

TOWNSHIP OF LOWER MAKEFIELD
SEWER AUTHORITY
MINUTES – MARCH 28, 2019

The regular meeting of the Sewer Authority of the Township of Lower Makefield was held in the Municipal Building on March 28, 2019. Mr. Tyler called the meeting to order at 7:30 p.m.

Those present:

Sewer Authority: Phil Tyler, Chair
Richard Gauck, Vice Chair
Scott Ferrante, Secretary
Joseph Chirichella, Member
Doug DeMuth, Member

Others: Kurt Ferguson, Township Manager
Greg Hucklebridge, Public Works Director
Kelley Watson, Sewer Administrator
Tim Duffy, Township Supervisor
Fred Ebert, Sewer Engineer
Daniel Grenier, Supervisor Liaison
Fredric K. Weiss, Supervisor
Scott Shearer, PFM

APPROVAL OF MINUTES

Mr. Ferrante moved, Mr. DeMuth seconded and it was unanimously carried to approve the Minutes of February 28, 2019 as written.

ENGINEER'S REPORT

Lateral Inspection Ordinance Update

Mr. Ebert stated they presented the Lateral Inspection Ordinance to the Board of Supervisors who were very appreciative of the Sewer Authority's comments regarding the condominiums. He stated the Board asked them to make revisions to address the comments and bring it back to the Sewer Authority for their additional revisions and also meet with the Condominium Associations to get their input on how they would be comfortable with it before they go back with another draft to the Board Supervisors.

Corrective Action Plan Update

Mr. Ebert stated he wanted to show the Sewer Authority the effectiveness of the metering program. He showed on a Plan the three areas that they are metering, and discussed the EDUs for the various areas. He showed the two areas that can be eliminated from future investigation. He stated they will have to identify what is contributing to the one area where there are problems. He stated he believes it will be the area that goes along the creek. He showed where they will be moving the meters to next.

Future Updates

Mr. Ebert stated at the next meeting he will report on the Tap-In Fee. He stated they can increase it for inflation and can also add in any additional Capital Projects that they have done and paid cash for. Mr. Ebert stated he is also performing an EDU audit so that they will know exactly how many EDUs there are in each of the service areas as well as the type – Residential or Commercial.

Morrisville Options Update

Mr. Ebert stated he will defer the summary of all of the options they have looked at for Morrisville until the presentation later this evening. Mr. Tyler stated he feels the exploratory report regarding Morrisville needs to be coming to an end at some point, and it cannot just keep going on forever. Mr. Ebert stated what they have analyzed so far are the expansion of the existing treatment plant, going to Lower Bucks Joint Authority, and next month they will present to the Sewer Sub-Committee two options of building our own treatment plant as well as taking everything to Bucks County. Mr. Ebert stated that will complete the majority of the options. He stated the Lower Bucks option was reviewed twice. He stated they have received additional updated numbers from their meetings with Morrisville on their construction costs. He stated unfortunately those numbers have not come down. Mr. Ebert stated he did not want to discuss that this evening and take up that time. He stated a new option will be presented tonight in Executive Session which will be considered. Mr. Ebert stated there will be a meeting of the Sub-Committee prior to the next Sewer Authority meeting, and he will then fully update the Sewer Authority on all the options at the regular 7:30 p.m. meeting following the Sub-Committee meeting at 6:30 p.m.

Grease Trap Ordinance Update

Mr. Ebert stated the Board of Supervisors did pass the Grease Trap Ordinance, and they are now moving into the implementation stage. He stated Mr. Watson indicated that there were major grease back-ups about a month and a half ago that shut down and inhibited the Heacock Road force main pump station. He stated there was also a sewer line that was partially blocked.

Heacock Road Force Main Project Update

Mr. Ebert stated they will be completing the Heacock Road Force Main project.

Brookstone Update

Mr. Tyler asked that Mr. Ebert provide an update next month on Brookstone. Mr. Ebert stated at this point they are getting the Easements and the design plans. He stated if they do not get the background drawings Pennoni, they will have to re-create them so they can proceed.

Pump Stations Update

Mr. Ebert stated they are doing an evaluation of all the pump stations, and he will provide an update on this next month. He noted at Pump 1 where there was a larger impeller installed, it operated in three minutes. He stated the old impeller that was on Pump 2 which was not touched took four minutes and thirty-seven seconds. Mr. Tyler stated since we have the parts, they should be upgraded. Mr. Ebert stated there is one out at Heacock Road that has been out for about one month, and hopefully that will be back within a week or two.

The Board went into Executive Session.

APPROVAL OF RESOLUTION AND RECOMMENDATION TO APPROVE RETENTION OF PFM LLC FOR PHASE I ANALYSIS AND EVALUATION OF THE SANITARY SEWER SYSTEM

When the meeting was reconvened, Mr. Ferguson stated the Plan would be that if the Sewer Authority were going to entertain this Resolution that it would go to the Board of Supervisors on Wednesday night for their consideration. If that was approved, we would then talk to PFM about getting underway right away to start the analysis. Mr. Ferguson stated the price quote for that was \$7,500. Mr. Tyler stated this would be just for Phase I, and Mr. Ferguson agreed Mr. Tyler stated they would then decide if they were going to move on to Phase II.

Mr. Ferrante stated this is another option that the Sub-Committee has been considering, and all of those options will be presented at the next meeting; and he feels we should explore this along with all of the other alternatives.

Mr. Chirichella moved, Mr. DeMuth seconded and it was unanimously carried to approve a Resolution of the Sewer Authority of the Township of Lower Makefield recommending and approving the retention of PFM Financial Advisors LLC for Phase I analysis and evaluation of the sanitary sewer system.

Mr. Grenier stated this matter will be on the next Board of Supervisors' Agenda for the meeting Wednesday when this same presentation will be made to the Board, and he invited the Sewer Authority members to attend.

OTHER BUSINESS

Mr. Tyler stated years ago they tried to sell the Sewer system, and Aqua was the highest bidder, but it did not even go up to \$20 million; and they wanted to pay us over five years, so they would be paying us back with our money. He stated they were going to hold the rates for two years, and then it was "open market whatever they wanted to raise." Mr. Tyler stated the residents voted it down.

Mr. Grenier asked if it ever made it to the PUC, and Mr. Tyler stated it did not. Mr. Grenier stated it is interesting to look at how involved the PUC's Consumer Advocate as well as their office of rate counsel get involved in limiting the rate increases over time. He discussed his experience with the electric side and the PUC.

Mr. Tyler stated they should see what our system is worth, although he does not feel it will go over \$20 million this time. He stated they did not feel that what was proposed the last time this was considered made good business sense. It was noted that was over ten years ago.

Mr. Grenier stated Act 12 was passed in 2016, and it allows Authorities and private companies to Bid full price, and they do not have to depreciate anything. He stated it has drastically increased the sale prices for a lot of these systems. Mr. Grenier stated at the same time, you do have to deal with rates.

Mr. Tyler stated there will probably be only three bidders; however, Mr. Ferguson stated they anticipate that there could be four to five at the most. Potential bidders were discussed including Morrisville.

Mr. Ferguson stated with regard to Morrisville, the Township is meeting with the Chair of Morrisville next week who is threatening the Township with late payments and legal fees because the Township would not pay their bill because it was missing \$400,000 in invoices; and the Township has refused to pay that. Mr. Tyler stated for many years they had problems with Yardley over number of bills as well as Morrisville. Mr. Ferguson stated Mr. Warena has been providing Mr. Hucklebridge with a Capital Reconciliation, but when they met with him in November, it was on one half of a page. Mr. Ferguson stated they advised Mr. Warena that they needed invoices to back that up. He finally responded on February 13 indicating that he found \$30,000 that could come off the bill, and provided the new bill. Mr. Ferguson stated they again asked for the back up, and was advised by Morrisville that they would get back to the Township. Mr. Ferguson stated one week later, Morrisville advised that \$2,000 more would come off the bill, and indicated that the Township had to pay it or they would have their attorney get involved and also apply late fees. Mr. Ferguson stated they are now scheduled to meet again next week. Mr. Ferguson stated part of the bill included \$100,000 which they billed the Township which they did get the detail on, and it was to pay for their design services for the plant options. Mr. Tyler stated the Township is not obligated to pay for that, and Mr. Ferguson agreed. Mr. Ferguson stated this is why they are asking for all the details and not just paying their bills.

Mr. Tyler stated they must watch the bills from Yardley and Morrisville; and the old system was that when they presented bills, they were just paid. Mr. Ferguson stated Yardley has been cooperative in giving back up. Mr. Hucklebridge stated Yardley provided the invoices yesterday, and he hopes to quantify them tomorrow to see how they match up to the single page they had provided with a total of \$50,000.

Mr. Tyler stated Mr. Warena had until November according to the Contract to tell Lower Makefield what the Capital improvements would be at Morrisville; and he feels that if Mr. Warena does not do it by that date, a letter should be sent from the Sewer Authority solicitor advising Morrisville that they did not meet their obligation according to the Contract and therefore the Township has not

budgeted any money for Morrisville this year. Mr. Ferguson stated he met with them in November and advised them that, and they indicated they would get the Township a number. Mr. Grenier stated at that November meeting Morrisville was reminded of their obligation to get the Township that back-up information for the Plant. Mr. Grenier stated at that meeting, Mr. Warena indicated five to six times that the Plant had not been managed properly over the years, and Mr. Grenier stated that is a violation of the contract. Mr. Tyler noted that Mr. Warena was on the Board all of those years. Mr. Ferguson stated the Morrisville attorney did state that was not an admission that they had done anything wrong, but Mr. Warena kept saying that they had neglected the system for years. Mr. Tyler stated Mr. Warena was on the Board for all those years to see the neglect.

Dr. Weiss stated Morrisville is looking to get from Lower Makefield 43% of \$131 million for a new plant in addition to \$8 million to \$9 million of short-term Capital expenses before they have the new plant.

Mr. Ferguson stated they were provided at the meeting a paper from Morrisville which indicated 2020 Capital proposed expenses of \$8 million. Mr. Ferguson had advised that Lower Makefield's portion of that would be \$3.2 million, and he asked what those proposed expenses would be, and he was advised that they were working on that now.

Mr. Tyler stated he does not feel the new Plant will be built.

Mr. Ferguson stated Ms. Kirk will be with him at the meeting with Morrisville next week. Mr. Tyler stated unless they can produce invoiced bills, he does not feel they should be paid anything, and Mr. Grenier stated that is their approach right now. Dr. Weiss stated he hopes that by the end of the year, the Township has a plan as to where they are going. Mr. Tyler stated he would be in favor of getting out of the Contract with Morrisville and just be a Commercial user of Morrisville. Dr. Weiss stated Morrisville had breached the Contract for years by not invoicing our portion, and he feels Mr. Jennings knows that. Dr. Weiss stated it is an open-ended Agreement.

Mr. Hucklebridge stated with regard to Stackhouse, they got the property owner's signature on the Memorandum of Understanding, and he will be providing this to Ms. Kirk so that they can get the Deeds revised and move forward.

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There being no further business, Mr. Chirichella moved, Mr. Ferrante seconded and it was unanimously carried to adjourn the meeting.

Respectfully Submitted,

A handwritten signature in black ink that reads "SCOTT FERRANTE". The signature is written in a cursive style with all caps.

Scott Ferrante, Secretary