

**EAWA BOARD MEETING MINUTES**  
**November 10, 2014 - 6:30 PM**

**1. CALL TO ORDER:**

The EAWA Board meeting was held in the Meeting Room at 211 W. Hummelstown St. and was called to order at 6:30 P.M. by Dr. C. Dale Treese. Members present: Keith Murphy, John Buch, Jeff McCloud, Del Becker, Chuck Brewer, and Rick Erb. Also present were George Alspach, Solicitor; Mike Skelly, Manager; Gene Haldeman, Operations Manager; Michele Powl, Admin Clerk. **Other Attendees:** None.

**2. PLEDGE OF ALLEGIANCE TO THE FLAG:**

**3. PUBLIC COMMENT:** None.

**4. APPROVAL OF PREVIOUS MINUTES:**

**Action:** "That the Board approves the WS Meeting Minutes of 10/1/14 and Board Meeting Minutes of 10/13/14, as presented."

**Motion:** K. Murphy      **Second:** J. McCloud      **Approved**

**5. REPORTS:**

**Review 2015 Board Meeting Dates & Holidays Observed -**

**Action:** "That the Board approves the 2015 Board Meeting Dates & Holidays Observed, as drafted."

**Motion:** J. Buch      **Second:** K. Murphy      **Approved**

**2015 Draft Operating Budget** - Skelly noted that Board received a revised copy of the budget dated 11/6/14 and a copy of the Capital Budget dated 10/25/14 in their packets to trace the beginning balance of \$750,000 from the Capital Reserve Fund to the Operating Fund. Skelly said he met with our insurer on Friday and was given two revised figures that he is proposing as changes to the Operating Budget for insurance. They are: (1) Item #429.521 Workers Compensation \$21,500 to be reduced to \$19,000 and (2) Item #429.526 Property & Casualty Insurance - \$31,500 to be increased to \$34,000. Brewer asked if these are definite figures. Skelly said the insurer tries to meet with us as close to December as possible to provide the figures; however, when they deliver the total package of rates in January, there could be a 5 – 10% difference. Skelly said the changes that Gene discussed at the 11/5/14 meeting regarding Item #428.435 WT Plant Maintenance & Repairs were revised. Brewer mentioned Item #429.741 Computer Support & Maintenance that it was \$9,000 for the 2014 Budget and it is increasing to \$17,500 for 2015 Budget. Skelly said approximately \$4,000 will be used for ACH payments and \$2,000 for the firewall.

Treese asked about the unappropriated balance and how the funds connect between the Capital and Operating Budgets. Skelly said as of December 31, he is predicting that by the time we pay the December payment for the bonds that we will have \$2.5 million in the money market. He wants to lower that amount to \$750,000, which will be the amount remaining in the Money Market Capital account. The \$1.75 million will be transferred to the Capital fund. Skelly said he will be making the transfer at the beginning of the year so the beginning balance will be \$750,000. If everything goes as expected for 2015, EAWA will have \$1.3 million in the Operating fund and CRIM will remain at \$2.1 million. Skelly said that Chris Gibbons will come and explain what we need to do for a five year investment.

Treese asked if the figure listed on the Capital Reserve under the heading CRIM merger was for the MJT merger. Skelly said yes. He noted that the money was separated to cover the costs associated with the merger - SRBC. Skelly stated that the category should be eliminated in 2015 and the money will be distributed into other categories. Treese asked Skelly if he will be commenting on those categories. Skelly said very briefly, but it is premature to discuss the different categories prior to year end because it will take several meetings. Skelly said he was talking to Chris Gibbons about it and prepared a year by year breakdown according to each fund with some of the figures filled in. Skelly's recommendation is that we don't worry about the figures until March. Treese asked if provisions were discovered that would prevent EAWA to prepay the bonds. Skelly said yes. If, and when, we receive full payment from Cornwall Quarry, the money must be used to pay down the 2008 bond (originally 2002 bond). He asked the bank to calculate what the penalty would be if it was prepaid tomorrow. They advised that it would be approximately 6.6% or \$73,000. Skelly said Alspach will investigate for any alternative to avoid the penalty; however, it won't happen for a year or two until the deal is closed with Cornwall.

**Action:** "That the Board approves the draft 2015 Operating Budget, dated 11/6/14, as presented."

**Motion:** K. Murphy      **Second:** R. Erb      **Approved**

Treese stated final approval will be made at the December meeting.

**Insurance Services Office, Inc. Community Evaluation of Public Protection Class** - Skelly said this was informational and provided an explanation on how the rating was received. He said Roni Ryan received the fire rating evaluation on our community based on the fire department, water company, and other criteria. The rating we received was 62.9 out of 105.5, which equals a 4 on the State and National figures. He said we scored better than the fire department because of flushing, pressure testing, training, etc. Alspach stated that if you have a higher rating, your fire insurance will be less expensive. Skelly said one area that EAWA could improve would be to conduct pressure tests every year.

**Distribute Draft 2015 Capital Budget** - Skelly said last year the Board approved several different budgets. This year we have done away with that format for a number of reasons. He said he used the regular Capital Budget and included an outline showing how much money is in the CRIM account and the Capital fund, the

estimated amount of Capital needed for the future, and the transfer between the Operating and Capital funds. The second page of the Capital Budget is not any different than past years as it starts off with how much money we have. One of the big changes that we started last year was the tapping fees were placed back into the Capital account. Skelly said he talked to the different Zoning Officers and Township Managers and it doesn't appear that there will be a lot of new developments coming that we would be receiving tapping fees. The starting revenue would be \$4.1 million. The three major expenses for next year is the step-van, meter replacements and telemetry. Brewer asked if the total revenues were \$1,792,226 for 2014. Skelly said yes. Brewer asked if the total of the revenues for 2015 are \$4.1 million. Skelly said yes. The figure includes the amount of the transfer into the Capital account from the Operating fund. Treese asked Skelly to pull the CRIM amount from the Capital account so there is consistency between the 2014 and 2015 budgets. Skelly distributed a sheet to the Board to be discussed after the first of the year.

**Distribute Draft Cyber-Security Plan** - Skelly said that the Board should review, discuss at the next meeting and take action on it by January. He said the concerns were raised last year by the Federal Government with both a Presidential Executive Order and the EPA for us to look at how and what degree our SCADA could be hacked or interrupted. Skelly said he used what the American Water Works Association has done to help utilities navigate this. He said this is something similar to post 911 when emergency response plans had to create terrorism plans. This plan focuses on cyber security so he took information that was already published, went through an assessment, and did some research. Tri-Star looked at it and provided guidance. Our IT person reviewed and provided additional comments. Skelly said he wanted assurances from our consultants because he did not have the expertise. The consultants felt we were good with what we had other than updating our fire wall, which is already scheduled to be upgraded. Skelly said looking at the analysis; there are a few recommendations – nothing major. He said there is not a lot of evidence that the utilities have been hacked into, but in 2006 Harrisburg had an issue. Skelly tried to get more information from Harrisburg, but no one would return his call. Brewer said that he heard today that a lot of the breaches occurred through a sub-contractor. He asked if we have any that have access. Skelly said only Tri-Star and our IT consultant.

- a. **Operations Manager's Report:** None.
- b. **Public Works Director's Report:** None.
- c. **Engineer's Report:** None.
- d. **Financial Reports:**
  - i. Copies of Paid Bills statement (10/23/14) distributed with package (\$39,173.59 for balance);

- ii. Statement of Revenues & Expenditures for period of OCT YTD, distributed with package. Income: \$5,044,855.45 (inc. fund balance), Expenditures: \$2,032,697.44 (inc. debt principal & interest).

**Action:** "That the Board accept the OCT Statement of Revenues & Expenditures (Actual vs. Budget)."

**Motion:** K. Murphy    **Second:** J. Buch    **Approved**

- 6. UNFINISHED BUSINESS: Taste Test follow-up** - Treese asked Haldeman if we had carbon filters at each well site and the water plant. Haldeman said no, we haven't needed them. Treese said he thought we had one here at the new plant. Haldeman said no, we had one at the old plant. Board agreed that there were some differences in the water but none of the samples tasted bad. Treese said that since taste and smell were listed as the highest concerns by customers, it would be good to start a public educational series. Treese said that we could include a flyer each quarter that would address a different item. Murphy stated that if customers were accustomed to well water than our water will taste different. Treese said we are trying to address concerns that the customers have had and now we need to educate our customers. Treese stated that our ratings are top notch with the state. Haldeman agreed. Powl mentioned that she has information from Penn State listed under "Special Announcements" concerning different tastes. Treese said that is good but we still need to send out information to everyone since most customers don't use the website.

**Commemorative Building Plaque** - Skelly requested that the Board think about the details of the text and the style and shape of the plaque to obtain a firm quote. Treese said we can discuss at the 12/3/14 meeting.

**10 Year Anniversary Celebration** - Skelly asked the Board for their thoughts about the celebration. Murphy suggested an Open House with tours of the water plant, catered food (similar to what we had for the new building), and provide educational handouts. Skelly asked if it was held on a weekday or weekend. Haldeman and McCloud said it was a weekday. McCloud mentioned that a weekend may be a better option than a weekday. Skelly said staff can provide a few options for the Board to choose from at the December or January meeting.

- 7. NEW BUSINESS:** None.

- 8. BILLS PAYABLE:** Refer to Unpaid Report;

**Action:** "That the Board pay bills listed on statement of Unpaid Bills Detail (11/10/14), totaling \$375,715.31."

**Motion:** J. Buch    **Second:** J. McCloud    **Approved**

- 9. BOARD MEMBER'S REMARKS:** Murphy asked about the status of the Stoneybrook development and LOC. Skelly said he has not heard or received anything from Gruber. Board to revisit in January. Board would like Skelly to send an email to Gruber inquiring about the status. Buch commented that he is happy

that we have the surrounding municipalities under one roof for water. Becker wanted to thank all veterans for their service. McCloud volunteered to assist Skelly and Powl with educational information about our water and the 10 year anniversary celebration. Skelly asked the Board how involved they want to be with the communication of the educational information. Board said to involve McCloud and provide information to the Board. Brewer said he is impressed with how Gene handles the meter replacements and thanked Becker and Murphy for serving their country. Treese mentioned that the Borough will be issuing a credit of \$140K to Elizabethtown College due to the updated meter readings for sewer.

**10. EXECUTIVE SESSION:** Met to discuss Personnel matters.

**11. ADJOURN:** 7:50 PM

**Action:** "That the Board adjourns the regular meeting."

**Motion:** K. Murphy    **Second:** C. Brewer

**Approved**

Respectfully submitted,

M. Skelly, Authority Manager

***Approved at 12/8/14 Meeting***