

Upper Macungie Township Authority

October 8, 2015 Meeting Minutes

A meeting of the Authority was held at 4 PM in the municipal building. Board members present were; Chairman; Edward Earley, Members; James Brunell, Dave Reimert, Barry Moyer and Jeffrey Grim.

Others present; Township Manager Daniel Olpere, Township CFO Bruce Koller, Solicitor, Consulting Engineers; Joseph Santilli and William Erdman, Township Finance Director; Bruce Koller and Sewer Authority Manager; Joseph Bateman, Township Supervisors; Kathy Rader and Sean Gill.

Lowhill Township solicitor; Charles Waters. Resident; Richard Henderson.

Chairman Earley invited all present to join him in the Pledge of Allegiance.

Meeting Minutes

The meeting minutes of the August meeting were presented for consideration. A motion was made by Mr. Earley and seconded by Mr. Reimert to approve the minutes as presented. The motion passed unanimously.

Monthly Bills

The bills for the month of September were presented for the Board's consideration. Mr. Bateman indicated that the Board of Supervisors had reviewed and approved the bills at their October meeting. There were no questions or comments. The motion was made by Mr. Reimert and seconded by Mr. Grim to approve the bills as presented. The motion passed unanimously.

Correspondence

Mr. Grim stated that he had not received any correspondence.

Public

Mr. Charles Waters the solicitor for Lowhill Township was present to announce that the Township was in the process of selling its sanitary sewer system to LCA. The Board listened to Mr. Waters' presentation and thanked him for sharing the information. After a short discussion a motion was made by Mr. Reimert and seconded by Mr. Earley to direct the staff, consulting engineer and solicitor to review the current agreement and propose a new agreement with LCA. The motion passed unanimously.

Authority Manager's Report

Mr. Bateman briefly highlighted the monthly report. He called the Board's attention to the Authority's operating fund. He said that overall the fund is in excellent financial shape. This is due in large part to the credits issued by LCA for fiscal years 2012 through 2014. He expressed some concern about the shortfall of commercial industrial billing revenue. After a short discussion the Board accepted the report as presented.

Mr. Bateman presented LCA's report on the final reconciliation for fiscal years 2012, 2013 and 2014 including the Allentown settlement. It resulted in a \$2.6 million credit for UMTA. This credit will initially

be used to offset LCA billings in fiscal year 2015. Any remaining surplus of the end of the fiscal year should be transferred into the capital improvement fund.

Mr. Bateman distributed copies of the 2nd draft of the 2016 budget along with recommendations for a 6.7% rate increase. He reviewed major aspects of the proposed budget. He stated that the primary reason for the rate increase was to offset the increase in LCA rates. LCA has indicated that their fees will go up between 3 and 5%. The secondary reason for the increase is built capital reserves anticipation of LCA's proposed capital program to address the administrative order.

Mr. Bateman also reviewed the proposed capital projects for 2016.

Mr. Bateman requested that the Board take time to review the draft budget and call him with any questions or input.

Mr. Olpere stated that the budget will probably be finalized at a work session to be held on October 26.

Consulting Engineers Report

Mr. Erdman introduced the topic of LCA's recent report on alternatives to address system wide infiltration inflow. The excessive I and I is the reason the administrative order was issued by the US EPA.

Mr. Erdman emphasized that there is not a "do-nothing" option. There are 2 parts to the proposed capital improvements. One part is for the Western Lehigh interceptor and the other part is for the Allentown treatment plant. He stressed that these improvements are not designed to increase capacity they are simply designed to address wastewater conveyance only.

These projects could cost in the neighborhood of \$400 million and would be phased in over multiple years.

There was a lengthy discussion about how much it would cost and who would bear the burden of those significant capital dollars. There was considerable concern that the Township would bear more than its fair share of the capital costs. Also that the Township would not get credit for its infiltration inflow efforts to date.

The consensus of the Board was that the staff and consulting engineers should meet with LCA in an attempt to learn as much as we can about their capital game plan and their current thinking on how those cost should be split among the various municipalities.

Mr. Santilli did not have the opportunity to present his monthly status report. The report was contained in the monthly booklet.

Solicitor's Report

The solicitor was not present.

New Business

Please refer to the public discussion concerning Lowhill Township.

Old Business

Mr. Bateman introduced the topic of the expired lease between the Authority and the Township. He referred the Board to a memo that was written last spring identifying various courses of action and listing the advantages and disadvantages of each of those courses of action.

Following Mr. Bateman's introduction of the topic Mr. Earley wondered if there should be some type of temporary extension of the lease agreement. There was no action taken on Mr. Earley suggestion.

There was a lengthy discussion between the Authority Board members and the members of the Board of Supervisors.

No decision was reached in the topic will be discussed again at some future meeting.

Adjournment

A motion was made by Mr. Reimert and seconded by Mr. Grim to adjourn the meeting. The motion passed unanimously.

Next meeting: 11/12