

CHALFONT-NEW BRITAIN TOWNSHIP JOINT SEWAGE AUTHORITY

BOARD MEETING MINUTES

January 9, 2024

The meeting of the Chalfont-New Britain Township Joint Sewage Authority was held on January 9, 2024 in the Authority's meeting room.

Present: William Evans, Chairman; Donald Cameron, Vice Chairman; Lawrence Nuesch, Secretary; Preston Campbell, Assistant Secretary; Michael Sullivan, Assistant Treasurer, and Timothy Hagey, Treasurer (via Teams®). Also present: John Larson, Executive Director; Matthew Warfel, Engineer; Joseph Bagley, Solicitor; Tom Hauser, Plant Superintendent and Rich Heverly, Collection System Supervisor. John Schmidt, former Executive Director, was also present.

Mr. Evans opened the meeting at 5:00 p.m.

The Board congratulated Messrs. Evans and Campbell on being reappointed to the Board by the Borough and Township, respectively.

ELECTION OF OFFICERS:

In accordance with the Bylaws, the Solicitor temporarily chaired the Meeting. The Solicitor called for nominations for Chairman. Mr. Sullivan **MOVED** to **NOMINATE** the entire slate of officers from 2023 to the same offices in 2024. Mr. Cameron **SECONDED** the Motion. The Motion was unanimously adopted. Mr. Evans was elected Chairman, Mr. Cameron was elected Vice Chairman, Mr. Nuesch was elected Secretary, Mr. Hagey was elected Treasurer, Mr. Campbell was elected Assistant Secretary, and Mr. Sullivan was elected Assistant Treasurer. The Chairman assumed the chair for the remainder of the Meeting.

The Chairman announced the Committee assignments as presented in the Agenda. It was **MOVED** by Mr. Hagey and **SECONDED** by Mr. Cameron to approve the Committee assignments. The Motion was unanimously adopted.

MOTION: It was **MOVED** by Mr. Sullivan and **SECONDED** by Mr. Nuesch to appoint Bagley Law, LLC as Solicitor, ARRO/CKS Engineers, Inc. as Authority Engineer and Bee Bergvall and Co. as Authority Auditor. The motion was unanimously adopted.

MOTION: It was **MOVED** by Mr. Hagey and **SECONDED** by Mr. Nuesch to adopt the schedule of meetings for 2024 as distributed to the Board. The Motion was unanimously adopted.

MOTION: It was **MOVED** by Mr. Hagey and **SECONDED** by Mr. Campbell to adopt the Authority Fee Schedule as distributed to the Board. The Motion was unanimously adopted.

MINUTES

MOTION: It was **MOVED** by Mr. Campbell and **SECONDED** by Mr. Sullivan to adopt the minutes of the meeting of December 12, 2023 as distributed to the Board. The Motion was unanimously adopted.

PUBLIC COMMENT

There was no public comment.

REPORTS OF OFFICERS

No reports of Officers were presented.

COMMITTEE REPORTS

Mr. Cameron reported on behalf of the Personnel Committee. The Committee met with Mr. Larson on December 28 and discussed non-union wages and salaries. The Committee made a recommendation of a 4% increase in non-union wages and salaries effective January 1. The Committee further recommended that in the future the evaluation of wages and compensation for non-union employees be addressed as an administrative function.

MOTION: It was **MOVED** by Mr. Cameron and **SECONDED** by Mr. Nuesch to address evaluation of non-union wages and salaries, except merit type, in the future as an administrative function. The Motion was unanimously adopted.

MOTION: It was **MOVED** by Mr. Cameron and **SECONDED** by Mr. Hagey to approve a 4% increase in non-union wages and salaries effective January 1, 2024. The Motion was unanimously adopted.

Mr. Larson reminded the Committee that the Authority's collective bargaining agreement would expire this year.

Mr. Hagey reported on behalf of the Finance Committee. The Committee needs to meet with the Auditor to review depreciation discussed at December Meeting and regularly appearing in the annual audits.

FACILITIES REPORT

Mr. Hauser gave his report as set forth in the written Superintendent's Report for December 2023. The Treatment Plant experienced heavy flows on December 18-19 causing the final effluent total suspended solids to exceed the instantaneous maximum which resulted in the monthly average loading and the average weekly loading exceeding permit limits. There was also an SSO at the manhole immediately upstream of the main pumping station. Mr. Hauser reported that there will be people manning the Plant tonight due to the heavy rains expected.

Mr. Heverly reported that it was a wet December and 3 SSOs were experienced. The starter at Pump Station No.6 was exercised on a Friday and failed the following Sunday. Two manholes also discharged—one in Brittany Farms and one in the Helberg section. Those are two of the oldest neighborhoods in the Township and the former is where the lining work has begun. Mr. Heverly reported that now that Pump Station No.4 is up and running, some of the flow to Pump Station No. 6 can be diverted.

EXECUTIVE DIRECTOR'S REPORT- John Larson

Mr. Larson presented Resolution No. 2024-1 establishing the attorney's fees for 2024.

MOTION: It was **MOVED** by Mr. Campbell and **SECONDED** by Mr. Hagey to approve Resolution No. 2024-1 as to the rate of legal fees and the interest rate imposed by the Authority for 2024 as distributed to the Board. The Motion was unanimously adopted.

Mr. Larson recommended a refund of an EDU for 175 Curley Mill Road where the owner purchased two EDUs contemplating a subdivision, but the owner has not been able to hook up a new lot because the Mill Ridge Development is not connected. The Authority has proposed to return the fee to the current owner, rather than the purchaser of the new lot.

MOTION: It was **MOVED** by Mr. Sullivan and **SECONDED** by Mr. Campbell to refund the cost of 1 EDU to the owner for 175 Curley Mill Road. The Motion was unanimously adopted.

Mr. Larson recommended approval of sewage capacity for the Birch Run Townhouse Development for 44 EDUs.

MOTION: It was **MOVED** by Mr. Hagey and **SECONDED** by Mr. Nuesch to approve sewage capacity of 44 EDUs for the Birch Run Townhouse Development. The Motion was unanimously adopted.

Mr. Larson reported on his review of the audit in terms of reimbursed expenses for depreciation. BCW&SA pays 53% of operating and capital costs. Since CNBTJSA is the owner of the equipment and BCWSA is not, the Authority depreciates these large purchases. The function of depreciation serves two major roles for the business organization, the first is to provide a tax benefit for the investment into the business. As an authority who is tax exempt, we do not receive any benefit from this use of depreciation. The second, is to allow for the future repair and replacement of the depreciated asset by carrying a portion of the assets value as an expense every year so that we are financially prepared to replace or repair these large assets over time as wear and tear degrades their useful life. Given our relationship with BCWSA they are responsible to pay 53% of our capital costs as they occur regardless of whether the asset was fully depreciated or not. Because of this the total depreciation expense is split along the same lines as the financial responsibility (47%/53%) and shows up in our audit as two different depreciation values. For the purpose of rate increases, Mr. Larson suggested that we should remove the amount that we credit as BCWSA's depreciation since including it means that the Chalfont/New Britain rate base carries the full financial responsibility for the depreciated costs over time. Mr. Larson pointed out that removing the BCWSA depreciation would change the 2023 Total operation loss to \$202,515.00. This loss would require a 3.7% rate increase to cover the loss moving forward. The other number that is relevant when considering a rate increase would be the change in operating expenses from FY2022 to FY2023. In this case the operating expenses increased between 2022 and 2023 by 12%. Mr. Larson posited whether the Board wanted to discuss the issue further with the Auditor. Mr. Hagey suggested that the Finance Committee meet with Bee Bergvall first. A consensus was reached that there will be a Finance Committee meeting with Bee Bergvall on the issue of depreciation.

The issue of changing the fiscal year to match the calendar year was also raised but no conclusion was reached. It was also brought up that this would take two audits to accomplish.

Mr. Larson requested that, instead of adding a new cell phone, may he simply be reimbursed \$65-80 for his existing phone.

MOTION: It was moved by Mr. Sullivan and **SECONDED** by Mr. Campbell to amend the existing employment agreement to provide for such reimbursement to Mr. Larson instead of a new

cell phone. The Motion was unanimously adopted.

ENGINEER'S REPORT – Matthew Warfel

Mr. Warfel reported on the progress of the Pump Station No. 4 Project. The Contractors will probably have some work to do in the Spring to clean up and restore. ARRO is performing the COSTARS work for the 4-1 Proposal. For the 4-2 Proposal, ARRO submitted the Part II Permit Application to DEP on December 15. The Act 537 Plan was reviewed with Authority Staff and their changes are being incorporated and may potentially involve further discussions with the Township. In response to a question, Mr. Warfel confirmed that input from the Borough has been received and incorporated. The engineering work on the Phase IV Upgrade Project is underway.

SOLICITOR'S REPORT- Joseph Bagley

The Board recessed into Executive Session at approximately 5:32 PM. to review agency business which, if discussed in public, would violate the attorney-client privilege. The Board returned to its Regular Session at approximately 5:34 PM.

ASSISTANT TREASURER'S REPORT- Michael Sullivan

Mr. Sullivan reported that the General Operating Expenses for the month amounted to \$300,121.85 and the Total Expenditures for the month amount to \$462,017.81 and Mr. Sullivan recommended approval to pay the bills.

MOTION: It was **MOVED** by Mr. Sullivan and **SECONDED** by Mr. Campbell to approve the Total Expenditures for the month of \$462,017.81. The Motion was unanimously adopted.

OTHER BUSINESS

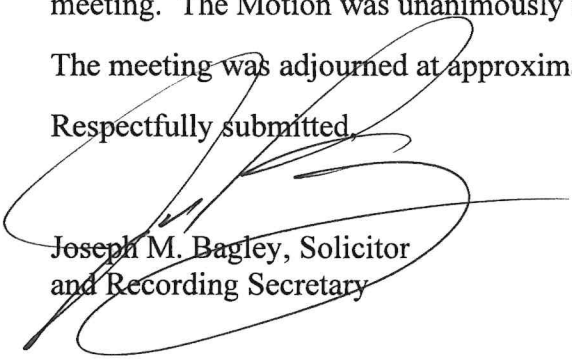
There was a consensus of the Board reached to cancel the proposed meeting scheduled for January 23.

ADJOURNMENT

MOTION: It was **MOVED** by Mr. Evans and **SECONDED** by Mr. Sullivan to adjourn the meeting. The Motion was unanimously adopted.

The meeting was adjourned at approximately 5:36 PM

Respectfully submitted,



Joseph M. Bagley, Solicitor
and Recording Secretary