORA I & I Program

Mr. Fazler reported that 75,000 feet of sewer lines have been cleaned and televised and approximately 400 house laterals inspected. He stated that there have not been many I&I issues with the private laterals. However, sagging pipes, grease and some roots have been found. Mr. Fazler is keeping track of these deficiencies until the televising is complete and he will present his recommendations to the Board.

### 3. Overview Planning for Dutton Mill Interceptor

Mr. Fazler stated there are two options being analyzed for the relocation of the McCall Heights PS. The first option is to keep the PS on the Christian Academy's property. This means that a gravity line would have to be brought in from Harrison Road to this pump station. This option would entail crossing 3 high pressure petroleum lines and a major water line owned by the Chester Water Authority which, in the past, has proven to be difficult. This option is also environmentally challenging. A first Bog turtle habitat survey has already been conducted and has proven that a habitat exists. A second bog turtle survey is required to be cleared by the PA National Diversity Inventory (PNDI). To remain on schedule and not delay this project further, Mr. Sullivan has been asking for a second option. The second option will require numerous easement acquisitions. Mr. Fazler will continue with his reviews and will advise the Board accordingly.

### 4. Chrome Run Interceptor Relocation/Replacement

Mr. Fazler is continuing to work on this survey which includes reviewing access to the interceptor. He is preparing bid specifications for inspecting and televising the interceptor to determine its condition in addition to restoring the stream bank. Mr. Fazler would like to evaluate the results so he can make a recommendation for replacement/repair and to prepare a cost estimate for the associated work.

### 5. Ponds Edge Pump & Haul

Mr. Fazler stated negotiations are going well, the developer submitted his proposal, and it is being reviewed. The proposal also includes an offer to line some of MTSA's manholes.

### 6. Tapping Fee

In continuation of last month's discussion, Mr. Fazler is recommending an increase of the tapping fee to \$10,650.00 which will help with the current capital budget concerns. This fee excludes

DELCORA'S tapping fee of \$1,500. Mr. Flandreau explained that when AQUA's purchase of DELCORA occurs, the takeover will eliminate the \$1,500 DELCORA fee because AQUA has its fees structured differently with the PUC. Mr. Ibach will be reaching out to some of the existing older developers to inform them of the tapping fee increase. He will also advertise this change in the Township's newsletter and on MTSA's website. Mr. Scholz made a motion to pass a resolution to increase MTSA'S tapping fee from \$8,000 to \$10,650 effective August 1, 2021. Mr. Klodarska seconded the motion. The Board approved the motion 5-0.

#### QUESTIONS FROM THE AUDIENCE

None.

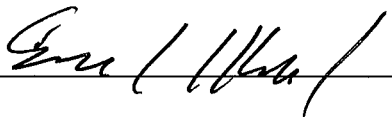
#### ADJOURNMENT

Upon motion by Mr. Sullivan and seconded by Mr. Hanna, the meeting was adjourned at 8:40 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: 6/21/21