

BUTLER AREA SEWER AUTHORITY
MINUTES OF THE OCTOBER 12, 2021 REGULAR MEETING

The regular meeting of the Butler Area Sewer Authority (Authority) Board was held on Tuesday, October 12, 2021 at 9:00 a.m. at the Authority office located at 100 Litman Road, Butler, PA.

Authority Board Members Present:

- *Gerald S. Patterson, Jr., Chairman*
- *Paul F. Sybert, Vice Chairman*
- *Lance R. Calvert, Secretary*
- *Mavrik W. Goepfert, Treasurer*
- *Steven C. Braden, Assistant Secretary and Treasurer*

Staff, Consultants and Guests Present:

- *Duane McKee, Executive Director*
- *Ronata Lavorini, Finance Director*
- *Virginia Ferderber, Collections and Payables Coordinator*
- *Michael Hnath, Dillon McCandless King Coulter & Graham - Authority Solicitor*
- *Michael McKee, Hatch - Consulting Engineer*
- *Jeff Smith, City of Butler*
- *Zach Hause, AFSCME DC 84, Local 757 Union Representative*
- *George Shockey, 250 S. Duffy Road*
- *Ryan Hayes, PAWC Representative*
- *Jay Wenger, Susquehanna Group Advisors, Inc. (SGA) – via zoom video at 9:43 a.m.*

The public was invited to provide comments by emailing to publiccomment@basapa.org. Public comments provided via email needed to be submitted prior to 8:30 a.m. on October 12, 2021.

1. CALL TO ORDER

- *Mr. Patterson called the meeting to order at 9:00 a.m.*

2. PUBLIC COMMENT: AGENDA ITEMS (Time Limit- 5 Minutes)

- *Mr. Shockey said he heard rumors that the Board is considering selling the Authority and that he was concerned about the costs and future rate increases.*
- *Mr. Calvert responded saying the Board does not have enough information to make a decision yet.*
- *Mr. Shockey said he planned on telling the newspaper, so the customers knew what was going on.*
- *Mr. Hause read a prepared statement to the Board. "My name is Zachary Hause, and I am the Staff representative from the AFSCME DC 84. I represent local 757 and the union employees at BASA are in this local. I am here today to express my desire that each of the parties involved in moving forward with operations at the Sewer Authority remain committed to maintaining a harmonious relationship with the employees who work here. Many of the employees are long term and desire to continue their career here at the Authority. These jobs are good paying union jobs and carry with the job excellent family sustaining benefits. Because so many of the employees rely on this job for themselves and their families, we ask that any decision made keep them in mind. While it remains important that the consumers of the Authority continue to get great service, it is also important to*

make sure that the people who provide that service continue to keep what they've worked for over the last several decades, and that is a good contract that provides the pay and benefits needed to attract and maintain a reliable workforce. Regardless of the outcome, the contract should be honored, and the relationship continue to be beneficial for both parties. Thank you."

3. APPROVAL OF MINUTES

A. September 14, 2021 Regular Meeting

- *A motion was made by Mr. Goepfert and seconded by Mr. Calvert to approve the meeting minutes. Motion approved 5-0.*

4. APPROVAL OF WARRANTS/OTHER PAYMENTS

A. BASA's 2021-2022 Property/Casualty Insurance Renewal with Cincinnati & Mitchel Insurance

- *Mr. McKee referenced the review and recommendation letter provided by Bailey Raabe recommending the Board approve the 2021-2022 Property/Casualty Insurance Renewal with Cincinnati & Mitchel Insurance.*
- *A motion was made by Mr. Sybert and seconded by Mr. Goepfert to approve the 2021-2022 Property/Casual Insurance Renewal with Cincinnati & Mitchel Insurance. Motion approved 5-0.*

B. Invoice Warrant Lists: September 15, 2021 (ACH - \$47,930.98), September 21, 2021 (\$88,474.37), September 30, 2021 (\$26,893.37), October 12, 2021 (Capital - \$15,678.60) and October 12, 2021 (\$148,658.22)

- *Ms. Lavorini reviewed the above warrants.*
- *Ms. Lavorini noted there was a \$22,800 customer refund due to an erroneous overpayment. She noted that the customer had added an extra zero when paying their invoice online and that appropriate review procedures were performed to ensure that the payment was not recalled by the financial institution prior to refund.*
- *A motion was made by Mr. Calvert and seconded by Mr. Braden to approve the warrants listed. Motion approved 5-0.*

5. FINANCE DIRECTOR'S REPORT

A. Authority Fund Statements and Budget Report – September 30, 2021

- *Ms. Lavorini reviewed the Fund Statements and Budget Report dated September 30, 2021. She noted that several accounts were over budget, but mostly due to seasonal purchases and the cost of new projects getting started.*
- *Mr. Patterson asked if there were any questions from the Board. There were no questions.*

B. Investment Update

- *Ms. Lavorini informed the Board there has been no change in the status of PLGIT investments.*

C. Quarterly Accounts Receivable Summary – September 30, 2021

- *Ms. Lavorini reviewed the quarterly accounts receivable report for September 30, 2021.*

D. Summary of Semi-Annual Pension Committee Meeting – August 12, 2021

- *Ms. Lavorini reviewed the semi-annual pension committee meeting summary, briefly discussed the documents that were included in the Board package and reviewed the necessary action items.*

- E. Request Board Action on Pension Fund Matters to Eliminate Templeton Global Bond Adv and First Eagle Gold A and replace them with PGIM Global Total Return and Invesco Gold & Special Minerals, respectively
- Ms. Lavorini reviewed the meeting summary of September 28, 2021 and requested that the Board approve the elimination of the Templeton Global Bond Adv and First Eagle Gold A and replace them with PGIM Global Total Return and Invesco Gold & Special Minerals, respectively.
 - A motion was made by Mr. Goepfert and second by Mr. Patterson to eliminate the Templeton Global Bond Adv and First Eagle Gold A and replace them with PGIM Global Total Return and Invesco Gold & Special Minerals, respectively. Motion approved 5-0.
- F. Consider Updated Pension Investment Policy Statement – September 30, 2021
- Ms. Lavorini requested the Board approve the updated Pension Investment Policy Statement.
 - A motion was made by Mr. Sybert and seconded by Mr. Braden to approve the updated Pension Investment Policy Statement. Motion approved 5-0.

6. OPERATIONS REPORTS

- A. Plant Superintendent's Operations Report -September 2021
- Mr. McKee informed the Board that the reports were in their packages and asked if there were any questions.
 - There were no questions.
- B. Field Superintendent's Operations Report - September 2021
- See above.
- C. Realty Transfer I&I Inspection's Report - September 2021
- See above.
- D. Sewer Tap-In Report - September 2021
- There were ten sewer tap permits issued; six new residential unit (Forest Oaks) and four no fee permits for repairs.
- E. Discharge Monitoring Report - August 2021
- Mr. McKee reported that the wastewater treatment plant was in full compliance with all the NPDES Permit discharge limits and monitoring requirements during August 2021. The plant's average daily flow was 6.827 MGD.
 - Mr. McKee informed the Board that there were six sanitary sewage overflows (SSO) in August.
 - The Rocklick Pump Station incident, on August 13, 2021, was found at 8:00 a.m. The total discharge amount is unknown. The overflow was caused by a break in the force main. A temporary repair was put in place.
 - Rocklick Pump Station was taken out of service for a permanent repair causing an overflow on August 23, 2021. The overflow was recorded from 10:42 a.m. to 10:50 a.m. approximately 2,773 gallons overflowed.
 - Greenwood Pump Station wet well overflowed on August 25, 2021, from 5:45 p.m. to 8:45 p.m. with a total discharge amount of 6,870 gallons. The rain gauge measured 2.54 inches of rain on August 25, 2021.

- *Brewster Pump station wet well overflowed on August 25, 2021 from 3:30 p.m. to 4:50 p.m. with a total discharge amount of 9,740 gallons. The rain gauge, measured 2.54 inches of rain on August 25, 2021*
- *685 Glenwood Way manhole 501 surcharged on August 26, 2021 from 7:34 a.m. to 9:40 a.m. due to heavy rains and a main line clog. There was an unknown amount of overflow. Crews cleared the main line at 9:40 a.m.*
- *Whitestown Road & Hansen Avenue manhole 1002 surcharged on August 25, 2021 the overflow time and amount is unknown. Heavy rain caused a hydraulic overload of the collection system.*
- *Remnants of Hurricane Ida caused several streams and low-lying areas to flood on August 25 and 26, 2021. All SSO's were reported to DEP.*

7. CONSULTING ENGINEERS' REPORTS

A. Authority Consulting Engineer's Monthly Report

- *Mr. Mike McKee informed the Board that the report was in their package and asked if there were any questions.*
- *Mr. Patterson asked if the Board had any questions. There were no questions.*

B. CAP Update- HRG's Progress Report- September 2021

- *Mr. McKee informed the Board that HRG remains on schedule and is approaching the completion of the 30% design drawings.*
- *Mr. Patterson asked if there were any questions on the report. The Board had no questions.*

8. FISCAL AND CONTRACTING MATTERS

A. Consider Purchase of 2022 Ford F-350 Transit Van, Costars #025-125

- *Mr. McKee requested the Board approve the purchase of a 2022 Ford F-350 transit van to replace a 2011 Ford F-350 cargo van in the amount of \$40,376. This purchase will be made through the Costars Program.*
- *A motion was made by Mr. Sybert and seconded by Mr. Braden to approve the purchase of 2022 Ford F-350 Transit van in the amount of \$40,376. Motion approved 5-0.*

B. Consider Award of 2021-2022 NHCOG Sewer Rehabilitation Contracts

- *Mr. McKee requested the Board to award the NHCOG Contracts No. A through I as listed on the October 1, 2021 memo. The unit cost contracts will be used toward a not to exceed value of \$258,000 for sewer rehabilitation as budgeted in the Capital Budget.*
- *A motion was made by Mr. Patterson and seconded by Mr. Calvert to award NHCOG Contracts No. A through I as listed on the October 1, 2021 memo and authorize staff to develop a sewer rehabilitation project with a cost not to exceed \$258,000's as budgeted in the 2021-2022 Capital budget. Motion approved 5-0.*

C. BASA's 2022 Health, Vision and Dental Insurance Renewal Rates with Municipal Benefits Services

- *Mr. McKee informed the Board that Municipal Benefits Services will provide the health, vision, and dental insurance in 2022 with a zero percent increase.*

D. Consider Purchase of Three Stainless Steel Slide Gates, Costars #016-109

- *Mr. McKee requested that the Board authorize the purchase of three slide gates for the chlorine contact tank in the amount of \$43,221. This purchase will be made through the Costars Program.*
- *A motion was made by Mr. Patterson and seconded by Mr. Sybert to approve the purchase of three*

slide gates in the amount of \$43,221. Motion approved 5-0.

E. Consider Purchase of Service Body Pickup Bed, Costars #025-104

- *Mr. McKee requested that the Board authorize the purchase of a utility bed, ladder rack and strobe lights for the new pickup truck purchase last month in the amount of \$11,247. This purchase will be made through the Costars Program.*
- *A motion was made by Mr. Goepfert and seconded by Mr. Braden to purchase a utility bed in the amount of \$11,247. Motion approved 5-0.*

9. OLD BUSINESS

A. Exploration of Options for the Potential Purchase of BASA's System and Asset by a Third Party

- *Mr. Hnath informed the Board that Mr. McKee, Ms. Lavorini and he had a conference call with Mr. Hayes and Mr. Ward from PAWC to discuss the Confidentiality Agreement.*
- *Mr. Hnath wants to confirm with PAWC that the Agreement follows the Act 12 process.*
- *Mr. Hnath also asked the Board if they wanted to consider a closed or open process. The Board could send out an RFP. There are other prospective buyers.*
- *Mr. Patterson said he wanted an open and transparent process.*
- *Mr. Sybert agreed that the process should be open and not done behind closed doors.*
- *Mr. Hnath stated that Butler City and Butler Township direct the Board to explore third party options.*
- *Mr. Calvert said it makes more sense to work with PAWC because they own the water system, and projects could be coordinated.*
- *Mr. Wenger, from SGA joined via zoom call at 9:43 a.m. to review the options he has experienced with the confidentiality agreement or an RFP. The RFP process can be more competitive to get the best price. The RFP is driven by the Authority and not the buyer.*
- *Mr. Wenger asked if the Board had any questions. There were no questions.*
- *Mr. Hnath referenced several handouts the Board received via email yesterday and in the meeting containing the total number of accounts by municipality, the 1974 intermunicipal agreement, the PAWC Confidentiality Agreement and the Aqua America letter of interest.*
- *Mr. Hnath then reviewed the accounts by municipality noting this does not imply sewer service charge allocations.*
- *Mr. Hnath reviewed the 1974 Agreement and provided background on how the regional Authority was formed.*
- *Mr. Hnath pointed out that the Confidentiality Agreement does not address paid time off, union contract, OPEB, and how management employees would be treated. The Authority has historically provided benefits to management employees at the same level as the Union employees. An RFP could spell out how the Board wants the employees to be treated and set a sewer service charge rate freeze for the customers.*
- *Mr. Hnath wants the Board to understand the big picture so they can make an informed decision.*
- *Mr. Hnath explained that the Act 12 process would use two independent PUC certified appraisers. One selected by PAWC and one selected by the Authority. There are approximately 12-15 appraisers to choose from. Then an engineer would be jointly selected to finalize the valuation report.*
- *Mr. Hayes informed the Board that PAWC is being transparent. They have contacted Butler City, Butler Township, State Representatives, and Senators and that the PAWC brand is very important to them. This deal would make strategic sense for PAWC.*
- *Mr. Braden asked the Board if anyone has heard from Aqua America. The Board responded no.*

- Mr. Braden then said that PAWC has shown a real interest and Aqua America has not.*
- *Mr. Goepfert said the Board should work out the confidentiality agreement with PAWC. The Authority can get the offer and then do an RFP if they don't like the offer.*
- *Mr. Patterson noted that historically the Authority have requested competitive bids regarding the sale of bonds to ensure transparency and obtain the best pricing and feels that this should be handled the same way through a transparent RFP process.*
- *Mr. Calvert asked if we could get more money if we go with the RFP.*
- *Mr. Hayes stated that the PUC sets the user rates. PAWC operates in a regulated industry.*
- *Mr. Hayes informed the Board that both Butler City and the Butler Township wanted a copy of the Confidentiality Agreement once it is executed.*
- *Mr. Shockey commented, who currently owns PAWC and if China could purchase it in the future.*
- *Mr. Patterson suggested we have a public hearing and noted that this is a big deal, the Board should take time to really evaluate this decision.*
- *Mr. Calvert said then we will get questioned on things we don't have the answers to yet.*
- *Mr. Hnath asked Mr. Hayes what the normal length of time is for this initial process, he noted that normally it is 180 days, but that there was an urgency communicated to PAWC for a shorter (60 day) process.*
- *Mr. Hnath questioned what the drawbacks of an RFP process are and taking the normal length of time, 180 days, to do it right.*
- *Mr. Goepfert replied he does not want to keep kicking the can down the road.*
- *Mr. Patterson made a motion to develop an RFP for the sale of the Authority. The motion was seconded by Mr. Sybert. Mr. Patterson and Mr. Sybert voted yes, while Mr. Calvert, Mr. Braden, and Mr. Goepfert voted no. Motion did not pass 2-3.*
- *The Board then agreed that Mr. Hnath and staff should work with PAWC to finalize the Confidentiality Agreement and report back to the Board in November.*

10. NEW BUSINESS

A. Consider Approving a Grinder Pump Agreement for 569 Kohler Ave. Ext., James B. Cochran and Michele L. Cochran

- *Mr. McKee requested the Board approve the Grinder Pump Agreement for 569 Kohler Ave. Ext., James B. Cochran and Michele L. Cochran.*
- *A motion was made by Mr. Braden and seconded by Mr. Calvert to approve the grinder pump agreement for 569 Kohler Ave. Ext., James B. Cochran and Michele L. Cochran. Motion approved 5-0.*

B. Connoquenessing Township Sewer Authority Preliminary Inquiry – Phase 2 Connection to BASA via Cupps Road Pump Station

- *Mr. McKee reviewed Connoquenessing Township Sewer Authority's request for sewer service to the Cupps Pump Stations. The Authority Consulting Engineer and Staff reviewed the request. The Sewage treatment plan has capacity, but the Cupps Station and the collection system have capacity issues that would need resolved.*

11. PUBLIC COMMENT: NON-AGENDA ITEMS (Time Limit – 5 Minutes)

- *Mr. Smith asked for confirmation that the no vote on the RFP meant that the Board would move forward with the Confidentiality Agreement.*
- *The Board responded yes.*
- *Mr. Smith also asked for confirmation that Connoquenessing was approved to connect to the BASA*

system.

- *The Board responded no; the discussion is in preliminary stages.*
- *Mr. Smith asked if the Board would be acting on approving the Confidentiality Agreement after the Board returns from Executive Session*
- *The Board responded no, there are still details to work out.*

12. EXECUTIVE SESSION – Legal Matters

- *A motion was made by Mr. Sybert and seconded by Mr. Goepfert to enter Executive Session at 10:23 a.m. The motion passed 5-0.*
- *All Board members, Mr. McKee, Mr. Hnath and Ms. Lavorini were present to discuss legal matters.*
- *The Board returned to the regular meeting at 10:52 a.m.*

13. REGULAR SESSION

- *A Motion Was Made by Mr. Calvert and Seconded by Mr. Braden for Mr. Hnath, Mr. McKee, and Ms. Lavorini to work on the Confidentiality Agreement with PAWC and present the agreement to the Board at the November meeting. Motion approved 5-0.*

14. ADJOURNMENT

- *A motion was made by Mr. Goepfert and seconded by Mr. Calvert to adjourn the Regular Meeting at 10:55 a.m. Motion approved 5-0.*



Secretary

11-9-2021

Date

**NEXT MEETING: TUESDAY, NOVEMBER 9, 2021 at 9:00 A.M.
AUTHORITY OFFICE, 100 LITMAN ROAD, BUTLER, PA**

