

EAWA BOARD MEETING MINUTES
November 9, 2015 - 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: Jeff McCloud, John Buch, Rick Erb, Del Becker, and Chuck Brewer. Absent: Keith Murphy. Also present were George Alspach, Solicitor; Mike Skelly, Authority Manager; Grace Miller, Business Manager; and Michele Powl, Administrative 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 10/7/15 and the Board Meeting Minutes of 10/12/15, as presented."

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

5. REPORTS:

Manager's Report: Skelly asked the Board to consider possible dates and ideas for the holiday luncheon next month. He said he left a phone message for Nick Viscome at ERSA as well. Treese said staff can discuss and decide.

Review 2016 Board Meeting Dates & Holidays Observed - Board reviewed and Treese approved dates as listed on the attachment.

2016 Draft Operating Budget - Skelly mentioned the Monthly Income and Expenses – Operating Fund Balance report provides a summary of EAWA's profit and loss each month. It is helpful to compare current figures with previous years' figures. He said if you compare the figures from the year-end balance including the reserve it matches with the profit and loss included in the agenda packet tonight. He said at year-end he will provide a monthly cash flow report. Brewer asked what income is shown on the months that bills are not due. Skelly said it is anything that is reimbursed to EAWA (Benecon, Comverge, cell tower rental fees, etc.). Skelly said looking at the 2016 draft operating budget that revenues are down overall – decrease of 1% for Borough and 2% for WDT and an increase of 6.4% for MJT. He noted there was a transfer from item #392.900 (Transfers from Other Funds) of \$251K from 2015 which was coming in from revenue to pay for Capital Investments including a vehicle to be purchased. He said it will not show up on 2016 budget. Skelly noted it is difficult to predict the refund amount for the health insurance based on the performance from the prior year. Becker asked Skelly about item #427.370 Lab Testing increasing from \$25K to \$50K. Skelly stated the testing for cryptosporidium is increasing by \$6K over 3 months for October - December and

2017 it will increase by \$24K and a decrease in 2018 to \$18K for the additional required testing. Becker suggested increasing the amount listed under item #427.742 Equipment – Purchase Replace from \$5,500 to \$10K. Brewer asked what item #427.240 General Expense is used for. Skelly said he would check with Haldeman and advise Board. Brewer commented about the amount being struck through on item #427.330 Vehicle Purchase. Skelly said the vehicle has not been purchased yet. Per Haldeman, the vehicle will be approximately \$10K more due to the original amount being based on a step van and now it will be a truck. The money will be taken from Capital Budget instead of Operating Budget. McCloud asked about the increase in the amount listed under item #427.350 Electric – Wells. Skelly said he has been hearing rates may increase as high as 15%. Brewer asked about item #428.840 Special Capital Projects. Skelly said it is a placeholder. Becker asked about item #428.321 Filter Plant Telephone, Fax & Internet if lines would be decreased due to the new radio system. Miller said a few lines have been removed. Brewer commented on item #428.434 Pumps – Maint. & Repairs increased from \$3,200 to \$9K. Skelly said Haldeman listed a mag meter distribution pump. He will confirm with Haldeman and advise Board. Brewer asked about Item #428.360 Filter Plant Electric. Skelly said he budgeted for a 3% increase. Brewer asked about item #429.100 Filter Plant Salaries – FT Employees increasing by \$19K and item #428.150 Filter Plant Salaries – PT Employees decreasing by \$13K. Skelly said the increase in full time salaries was agreed to last year as part of wage parity survey (5%) and the decrease in part time salaries are because Haldeman is relying less on part time staff. Brewer asked about item #429.513 Healthcare Insurance. Skelly said EAWA's rate increased 14% and employees will be contributing as follows: Single rate increases from \$30 to \$35 per paycheck and the Family rate increased from \$91 to \$105 per paycheck. Becker asked if EAWA discussed item #429.760 Admin PWD Reimbursement with the Borough. Treese said Borough has budgeted for this item. Treese asked Skelly if he will be placing money in the Capital Reserve. Skelly said he will review figures and look at increasing the Capital Reserve. Buch asked about item #428.190 Filter Plant Admin. Expense. Skelly said it is for annual performance reviews to be done in December. Debt service ratio – Operating Fund Reserve Target is 25% of total expenses. Skelly said item #472.160 Debt – Interest 2004 Bond – Interest (WDT) was transferred from Concord Financial's numbers. Skelly said total debt service is going up 5.3% for 2016 and will increase to 15-20% in 2017. Treese said EAWA needs to be cognizant of this for 2017, 2018 budgets. Skelly said mid-year he can rerun the financial forecast for 10 years and see where EAWA stands. Treese said EAWA will need to look at the financial forecast and review commercial rates for 2017. Treese said the Unappropriated Balance is \$1.4 million and Operating Fund Reserve is \$660K (25% of Total Expenses). Skelly said he would like to review in 3-5 years to increase coverage from 90 days to 150 days. Skelly said it would assist in obtaining a better credit rating with S & P; however, does EAWA want to have the funds just sitting in that account or are there better options. Treese advised Skelly to email additional information to Board members and Board will look at adopting the budget at WS meeting on 12/2/15.

2016 Capital Budget - Skelly briefly mentioned EAWA's goals (SRBC, manual meter replacement, energy audit, and water mains) as listed on the handout for the

Board. Skelly referenced a handout titled "Planned - 10 Year Capital Budget" that provides background for the Capital Budget. Skelly noted the introduction sheet lists figures for the CRIM and Money Market accounts totaling \$3.7 million. Skelly said he is predicting a usage of \$2.7 million for the next 10 years. Skelly said the second page of the Capital Budget shows the breakdown of the accounts with the Sale of Cornwall Quarry being the big item following tapping fees and payments towards the West Ridge water tank (11 lots for Stoneybrook Development and 3 lots for Woods Edge). Treese said he is concerned about the \$715K shown for Cornwall Quarry. He would prefer to pull the amount from revenue in the event the buyer defaults on the agreement and list as a footnote. Alspach recommended contacting the Auditor about it. Skelly said he will update figures for the vehicle (once purchased) and the generator. Treese asked Skelly to revise figures and provide an updated budget to Board members prior to WS meeting on 12/2/15. Becker recommended having Lusardi work with staff in 2017 to develop a concept plan to modify the facility to phase out the old plant and clear well.

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 (10/30/15) distributed with package (\$28,668.83 for balance).

ii. Statement of Revenues & Expenditures for period of OCT YTD, distributed with package. Income: \$3,860,522.46 (inc. fund balance), Expenditures: \$1,891,080.28 (inc. debt principal & interest);

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

Motion: C. Brewer **Second:** D. Becker **Approved**

6. **UNFINISHED BUSINESS:** None.

7. **NEW BUSINESS:** None.

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

Action: "That the Board pay bills listed on statement of Unpaid Bills Detail (11/9/15), totaling \$383,557.57."

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

9. **BOARD MEMBER'S REMARKS:** Buch stated there should be an article about the 3 municipalities working together. Brewer thanked Veterans on the Board for their service.

10. EXECUTIVE SESSION: None.

11. ADJOURN: 7:50 PM

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

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

Approved

Respectfully submitted,

M. Skelly, Authority Manager

Approved at 12/14/15 Meeting