

Special Steelton Borough Water Authority Meeting Minutes  
August 8, 2018

**PRESENT:**

Alan Ausman, Chair

Ryan Maxwell, Vice Chair

Katherine Handley, Secretary

Brian Proctor

Michael Segina

Michael Solomon, Solicitor

Edward Ellinger, HRG Engineer

Douglas Brown, Secretary & Borough Mgr.

Rose Paul, Borough Secretary/Treasurer

Kathy Pape, Special Counsel

Jay Wenger, Consultant

The meeting was called to order by Alan Ausman at 5:17 p.m. He also led the body in reciting the Pledge of Allegiance.

Neither the Minutes from July 18, 2018, Special Meeting, the Treasurers' Report nor Correspondence was reviewed at this meeting. Mr. Brown stated that the July 18<sup>th</sup> minutes and July Treasurer's Report will be presented at the August 13<sup>th</sup> regular meeting of the Authority.

Mr. Ausman then opened the floor for public comments on agenda items only. Mr. John Hollenbach from Suez Water addressed the Board. Mr. Hollenbach stated that before the Board reviews the revised capital needs plan, they should be aware that Suez believes it can operate the water system without the need to build a new plant. He stated that this would mitigate the demand for rate increases.

Mr. Brown asked Mr. Hollenbach to clarify the reason why they would not need to upgrade the plant. Mr. Hollenbach replied that it is due to Suez's interconnections with Steelton's distribution system. The interconnections will allow Suez to pump water from their existing plant into Steelton's system, thus bypassing the existing Steelton plant.

No further comments were offered.

Mr. Ausman then noted that the purpose of the meeting was to receive the revised Capital Improvements Plan developed by the HRG, the Authority's consulting engineer. Mr. Ausman turned the floor over to Mr. Ed Ellinger to present his revised capital improvements plan to the Board. Mr. Ellinger used computer-based graphics to provide a visual contrast between the two plans to the board and members of the public in attendance. The original Plans were developed and presented in June 2018. They contained the engineering company's best estimate of the Borough's Water Plant's capital needs in the next 10 years and associated costs and rate increases related to paying for the projected capital needs. The revised Plan presented at this meeting was developed following a July 26, 2018 meeting with Mr. Brian Handley, Water Distribution Foreman and Mr. Mark Handley, Superintendent of the Water Filtration Lab with additional input from the Borough Manager, Mr. Doug Brown. At the previous Authority meeting, Mr. Handley objected to the capital projections stating that the report showed an inflated view of capital needs including an unnecessary replacement of the Water Filtration Plant. To reconcile both pictures, the Board requested that Mr. Ellinger meet with staff to take out any projects they agree are not absolutely necessary.

Mr. Ellinger presented the original capital improvement report from June and detailed each project that was taken out of the plan after the revision. The removed projects were as follows:

- TOC Monitoring and Removal: \$20,000
- Improved Process Controls – Chlorine Feed System: \$25,000
- Additional Chlorine Injection Points - \$450,000
- Elimination of the Duel Mains at East End - \$25,000
- Finished Water Pump VFD Optimization - \$60,000
- Water Meter Installation - \$50,000

Mr. Ellinger then explained the agreed-upon reasoning for removing each of the above capital items from the original report including the fact that Filtration and Distribution staff (i.e., Mark and Brian Handley) believe some of the improvements are designed for address have already been fixed or do not pose a compliance issue in the near future.

Mr. Brian Handley stated that the water filtration plant and distribution systems are currently in compliance with existing clean water standards and that while some of the improvements recommended would optimize and improve treatment, they are not necessary to remain in compliance.

Mr. Ellinger agreed that the system is in compliance today, the long-term feasibility of continuing to meet future standards requires new water filtration technologies that cannot be achieved with the current plant. Mr. Ellinger emphasized that Mark Handley and Brian Handley have done an incredible job in turning the water system around and improving the plant and system operations dramatically in recent years. He noted that DEP stated that if it were not for Mark and Brian, they would have more significant concerns about the plant being able to continue to remain in compliance.

However, Mr. Ellinger noted, the current filtration plant (built in 1973 to the old design and technological standards) is one of only two in this DEP region of its age and model, and that a replacement must be part of any future capital improvement planning. Mr. Ellinger then noted that the Authority has continued to "throw band-aids" on its aging plant rather than replacing it, which has led to some of the recent compliance issues.

For example, in 2009 the previous consulting engineer informed the Authority of the need to consider a plant replacement. That plan was similar to the one that Mr. Ellinger is proposing and in 2009 cost \$7.5 million. Instead of moving forward with a plant replacement, the previous board opted to make incremental improvements to the plant. In 2010, \$3 million was used to modify the filter and clarifier. That expense was offset partially by grant funds. Most recently, due to continual drinking water violations attributed mainly to the design of the plant, the construction of the Clearwell Project was completed for a cost of \$3 million. This project was implemented some years after it had been recommended and the regulation had gone into effect. The Authority spent \$ 6 million on projects when eight years ago the total upgrade of the plant was estimated to cost \$ 7.5 million. This leaves the Steelton with a 45-year-old plant that has reached its maximum technological and design limits.

Mr. Ellinger noted that other water systems began replacing plants and upgrading technology years ago. Therefore, Mr. Ellinger was emphatic that the \$14 million plant replacement be left in the 10-year plan.

Mr. Ellinger emphasized that the projected costs in the Capital Improvement Plan are in today's dollars despite many of the improvements including the plant replacement occurring over five years from now. Based on the official inflation index used in the engineering industry, the Board can expect that the costs for the projects will be even higher, by 20-25 percent or more, due to future inflation. Therefore, the cost estimates assigned in the report are very conservative relative to both scopes of projects in the report and future cost drivers.

Mr. Ellinger then reported that the revised 10 Year Capital Improvement Plan provided to the board was \$16,964,500 compared to the original estimate of \$17,644,500, a difference of -\$680,000. Mr. Ellinger showed that the similar contrast in rates was negligible (reduced by approximately 1 percent.)

Mr. Ausman then asked if anyone had additional input before entertaining a motion to accept the revised Capital Improvements Plan as the official projections the Authority will use to consider the future of the water system. Mr. Ausman then entertained a motion.

*Ms. Maxwell moved that the Authority accept the revised capital improvement proposal presented by HRG as the official estimate to be used by the Authority. The motion was seconded by Mr. Segina and passed by a unanimous roll call vote. The Roll Call Vote was recorded as follows:*

*Mr. Proctor – Aye  
Mr. Segina – Aye  
Ms. Maxwell – Aye  
Ms. Handley – Aye  
Mr. Ausman – Aye.*

After the vote, Mr. Ausman noted that a mailer would be sent to residents providing a primer for the issues surrounding the decision before the Authority. Mr. Brown affirmed stating that he had revised the document after receiving feedback from members of the Authority including Mr. Handley. Mr. Brown noted that he had included the projected water rate comparison between Steelton and a potential buyer in the revised mailer.

Mr. Brian Handley asked when he could get a copy of the information sent to the public. Mr. Brown responded that it is ready and he would send a copy to Mr. Handley. Ms. Maxwell asked how the information would be distributed and Mr. Brown said copies of the data is being mailed and will be available at the Public Meetings. Mr. Ausman requested that a copy of his Letter to the Editor regarding a newspaper article comparing the lead and other problems in Pittsburg to Steelton, be included in the material handed out at the Public Meetings. Ms. Maxwell also reiterated a request to have the full-size copies of the Revised Capital Improvements Plan available at the Public Input Meetings.

Mr. Ausman then opened the floor to public comments.

Mr. Dennis Heefner addressed the group as a member of Steelton Borough Council. He was concerned that people think that the Council is not involved in the decision-making process regarding the sale of the water system. He stated that the Council should be included because they are elected officials and the citizens hold the members accountable for everything that happens in the Borough. For example, if the water system is sold and the Water Authority is disbanded, the citizens will bring their concerns about the water system to the Council for resolution. Another example was raising rates to help pay for East End sewer separation, acknowledging that the system is 100 years old. He stated his belief that the assets should be maintained and not sold off. He said that at least four Council members would vote to retain the system if they were afforded the opportunity to vote. He noted that persons seemed reluctant to raise water rates. He implied that people would not like to see the water rate or taxes increase, but they would understand why it has to occur. Mr. Heefner suggested a five or six year trial period to see how the system works with increased water rates before selling the system. Finally, Mr. Heffner requested that the Authority not sell the water system.

Ms. Ausman said that the Authority will make the best decision it can make for the citizens of Steelton. He continued by asking what would happen if no one was interested in purchasing the system in five or six years. Once the decision is made, all the information becomes available for public review, meaning that the entities that are interested in purchasing the system will be able to see what the other entities bid. This could present a problem if the decision was made to sell at a later time. Mr. Ausman stated that the Water Authority Board is trying to make the best choice for the population. The general feeling is that it is a better decision to take a stand now than putting it off until later.

Mr. Brian Handley stated that there has not been an increase in the water rate since 2012, which is a long time. He also said that most areas, including those operated by the entities that have bid to purchase the system, have made three rate increases since 2012. He noted that if the Authority had incrementally increased rates, they would not be in the current situation.

Mr. Proctor asked Mr. Heefner if persons on the Council have been meeting secretly to discuss how they would vote on the sale of the water plant. He stated that such action would be in violation of the Sunshine Act. Mr. Heefner responded that there have been no meetings. He was estimating the votes based on private conversations he has had with members of Council.

Ms. Maxwell stated that she moved to Steelton in 2015 and it took her a while to decide to serve in public office. In fact, she saw the vacancy on the Water Authority Board posted twice before she decided to apply for office. She stated that serving on the Board was an act of love. The \$10.00 per month does not pay the cost of serving the public. Also, she stated that whatever decision the Authority makes will affect the Board members, as well as everyone else since persons serving on the Board, are members of the community. If there is an increase in water rates, Board members will have to pay the increase. She also lamented the fact that there is such low citizen involvement in the decision-making process. She stated that it is difficult making the kind of decisions they are asked to make, and she would like to have more information about what the citizens are thinking.

Mr. Proctor moved, and Ms. Maxwell seconded a motion to adjourn. Following a unanimous vote, the Water Authority Board was adjourned at 6:21 p.m.

