

AGENDA - MINUTES

June 15, 2015

1. **CALL TO ORDER:** 3:00 p.m.

2. **NOTIFICATION:** All public sessions of the South Whitehall Township Board of Authority are electronically recorded. The electronic record is kept until the minutes of the meeting are approved and destroyed if a request is not made to retain the electronic version at that time.

ATTENDANCE: Daniel G. D’Imperio, Chairman
William Geiger, Vice Chairman
Dr. Rex D’Agostino, Treasurer
Chris Peischl, Secretary - Absent
Craig J. Walls, Assist. Secretary-Treasurer
Howard L. Kutzler, Township Manager
Peter A. Pineda, Authority Manager
Bob Ibach, PW Manager
Jerry Charvala, PW Utilities Group Leader
Blake C. Marles, Solicitor
Lenore M. Horos, FN Manager
Brooke Apple, FN Supervisor
Tracy J. Fehnel, Executive Assistant

3. **MINUTES:** **May 18, 2015 Meeting Minutes**

A motion was made by Treasurer, Dr. Rex D’Agostino, and seconded by Craig Walls, to approve the May 18th Board of Authority Meeting Minutes. All in favor; none opposed. (4-0 Vote; Chris Peischl was absent.)

4. **PUBLIC HEARINGS:**

a. **Appeal Hearings – Rothrock Motors, David Rothrock – Route 22 and 15th Street, Allentown, regarding Tapping Fee Challenge**

The Rothrock hearing was a continuation from last month’s BOA Meeting, May 18th. Attorney Gary Brienza, as counsel for Rothrock Motors proceeded with testimony from his expert witness.

A Court Stenographer was present in order to prepare a Transcript of Proceedings in Re: Application of Rothrock Motor Sales, Inc.

The hearing portion of the meeting will not be part of these minutes due to the fact that a separate transcript will be forthcoming and distributed to the BOA accordingly.

The hearing portion of the meeting ended at 4:50 p.m.

5. **COURTESY OF THE FLOOR:** (Public comment on non-agenda items) - None.

6. **PRESENTATIONS/DISCUSSIONS:** None.

7. **TREASURER’S REPORT:**

a. **Financial Reports: (Please see Finance Report Packet)**
- **May 2015**

Sewer Fund – May 2015

Cash – Balance as of May 31, 2015: \$687,820.93

Total Receivables: \$2,163,191.41

Total Anticipated Revenues: \$660,000.00

Total Anticipated Expenses: \$48,193.00

The Sewer Fund Bank Balance as of June 3, 2015 is: \$715,855.10

Sewer Fund Flat and Metered Revenue Account Detail:

- Flat Accounts: YTD 2015 Billings \$52,380.00 and YTD 2015 Cash Receipts \$80,947.00
- Metered Accounts: YTD 2015 Billings \$591,923.00 and YTD Cash Receipts \$402,534.00

Sewer Fund Delinquents, as of June 10, 2015: \$175,143.08

Utility Department Updates (May 13, 2015 through June 3, 2015:

31 Phone calls received/298 returned; 10 Final Meter Reading Requests Processed; 31 Tax Certifications Processed.

Water Fund – May 2015

Cash – Balance as of May 31, 2015: \$673,770.93

Total Receivables: \$632,806.70

Total Anticipated Revenues: \$148,345.81

Total Anticipated Expenses: \$271,780.75

Total Unscheduled Payments: \$660,000.00

Debt Schedule:

- Outstanding January 1, 2015: \$877,219.64
- Total Debt June 15, 2015: \$1,111,406.45
- Total Debt December 31, 2015: \$1,418,000.00
- Estimated Interest to be paid December 1, 2015: \$22,002.39

Water Fund Bank Balance as of June 3, 2015: \$697,179.59

Water Fund Metered Revenue Account:

- YTD 2015 Billings \$853,109.00 (January through May 2015)
 - YTD 2015 Cash Receipts \$712,151.00
-

Water Fund Delinquents, as of June 10, 2015: \$153,917.21

- **Handout on Delinquencies**

Handout on Delinquencies - Finance Manager, Lenore Horos, explained that not much progress has been made on the delinquencies. With billings coming back in-house and the processing of the day-to-day tasks, there is not much time left over to work on delinquencies. Progress is being made, but certainly not at the rate the BOA would like. This was explained in more detail in the IOM handed out, dated June 15 2015, from Lenore with regard to the History of Delinquent Collections from December 31, 2013 balances and prior.

Lenore shared her thoughts on page 2 of the memo: Add two FT or PT temp staff to process delinquent collections only OR outsource collection efforts to Portnoff Law Firm as discussed last year.

Craig Walls questioned what total delinquents are for water & sewer.

Total Sewer Loaded into Munis is \$363,253.91;
Total Payment Amount is \$188,110.83; and
Total Outstanding Amount is \$175,143.08

Total Water Loaded into Munis is \$331,571.88.
Total Payment Amount of \$177,654.67; and
Total Outstanding Amount is \$153,917.21

Craig asked what the true delinquents are. Lenore explained that the Authority Delinquents (S&W) Sheets provided in your packets are true figures. These figures are from December 2013 and prior. She went on to say that the total imported into Munis for the two funds is \$524,733. The amount collected is \$195,672.

Chairman D'Imperio asked where we were with the water shut off. Finance Manager Horos explained that last fall when we got to the point in the process when we sent out the door hangers to let them know we are going to turn off their water, everybody did come in and they either paid or set up a payment plan. We have not had to do that yet. This process has only been completed with one or two sections of the Township. There is a lot of work ahead of the ladies in order to do this.

The two utility clerks (Kristin and Jennifer) set up a calendar with regard to the delinquent process for each section of the Township. (Please see calendars attached to FN IOM Handout.) Each section is laid out as to what could be done in the month of July. Chairman D'Imperio asked Solicitor Marles if there is an easier way to do this. Solicitor Marles said that there is not an easier way to do this. He said no—you have to follow this process. There is a state law that creates this process when you turn someone's water off—when you ultimately are turning off the water, this is much more effective than suing. Treasurer Dr. Rex asked Finance Manager what the anticipated rate of success is. Lenore thought it would be somewhere in the area of 80-85%. The question was asked by the BOA, then when do we start?

Lenore asked the BOA how they want to proceed. Township Manager Howard Kutzler interjected at this point that we need people to do that—not existing staff.

Craig said that he remembered that Portnoff was brought in last year to talk to the BOA and he was OK at that time with bringing them in and having them start this process. However, we then decided to have the two clerks be hired to handle things and have been working on this since fall of 2014; he went on to say that—however, they were not dedicated to working on this, meaning they were hired to do this, but ended up being assigned to do other things. Lenore said yes, they were hired to collect your delinquents, but the decision was made by the BOA to bring the billings back in house. Howard explained that these two clerks work 8 hours a day doing billings. Craig said that the decision to do that—have the clerks work on the billings, was not made at this level—the BOA. He said in his mind, the BOA hired two people to work on delinquents, then we did something else that caused those two people to not work on the delinquents. Howard Kutzler interjected by saying that the billing takes priority. Craig said that he understands that; however, we never had a conversation six months ago explaining that the BOA are now missing the two people to do the delinquents. Finance Manager Horos explained that they did not know how intense the bill runs would be. Then there was the January billing problem, due to the fault of Tyler/Munis, which caused us to really fall behind, so the two girls are just catching up now from all the phone calls, processing of payments, etc. from that situation. She explained that she wanted to see how it was going to flow for the month, to see how they could process the billings, and at the same time do everything else that needs to be done. I needed a few months, but it is not working.

Treasurer Dr. Rex said we need to look at this from a cost-benefit basis. What is your recommendation on how to execute this? Do we hire two PT people, who under no circumstances do anything but go after delinquent accounts OR do we hire Portnoff? What is it going to cost if we do it one way vs. the other way, and what is the result going to be—80-85%? Howard Kutzler interjected that the Staff recommendation, which is supported by the BOC, is that we use Portnoff. Treasurer Dr. Rex asked why? TM Kutzler said that Portnoff gets the delinquents, they go after them, their fees are charged to the delinquent account, and we collect the check. We do not hire people, we do not have HR issues, we do not have to worry about the Affordable Care Act. Portnoff costs you zero. The Commissioners also use Portnoff.

Treasurer Dr. Rex asked how long would it take to execute a relationship with Portnoff. FN Manager Horos said that we already have a relationship with them—Portnoff. The Commissioners use them for refuse. Chairman D’Imperio asked what their fee is. TM Kutzler said that they add 20% to the bill. Chairman D’Imperio said to hire Portnoff. TM Kutzler asked if the BOA wants Portnoff to come in again. Treasurer Dr. Rex said that if it is the Staff’s recommendation, then he feels we should go with it. Vice Chairman Bill Geiger reminded the Board that we have the right not to give certain names to Portnoff to collect. Chairman D’Imperio said that we could also control the process by perhaps the amount that is owed, and also by how old the bill is. Craig Walls said that we are the ones who give the names to Portnoff as to who to go after—so we could establish our own procedure.

Treasurer Dr. Rex feels that we should alleviate staff's involvement in this process because they are already up to their necks in things that need to be done. Anything we can use which would get us more aggressive and successful results he feels is the way that we should go. Treasurer Dr. Rex said he is recommending that the BOA consider, and said let's give Lenore and her team permission to move forward with the Portnoff approach. He went on to say, let's make this clean and just get it done.

Peter Pineda, Authority Manager asked if there was any way to separate commercial from residential when doing delinquents. The reason is that a water shut off to a business means a lot more to them, than it does to a resident. He feels we would want to segregate them. Lenore said that she would have to look into this and how it could be done—Finance needs to see how things were imported into Munis.

Craig Walls made a motion that we solicit the services of Portnoff to go after our delinquents. The motion was seconded by Treasurer Dr. Rex D'Agostino. The vote was taken—it was a 3-1 vote. Vice Chairman Geiger gave a "NO" vote. (Chris Peischl was absent.)

That ended the Financial Report Section of the Agenda by Finance Manager Lenore Horos.

7-a. Treasurer Dr. Rex D'Agostino made a Motion to approve the water and sewer bills for the May 2015 Financials, based on the invoices listed, which have been provided by the Administration, and as recommended by the Treasurer, and moved to ratify bills paid last month, and approve bills to be paid in the current month, as funds become available. (As required by the Authority's Act.) The Motion was seconded by Vice Chairman Bill Geiger. All in favor; none opposed.

7-b. A motion was made by Treasurer Dr. Rex D'Agostino and seconded by Vice Chairman Bill Geiger to approve both the Stevens & Lee Legal Invoices AND The Pidcock Company Engineering Invoices. All in favor; none opposed.

b. **Approval of Stevens & Lee Legal Invoices:**

<u>Invoice #</u>	<u>Date</u>	<u>Amount</u>
440898	5/11/2015	\$8,245.57 (page 15)
440899	5/11/2015	\$1,604.50 (page 21)

c. **Approval of The Pidcock Company Engineering Invoices:**

<u>Invoice #</u>	<u>Date</u>	<u>Amount</u>
39538	5/12/2015	\$2,128.75 (page 29)
39539	5/12/2015	\$325.45 (page 31)

8. **REPORTS:**

a. **Authority Engineer Report:** None.

b. **Authority Solicitor Report:** by Solicitor Blake C. Marles

Rothrock Hearing – Solicitor Marles said that the BOA has a history with Rothrock—it was with his father and his company. Historically they challenged things the BOA did, which went all the way up the chain. They are now building a record for appeal.

Township Manager Howard Kutzler asked if we need an attorney to represent Staff's interest. Solicitor Marles said that we need to have a conversation about this. The problem is getting someone who understands all this. Craig Walls said he feels we need to discuss in Executive Session. He feels that the whole process has been very unprofessional. Dennis Harman did not even take the stand today. It was agreed that this would be discussed in Executive Session.

Howard said that the last thing we want if for Common Pleas to kick it back to us.

Howard asked what amount of money are we talking about with Rothrock. The amount is about \$48,000. Solicitor Marles commented that this is the first time we have had a tapping fee appeal.

Dorney Park – Cross Easement Agreement, which is floating around. Solicitor Marles does not know where it stands. The Bortz Development—KRE is putting this apartment complex down behind the St. Luke's Health Center. They came to you last August and asked you to put together an Agreement as to how we deal with the ownership/maintenance of the lines and maintenance of the road repairs. They have been sitting on the draft agreement since December 2014. Solicitor Marles talked to the attorney in March, who was Ed Murphy, and learned that he became ill, and things sort of fell off track, so does not know where things stand now. Solicitor Marles to date has not heard from them. Solicitor Marles received an email from the owner of KRE, who said they want to be on the July Township agenda. He went on to say that Jerry Harbison and he are working out conditions of approval so that they can't avoid getting this issue resolved and pull building permits.

Solicitor Marles said that one of the issues for this project is that in order to proceed, the Authority needs an interconnection with LCA. Everyone has known that from the beginning. In my emails to Murphy, I said apart from this Maintenance Agreement, there has to be that agreement and asked him if he was initiating that or is the BOA—and Solicitor Marles has had no answer yet. Ultimately they pay the costs of those negotiations which have not yet begun. The bigger issue is that there will be a permitting requirement with DEP, and Solicitor Marles does not know if it is appropriate to pass that permitting requirement on to the developer, because the developer's project is what is initiating that process, but the process of the interconnection is really for the benefit of the two systems. So he went on to explain that the BOA needs to make that determination. Perhaps this cost should be split in some fashion. Bob said that he's not sure if that would be \$500 or \$5,000.

Peter Pineda, Authority Manager, said that he and Jerry met with LCA last week. He said that LCA said that basically both of us would have to be on the permit. He went on to say that it seemed that the developer was already in the process of getting the permit.

Verizon Tower – Solicitor Marles said that he got a call from Verizon, asking whether or not it was likely that when developer gets land development approval, that this could come back and the BOA could do it, since he already has land development approval. Solicitor told them he doesn't think so, but would report back to the BOA this.

Cedarbrooke – The BOA was going to initiate direct contact with the County on how to resolve those issues. Solicitor Marles went on to explain that he and Peter are sitting in the background right now until you—the BOA, decide what you want to do. Craig Walls said that we can discuss in Executive Session.

LCA – This is also an Executive Session item.

- c. **CodeMaster Inspection Services Reports: *Self-Explanatory***
- 1) **IWD Program Summary, dated June 9, 2015 (page 33)**
 - 2) **Clearwater Discharge Summary, dated June 8, 2015 (page 35)**
- d. **Monthly Public Works Utility Report – June 2015 – *Self-Explanatory***
- **Currently reading meters in the Township area – 2,530 customers**
 - **Meter Replacements to date:**
 - **Allentown – 2,065 out of 2,079**
 - **Township – 717 out of 2,530**
 - **Winchester West replacement booster pump delivered**
 - **SCADA System – pricing equipment**
- Treasurer Dr. Rex said that each month, because this is such a big project, he would like to know where we are at, this is what we want to accomplish, etc. Bob Ibach said that this would be something addressed in the Authority Manager's report.
- **System wide hydrant flushing continues through the end of June**
 - **I&I Subcommittee Minutes – May 4, 2015 (page 45)**
- e. **Secretary Correspondence: None.**

9. **BID AWARDS: None.**

10. **RESOLUTIONS:**

- a. **A Resolution Authorizing and Directing Neffs National Bank to Deposit in the Checking Account of South Whitehall Township Authority Certain Loan Proceeds in the Amount of \$148,345.81 Pursuant to the Authority's Revenue Note, Series of 2014, Dated June 30, 2014, for Purposes Authorized by Resolution 2014-06-BOA Adopted June 5, 2014. (page 37)**

Vice Chairman Bill Geiger made a motion to approve the above-mentioned Resolution directing Neffs to deposit into the checking account in the amount of

\$148,345.81 in order to pay for the water meters. Motion was seconded by Treasurer, Dr. Rex. All in favor; none opposed

11. MOTIONS: None.

12. OLD BUSINESS:

a. **The Hills at Winchester – FINAL Water Distributions System – Water System Modeling Analysis (page 45)**

No action to be taken on this.

b. **Allocation Request – Water & Sewer Allocation Request 4845 Crackersport Road**

c. **Sewer Bills (Metered & Flat) – Bill Heydt, 121 N. Cedar Crest Boulevard (#105090, #105091, #105092, & #105093)** This item was taken care of. Nothing to be done.

13. NEW BUSINESS - DIRECTION/DISCUSSION ITEMS:

a. **Authority Intern/Co-Op (page 61)** This will be put on a future agenda to be discussed again.

The Intern could assist in some of the analysis, financial, or legal. Chairman D’Imperio asked if there was anything in the budget for this. Finance Manager Horos said no. Craig Walls explained that this came about as a result of asking Peter how we could go about helping him and staff. He asked Peter to identify for the BOA what this person would be doing and what the cost would be, as well as what the benefit would be. He went on to say that we have never had this before, and does not want to hire someone just for the sake of hiring someone. Treasurer Dr. Rex said to get the job description, his recommendations, and work with Finance to find out where we might get the money. Craig Walls said that he agrees with this.

b. **PennTec Conference Report** – Peter gave a brief overview to the BOA of the PennTec Conference he attended. Will make copies of the presentations for BOA.

c. **Mailing Distribution to Businesses with Meters 20 Plus Years or Older (page 65)**
1) **Resolution 2013-13-BOA - Enforcement**

Peter explained that we will continue with this mailing distribution process until we hit everyone on the list.

14. NON-AGENDA ITEMS:

Township Manager, Howard Kutzler told the BOA that the BOC would like them to re-consider a deduct meter program, and then he will report back to the BOC on this. This is being looked at because of the number of complaints in the community—residents who feel they should not be charged on their sewer bills for filling up there pools, etc. The BOC would like the BOA to reconsider this.

15. **EXECUTIVE SESSION:** Went into Executive Session at 6:35P

16. **ADJOURNMENT:** At 6:34P a motion was made by Chairman D'Imperio, and seconded by Vice Chairman Geiger to adjourn. All in favor; none opposed.

17. **APPROVED:** July 20, 2015

At the July 20th BOA Meeting, a motion was made by Secretary Chris Peischl, and seconded by Treasurer Dr. Rex D'Agostino to approve the June 15th BOA Meeting Minutes. All in favor; none opposed.
