

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, October 10, 2024, 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
Steve Wolfinger
Walt LaSota

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 Jaime Nace, Nathan Roush, Karen Sandman, a representative of Axiom, Inc., and Ben Kappenstein of PFM Financial Advisors.

The meeting was called to order at 7:05 p.m. by Chairman Lehr. Mr. Lehr announced that the Board met in an executive session prior to this meeting to discuss matters involving real estate and personnel, a portion of which Mr. Lehr abstained.

Mr. Wolfinger made a Motion to approve the Minutes of the previous meeting of the Board held on September 5, 2024, and of the Special Meeting held on September 17, 2024. That Motion was seconded by Mr. LaSota and passed unanimously.

Under the first public portion, Mr. Kappenstein of PFM presented the Board with draft rate study reports with respect to both the sewer and water divisions. The purpose of the rate projection studies was to analyze what future water and sewer rates will be required to cover future projected operating and capital expenses. Based on the Authority's current financial position, and factoring in estimated growth, rate of inflation, expenses and capital spending, PFM did not forecast the need for a rate increase in 2025 for either the water or sewer division. Mr. Kappenstein noted that the rate projection study was subject to change dependent upon actual costs and expenses, need for unplanned capital spending, and other miscellaneous factors. It was recommended that the Authority consider undertaking a full cost of service study to verify the current rate structure and thereafter potentially make a change to an easier rate structure, if desired. In addition, the Authority was cautioned that while the sewer and water divisions are currently strong financially, considerations should be made for future inflationary rate increases to account for projected annual deficits. In reviewing the data utilized to make these projections, PFM noted that the Authority is below-average in terms of an annual customer sewer bill cost of \$680, compared to the average of \$724/yr. and \$1,552/yr. for privatized sewer

systems. Regarding the water division, the MTA's average annual customer water bill cost of \$208 is the lowest of the sample group, compared to the average of \$597/yr. and \$983/yr. for privatized water systems. Regarding the issue of attempted rebalance of water and sewer rates, Mr. Kappenstein noted that modeling suggests that a net zero affect on customers could be attainable to some extent, limited by the many different types of users and rates inherent in the Authority's current rate structure. PFM cautioned against implementing such change without first securing a full cost of service study. The Board thanked Mr. Kappenstein for his report of the draft findings, and requested that PFM finalize the data consistent with the Board's feedback.

There was no additional public comment.

Under the Engineer's Report, Ms. Lorah of SSM provided a formal report of the Authority's consulting engineer for work completed August 30, 2024 through October 2, 2024. Ms. Lorah referenced a nine (9) page report that SSM circulated to the Board in advance of the meeting. The report provides a narrative of the status of each of the twenty-one (21) projects of the Authority on which SSM is currently engaged.

Ms. Lorah provided an update with respect to the DEP/EPA compliance reports. In the past month, SSM submitted permit amendment applications that include all system upgrades that required permitting. In addition, SSM continues to provide PA DEP with updates with respect to improvements and enhancements to the system that continue to be completed, as well as those that are scheduled for completion.

With regard to the manhole lining project, Ms. Lorah reported that Mr. Feltenberger provided SSM with a list of the 50 manholes that are to be lined. The contractor will be notified of the same for purposes of coordinating commencement of the work. Regarding the hydrant replacement project, Ms. Lorah confirmed that the hydrants were delivered. SSM, in conjunction with the MTA, is working on coordinating a date with the contractor to begin the work.

Ms. Lorah secured quotes for lift station upgrades at the Eagles Landing and Cross Roads pump stations. Of the three quotes for Eagles Landing pump station, Ms. Lorah recommended the proposal submitted by Axiom, Inc., which was the lowest total cost of \$135,928.00. The work will include replacement of two submersible pumps, OBIC lining installation on the lift station walls, and upgraded controls supplied by OCC. Mr. Feltenberger explained that the existing pumps are fully operational, but at an age where replacement should be considered as part of a comprehensive preventative maintenance and capital improvement plan. Mr. LaSota made a Motion to approve the quote of Axiom, Inc., a Costars vendor, in the amount stated. That Motion was seconded by Mr. Kelly and unanimously approved. It was reported that the pumps had a lead time of approximately 18 – 21 weeks; work will commence once the pumps are received. Mr. Feltenberger will advise the Eagles Landing residents and the Township of the upcoming project. No service interruptions are expected by virtue of use of bypass pumping during the estimated 9-day work schedule. Regarding the Cross Roads pump station, action was

deferred pending further investigation with respect to flows and pump sizing needs. Ms. Lorah confirmed that updated quotes are expected for review at the November Board meeting. In the interim, the Board directed that contingencies immediately be put in place to account for potential failure of the existing submersible pump.

With regard to the pump station flow meters, Ms. Lorah reported that Blooming Glen Contractors is scheduled to proceed with installation later this year. The flow meters will be installed first at Eagles Landing, following completion of the work scheduled at River Road pump station.

Ms. Lorah reported that SSM continues to work with MTA staff to update the GIS database for the PA DEP lead and copper service line inventory. The inventory will be submitted to the PA DEP by the October 16, 2024 deadline. Ms. Lorah noted that there is no timeframe for DEP's review of such data. Regarding the inventory data, Mr. Feltenberger estimated that there are approximately 3,000 "service unknowns" in the Township, referring to the material of the customers' water service line (e.g. copper, lead, galvanized, etc.). Per EPA regulations, the MTA must notify customers by letter no later than November 15, 2024, requesting customers verify the material of their water line. Mr. Feltenberger further noted that the MTA website would be updated to provide more information to customers, as well as provide for on-line verification. Depending on the nature of the information provided, Mr. Feltenberger noted that MTA crewmembers may need to independently verify such customer information to ensure accuracy of reporting. As customers provide verification, the GIS system and DEP inventory list will be updated. Lastly in this regard, Ms. Lorah advised that there may be grant opportunities available for customers who may be required to replace their lead service line. SSM will provide more information with respect to such grant opportunities as it may become available.

Regarding the proposed interconnection with Maiden creek Township Authority, Ms. Lorah reported that System Design Engineering (SDE), Maiden creek's engineering consultant, is currently preparing a draft docket amendment for submission to the Delaware River Basin Commission (DRBC). Ms. Lorah noted that the docket amendment is a regulatory filing that will be determinative of whether or not this project is ultimately deemed viable, as the DRBC will need to approve an increase in Maiden creek's allotted capacity in order to serve the Authority. SSM will provide input to SDE in connection with the DRBC submission.

Ms. Lorah reported that the County of Berks has since confirmed that it will pay for paving work associated with the Ebling Memorial Bridge project, resulting in a cost savings to the Authority of \$12,500.

Ms. Lorah advised that approvals of the 2023 Pennsylvania Department of Community & Economic Development, Local Share Account (LSA), grant submissions is now expected in late October 2024. Ms. Lorah confirmed that SSM previously submitted grant applications for projects including looping of certain areas of the water system to provide further resilience, and installation of Storz hydrant connections. Ms. Lorah further advised

the Board that a new LSA grant opportunity has been released for projects between \$25,000 and \$1,000,000, for which submittals are due on November 30, 2024. The Board was interested in submitting as many viable grant proposals as possible. SSM will work with Mr. Feltenberger to prepare grant applications for submission. Board approval of such grant submittals will be needed at the November 2024 meeting.

Regarding the River Road pump station upgrade project, Ms. Lorah advised that the project was going well. The doghouse manhole has been installed, and all remaining construction work is scheduled for completion by the end of October 2024. Mr. Feltenberger confirmed that temporary fencing around the doghouse manhole was scheduled for installation on October 11, 2024.

Ms. Lorah reported that this past month, an on-site meeting was conducted with the DEP with respect to the Laurel Run water pipe and manhole repair projects. The meeting resulted in resubmission of plans. Per Ms. Lorah, the DEP has 120 days to review the submittals. Once permitted, SSM will proceed to secure proposals from Costars vendors, or, preparation of bid documents.

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. Wolfinger 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, and replacement of a fire hydrant at 701 Elizabeth Avenue, necessitated by age. 2" service was connected at the new Starbucks location near the Fairgrounds Mall, and 3/4" service was renewed at 209 Fairview Street. At the 2901/3000 blocks of Montrose Avenue, a 12" valve was cut in, and a 12" AC leak was repaired. The crew also completed multiple small concrete jobs. Sewer laterals were cleaned and checked, including three customer owned lines, and seven traps. Mr. Feltenberger noted that the vacuum truck was used a total of seventeen hours over the past month, at an equivalent labor cost of \$6,035. To date, the vacuum truck has been used 438.5 hours, which is the total monetary equivalent of \$134,270, 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. Kelly made a Motion to approve the engineering bills for payment. That Motion was seconded by Mr. LaSota 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. Kelly 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. LaSota and unanimously adopted.

Under the Solicitor's Report, Mr. Rothermel advised that the City of Reading, per the Intermunicipal Agreement, as amended (the "IMA"), provided reconciliation figures dating from 2018 through 2022, which were reviewed and verified as accurate by SSM. In addition, the City provided Exhibit I reports through Q3 of 2023. Accordingly, the City is substantially in compliance with the reporting requirements per the IMA. Mr. Wolfinger made a Motion to authorize payment to the City in the total amount of \$1,395,375.00, which sum represents underpayment due the City for years 2018 through 2022, per the IMA. That Motion was seconded by Mr. LaSota and unanimously approved. Mr. Wolfinger made a Motion to release the sum total of \$14,791,914.27 to the City, effective November 15, 2024, representing escrow funds due the City through Q3 2023. That Motion was seconded by Mr. Kelly and unanimously approved. Mr. Rothermel advised that the City is nearing full compliance with the reporting requirements of the IMA such that the remainder of funds held in escrow may soon be eligible for release. At that point, no further funds will be held in escrow, rather, the MTA will make quarterly payments to the City as the same become due.

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

The Treasurer's Report was presented by Mr. Boehret, a copy of which is appended to these Minutes. The water division realized a net loss of \$12,845 over the past month; the sewer division realized a net gain over the past month of \$877,706. Across both accounts, the Authority realized a net gain of \$864,861.

With regard to payroll, Mr. Boehret reported that Paycom has been moving quickly and efficiently with the scheduled conversion. The new payroll system is expected to go live as of December 4, 2024.

Mr. Boehret reported that the draft 2025 was prepared, which was circulated to the Board for review. Mr. Boehret will continue to work with Mr. Feltenberger in preparing the final budget for Board review in advance of the November 2024 meeting. The Board was encouraged to e-mail Mr. Boehret with any budget-related questions prior to the next meeting.

Mr. Boehret recommended the MTA become a member of the Pennsylvania Local Government Investment Trust (PLGIT), which provides for a less restrictive means by which the Authority earns interest on its investment accounts. Unlike a CD, PLGIT funds are accessible without any prescribed maturity date. In addition, PLGIT offers competitive investment rates. Mr. Wolfinger made a Motion to pass the Model Resolution (Resolution 2024-1) authorizing participation as a member of the PLGIT. That Motion was seconded by Mr. LaSota and unanimously approved.

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

Under New Business, Mr. LaSota, Chairman of the Customer Advisory Board Committee, advised that the Committee convened a meeting on September 17, 2024. Mr. Feltenberger and Mr. Kelly were present. The Committee offered feedback on the Authority website (ease of navigation, suggested chat feature, enable consumption history access), outreach opportunities (community events, social media, guest speakers at local community events), unauthorized discharge into the sanitary sewer system (notify then enforce), and the prospect of relocation the MTA office to the Township building (desire of drive-up window, question of cost). Mr. LaSota also provided the Committee members with updates regarding planned capital projects. The next Committee meeting is scheduled for October 29, 2024 at 6:30 p.m. Mr. Wolfinger plans to attend. Mr. LaSota requested that the Board provide him with proposed topics of discussion.

Mr. Feltenberger and Ms. Nace are in the process of scheduling a Christmas party. Crew and staff member feedback indicates that a Friday evening affair is desired.

Mr. Feltenberger advised that the meter reading truck requires replacement. After trade-in, the purchase price of a new Chevrolet Colorado is \$32,765. Mr. LaSota made a Motion to purchase the new truck from Fisher Chevrolet, a Costars vendor, in the amount stated. That Motion was seconded by Mr. Wolfinger and unanimously approved. For budgeting purposes, Mr. Feltenberger confirmed that the meter reading truck is used 50/50 for the water and sewer divisions.

Mr. Feltenberger reported on pricing for a new emergency truck, which is a critical piece of the MTA's operations. The cost of the utility body truck is \$64,735 per Reading Truck, a Costars vendor. The cost of the chassis is \$125,380 per Fisher Chevrolet, a Costars vendor. Financing would be at a rate of 11% per annum. Mr. Wolfinger made a Motion to approve the cash purchase of the emergency truck at a total aggregate cost of \$190,115, from the stated vendors. That Motion was seconded by Mr. Kelly and unanimously approved. Once the new truck is delivered, Mr. Feltenberger was directed to list the old emergency truck for sale on Municibid. For budgeting purposes, Mr. Feltenberger confirmed that the emergency truck is used 50/50 for the water and sewer divisions.

Mr. LaSota made a Motion to approve the latest update to the MTA Standards and Specifications, as well as the Fee Scheule. The updates address the procedure for developer escrow agreements, as well as the minimum fee for plan review. That Motion was seconded by Mr. Kelly and unanimously approved.

Mr. Kelly made a Motion to approve Well 1 & 2 flow meter upgrades at a cost of \$13,401, as required per the PA DEP. Mr. Wolfinger seconded that Motion and it passed unanimously.

There were no public present for the second public portion.

A second executive session was not called.

Under Member and Staff Comments, Mr. Feltenberger recommended that especially this time of year, it would be wise to pin drop your location when walking outdoors.

There being no further business of the Board, the meeting was adjourned at 9:00 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, November 7, 2024, at the main meeting room of the Muhlenberg Township Administration Building, 210 George Street, Reading, Muhlenberg Township, Berks County, Pennsylvania 19605.



Title: