

Weaverland Valley Authority

Continued Meeting Minutes

April 20, 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 April 20, 2017 to continue the meeting from April 3, 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:

Brad Harris explained that since this is a continued meeting, the Authority would not be required, by law, to have a public comment period. Nevertheless, a public comment period will be held, but will be limited to 3 minutes per person and a total of 30 minutes.

Thomas McDermott (Hayfield Dr.) - A person filed an appeal of the Act 537 Plan. Was it Donald Longenecker? What was the action? *Brad noted that yes the person to file the appeal was Donald Longenecker and the appeal was withdrawn.* Who is the DEP point of contact? *Tim Wagner in the South-Central Office, 909 Elmerton Ave., Harrisburg, PA 17110.*

GARY MARTIN- BECKER ENGINEERING –

Gary was present to report on his cursory overview of the sewer analysis for the Spring Grove Rd. and Union Grove Rd. area. Gary noted that every engineer will have their own opinion on cost.

Low Pressure - Gary noted that from his overview there appear to be 83 connections. Jeff noted there are 76 connections. Gary then noted that the low pressure analysis is counting on directional boring. One thing to note is that if rock is encountered the directional boring cost will be higher. He also noted that the analysis figures use \$50/foot but in the comments it states \$100/foot. Gary explained that the analysis is for 7,224 feet of line with 10 manholes. In Gary’s opinion, this is too few manholes and they would be too far apart. He would say twice as many manholes would be needed. Gary also explained that the maintenance cost for the grinder pumps for years 1-10 would be minimal. With those comments, he would expect the costs for the low pressure options to increase. He also explained based on his experience with EESA’s low pressure system, the O&M costs ELA utilized are much higher than what EESA’s low system costs have been.

Whether the grinder pumps are owned by the property owners or Authority owned, will have a significant impact on the cost to operate the low pressure system. There are several comments regarding owning the grinder pumps. Gary explained that although there is a comment regarding access, the East Earl Sewer Authority has unlimited access to the grinder pumps because there are easements in place. Another comment is that low pressure would restrict growth. Gary explained that this may not necessarily be a deterrent. Also noted is that it would be a different kind of grinder pump to service this area. Gary cautioned that a different kind of grinder pump would mean that the Authority would need to have another kind of pump on hand.

Gravity – The estimated cost in the analysis is \$100/foot to install the line at a depth of 8 feet. Gary would expect the cost to install the line to be more than \$100/foot and given the topography of the area he would expect some of the lines to be deeper than 8 feet. Gary would also expect the estimated manhole cost to be more like \$6,500 per manhole if they follow EESA specifications that require manholes to be lined. The

cost of a pump station is estimated to be \$250,000 and 3 phase power. Gary would estimate a cost of \$150,000-\$250,000 for a pump station. He also explained that the 3 phase power could be eliminated with use of a phase converter. 3 phase power is ideal when it can be utilized, but the use of a phase converter for 7.5 HP pumps should still work. 7.5 HP is on the fringe of phase converters being able to effectively be utilized. Again this estimate is counting on directional boring and he would not count on directional boring. Gary noted that there is a significant annual cost estimated to operate the pump station. Based on East Earl Sewer Authority's past costs, he would drop the cost to operate gravity by \$350,000. He also noted that the estimated life cycle on a pump station is 15 years. Although the pumps may only last 15 years, the pump station would have a much longer life. The estimated cost of \$27,500 to maintain the gravity lines Gary would say are high based on East Earl Sewer Authority past costs.

Summary – Gary's opinion is that the estimated cost for low pressure seems low and the cost for gravity seems high. Although a gravity system with a pump station is still more costly, he would expect the \$500,000 gap to be narrowed.

Jeff noted that the current financing options would not allow for improvements on private property. Jeff noted that the cost analysis ELA did was to determine the difference in costs. Also as long as the analysis is consistently high in some areas and low in others, then the changes Gary recommended wouldn't really change the difference in costs between the options.

Ken asked if the gravity estimate included the land. Both Jeff and Gary said it did. Scot asked if gravity is more expensive than low pressure if the Authority buys and owns the grinder pumps. Jeff said his estimate has a difference of approximately 1 mill- 1.5 mill. Scott asked, if the gravity line cuts across farmland, is it a problem. Would it hurt the chances of preserving the farm? Gary explained that in his opinion it doesn't hurt it although it is more difficult to install the line across farmland that is already preserved. Gene asked if Gary would provide a copy of his notes to the board. Gary will send them to Denise and she can distribute them to the board. (Discussion notes attached)

DAVID BUSCH - RATE STUDY:

David Busch distributed four rate models - Blue Ball Water Authority, Terre Hill water, East Earl Sewer Authority, and Terre Hill sewer.

Blue Ball Water Authority –

David did not include the tapping fees because tapping fees should be held for future improvements not for the operating budget, particularly since tapping fees do not necessarily regularly repeat like other revenues. Based on the numbers, this model is looking at a deficit each year. He noted that included in the expenses is depreciation, which is a non-cash expense. He does not usually look at depreciation in this kind of analysis, and if it were removed, this model would be operating at a surplus. The current rates for this model are \$28.00 for the first 3,000 gallons then \$5.75/1,000 gallons over 3,000 gallons.

Terre Hill water -

David noted that the rates in Terre Hill are set to cover indirect costs for police, fire and street lights. Based on the numbers, this model is looking at a surplus. Depreciation is not budgeted for in this model but he does not know what the correct depreciation amount would be for Terre Hill. The current rates for this model are \$45/ quarter for 1,000 gallons then \$8/1,000 over 1,000.

East Earl Sewer Authority –

Again, David did not include the tapping fees. Based on the numbers, this model is looking at a deficit but again, depreciation is included. This model would be operating at a surplus if depreciation wasn't included. The current rates for this model are \$165/quarter.

Terre Hill sewer –

Based on the numbers, this model is operating at a surplus over \$100,000 but again, depreciation is not included. The current rates for this model are \$45/ quarter for 1,000 gallons then \$9.50/1,000 over 1,000.

At this point, the models are not comparable and the inconsistencies need to be dealt with.

Harold asked if there are any glaring deficiencies with any of the budgets. David said there is nothing missing. Some of the issues he noted were the indirect costs in Terre Hill and Blue Ball and East Earl including depreciation. He said all are being managed responsibly. Gene noted that Terre Hill budgets for a surplus to set aside money for future work.

David noted that a combined budget needs to be developed. He will need to know what the debt service for East Earl Sewer Authority will be due to the Earl Twp. upgrades. Gary said he can provide this information.

Gene asked if East Earl Sewer Authority includes the cost to maintain the grinder pumps. David said yes. A decision needs to be made regarding the grinder pumps, but he can run the rates with and without costs to maintain grinder pumps to help the board make a decision.

Ken asked if customers with meters could be charged sewer based on usage and customers without continue to be charged a flat rate. David said that is possible, but the Authority wants to pull the systems together and be consistent. David said the optional flat rate for customers with well water is typically set to be 10% higher or more than the average metered customer rate to encourage them to install a water meter on their well.

The board agreed that in order for David to have comparable models, the tapping fees, depreciation, and indirect costs should be excluded from the comparison.

David will meet with the board again on May 16, 2017 at 6:30 p.m. and the Day-to-Day committee meeting scheduled for that day will be held on May 23rd.

Scot Ash moved to adjourn the meeting at 8:10 p.m., seconded by Randy Miller. The next meeting will be held on May 1, 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