

**PETERS TOWNSHIP
SANITARY AUTHORITY**

111 BELL DRIVE
McMURRAY, PA 15317-3415
PHONE: 724-941-6709
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James J. Miskis, Manager
Mark A. Chucuddy, Asst. Manager
Gary A. Parks, Special Projects Manager
Patricia L. Mowry, Financial Controller
Diane L. Gregor, Admin. Assistant

AGENDA

REGULAR MEETING

December 9, 2014

ROLL CALL:

REVIEW OF MINUTES FOR APPROVAL: Minutes of November 11, 2014

VISITORS:

SOLICITOR'S REPORT:

ENGINEER'S REPORT:

MANAGER'S REPORT:

ASSISTANT MANAGER'S REPORT:

SPECIAL PROJECTS MANAGER REPORT:

CORRESPONDENCE FOR THE BOARD'S INFORMATION:

FINANCIAL CONTROLLER'S REPORT:

FINANCIAL STATEMENT REVIEW: Month ending November 30, 2014

PAYMENT OF BILLS & REQUISITIONS:

OTHER BUSINESS:

1. Adopt the 2015 Budget
2. Discussion of Administration's Health Insurance Alternatives.
3. Acceptance of proposed sewage flows from the Henney Plan of Lots 400 GPD (1 EDU)

ADJOURNMENT:

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REGULAR MEETING

December 9, 2014

ROLL CALL:

The regularly scheduled meeting of the Peters Township Sanitary Authority was called to order at 7:00 p.m. by the Chairman. Board members present were David G. Blazek, Terrence G. Byrne, Eric S. Grimm, Rebecca W. Kaminsky. Also present were Keith Bassi, Solicitor, David Coldren, KLH Engineering, Inc., James J. Miskis, Manager, Mark A. Chucuddy, Assistant Manager and Patricia Mowry, Financial Controller. Absent from the meeting was Michael P. Crall.

APPROVAL OF MINUTES:

A Motion was made by Mrs. Kaminsky and seconded by Mr. Byrne to approve the minutes of November 10, 2014 as prepared by Patricia Mowry. The Motion carried unanimously.

VISITORS:

SOLICITOR'S REPORT: Copy on File.

Mr. Bassi distributed draft policies for office personnel use of technology, confidential information, and work rules. Management will review the draft.

Mr. Bassi reported he reviewed and commented on the insurance quotes and requirements for data breaches, cybercrimes along with other general insurance liability policies required for the billing and collections of the sewage billing.

Mr. Bassi reported he reviewed the Paymentus contract, the service provider for the processing of customer online sewage payments. Once the customer portal is available customers will have the option to pay their sewage bill by charge card, bank card, and/or e-checks through Paymentus. There will be a small fee charged directly to the customer. The only fee the Authority would be responsible for would be if a customer had non-sufficient funds. If that occurs the Authority will charge the customer for the bank fee charged by Paymentus. The contract is still to be negotiated. Mr. Bassi and Mrs. Mowry recommended approval of the contract subject to Mr. Bassi's final approval.

A Motion was made by Mrs. Kaminsky and seconded by Mr. Grimm to enter into the Paymentus contract for the customer online sewage payments, subject to Mr. Bassi's final approval. The motion carried unanimously.

ENGINEER'S REPORT: Copy on File.

Mr. Coldren reported the status of the developer project the Crossings Sheriff's Court. The as-built survey was completed and drawings are being finalized based on the Management's comments.

Mr. Coldren reported the status of the Stratford Manor Pump Station Force Main Replacement project. .

The bid documents are approximately 80% completed. The project is anticipated to be advertised this winter with construction period to begin in the spring.

Mr. Coldren reported the status of the Donaldson's Crossroads Sewer System Interceptor Improvements project. The field survey is 95% complete and the second draft hydraulic report is being finalized.

Mr. Coldren presented the Annual Consulting Engineer report. Mr. Coldren stated he believes the Authority has met all the requirements in the trust indenture for the 2014 budget year and the 2015 Budget will meet all the requirements. Mr. Coldren recommended acceptance of the engineer's report

A Motion was made by Mrs. Kaminsky and seconded by Mr. Byrne to accept KLH Engineers Inc., Annual Consulting Engineer report. The motion carried unanimously.

MANAGER'S REPORT: Copy on file.

Mr. Miskis presented the 2014 Budget Performance report. Overall, the Authority operated within the 2014 Budget. The Operating Revenues are projected to finish the year at \$90,500, or 3%, less than budgeted. This shortfall is primarily due to the on-going trend of less residential water consumption. Mr. Miskis displayed several charts summarizing the decreasing water consumption trend reported by American Water Company statewide in Pennsylvania, as well the Cleveland Water Department's suburban customers. The decreasing consumption trends being experienced by these water suppliers is similar to what the Authority is experiencing. Water consumption in 2014 was further reduced due to a wet and cold spring and summer.

The 2014 Total Revenues, which include the non-operating revenues of tap fees and investment interest, are projected to finish the year at \$27,300 more than budgeted. The shortfall in Operating Revenues was offset by tap fee revenue being greater than budgeted. Mr. Miskis noted that we budget the tap fee revenue conservatively, therefore exceeding the budget number is expected in most years.

The 2014 Total Expenses, including debt service, were 1.4% under budget, primary due to the required 10% Debt Service Coverage which is never expended. Mr. Miskis highlighted significant accomplishments per each department. The Treatment and Sewer Collection Departments were both under budget by 3%, with the Administration Department over budget by 7%. This department's overrun is primarily to due legal expenses associated with a settlement of a lawsuit during 2014.

Mr. Miskis presented the 2015 Budget Request. Management indicated a rate increase is not required at this time, however a substantial rate increase will be required in the fourth quarter of 2015 to support the borrowing for the Donaldson's Crossroads Plant and Interceptor Replacement Project. Depending on our success in receiving grants and/or low interest loans, the construction bids, and declining water consumption trends the rate increase required will be on the order of 25% to 32%. Strategies are being considered to minimize this rate increase, such as spreading it over two years, and capitalizing the interest during construction. Furthermore, the Authority will retire its 2009 Sewer Revenue Bonds early in November 2015, thereby the \$600,000 annual debt service for that issue will be re-directed to the new borrowing. Unfortunately, the new borrowing's annual debt service could be twice the existing, thereby the need for the large rate increase.

2015 Total Expenses are projected at \$3,193,000, which is a 0.5% increase from 2014. Significant Operating Expense increases are occurring in 1) Personnel at \$92,400 due to the hiring of Billing Specialist in late 2014 to bring the sewer billing in-house, and a 35% in the Administrative Department's medical insurance premium; 2) Utilities at \$13,000 due to increase electrical expense, and 3) Maintenance & Repair at \$20,000, primarily due to planned increased expenditures on sewer repair.

Mr. Miskis presented the 2015 Capital Improvements Plan and a 10-year Capital Plan. The 2015 plan continues to focus on the Donaldson's Crossroads treatment plant and interceptor replacements, and the Series 2009 Revenue Bonds are expected to be retired in November 2015. The 2015 Capital Plan priorities total \$780,000.

A Motion was made by Mrs. Kaminsky and seconded by Mr. Byrne to adopt the 2015 Budget Request. The Motion carried unanimously.

Mr. Miskis reported the status of the degrading Rutledge Drive pump station discharge sewers. Management reviewed the videos and the pipe is severely deteriorated for approximately 2,000 feet. Staff will continue televising the sewer to determine extent of the corrosion. Sewer rehabilitation of 1,500 feet of these sewers is included in the 2015 Capital Plan at \$150,000.

Mr. Miskis reported the site plan for the DC WPCP Replacement project was approved by the Planning Commission with only minor conditions. The garage site plan was submitted in October and is on the Planning Commission's agenda for December 11, 2014. Mr. Miskis will attend the meeting. GHD will not be required to attend.

Mr. Miskis reported Technical Electric Services completed their value engineering of the electrical drawings for the DC WPCP Replacement project. The potential cost savings, assuming all recommendations are implemented, is conservatively estimated at \$32,000. Management will request KLH's opinion regarding the need for a power system study and third party electrical field acceptance tests as contained in GHD's current specifications.

Mr. Miskis reported the status of the design of the DC WPCP Replacement project is on budget with approximately 86.1% of the budget expended. Mr. Miskis recommended approval of payment of invoices from GHD for a total of \$22,938.32, as presented on the CIRF requisition.

Mr. Miskis reported on the DC WPCP Replacement project financial planning. The Authority will seek a Pennvest low interest loan, supplemental bond issues, and grant funding. The target application date for the Pennvest loan will be May 2015 for the July 2015 Pennvest Board meeting.

ASSISTANT MANAGER'S REPORT: Copy on File.

Mr. Chucuddy reported the 1992 International Tanker truck was placed on the Municipal, an online auction for the sale of municipal property. Mr. Chucuddy recommended award of sale of the tanker truck in the amount of \$3,710 to Theodore Cress.

A Motion was made by Mr. Grimm and seconded by Mrs. Kaminsky award the sale of the 1992 International Tanker truck to Theodore Cress in the amount of \$3,710. The motion carried unanimously.

Mr. Chucuddy reported on the status of the development Anthony Farms Phase II. The Developer had extended the construction period and a construction inspector is needed to be there beyond what was anticipated. Mr. Chucuddy recommended approval of KLH Engineers Inc., amended construction inspection services service order.

A Motion was made by Mr. Grimm and seconded by Mr. Byrne to approve the amended Service Order No. 284-85 for the construction inspection services for Anthony Farms Phase II in the amount of \$1,400 for a total amount \$23,600. The motion carried unanimously.

Mr. Chucuddy reported on the Henney Plan of Lots. It is a large parcel fronting Frosty Valley Lane and E. McMurray Road. This new subdivision is creating a new lot and is eligible for sewage planning exemption. The developer has completed the required application and paid the required fees. This structure will obtain sewage service via a private grinder pump and connect to the sanitary sewers located behind the homes on Lindenvale Drive. Mr. Chucuddy recommended acceptance of the proposed sewage flows of 400 GPD (1 EDU) from Henney Plan of Lots.

A Motion was made by Mrs. Kaminsky and seconded by Mr. Byrne accept the proposed sewage flows of 400 GPD, 1 EDU from Henney Plan of Lots. The Motion carried unanimously.

SPECIAL PROJECTS MANAGER’S REPORT: Copy on File

CORRESPONDENCE FOR THE BOARD’S INFORMATION: Copy on File

FINANCIAL CONTROLLER’S REPORT:

Mrs. Mowry reported Jordan Tax Service delivered all sewage files November 26, 2014. Management will continue to coordinate with Jordan Tax Service in regards to payments they are still receiving from the Authority’s customers.

Mrs. Mowry reported the data conversion of the sewage billing and customer files from Jordan Tax Service into the new system is in process. The staff training on the new billing system is scheduled later this month. The 4th quarter billing is anticipated to be processed and bills mailed by January 9, 2015.

FINANCIAL STATEMENT REVIEW: Month ending November 30, 2014.

PAYMENT OF BILLS & REQUISITIONS: Copy on File

A Motion was made by Mr. Byrne and seconded by Mr. Grimm to approve disbursements in the amount of \$349,737.02 from the following funds:

Fund	Disbursement	Total
Operating	Checks: 23022 through 23094	\$158,130.82
Payroll	Transfer from Operating to Payroll fund	\$60,000.00
Charleroi Loan	Valley View Sewer Ext. 2012 Debt Payment	\$4,438.13
Developer	Transfer to Operating	\$1,700.90
CIRF	Requisition No. 140-14	\$123,267.24
CIRF	Penn Vest – Ivy Lane – 2003 Debt Payment	\$2,199.93

The Motion carried unanimously.

OTHER BUSINESS:

Mrs. Mowry presented a comparison of administrative to union benefits as requested by the Board for paid time off, pension, and health insurance, including employee contributions. There was a lengthy discussion regarding the administrative staff contribution towards the health insurance premiums. The Authority's 2015 plan is a high deductible plan. Single enrollment \$1,500 deductible and all other enrollments at \$3,000. Management recommended the single employee contribute towards the health insurance and all other enrollments will contribute \$500 toward the deductible.

A Motion was made by Mrs. Kaminsky and seconded by Mr. Byrne for 2015 health insurance premiums the Authority will contribute \$2,500 into each employee's health saving account towards the current deductible plan, and the single enrollment will be responsible for 5% of cost difference from the 2014 to the 2015 premiums, and all other enrollments remains the same as outlined in the employee handbook, with the exception the 2014 single enrollment premium will be used in the calculation for the employee's contribution to all enrollments other than single. The Motion carried unanimously.

A Motion was made by Mr. Grimm and seconded by Mrs. Kaminsky to adjourn the meeting at 8:45 p.m. The Motion carried unanimously.

Respectfully Submitted,

Patricia Mowry

MOTIONS SUMMARY

MOTION NO.	MOVED	SECOND	MOTION SUMMARY TABLE	VOTE
1	Kaminsky	Byrne	Approve Minutes of November 10, 2014	Approved
2	Kaminsky	Grimm	Approve to enter into the Paymentus contract for the customer online sewage payments, subject to Mr. Bassi's final approval	Approved
3	Kaminsky	Byrne	Accept KLH Engineers, Inc. Annual Consulting Engineer Report	Approved
4	Kaminsky	Byrne	Adopt the 2015 Budget Request	Approved
5	Grimm	Kaminsky	Award the sale of the 1992 International Tanker truck to Theodore Cress in the amount of \$3,710.00	Approved
6	Grimm	Byrne	Approve the amended Service Order No 284-85 for the construction inspection services for Anthony Farms Phase II in the amount of \$1,400 for a total amount of \$23,600	Approved
7	Kaminsky	Byrne	Accept the proposed sewage flows of 400 GPD, 1 EDU from Henney Plan of Lots	Approved
8	Byrne	Grimm	Approve disbursements in the amount of \$349,737.02	Approved
9	Kaminsky	Byrne	Approve the 2015 health insurance premiums the Authority will contribute \$2,500 into each employees health savings account towards the current deductible plan, and the single enrollment will be responsible for 5% of cost difference from the 2014 to the 2015 premiums and all other enrollments remains the same as outlined in the employee handbook, with the exception of the single enrollment premium.	Approved
10	Grimm	Kaminsky	Adjourn the meeting at 8:45 p.m.	Approved