

Steelton Borough Authority Agenda  
November 1, 2017

**Call Meeting to Order:** Alan Ausman

**Pledge of Allegiance:** Alan Ausman

**Approval of Minutes from Previous Meeting:**

**Public Comment on Agenda Items Only:**

**Request to Address Board:**

Mr. Eliash Falco, 420 Gibson Street

Request for Relief on Water Bill

**Presentation:**

**Communication:**

**Unfinished Business:**

**New Business:**

Mr. Brown/Ms. Paul/Mr. Musser

Review of 2018 Budget

**Public Comment:**

**Executive Session:**

**Adjournment:**

**STEELTON WATER AUTHORITY MEETING**  
**November 1, 2017**

**Present:**

Alan Ausman, President	Michael Solomon, Solicitor
Michael Segina, Vice President	Edward Ellinger, Engineer, HRG
Tom Acri	Doug Brown, Borough Manager
Kathy Handley	Brian Handley, Water Distribution Foreman
	Mark Handley, Superintendent – Water Filtration & Lab
	Rose Paul, Treasurer

**Absent with Cause:** Ryan Maxwell                      Thommie Leggett-Robinson

**Call Meeting to Order:**

President Ausman called the meeting to order at 5:03 p.m. after which he led the body in the Pledge of Allegiance.

**Approval of Minutes from Previous Meeting:**

No minutes were read at this meeting.

**Approval of the Treasurer’s Reports:**

There was no Treasurer’s Report made at this meeting.

**Public Comment on Agenda Items Only:**

There were no public comments made at this meeting.

**Request to Address Board:**

Mr. Eliash Falco, representing the Maintenance Committee at the Jehovah Witness Kingdom Hall located at 420 Gibson Street, addressed the Authority requesting relief on the Hall’s water bill. Mr. Falco stated that they discovered that there were water leaks in the toilets in the Hall, however, they did not take immediate steps to repair the leaks. The water and sewer bill was \$1600.00 of which they have paid \$400.00 on the water portion. Mr. Acri stated that ordinarily, the Authority would reduce the penalties on the bill, however, no penalty has been applied, so that action is mute. He further stated that since they knew there was a problem they should have fixed the problem in a timely manner. Ms. Handley informed Mr. Falco that he needs to discuss the sewer bill with the Steelton Borough Council since it is the largest part of the bill. Mr. Falco was informed that the Hall must pay the water bill, but they can make payment arrangements. Mr. Ausman suggested he take his issue to the next Council meeting to see if they can provide any relief. He informed Mr. Falco that Mr. Brown would be in touch with him.

**Presentation:**

There were no presentations made at this meeting.

**Communication:**

There were no communications brought before the body at this meeting.

**Unfinished Business:**

There was no unfinished business discussed at this meeting.

**New Business:**

Mr. Brown started the discussion by presenting a review the budget presented in October. He stated that Ms. Paul, Brian Handley and Mark Handley worked together to develop the expense side of the budget. Mr. Brown and the group worked with Mike Musser to review the entire budget. The budget was not balanced because they wanted to have the Board review the total financial picture and have input in the development of the final budget. The financial situation of the Water Authority does not look good at this time. The Borough has been depending on the Mill as the primary source of revenue (63%). The Mill's water bill has decreased since they fixed some broken pipes. A review of the bills since 2016, when they repaired the leaks, shows their bills have decreased by \$ 400,000.00 to about \$ 500,000.00 a year. The combination of the decreased Mill revenue and payment of debt service provides a problem. Even though the debt service was reduced by refunds from the 2012 Bonds, the debt service for 2018 will increase. The expense side of the budget is mostly fixed. The discretionary items are some small ticket items and the \$ 600,000.00 budgeted for Capital Projects. These project include repairs on Third Street Waterline Replacement Project and \$100,000.00 for the SCADA system, which allows staff to better monitor more items at the Plant. There is also the Capital Purchases line item listed to purchase a new backhoe for the Water Department. At this time, there is a \$745,496.00 deficit for fiscal year 2018. There are two ways to remedy this problem - 1.) to raise the water rates by 30% or 2.) to cut expenses. It is also necessary to consider the cost of the projected requirements by DEP to implement the total chlorination rule, the necessary system upgrades and needed capital improvements at the Water Plant. Mr. Brown stated that perhaps the Authority needs to consider whether or not to lease or sell the Plant. His rationale was the loss of revenue from the Mill is not projected to improve but increase, which will lead to a substantial deficit. Mr. Ausman asked if there was more information regarding the status of the Mill. He has learned that the furnace cannot be modified so the Mill cannot build longer extrusions, thereby making the Mill unable to compete in the current market. Mr. Brian Handley stated that the Mill was repairing the leaks but have stopped making those repairs, leaving some pipes still leaking. He noted that the Mill has used more water this month than they have all year. There is no way to determine is this is a new trend or just something that is happening right now. Mr. Brian Handley stated that something needs to be done to handle the debt this year. Mr. Musser stated that the tax base will increase with the Renaissance Row Development and the Medical Marijuana Dispensary Center, however, the growth will not be enough to make up for the loss of the Mill revenue. Mr. Ausman asked about the necessity of the work on Third Street. Mr. Handley stated that there are minor repairs on Third Street that must be completed, however delaying other work for one year will not cause major problems. Mr. Acri asked if the \$600,000.00 included hiring a contractor. Mr. Brian Handley answered in the affirmative. Mr. Acri asked if the staff could do some of the work necessary. Mr. Handley stated that the staff could handle some of the work. He gave the repair of the fire hydrant line as an example of the work staff could complete.

Mr. Musser stated that an appraisal will provide more information regarding the value of things in place at this time. He further stated that the debt should not be more than the value of the system. The value of the Plant and water system in addition to some other things must be considered if the Authority is considering selling or leasing the system. Mr. Acri asked Mr. Musser to explain what was happening with the water issue in Middletown. Mr. Musser stated that Middletown is leasing their system. He added that questions to consider are a) will the town want the system when the lease is out in 50 years? b) will the municipality be able to afford to operate the system when the lease is up? Mr. Ausman asked Mr. Musser his recommendation regarding how to proceed from this point. Mr. Musser stated that if they decided to sell the system there are steps that include the PUC signing off on plan and having an engineer evaluate the system. He named some companies and the possible scenarios that could occur. He, again, recommended that a total evaluation of the water system be conducted before the decision of whether or not to sell or lease is made. The cost of the appraisal is included in the budget. Mr. Segina asked Mr. Musser if a rate analysis should be included in the information gathered. Mr. Musser stated that the expense is not necessary at this time. Mr. Segina stated that if the Borough could get through April without any violations, perhaps only a 5% rate increase would help with the 2019 budget. Additional rate increases could be made, if necessary. There was some disagreement about the rate increase.

Mr. Brown stated that at this point, there is a need to control cost and minimize expenses, including the capital expenses. Mr. Musser advised that staff should complete a 10 year projection of the plant operation, which will give a picture of anticipated needs and expenses to operate the system in the future. Ms. Handley asked if action can be taken on expenses right now. Mr. Brown responded that he recommends that the capital projects scheduled be delayed until a later time. After review and discussion of line items by staff and the Water Authority, Ms. Handley moved that staff make the budget changes as indicated by the Authority and present a balanced budget at the next Authority Meeting. Mr. Segina seconded the motion which passed by a unanimous vote of the Authority.

**Public Comment:**

There were no public comments made at this meeting.

**Executive Session:**

**Adjournment:**

Ms. Handley moved that the meeting be adjourned at 6:12 p.m. The motion was seconded by Mr. Segina and passed by a unanimous vote of the Authority.

Respectfully Submitted,



Douglas Brown, Secretary