

**FREDERICKSBURG SEWER & WATER AUTHORITY**  
**MEETING MINUTES**  
**November 16, 2009**

The November 16, 2009 meeting was called to order by Chairman, Jim Heisey. Roll call was taken by Secretary, Lorrie Wright. Those in attendance were Jim Heisey, Rick Rudy, Leonard Snavely, Dale Bevans, and Kevin Organtini. Bob Webber participated via telephone. Also in attendance were Tony Fitzgibbons, Scott Lutz, Jeff Steckbeck, and Lorrie Wright.

**COMMENTS/COMPLAINTS**

**MEETING MINUTES**

The November 2, 2009 meeting minutes were approved without objection.

**TREASURER'S REPORT**

**Bills Payables** – Kevin Organtini made a motion to approve the Fredericksburg Sewer Payables in the amount of \$5,433.60, the Fredericksburg Water Payables in the amount of \$36,248.29, and the Monroe Valley Sewer Payables in the amount of \$2,137.73. Rick Rudy seconded the motion. All voted in favor and the motion carried.

**Financial Statement** – Dale Bevans made a motion to approve the financial statement as submitted. Leonard Snavely seconded the motion. All voted in favor and the motion carried.

**ENGINEER'S REPORT**

**General / Administrative** – Support continues for the administrative staff as requested.

**Fredericksburg Plant Expansion / South Fredericksburg** – Design work continues on the new treatment plant with changes as identified by the Operations Committee. A meeting is ready to be scheduled with the Operations Committee. The ACT 537 Plan Update is finished but going through some final editing. It will be sent to DEP sometime this week.

**Fredericksburg WWTP Operations Support** –Engineering continues to support the staff as requested. There were no issues since the last meeting.

**Monroe Valley WWTP Operations Support** – Videos were received on the Monroe Valley Mobile Home Park. The areas of infiltration were identified and also the area where the grease is being generated.

The Blue Mtn View Estates Subdivision got started and engineering assisted in locating piping for the PaOne Call.

**Fredericksburg Water System Operations Support** – Engineering continues to support the staff as requested. There were no issues since the last meeting.

**Well #8 – Water System Improvements** – The Fredericksburg water system currently has a total storage capacity of 1,350,000 gallons encompassed by the old 200,000 gallon standpipe; the 150,000 gallon in ground reservoir; and the 1.0 million gallon elevated tank. The effective storage is only 1,000,000 gallons

because the old standpipe is being eliminated and the reservoir is needed to provide the retention time for disinfection. The projected future demand for water in Fredericksburg is 1.1 million gallon per day. AWWA recommends 25% of average daily demand for equalization. Therefore, 275,000 gallons of storage is necessary for equalization. Insurance Services Office rating methods recommend that Fredericksburg should have available fire flow of 3,500 gpm for 3 hours. This results in a need for 630,000 gallons of storage. AWWA recommends one day of system demand as emergency storage. This equals 1,100,000 gallons. Adding up these components 275,000 gal equalization + 630,000 gal fire flow + 1,100,000 gal average daily demand = 2,005,000 total recommended water storage. Storage shortage is 1,005,000 gallons. In July 2009, the 'FSWA' was fortunate enough to be awarded a \$1 million grant from the state's H2O funding program administered by the Commonwealth Financing Authority. This is far short of the \$4.8 million for which we had applied to help fund the projected \$7.3 million project. In recognition of the \$6.3 million shortfall of funds, the CFA has presented FSWA with an opportunity to reduce the size of our project down to as low as \$1.5 million while still preserving our right to the grant. The new water tank is estimated to cost approximately \$1.7 million. To maximize the effectiveness of the grant, and to meet the CFA deadline to accept the grant, Mr. Steckbeck recommended that the FSWA should move forward with the new water tank as a stand alone CFA funded project. The full \$1 million grant may be applied, thus the FSWA will only need to borrow \$880,000 to cover the \$700,000 balance for the tank, plus \$180,000 for McCullough's fee. In effect, the CFA will be paying for about 50% of the cost of the new tank which is a very good deal for our customers. The remaining portion of the water project will be the new water source (Well #8 or a filtrations plant) and the South Fredericksburg water distribution system. Bob Webber made a motion to define the CFA related project to be the construction of a 1 million gallon water tank. Dale Bevans seconded the motion. All voted in favor and the motion carried.

As a result of the last Authority meeting, Mr. Steckbeck evaluated the three water supply alternatives for future water demands. He contacted the City of Lebanon Executive Director Jon Beers to determine their interest in purchasing the FSWA water system. Mr. Beers was supplied with FSWA water maps; system valuation; budgets for years 2008, 2009 and 2010; audited financial statements; water demand projections through year 2025; Farmers Pride's letter for 450,000 gpd additional annual demand; and H2O grant application information. Mr. Beers then discussed the matter with the City of Lebanon Board at their November 4<sup>th</sup> meeting and then again during the week of November 9<sup>th</sup> with the City of Lebanon finance committee. Mr. Beers and assistant Tom Deitzler met with Chairman Jim Heisey and Jeff Steckbeck on November 12<sup>th</sup>. They indicated that the CoLA is interested in purchasing the FSWA water system. CoLA's initial position is that CoLA would create the Fredericksburg water district and all costs of purchase would be charged directly to Fredericksburg customers. Based on their evaluation of the numbers, it appears that the cost to the customers would be about 40 cents per thousand gallons for each one million dollars of the purchase price, which would get added to the currently adopted FSWA rates. The

Chairman and Engineer convinced Mr. Beers that a good portion of the FSWA operating budget would be saved by CoLA through the economy of scale and that the Fredericksburg customers should first realize those savings through a reduction of rates before the 40 cents per million gets added back onto the rates. Mr. Beers indicated he would discuss this matter with his Board. He then contacted the engineer to indicate that the most CoLA would offer to purchase the FSWA system would be \$3.9 million which is the depreciated asset value indentified in our last audit. The Chairman and Engineer believe this would result in higher water rates for the Fredericksburg customers that are currently being charged by the FSWA. The Chairman stated that he would be unwilling to accept anything less than \$7 million for the water system.

The option of a new surface water source to replace Lebanon capacity would provide for the development of a new Swatara Creek surface water withdrawal of 1.1 mgd; pump it back to the main FSWA plant; and construct and operate a new 1.1 mgd filtration plant. The costs for this option were presented and are included with the minutes. The new surface water withdrawal and transmission piping is estimated to cost \$2,273,229. A new 1.1 mgd filtration plant in a new 80' x 180' building is estimated to cost \$5,352,362. Total cost is therefore \$7,625,591. Debt service for this expense would be \$426,201 per year (USDA loan, 40 years @ 4.75%). This equates to \$1.06 per thousand gallons. (Compared to the City of Lebanon rates which are \$3.20 per thousand gallons) This is just a treatment component. We would also have to pay our debt for storage, personnel, chemicals, etc.

The option of purchasing all water from the City of Lebanon would necessitate that we re-negotiate our Agreement with Lebanon for them to supply up to 1.1 million gallons per day. Mr. Beers has indicated that Lebanon will charge the FSWA a capacity fee for the additional 600,000 gpd over our current half million gpd allocation. The capacity fee has not been formally established and requires a vote of the CoLA Board.

After some discussion, Bob Webber made a motion to table this matter until January 2010. Rick Rudy seconded the motion. All voted in favor and the motion carried.

### **SOLICITOR'S REPORT**

**L & L Pig Producers** – Tony Fitzgibbons reported that he forwarded the appraisal to L&L Pig along with the revised option agreement extending the date of purchase through 2012. The solicitor expects to have a response by December.

**Resolution 2009-9 – Setting the Monroe Valley Tapping Fee and Special Purpose Tapping Fee & Resolution 2009-10 – Setting Rates, Fees, and Charges for 2010** – Mr. Fitzgibbons presented these Resolutions to the Board for approval. The Board addressed these items during the Budget Committee report.

### **OFFICE MANAGER'S REPORT**

**William Eckenroth/Camp Strause** - Lorrie Wright reported that Mr. Eckenroth requested an extension on his sewer connection in order to meet Bethel Township requirements. The Board stated that if he is making an effort the Authority would be patient, however, if he abandons the effort then we would move forward with the conditions of the lawsuit.

**Tom Lawson, Claire's Way** – Mr. Lawson requested an adjustment in his sewer and water bill because of a toilet leak. Mr. Lawson's bills average around 3,000 gallons per quarter and the October usage was for 29,000 gallons. Kevin Organtini made a motion to reduce his usage to 15,000 gallons for water and sewer. Bob Webber seconded the motion. Mr. Rudy, Mr. Snaveley, and Mr. Bevans opposed. The motion was defeated by a vote of 3 to 2. Mr. Lawson will be notified that the Board considered his request and failed to take action.

### **OPERATOR'S REPORT**

**Monroe Valley** – Scott Lutz reported that the tanks were washed and the UV bulbs were cleaned.

The staff assisted Lebanon with finishing flushing the lines. In addition to the grease build up, they found plugged lines that are leaking on 2 vacant lots in the area of Old State Road. It was decided that the laterals need to be dug up and plugged. Swatara Township will be contacted to determine if another Highway Occupancy Permit will be necessary.

The Board authorized sending a letter to all Monroe Valley residents along with the December billing requesting that they no longer dump grease in the sewer system. Mr. Heisey will draft a letter.

Post EQ valve is not working so a new unit was ordered. That unit does not work either. Paul Lutzkanin went out and did some troubleshooting and determined that the valve is the problem.

Three grinder inspections were performed.

**Fredericksburg Sewer System** – The pump stations were flushed with the sludge truck. Tanks were washed and sludge was hauled.

**Misc.** – The Ford Ranger was taken in for inspection and it required a lot of repairs and tires. The staff performed some of those repairs.

Scott Lutz reported that Oak Ridge moved ground around the meter pit making it difficult to get a meter reading. Dale Bevans made a motion to send a letter to Oak Ridge requiring them to meet FSWA standards including replacing the meter pit with a water tight meter pit and installing a compound radio read valve. Rick Rudy seconded the motion. All voted in favor and the motion carried.

### **OLD BUSINESS**

#### **2010 Budget –**

**Monroe Valley Sewer** – Bob Webber made a motion to adopt the 2010 Monroe Valley Sewer budget with an income in the amount of \$284,400.00 and disbursements in the amount of \$284,400.00. The sewer rate will remain at \$210.00 per quarter. Kevin Organtini seconded the motion. All voted in favor and motion carried.

**Resolution 2009-09** – This resolution recommends raising the Monroe Valley Tapping Fee to \$5,000.00 and the Special Purpose Tapping Fee to \$9,900.00 effective immediately. Kevin Organtini made a motion to adopt Res. 2009-9. Bob Webber seconded the motion. All voted in favor and the motion carried.

**Fredericksburg Sewer** – Dale Bevans made a motion to adopt the 2010 Fredericksburg Sewer budget with an income in the amount of \$568,663.00 and disbursements in the amount of \$568,663.00. The sewer rate will remain at \$9.70 per 1,000 gallons, the Debt Service will be \$28.50 per EDU, and the Chesapeake Bay Charge will be \$5.00 per EDU. The sewer rate for the minimum of 5,000 gallons will be \$82.50. Leonard Snavelly seconded the motion. All voted in favor and the motion carried.

**Fredericksburg Water** – Bob Webber made a motion to adopt the 2010 Fredericksburg Water budget with an income of \$1,908,227.00 and disbursements in the amount of \$1,908,227.00. The water rates will be \$5.25 per 1,000 gallons up to 25,000 gallons, \$5.00 per 1,000 gallons from 25,001 up to 90,000 gallons, \$4.10 per 1,000 gallons from 90,001 up to 200,000 gallons, \$4.00 per 1,000 gallons from 200,001 gallons up to 400,000 gallons, and \$3.80 per 1,000 gallons from 400,001 gallons up to 999999 gallons. Dale Bevans seconded the motion. All voted in favor and the motion carried.

Note - Mr. Steckbeck stated that the Authority would have to spend \$1.2 million in order to collect \$815,000.00 of the Commonwealth Finance Authority grant. They will only reimburse us 66.6% of all invoices submitted.

**Resolution 2009-10** – This resolution sets the 2010 Sewer and Water rates effective January 1, 2010. Rick Rudy made a motion to adopt Res. 2009-10. Leonard Snavelly seconded the motion. All voted in favor and the motion carried.

**2010 Personnel Budget** – Bob Webber made a motion to approve the recommended payroll increases. Dale Bevans seconded the motion. All voted in favor and the motion carried.

**Water Tower Estimates** – The Board discussed the option of installing a roof and heating the entire base of the water tower or erecting a wall and heating a partial area of the water tower. The Board voted 4-1 to erect a wall and heat only a partial area of the water tower. After reviewing the estimates submitted, Dale Bevans made a motion to authorize David Alexander to perform the work at a cost of \$5,680.00. Leonard Snavelly seconded the motion. All voted in favor and the motion carried. Bob Webber made a motion to authorize David Alexander to insulate the concrete walls at a cost of \$970.00. Leonard Snavelly seconded the motion. All voted in favor and the motion carried.

## **NEW BUSINESS**

### **COMMITTEE REPORTS**

**Budget Committee** – Mr. Heisey stated that the Budget Committee will meet on Thursday, November 19<sup>th</sup> to discuss the options regarding the office building.

**Operations Committee** – Mr. Steckbeck requested that a meeting be scheduled with the Operations Committee to discuss the South Fredericksburg Project.

**COMMENTS/COMPLAINTS**

**ADJOURNMENT**

A motion to adjourn the meeting was made by Leonard Snively and seconded by Rick Rudy. All voted in favor and the meeting was adjourned.

**Respectfully submitted,**

**Lorrie Wright,  
Secretary/Treasurer**