



BOARD OF COMMISSIONERS

AGENDA-MINUTES

MONDAY, NOVEMBER 6, 2017

1. **CALL TO ORDER** – 5:00 p.m.

Attendees: Christina Tori Morgan, President
Glenn Block, Vice President
David Bond, Commissioner
Thomas Johns, Commissioner
Matthew Mulqueen, Commissioner
Renee Bickel, Township Manager
Randy Cope, Director of Twp. Operations
Brooke Neve, Director of Finance
Eric Gasper, Township Solicitor, Zator Law
Peter Pineda, Authority Manager
Jerry Charvala, PW Utilities Group Leader
Tracy Fehnel, Executive Assistant

2. **PLEDGE OF ALLEGIANCE**

3. **NOTIFICATION:** All public sessions of the South Whitehall Township Board of Commissioners 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.

4. **October 6, 2017, Correspondence from City of Allentown to City of Allentown Sewer Signatories (Lehigh County Authority, Coplay-Whitehall Sewer Authority, South Whitehall Township, Salisbury Township, Borough of Emmaus, Lower Macungie Township)**

Township Manager, Renee Bickel explained that Peter Pineda, Authority Manager previously touched on the letter received from the City of Allentown, looking for signatures from South Whitehall Township—we had committed to get together with the BOC to discuss said letter. There have since been changes. Renee said that she will turn the meeting over to Peter Pineda, Authority Manager and Jerry Charvala, PWs Utilities Group Leader to talk about the letter and the expectations of the Board.

Peter Pineda, Authority Manager for South Whitehall, explained that he is in receipt of a letter from the City of Allentown, which was sent to all of the City of Allentown Sewer Signatories. This is basically saying what the MOU is now. They are trying to get us (as one of the sewer signatories) to sign something that shows we are going to help fund the capital improvements. Part of the AO that we have to do ourselves is provide a capital plan of how we are going to, not only remove the inflow and infiltration from our system, but how we plan to pay for it. The City of Allentown has to do the same thing. Peter went on to say that he believes that is what they are trying to accomplish by this letter.

Emmaus and Salisbury Townships are very adamant about NOT signing it the way it is. They object to everything that mentions peak flow. You can decide to sign or to not sign. Peter

explained that he met with the other managers of the other authorities, minus LCA. Peter said it is his guess that you will next see a slightly watered down version of this, which will still not be anywhere close to where Emmaus and Salisbury Townships want it to be. The engineer from Salisbury edited and submitted to LCA—LCA is not happy with the Salisbury edits.

Commissioner Morgan asked the following—For them (the City) to move forward with their capital project, is it being suggested that they have to have the signatories' basic stamp of approval before they can do it. Peter explained that this is what they are suggesting, but feels legal counsel would see it as otherwise.

Peter said as a signatory, we are all sort-of part owner of the plant. Therefore, when they make upgrades, per our Agreement we have to pay our allocation share through the normal billing process. Several Commissioners questioned why we would even have to sign this at this time. Attorney Gasper explained that the original Agreement is from 1981 and says that any improvement is paid in proportion to your allocation (in the normal billing)—how much we own of the system. Peter explained, in other words, it's how many gallons we send there each day. Allentown is saying we are 6.25% of the Sewer per the old Agreement. That is why the MOU is a problem for a lot of the places. They want to change how we will be billed and change our allocation.

Q: How do we know the 6.25% is correct? Peter said for Phase 1 the 6.25% is OK, but for Phase 2, they want to go to peak hourly flow, which is questionable. Commissioner Bond asked—so per the 1981 Agreement, the 6.25% is our obligation. Peter said that is correct. Peter said this letter is saying that for Phase 1, you would pay 6.25% of roughly \$25M. Again, for stages 2 & 3, they want to go by peak hourly flow.

We currently pay 9.41% of all the City's operation and maintenance of their sewer lines (p3 of letter). The City says they want all the signatories to share in this 1,000 feet force main extension which will change the percentage from 9.41% to 9.47%. Per the letter, *"This alternative will be more cost-effective than the KIWWTP wet-weather pump station option due to lower upfront capital costs and significantly lower ongoing operations and maintenance costs shared by the City and Sewer Signatories."*

Attorney Gasper said as far as the 1981 Agreement being in effect, that is what is governing. Therefore, you *could* do nothing. We have the 1981 Agreement—this is how the costs are allocated.

Commissioner Morgan said they are still going to update the plant, and Pete added, And we are still going to get charged. Pete said what they offer us in this letter is, which is part of the MOU, the guarantee of a three peak.

All of the Commissioners were in agreement that they do not feel we should be signing anything right now. Let the City figure out what they want to do and then get everyone more in agreement before we go putting our signature on something we really do not know enough about.

Jerry Charvala said he recently spoke with Bill Erdman, PE, and he said that this has to be thrown out and reworked. EPA basically told Allentown don't so much consider Phase 2; consider taking the I & I out of your system, and submit a plan to address that.

Pete said a lot of the people are not spending the money like we do on I & I. Therefore, there are people who are benefiting when they should not be benefiting. Peter said that he absolutely agrees with the Commissioners in that this letter is “in flux”.

Peter gave a handout—EPA AO and City’s/LCA’s Cost Distribution MOU. Pete said that the EPA basically acknowledged that we don’t have a lot of SSOs—not enough to warrant millions of dollars on infrastructure. Jerry said this is the first EPA letter which recognizes our work done as a signatory, and that it has made a difference, and that we should continue on.

Pete gave brief timeline as to what has happened to date.

EPA AO will expire by year end 2017.

The City, with LCA & signatories have held 15 meetings this year so far. There is a meeting schedule for November, which Jerry Charvala will be attending.

August 8th was the most relevant meeting. We received information regarding the meeting the EPA had with the DEP, where the MOU had been withdrawn in general. They mentioned they will be proceeding with blending. They also provided their cost breakdown. The updated cost now looks like it will be \$22M instead of \$25M. Pete said the \$22M is a done deal.

In Peter’s handout was Attachment 1 (Excerpt from MOU), and it was indicated that SWT would pay \$116,600 per year, which is the preliminary allocation of debt service costs for year 3 through 20 (beginning in 2019), i.e. the years with the highest annual debt service costs for a grand total of \$1,865,000—again SWT’s portion would be \$116,600/year.

Peter said that he is assuming that Phase 2 will cost another \$25M, which is for Upgrade of Plant Operations.

At this point, it was summarized on behalf of the BOC:

1. We do not sign,
2. Now we know what it is going to cost us, so we need to budget accordingly.

Commissioner Morgan asked what the next stage is, and what do they need from us? Peter said that he does not expect that anyone will sign. At the next meeting, Peter said it is his guess they already know this letter is not getting signed, and suspects that we will get a revised version and will be asked to sign again. Jerry Charvala said that he had a conversation with Bill Erdman, and based on the EPA’s response, he believes Salisbury and Emmaus will now pull their letters of modifications. This is Salisbury’s and Emmaus’ way of trying to modify the 1981 Agreement that no one wants to touch. Attorney Gasper explained that in Phase 1 they talked about “allocation” per the 1981 Agreement and then in Phase 2 and 3, they use the language about “peak flow”. They don’t say you are committing to it, but that you are open to it, so they are kind of getting their foot in the door so to speak.

In Summary – Township Manager Renee Bickel said that the bottom line, BOC will take another look at the information Pete has given you; Pete/Jerry will attend the next signatories meeting in November and come back to us with some additional information.

Therefore, at this time, the BOC were all in agreement that they will not be signing the letter dated October 6, 2017, from the City of Allentown.

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

6. **EXECUTIVE SESSION**

7. **ADJOURNMENT:** At 8:38P a MOTION was made by Commissioner Mulqueen, which was seconded by Commissioner Bond, to adjourn the meeting. All in favor; none opposed.

8. **APPROVED: November 15, 2017**

On November 15, 2017, a MOTION was made by Commissioner Mulqueen, which was seconded by Commissioner Bond, to approve the November 6, 2017, 5P BOC Meeting Minutes. All in favor; none opposed.