

BUTLER AREA SEWER AUTHORITY
MINUTES OF THE DECEMBER 14, 2021 REGULAR MEETING

The regular meeting of the Butler Area Sewer Authority (Authority) Board was held on Tuesday, December 14, 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 Treasure*

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*
- *Jay Wenger, Susquehanna Group Advisors, Inc. (SGA), Video Conference*
- *Jeff Smith, City of Butler*
- *Sam J. Zurzolo, Butler Township*
- *Ryan Hayes, PAWC Representative*
- *Krista Weeks, Aqua, Manager Business Development*
- *Mark Lucca, Aqua, President*
- *Zach Martin, Aqua Western Area Manager*
- *Steve Ferris, Butler Eagle (arrived after meeting adjourned)*

1. EXECUTIVE SESSION

- *The Board meet for Executive Session from 8:00 a.m. to 8:45 a.m. to discuss legal and personnel matters. All five Board members and Mr. Hnath were present.*

2. CALL TO ORDER

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

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

- *None*

4. APPROVAL OF MINUTES

A. November 9, 2021 Regular Meeting

- *A motion was made by Mr. Braden and seconded by Mr. Calvert to approve the November 9, 2021 meeting minutes. Motion approved 5-0.*

5. APPROVAL OF WARRANTS/OTHER PAYMENTS

- A. Authorize Payment to DRV, Inc. 230V 3HP Duplex VFD Panel- COSTARS Contract #016-034 (\$16,500)
- *Mr. McKee requested the Board authorize the purchase of a 230V 3HP Duplex VFD Panel from DRV, Inc. under the Costars Contract #016-034 in the amount of \$16,500.*
 - *A motion was made by Mr. Sybert and seconded by Mr. Goepfert to approve the purchase of a 230V 3HP Duplex VFD panel from DRV, Inc. in the amount of \$16,500. Motion approved 5-0.*
- B. Change Order # 1 -Contract 2020-02, Sludge Thickener Upgrade Project, No Cost for Time Extension of 137 days, (Ray Showman Jr. Excavating, Inc.)
- *Mr. McKee informed the Board that Change Order #1 is for a time extension to the contact and costs are not affected.*
 - *Mr. Sybert asked why the time extension was needed.*
 - *Mr. McKee explained that it was the delivery of the thickener equipment that has delayed the project.*
 - *A motion was made by Mr. Goepfert and seconded by Mr. Braden to approve Change Order # 1 to Ray Showman Jr. Excavating, Inc. for a no cost time extension. Motion approved 5-0.*
- C. Invoice Warrant Lists: November 10, 2021 (ACH - \$54,172.64), November 16, 2021 (\$82,125.43), November 23, 2021 (\$50,983.70), December 2, 2021 (\$36,565.75), December 14, 2021 (\$40,080.25), and December 14, 2021 (Capital - \$13,154.30)
- *Ms. Lavorini reviewed the above warrants.*
 - *A motion was made by Mr. Sybert and seconded by Mr. Braden to approve the warrants listed. Motion approved 5-0.*

6. FINANCE DIRECTOR'S REPORT

- A. Authority Fund Statements and Budget Report – November 30, 2021
- *Ms. Lavorini reviewed the Fund Statements and Budget Report dated November 30, 2021.*
 - *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.*

7. OPERATIONS REPORTS

- A. Plant Superintendent's Operations Report -November 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 – November 2021
- *See above.*
- C. Realty Transfer I&I Inspection's Report - November 2021
- *See above.*
- D. Sewer Tap-In Report - November 2021
- *There were six sewer tap permits issued: five new residential units and one no fee for repairs.*

E. Discharge Monitoring Report - October 2021

- *Mr. McKee reported that the wastewater treatment plant was in full compliance with all the NPDES permit discharge limits and monitoring requirements during October 2021. The plant's average daily flow was 4.675 MGD.*
- *Mr. McKee informed the Board that there were no sanitary sewer overflows in October.*

8. **CONSULTING ENGINEERS' REPORTS**

A. Authority Consulting Engineer's Monthly Report

- *Mr. Mike McKee informed the Board that the report was in their package and there was one thing to add. The electrical contractor for the Thickener Building project will be submitting a change order requesting a time extension for next month's meeting.*
- *Mr. Patterson asked if the Board had any questions. There were no questions.*

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

- *Mr. McKee informed the Board that HRG has completed the field survey and continues working on the 30% design drawings. The drawings will allow us to further evaluate cost, zoning issues and property acquisitions.*
- *Mr. Patterson asked if there were any questions on the report. The Board had no questions.*

9. **FISCAL AND CONTRACTING MATTERS**

A. Consider Awarding Professional Engineering Services to Hatch Engineering for Hansen Avenue/Whitestown Road Area Sewer Study

- *Mr. McKee reviewed the proposal from Hatch to conduct a sewer study at the corner of Whitestown Road and Hansen Avenue. Mr. McKee requested the Board award Hatch's engineering proposal to perform the engineering services for the Hansen Avenue/Whitestown Road area sewer study in the not to exceed amount for \$10,900.*
- *Mr. Patterson asked for more detail on what the study would include.*
- *Mr. McKee further explained that the work was needed to remedy a manhole located near the post office on Whitestown Road that overflows during most wet weather events. The study will include surveying the tops and inverts of the manholes, manhole inspections, flow monitoring and televising. Hatch will then provide us recommendations to eliminate the wet weather overflows.*
- *A motion was made by Mr. Calvert and seconded by Mr. Braden to award the Hatch engineering proposal to perform the necessary engineering services for the Hansen Avenue/Whitestown Road area sewer study in the not exceed amount of \$10,900. Motion approved 5-0.*

B. Consider Award of Engineering Services to GAI and PennDOT for the Relocation of Approximately 1,400 L.F. of Gravity Sewer on SR0068

- *Mr. McKee recommended the Board approve the engineering proposal from GAI and PennDOT to design the relocation of approximately 1,400 feet of gravity sewer line on Route 68. The relocation is necessary to allow room for new storm drains on Route 68. The design fee is \$66,806.12.*
- *Mr. Patterson asked if the fee was a not to exceed amount. Mr. McKee responded yes.*
- *A motion was made by Mr. Sybert and seconded by Mr. Patterson to award the engineering services to GAI and PennDOT to design the relocation of approximately 1,400 feet of gravity sewer line on Route 68 in the amount of \$66,806.12. Motion approved 5-0.*

C. Consider Accepting the 2013 Arbitrage Rebate Calculation by Maher Duessel CPAs

- *Ms. Lavorini reviewed the 2013 arbitrage rebate calculation prepared by Maher Duessel, noting*

that the bond yield exceeded the investment yield on the comparison date and therefore there are no requirements to contribution into the Rebate Fund or file federal Form 8038-T.

- *A motion was made by Mr. Goepfert and seconded by Mr. Patterson to approve the 2013 arbitrage rebate calculation. Motion approved 5-0.*

D. Consider Accepting the 2016 Arbitrage Rebate Calculation by Maher Duessel CPAs

- *Ms. Lavorini reviewed the 2016 arbitrage rebate calculation prepared by Maher Duessel, noting that the bond yield exceeded the investment yield on the comparison date and therefore there are no requirements to contribution into the Rebate Fund or file federal Form 8038-T.*
- *A motion was made by Mr. Patterson and seconded by Mr. Calvert to approve the 2016 arbitrage rebate calculation. Motion approved 5-0.*

E. Consider Non-Union Wages for 2022

- *Mr. Patterson asked for a motion to approve the 2022 non-union wages as discussed in the Executive Session.*
- *A motion was made by Mr. Sybert and seconded by Mr. Goepfert to approve the 2022 non-union wages.*

10. OLD BUSINESS

A. Update on Borrowing New Money to Fund the 2019 Corrective Action Plan, Susquehanna Group Advisor, Inc, Jay Wenger (via videoconference)

- *Mr. Wenger joined the meeting via videoconference and reviewed the options the Board may consider when borrowing new money for the 2019 CAP project.*
- *He noted that a borrowing will have no real effect on the value of the system as the CAP is either corrected through Authority debt issued now or it will become the burden of the buyer to repair later. In addition, if the Board sells the Authority the process will take some time and as corrective actions need to be completed within a specified window moving forward may be necessary.*
- *If the debt is believed to be short term, or that a sale of the Authority is anticipated, the Board may consider obtaining a short-term loan instead of a sewer revenue bond. The overhead cost is considerably lower for a short-term loan. If the Board obtains a sewer revenue bond, the closing costs would well exceed those of a short-term loan and there will be the need to put money in escrow to cover the cost of an early call on the Bond.*
- *As design progresses for the CAP project and the Authority has a better understanding of various factors, the best route to borrow funds will be evaluated.*

B. AQUA's Interest in Acquiring the Assets of Butler Area Sewer Authority, Krista D. Weeks

- *Ms. Weeks provided a presentation to the Board expressing Aqua's interest in purchasing the Authority's assets and then asked if the Board had any questions.*
- *Mr. Patterson asked how they handle rates.*
- *Mr. Lucca respond saying that the customers are very important to Aqua and that the rate is really tied to the purchase price and how the rates are distributed through all the customers across the State.*
- *Mr. Goepfert asked how they would handle employee retention.*
- *Mr. Lucca responded saying everyone would keep their jobs, all the Union and nonunion employees. The Union contract would be honored. The administrative jobs would be classified and fit into Aquas system, but they would keep the same wages. Aqua needs the employees to operate the plant.*
- *Mr. Calvert asked why they waited until now to show interest, BASA did receive a letter this summer or June, but there didn't seem to be a high level of interest from Aqua.*

- *Mr. Lucca apologize for any misconception that Aqua is casually interested, but Aqua is very interested. A letter was sent out in June, and there may have been some miscommunication. Aqua would take the blame for that. He noted they are currently serving members of the community through Peoples gas. Aqua is interested in a competitive bid process. There is certainly nothing to be lost in a competitive process, but that is certainly a Board decision.*
- C. Consider Approving the PA American Water (PAWC) Confidentiality Agreement
- *Mr. Hnath introduced the Confidentiality Agreement and informed the Board that PAWC had agreed to the revisions to the Agreement. The Confidentiality Agreement is on the Agenda for the Board's consideration to approve. Mr. Hnath also mentioned that if this Board approves the agreement that the City and Township would need to approve similar agreements.*
 - *Mr. Patterson asked if there was a motion to approve the confidentiality agreement.*
 - *A motion was made by Mr. Calvert and seconded by Mr. Goepfert to approve he Confidentiality Agreement. The motion moved forward.*
 - *Mr. Patterson said he needed to explain his vote. The benefit of selling the Authority is no benefit to the Authority. We don't need the money. This is a money grab for the elected officials at the expense of the rate payers. We are not in financial turmoil. Our current rates are very low. Yet, when it comes to accepting a confidentiality agreement, that something we can just do, do a multi-million-dollar sale without any public advertisement. However, we can't sell a \$500.00 used truck without bidding it. Why wouldn't we be able to bid this? Or why shouldn't we be able to bid this? I just can't see doing a multi-million-dollar potential sale behind closed doors. But if that is the case, why just PA American? Because they were the first to knock on our door? They have publicly stated that they will double the rates over the next 10 years. Why not let any interested buyer submit a proposal? Do you think the elected officials would campaign "elect me – I'll double your rates" in 10 years. They would not get any votes. The residents don't know about this. PA American is interested in the purchase because our rates are low and there is room for an increased revenue stream for them at the expense of our customers. I can't support the sale and I vote no on the Confidentiality Agreement.*
 - *Mr. Sybert said he stood behind Mr. Patterson's statement and wanted to add that all customers such as Center Township and East Butler should have a say in the sale of the Authority. Mr. Sybert voted no.*
 - *Mr. Goepfert voted yes, Mr. Calvert voted yes, and Mr. Braden voted yes. Motion approved 3-2.*
- D. Consider Hiring Professional Consultants to Evaluate any Third Party's Offer to Purchase BASA's Assets
- *Mr. McKee requested the Board authorize staff to request proposals from professional consultants to help evaluate the number we will get from PAWC through the confidentiality agreement. Once we get a number how do we know where that number lands as far as the Authority's value. We will need some help analyzing the numbers. Mr. McKee will bring professional proposals to the Board at a later date.*
 - *The Board agreed.*

11. NEW BUSINESS

- A. Establish Board Meeting Dates for 2022
- *Mr. Patterson suggested Items 11A and 11B be handled at the same time.*
- B. Authorize Advertisement of 2022 Board Meeting Dates
- *A motion was made by Mr. Sybert and seconded by Mr. Calvert to approve the 2022 Meeting dates being on the second Tuesday of every month at 9:00 at 100 Litman Road. The only exception being Monday, November 7, 2022. Motion approved 5-0.*
- C. Renewal of L&I's Certification for Workplace Safety Committee Effective Date December 31, 2021

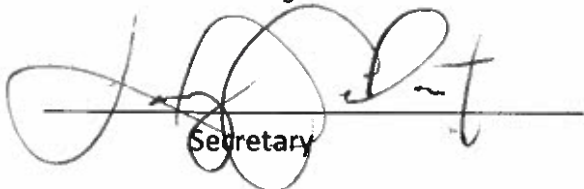
- Mr. McKee informed the Board that the safety committee received the renewal for 2022 from L&I. This certificate enables the Authority to receive discounts on workers compensation insurance.
- D. Consider Renewal of Pennsylvania Municipal League (PELRAS) 2022 Membership
- Mr. McKee requested the Board approve the \$450 PELRAS membership fee for 2022.
 - A motion was made by Mr. Goepfert and seconded by Mr. Patterson to approve the \$450 membership fee for the 2022 PELRAS membership. Motion approved 5-0.
- E. Consider Renewal of Butler County Chamber and Community Development Corporation (CDC) – 2022 Membership
- Mr. McKee requested the Board approve the \$450 fee for the combined annual 2022 Butler County Chamber and Community Development Corporation membership.
 - A motion was made by Mr. Goepfert and seconded by Mr. Braden to approve the \$450 fee for the 2022 Butler County Chamber and Community Development Corporation membership. Motion approved 5-0.
- F. Consider Resolution No. 12-14-2021-1 Records Disposition
- Ms. LAVORINI reviewed the records disposition resolution stating the records would not be destroyed until after January 1, 2022.
 - A motion was made by Mr. Goepfert and seconded by Mr. Patterson to approve Resolution No 12-14-2021-1 Records Disposition. Motion approved 5-0.

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

- Mr. Smith informed the Board that this would be his last meeting serving as the City's liaison. In the 2 years he has really seen this Board grow and he is proud of the three members of the Board who stepped up and overcame some expected and some unexpected obstacles. Mr. Smith stated that they have done the right thing and to continue to do the right thing. On a personal note, from someone who has been on an Authority, the way some small Authority's keep rates low is by deferring maintenance. That doesn't work, so don't fall into that trap. If you move ahead with the sale, whomever takes over, I am sure will do the maintenance. If you decide against the sale, you guys need to come up with a way to do the maintenance even if it does mean a rate increase. Don't worry about what the people say but do the right thing. Thank you for your service and I will continue to watch the paper moving forward.
- Mr. Zurzolo said he would like a copy of the non-union employee wages that were just approved. He also wanted to thank Mr. Patterson for doing a great job as an appointed Butler Township Board member, he will be greatly missed. He will also be missed by the residents of Butler Township. Finally, he wished everyone a happy Holiday and said Krista did a good job with her presentation.

13. ADJOURNMENT

- A motion was made by Mr. Goepfert and seconded by Mr. Patterson to adjourn the Regular Meeting at 9:42 a.m. Motion approved 5-0.


Secretary

1-11-2022
Date

NEXT MEETING: TUESDAY, JANUARY 11, 2022 at 9:00 A.M.
AUTHORITY OFFICE, 100 LITMAN ROAD, BUTLER, PA