

MUHLENBERG TOWNSHIP AUTHORITY
MINUTES OF A REGULAR MEETING OF THE BOARD

A regular meeting of the Board of Muhlenberg Township Authority, Water and Sewer Projects, was held on Thursday, January 9, 2025, beginning at 7:00 p.m., at 210 George Street, Reading, Muhlenberg Township, Berks County, Pennsylvania, pursuant to notice both advertised and posted according to law.

The following members of the Board were present:

Scott Lehr
Jim Kelly
Walt LaSota
Steve Wolfinger
Rick Hoffmaster

In attendance were Authority General Manager Timothy Feltenberger, Thomas A. Rothermel, of counsel, Jamie Lorah, PE, of Spotts, Stevens and McCoy (SSM), consulting engineer to the Authority, and Scott Boehret of Transcend Business Advisors, Authority controller consultant. Also present were Roxanne McMurtry, CPA, of Herbein & Co., Auditor to the Authority, and Nathan Roush.

The meeting was called to order at 7:00 p.m. by Chairman Lehr. Mr. Lehr announced that the Board had met earlier in executive session to discuss matters involving personnel and real estate.

Mr. Lehr turned over conduct of the meeting to the Solicitor for purposes of reorganization of the Board.

Mr. Rothermel confirmed the current composition of the Board, which includes an impending appointment to fill the position currently held by Mr. Lehr. Discussion was held regarding the timing of Board reorganization in anticipation of Township action to appoint a new Board member at the time of its January 20, 2025 meeting. After consideration, the Board elected to postpone reorganization until the February 6, 2025 meeting, on Motion of Mr. Wolfinger, seconded by Mr. LaSota, and unanimously approved. The current Officer positions will continue in place until the Board reorganizes. Notwithstanding, the Board proceeded to appoint professional consultants for 2025. Mr. Wolfinger made a Motion to retain and reappoint Spotts, Steven and McCoy as consulting engineer to the Authority, which Motion was seconded by Mr. Kelly and unanimously approved. Mr. Hoffmaster made a Motion to retain and reappoint Herbein & Company as Auditor, which Motion was seconded by Mr. LaSota and unanimously approved. Lastly in this regard, Mr. Hoffmaster made a Motion to retain and reappoint Bingaman, Hess, Coblenz & Bell, P.C. as Solicitor to the Authority, which Motion was seconded by Mr. LaSota and unanimously approved. Mr. Rothermel returned conduct of the meeting to Chairman Lehr.

Mr. Hoffmaster made a Motion to approve the Minutes of the previous regular meeting of the Board held on December 5, 2024. That Motion was seconded by Mr. LaSota and passed unanimously.

There was no comment under the first public portion.

Mr. Lehr recognized Roxanne McMurtry of Herbein & Co. to review the 2023 Audit Report for both the Water and Sewer Divisions of the Authority. Ms. McMurtry indicated that Herbein issued an unmodified opinion with regard to Authority finances, which is the highest level opinion. That opinion is contained within the Independent Auditor's Report delivered to the Authority in conjunction with the Audit Report.

Ms. McMurtry compared several significant accounting figures in both the Water and Sewer Divisions to figures in the preceding year. She noted that the net assets of both the Water and Sewer Divisions increased in 2023, for a total combined figure of \$86,608,370. The basis for the increase compared to 2022 is largely attributable to deferred sewer escrow payments made to the City of Reading, as per the terms of the Intermunicipal Municipal Agreement, as amended (the "IMA"). The total net position of both Divisions in 2023, \$67,458,143, was slightly higher than the preceding year, notwithstanding an increase in total liabilities.

Operating revenues for both the Water and Sewer Divisions were in line with 2022 totals. Operating expenses in both Divisions were higher in 2023 by approximately \$2 Million, largely attributable to increased City disposal costs and increased use of the emergency water connection with RAWA. Operating income was much higher in 2023 secondary to interest income per the IMA.

In reviewing the total pension liability, Ms. McMurtry reported that the plan was funded at a rate of 70.32%, which is a decrease in percentage from 2022 caused by fund withdrawals by a 2023 retiree. Upon questioning of the Board, Ms. McMurtry noted that pension funding below 70% is generally considered "distressed." No immediate action is needed, however, as the plan actuary was appropriately managing the pension plan and is aware of another impending retiree in 2024. Notwithstanding, the Board was in agreement to continue focus and plan on the issue for future action, as the actuary may recommend. Lastly in this regard, Ms. McMurtry noted that the pension plan end date was October 31 whereas the MTA operates on a fiscal year end of December 31. A recommendation was made to reconcile the two. The Board was in agreement. Mr. Feltenberger will contact the plan administrator to inquire as to making that change.

Next, Ms. McMurtry briefly reviewed the actual financial performance of the Authority compared to budget. In 2023, the Authority's financial performance was less than the budgeted levels in the Sewer Division in the total amount of \$751,979, and slightly higher than the Water Division in the total amount of \$72,754. Overall, however, both the Sewer and Water Divisions realized a positive net position at the end of the calendar year compared to the first of the year, those figures being \$46,396,517 and \$21,061,626, respectively.

Lastly, Ms. McMurtry advised that Herbein & Co. sees no need for changes at MTA with regard to finance and accounting. She confirmed that Mr. Feltenberger and Mr. Boehret followed through with prior recommendations, and the audit process itself went smoothly, as was true in prior years. Regarding the status of the 2024 Audi Report, Ms. McMurtry confirmed that it would be finalized by June 30, 2025. There being no further questions for Ms. McMurtry, she thanked the Board for its attention and left the meeting.

Under the Engineer's Report, Ms. Lorah of SSM provided a formal report of the Authority's consulting engineer for work completed December 3, 2024 through January 2, 2025. Ms. Lorah referenced a four (4) page report, in revised format, that SSM circulated to the Board in advance of the meeting. The report provides a narrative of the status of each of the projects of the Authority on which SSM is currently engaged.

Regarding the two (2) 2023 grant approvals received from the Pennsylvania Department of Community & Economic Development, Local Share Account (LSA), Ms. Lorah reported that the contract for the hydrant Storz fittings was ready for signature. Regarding the Reading Crest main improvements, SSM was directed to survey the site for purposes of looping the system. After the survey is completed, SSM will prepare to put that project out to bid.

Ms. Lorah reported that Blooming Glen was prepared to begin installation of flow meters at the sewer pump stations beginning in January. SSM will advise Mr. Feltenberger and the Board of the installation schedule, once finalized.

With regard to DEP/EPA compliance issues, Ms. Lorah confirmed that most of the work on the compliance letters has been addressed. Most recently, the efficacy of the striping towers was evaluated, which revealed a need to keep using the tower. To that end, SSM was directed to prepare a bid package for media replacement in the stripping tower, which is estimated to cost in the range of \$90,000, together with disposal costs. In addition, Ms. Lorah advised that permit applications were submitted for additional work at several other well locations.

Regarding the Mannerchor Tank, Ms. Lorah confirmed that survey work was completed for purposes of examining access to the tank. Further discussion will ensue at the February 2025 meeting after the plan set is received.

Discussion was revisited regarding potential use of the quarry as a viable water source. Ms. Lorah advised that a pre-application meeting with DEP was scheduled to occur on January 8, 2025. There are certain issues that require further investigation, including potential remnants of the NGK contamination plume, prior permitting closure, permitting classification regarding well versus surface water, and new technologies that may make such a project feasible as a key addition to the proposed Maiden Creek interconnection. Ms. Lorah will provide further updates following the DEP meeting.

Regarding the proposed Rowe tract apartment complex development in Alsace Township, Ms. Lorah reported that planning module revisions were received on January 9, 2025. SSM will review and advise the Board of recommended action.

With regard to the planned sewer service expansion in Alsace Township on Pricetown Road near Elizabeth Avenue, Ms. Lorah reported that a proposal from Alsace Township was received on January 6, 2025. After review, SSM will provide appropriate recommendations.

With regard to the proposed interconnection with Maidencreek Township Authority (Maidencreek), Ms. Lorah advised that Maidencreek's consulting engineer, SDE, is scheduled to complete the revised Docket Amendment and submit the same to the Delaware River Basin Commission (DRBC) for review.

Chairman Lehr indicated that the erosion filter sock was still on-site at the River Road pump station. SSM will contact the contractor, Blooming Glen Construction, to request removal. All other work has since been completed on that pump station upgrade project.

With regard to the Laurelee Avenue water main replacement project, Ms. Lorah confirmed that the project was proceeding, but the contractor, Anrich, Inc., hit rock in the process of excavation. Work is scheduled to resume on January 6, 2025. Mr. Feltenberger confirmed that the Township will perform final paving in the spring, of which the MTA will contribute one-half the cost.

There being no further active projects on which to report, and no additional questions posed by the Board, Ms. Lorah's report to the Board concluded. Mr. Hoffmaster made a Motion to accept the Engineer's Report as presented. That Motion was seconded by Mr. Kelly and unanimously approved.

Mr. Feltenberger presented the Operations Report for the preceding month, a full copy of which has been appended to these Minutes. Mr. Feltenberger reported that crews completed various miscellaneous work orders including cleaning out, straightening, and replacing curb boxes, leak detection, and painting fire hydrants. Type I water main breaks were repaired on Laurelee Avenue, and at the intersection of County Street and Chestnut Street. Two (2) Type II water main breaks were repaired on Frush Valley Road and Oak Street, respectively, both of which required a limited boil water advisory to affected customers. Mr. Feltenberger advised that the MTA received positive feedback from customers regarding the level and means of communication regarding the main breaks. Chairman Lehr recommended that the Emergency Action Plan be revisited and revised to account for Board member notification with Type II breaks, as well as to account for any change in key personnel. Mr. Feltenberger also advised that a new $\frac{3}{4}$ " service was installed at 1738 Mt. Laurel Road. Sewer laterals were cleaned and checked, including eleven (11) customer owned lines, one (1) MTA line, and seven (7) traps. Mr. Feltenberger noted that the vacuum truck was used a total of six (6) hours over the past month, at an equivalent labor cost of \$2,130. To date, the vacuum truck has been used 525.5 hours, which is a total monetary savings equivalent to \$165,155, excluding the cost of disposal fees that the Authority no longer pays. The Operations Report then concluded.

Engineering bills for the preceding month were reviewed. Mr. Wolfinger made a Motion to approve the engineering bills for payment. That Motion was seconded by Mr. Kelly and unanimously adopted.

The accounts payable for both the water and sewer departments for the preceding month had been distributed prior to the meeting, a full listing of which has been appended to these Minutes. Mr. Hoffmaster made a Motion to approve payment of the accounts payable for both the water and sewer departments, as presented. That Motion was seconded by Mr. Kelly and unanimously adopted.

Under the Solicitor's Report, Mr. Rothermel apprised the Board that the Pennsylvania Department of Labor & Industry published the authority and municipal bidding thresholds for 2025. Under Act 90 of 2011, the bidding thresholds provide for an annual inflation adjustment based on the Consumer Price Index for all urban consumers. Mr. Rothermel confirmed that beginning January 1, 2025, the bidding thresholds for municipal authorities will be as follows: purchases and contracts below \$12,900.00 require no formal bidding or written/telephonic quotations; purchases and contracts between \$12,900.00 and \$23,800.00 require three (3) written/telephonic quotations; and purchases and contracts over \$23,800.00 require formal bidding. This is a net increase of approximately 2.44% over the 2024 thresholds.

With regard to Laureldale Borough's plan to install ADA bathroom facilities at Dominic Mazella Park, the Board ratified final approval of the Municipal Improvements, Dedication and Easement Agreement, on Motion of Mr. Hoffmaster, seconded by Mr. Wolfinger and unanimously approved.

With no further questions posed to Mr. Rothermel, the Solicitor's Report was approved by Motion of Mr. Hoffmaster, seconded by Mr. LaSota and unanimously approved.

The Treasurer's Report was presented by Mr. Boehret, Transcend Business Advisors, consultant controller to the Authority. A copy of the Treasurer's Report is appended to these Minutes. The water division realized a net gain of \$68,521 over the past month; the sewer division realized a net gain over the past month of \$816,642. Across both accounts, the Authority realized a net gain in December 2024 of \$885,163.

Mr. Boehret advised that funds were currently being transferred to the Pennsylvania Local Government Investment Trust (PLGIT) account, as previously authorized. Regarding payroll, Mr. Boehret reported that the digital payroll conversion was going well thus far. In addition, Mr. Boehret noted that the various Human Resources features of the payroll system was scheduled for implementation.

Mr. Hoffmaster made a Motion to approve the Treasurer's Report as presented. That Motion was seconded by Mr. Kelly and unanimously adopted.

Under New Business, with respect to the lead service inventory, Mr. Feltenberger advised that the reporting process continues to go well. The Authority receives multiple e-mail and in-person submissions per day. Total submissions are as follows: Copper – 1,802; Galvanized – 104; PVC – 12; and Lead – 0. Mr. Feltenberger will continue to update the Board of inventory totals at future meetings.

Mr. Hoffmaster made a Motion to relocate MTA's administrative offices to the Township Building located at 210 George Street. Mr. Wolfinger called for discussion. Mr. Wolfinger expressed his intention to vote on the move at the February 6, 2025 Board meeting. In the interim, Mr. Wolfinger indicated a desire and need to conduct further investigation into the viability of the move and costs associated therewith. Mr. Hoffmaster's Motion was not seconded.

Discussion was held regarding a delinquent account on Sheidy Avenue. Mr. Feltenberger advised the Board of the account history and various attempts that were made to contact the customer with the aim of reaching an amicable resolution. Unfortunately, the customer has not been responsive. Mr. Feltenberger was directed to send a letter to the customer and continue his attempts at contacting the customer by telephone.

Mr. Feltenberger was directed to coordinate and schedule a Special Meeting for purposes of presenting a representative of USG Tank to speak to the Board regarding tank rehabilitation and an ongoing scheduled maintenance plan. At the Special Meeting, the Board would also entertain discussion regarding the quarry and expansion of sewer service into Alsace Township.

Mr. LaSota proposed that regular Board meeting dates be moved to the second Thursday of each month for both ease of scheduling and public awareness. The Board was receptive to further discussion in that regard. The Solicitor was directed to draft a Resolution to effect this change, assuming the Board takes action to approve the same at the February meeting.

There was no comment under the second public portion.

At 8:05 p.m., on Motion of Mr. Hoffmaster, seconded by Mr. Kelly, and unanimously approved, the meeting was called to recess for purposes of the Board entering Executive Session to discuss matters involving personnel. The meeting was called to order by Mr. Lehr thereafter at 8:35 p.m.

Under Member and Staff Comments, Mr. Hoffmaster indicated that a long-time employee, Chris Shoemaker, was retiring in mid-January. The Board was in full agreement that his service to the MTA should be honored with a retirement luncheon. Mr. Feltenberger confirmed that he would coordinate the event, which would be held at the maintenance building and garage facility.

There being no further business of the Board, the meeting was adjourned at 8:40 p.m. on Motion of Mr. Hoffmaster, seconded by Mr. Kelly, and unanimously approved.

The next regular meeting of the Board of the Muhlenberg Township Authority will be held at 7:00 p.m. on Thursday, February 6, 2025, at the main meeting room of the Muhlenberg Township Administration Building, 210 George Street, Reading, Muhlenberg Township, Berks County, Pennsylvania 19605.



Title: SECRETARY