

*Minutes of the regular meeting of the Municipal Authority of the Borough of Derry held in the Authority office at 620 N. Chestnut Street, Derry, PA on Wednesday, June 19, 2019.*

*The meeting was called to order at 7:00 o'clock, p.m. with the following members answering the Roll Call: Mr. Peter A. Checca, Chairman; Mr. Fredrick D. Goodman, Vice-Chairman; Mr. Richard K. Thomas, Secretary; and Mr. Daniel D. Chaney; Treasurer; and Mr. Grant A. Nicely, Assistant Secretary/Treasurer. Also, in attendance were Authority Manager, Amy Forsha, Solicitor Samuel Dalfonso Esq., of Dodaro, Matta, and Cambest and Engineer Mark Gera of Gibson-Thomas Engineering, Inc.*

*On a motion by Mr. Goodman and seconded by Mr. Chaney the minutes of the regular meeting of May 15, 2019 were presented for approval and all members voted in favor.*

#### *Visitors*

*Chad Fabian, Borough Council President attended the meeting to discuss a spring discharging in the middle of West Third Street near Hickory Ave. Chad stated that the spring is close to the Borough/Township line. Chad asked the Board if the spring counted as stormwater management and if the Authority would be able to help them with the situation. Chad also asked if it was an Authority water leak. Mrs. Forsha stated that the Authority crew checked the water and it is not a water break. Mr. Gera stated that the area should be excavated to determine where the spring is coming from and French drains installed to the catch basin. Mrs. Forsha stated that there is no money in the stormwater department to extend storm lines and pave streets but the Borough could do a project and connect it in and the Authority could take over the ownership of the line. Mr. Gera stated that he would take a look at it. Chad also stated that he plans to talk to the township. Greg Reinbold reporter with the Latrobe Bulletin was also present.*

#### *Correspondence*

*Ruth Richardson of 390 Traction Ave submitted a letter requesting relief for a leak. The Board reviewed the letter and suggested that she contact her insurance company first.*

*Water Bills for May 2019 in the amount of \$177,867.27 and Sewer Bills in the amount of \$44,598.90 were presented for payment. On a motion put forth by Mr. Goodman and seconded by Mr. Thomas, all members voted to pay the bills*

*The Water Treasurer's Report showing a checking account balance on April 30, 2019 of \$86,637.12 with deposits of \$197,567.80 and less expenses of \$177,867.27 leaving a reconciled balance of \$106,337.65 for May 31, 2019 was presented by Mrs. Forsha. A motion to accept the treasurer's report was offered by Mr. Thomas and seconded by Mr. Goodman. All members voted to accept the treasurer's report, as presented.*

*Next Mrs. Forsha presented the Sewer Treasurer's Report showing a checking account balance on April 30th of \$109,504.89 with deposits of \$65,110.05 and less expenses of \$44,598.90 leaving a reconciled balance of \$130,016.04 for May 31, 2019. Mr. Thomas moved and seconded by Mr. Chaney to accept the treasurer's report and attach the same as an exhibit and that the same be incorporated by reference and be made part of these minutes. Upon motion duly made and seconded, it was unanimously approved.*

*The Manager's Water & Sewer Reports were presented by Mrs. Forsha. Included in her detailed monthly reports, Manager Forsha commented on the condition of Ethel Lake and the total gallons of potable water pumped for last month. The costs associated with operating the*

*pump house and the sewage plant were announced and also included was an equipment report on mileage and fuel consumption. The finished water turbidity reading of .017 NTU was also announced.*

#### *The Engineers Report*

*Mr. Gera presented Pay Estimate #2 from Bob Biter Electrical in the amount of \$30,538.58. On a motion by Mr. Thomas, seconded by Mr. Chaney the pay estimate was approved with all members voting in favor. Mrs. Forsha stated that the electrical upgrade was completed. In addition, Mrs. Forsha informed the Board that pump #1 is down and needs repaired. Mr. Thomas stated that the communication line between the office and the pumphouse needs repaired due to intermittent connection issues. Mr. Gera informed the Board that Ligonier Construction is starting work July 1, 2019 on the North Chestnut Street Waterline Replacement.*

#### *The Solicitor's Report*

*Mr. Dalfonso informed the Board that he has been working on recording rights of ways for the North Chestnut Street Waterline Project.*

#### *Water Old Business*

*Mrs. Forsha presented Resolution #191 for signature which grants authority to the chairman and manager to sign the Penn DOT HOP for the North Chestnut Street project. On a motion by Mr. Thomas, seconded by Mr. Chaney, all members voted to approve Resolution #191.*

#### *Water New Business*

*Mrs. Forsha presented the paving bids. Mrs. Forsha stated that Pro 1 Paving was the low bidder at \$17,900. On a motion by Mr. Chaney, seconded by Mr. Nicely, all members moved to award the paving contract to Pro 1 Paving.*

#### *Sewer Old Business*

*Next, Mrs. Forsha informed the Board that Richard Santella corrected a sewer lateral at 526 West Third Ave which was connected into the storm sewer. Mrs. Forsha also mentioned that 507 West Third Ave sanitary sewer lateral will be removed from the storm line next. In addition, Mrs. Forsha mentioned that the sewer line replacement along East Owens Ave is complete.*

#### *Sewer Department New Business*

*Mrs. Forsha informed the Board that during a dye test of 222 S. Ligonier Street, dye surfaced in the creek behind the Borough building. Mrs. Forsha informed that Board that a manhole will need to be installed so that the Authority can camera the sewer line to check for defects. In addition, Mrs. Forsha stated that she received a letter from the DEP requesting a plan to reduce the hydraulic overload at the sewer plant due to three consecutive months of hydraulic overload in 2018. Mrs. Forsha and Mr. Gera plan on working together to develop a response to the DEP. Mrs. Forsha said that the main source of I & I comes from private residences and suggested that the Authority just look at installing an equalization tank. Mr. Gera mentioned that the DEP thinks that equalization tanks should only be temporary and are not a solution to I & I.*

#### *Stormwater Department*

*In response to the proposed stormwater budget presented during the past two months, Mr. Nicely offered the following statement "the money collected for stormwater is to be used strictly for the upgrade, maintenance, and enlargement of the stormwater system. It is not*

*an extra source of income for the water authority. It isn't fair to our residents to charge them money required by law and only utilize a small percentage for what it is intended for. I find that all of the proposed budget plans that have been submitted so far are completely unacceptable. That money is not to be used to pay existing loans or bills. MS4 requires that money is used for a completely separate department to take care of stormwater only and to be overseen by the appropriate people. So, a budget should be established that uses 70-75% of the collected money for the stormwater and 25-30% maximum for administration costs. Not the proposed 5% for the stormwater. If a proper budget can't be figured out then maybe she should inquire to find an outside firm to come up with the budget. We need to consider what projects can be accomplished with that money and in what order on an annual basis. The end factor is to accomplish the most that we can to meet the requirements while passing on the least amount of costs to our residents. The last time I saw a budget that was put out the end product was 5%." Mrs. Forsha stated, "that there is a lot of overhead and the 3<sup>rd</sup> Street Culvert Loan takes up a lot of the budget." Mr. Nicely, stated that, "if you take any other corporate or division or whatever and you say this is x amount of dollars that we have, only 25-35% maximum is used as administration. I understand what you are looking at, but it is not an income for this authority, this is set strictly and only. It should have its own banking account, its own resources, and it should have its own department. 70-75% of that money should be used strictly and only to pay for the resources we need in the streets." Mr. Checca stated that the loan for the 3<sup>rd</sup> Street Box Culvert should not be paid for out of stormwater. Mrs. Forsha stated that the 3<sup>rd</sup> Street Loan is being paid for out of sanitary sewer funds which it has been since the loan was taken out by the Borough. Mrs. Forsha stated that the loan was to be removed from the sewer department and moved over to the stormwater department. Mr. Checca doesn't feel that the loan should be transferred to the stormwater department as the department is just being created. Mr. Thomas asked if the Borough was going to pay the loan. Mr. Thomas said either way the Borough residents are going to pay for the loan either through storm rates or sanitary sewer rates because the Borough can't afford to take that loan back. Mr. Thomas does not feel that the loan belongs in the sanitary sewer department. Next, Mr. Nicely and Mr. Checca stated that the Authority already has an administrative staff and is already sending out the bills so the stormwater department shouldn't have to pay as much for administration. Mrs. Forsha stated that she didn't even factor any labor into the budget besides administrative salaries. Mrs. Forsha stated that most stormwater projects will have to be outsourced. Mrs. Forsha stated that she originally proposed a monthly rate of \$25-\$30/month which would have generated more money for projects. Mrs. Forsha stated that the shared costs were determined based on the total number of accounts in relation to the total number of water, sewer, and stormwater accounts (4,689). Based on her proposal there are 2,529 water customers, 1065 sewer customers, and 1095 stormwater customers. Therefore, the water department will pay 54% of shared administrative costs, the sewer will be 23% and the storm department will pay 23%. Mrs. Forsha said that she set up the budget the way she did to make it equitable to each department, especially since she has 1,600 water customers in Derry Township. Mrs. Forsha stated that she didn't include vehicle expense, stormwater labor, etc. in the budget. Mrs. Forsha doesn't feel that \$10/month is enough to properly manage the aging stormwater infrastructure. Ms. Forsha agrees that the 3<sup>rd</sup> Street box culvert is a huge portion of the budget. She stated that the loan was taken out years ago by the Borough to replace a culvert and reconstruct East Third Street. Mrs. Forsha stated that the loan was paid for out of sanitary sewer funds by the Borough and then transferred to the Authority when the Authority purchased the sanitary sewer department. The loan is continuing to be paid for out of sanitary sewer money because that is the only mechanism to pay for it, stated Mr. Thomas. Next, Mr. Chad Fabian stated that people want to see things being done and catch basins being fixed with the \$10/month. Mr. Thomas stated that right now the stormwater*

department is being subsidized by the sewer department. Solicitor Dalfonso the appropriate place for the 3<sup>rd</sup> Street Box Culvert Loan would be to move it over to the stormwater department now since it is not a sanitary sewage expense. Mr. Checca state that he disagrees. Mr. Chaney stated that he attended a meeting and the speaker stated that the sanitary sewer department may need to subsidize the stormwater department until it is up and running but then the stormwater can pay the sanitary sewer department back eventually. Mr. Chaney suggested to take more money for administrative costs after each rate increase but not to take all the administrative costs out when the department is just starting up. Mr. Fabian requested a copy of the proposed stormwater budget. Mrs. Forsha stated that she would send him a copy. Mrs. Forsha stated that the need for a stormwater fee is not just due to MS4 regulations but also due to the age and condition of the entire stormwater system and years of neglect. Mr. Checca stated that he gave a list of catch basins to the manager 3 years ago and only 1 catch basin has been repaired. Mrs. Forsha stated that the Authority crew has repaired multiple catch basins over the past few years. Mr. Checca said he wasn't aware that some of the ones on his list were repaired. Mrs. Forsha said that even the one on Brayden Ave was rebuilt a couple of years ago before it collapsed again this week. Mrs. Forsha said that it's difficult for the crew to find time to rebuild catch basins due to the other demands of their daily schedule. Mr. Checca stated that he understands we are all challenged labor wise but some of the catch basins just need a board put in and the bricks remortered or a new concrete wall poured. Mr. Checca said he heard how Pat and Bob used to fix them and how simple it was and that it should only cost a few hundred dollars to repair each one. Mrs. Forsha stated that she would check with the foreman as to the status of the catch basins that need repaired. Mrs. Forsha stated that years ago she suggested that the Borough bill the stormwater fee annually with the taxes since the Authority has so much overhead with a manager and two clerical staff members. Mr. Nicely said that attaching the stormwater fee to taxes wouldn't work, especially if stormwater rates go up to \$40/month. Mr. Chaney said that the churches are tax exempt so that is why they chose not to add it as a special fee to taxes. Mrs. Forsha stated that once all of the commercial impervious areas are calculated and the fees set it is going to be difficult for many churches and other commercial property owners to come up with the money to pay the stormwater fee. Mr. Chaney suggested that the Authority cut the administrative/overhead costs to 1/3 and then increase it in the future when stormwater rates are increased. Next, Mr. Goodman stated that no stormwater budget has been formalized that they were all proposed budgets. Mr. Gera stated that the real issue is the box culvert loan and that it skews the budget the wrong way so he stated that the Board could take out the box culvert loan and then there would be that amount of money to go toward projects. However, the problem is the DEP sent a letter and is requesting that the Authority develop a plan to reduce hydraulic overloading at the sewer plant. Mr. Gera said that if the 3<sup>rd</sup> Street Box culvert loan is left in the sewer department a rate increase will be likely because of the hydraulic overload. Next, Mr. Fabian said public perception is key and the public cares about smooth roads and the Borough has been holding off paving road until storm drains are repaired. Mr. Fabian does not want to pave streets and then have patches where utility work is done. Mrs. Forsha stated that even if the storm water budget has more in the infrastructure improvement accounts the limited amount of revenue is not going to go far due to the cost of projects. Mrs. Forsha said that there is not going to be enough money to replace storm lines on entire streets. Mr. Fabian said to just focus on the 26 catch basins and then he can start paving streets. Mr. Gera suggested that all the lines be televised on the street before paving each street. Mr. Dalfonso suggested that the Borough amend their street opening ordinance requiring utilities to pave curb to curb. Mr. Thomas stated that the Authority has been prioritizing storm line repairs and focusing most of our efforts on removing homes that have their sanitary sewer laterals connected to the storm lines which discharge into the creeks.

*Next, Mrs. Forsha stated that the projected revenue is all contingent on everyone paying the new fee. Mrs. Forsha feels that there will be a high delinquency rate. The Authority plans to implement a system in which water service will be terminated if the storm water fee is not paid. The Board requested that manager Forsha present two versions of budgets for next month. One budget splitting the administrative costs 60% water, 30% sewer, and 10% storm with the 3<sup>rd</sup> Street Loan coming out of the storm water fee and one budget splitting administrative costs 60/30/10 and keeping the 3<sup>rd</sup> Street Loan with the sewer department.*

*Next, Mrs. Forsha presented Resolution #192 “Establishing a Fee for Support of a Stormwater System.” Mrs. Forsha stated that the Equivalent Residential Unit (ERU) will be based on an impervious area of 0.057 acres. The charge per ERU shall be set at \$10/month effective July 1, 2019. On a motion by Mr. Chaney, and seconded by Mr. Nicely, Resolution #192 was approved by all members.*

*Next Mrs. Forsha stated that her and the solicitor will work on drafting storm rules and regulations for the next Board meeting.*

*Mr. Chaney made a motion to adjourn the meeting at 8:45pm o'clock and Mr. Nicely seconded with all members voting in favor.*

*Mr. Richard K. Thomas  
Secretary*