

**North Wales Water Authority
Minutes of December 15, 2021
Board of Directors Meeting**

Call to order:

A regular business meeting of the NWWA Board of Directors was held on December 15, 2021, at the NWWA Business office, 200 West Walnut Street, North Wales, PA. The meeting was called to order by Board Chair Nagel at 5:00 pm.

Pledge of Allegiance:

Mrs. Nagel led all in attendance in the Pledge of Allegiance

Roll Call:

Roll call was taken and recorded as follows;

<u>Attendee Name</u>	<u>Organization</u>	<u>Title</u>	<u>Status</u>
Joan H. Nagel	NWWA	Chair	Present
Albert S. Tenney	NWWA	Vice-Chair	Present
Donna L. Mengel	NWWA	Secretary	Present By Audio/Video
Neil J. McDevitt	NWWA	Treasurer	Present
Sally Neiderhiser	NWWA	Asst./Sec Treasurer	Present
Robert C. Bender	NWWA	Executive Director	Present
Brad S. Fisher, P.E.	NWWA	Director of Eng. / Ops.	Present
Christine Lezoche	NWWA	Director of Finance	Present
Michael P Clarke, Esq.	Rudolph Clarke	Authority Solicitor	Present
Barbara Merlie, Esq.	Rudolph Clarke	Authority Solicitor	Present
Lane Bodley P.E.	Carroll Engineering	Authority Engineer	Present
Allen Mason P.E.	Carroll Engineering	Authority Engineer	Present

Becca Suskin was present by video as the ASL interpreter for Mr. McDevitt.

Approval of Minutes:

The Board next considered approval of the Minutes of the 11/17/2021 meeting. Upon motion of member Tenney, seconded by member McDevitt the minutes were approved.

Vote Record

			Yes/Aye	No/Nay	Abstain	Absent
x	Approved					
	Tabled	Mrs. Nagel	x			
	Failed	Mr. Tenney	Initiated	x		
		Ms. Mengel		x		
		Mrs. Neiderhiser	Seconded	x		
		Mr. McDevitt		x		

Public Comment: Greg D'Angelo was present and had no comment

Resolutions: None presented at this meeting

Bids and Contracts:

Mr. Fisher presented the following bids to be awarded:

Warrington Wells 5, 8, and 11, noting that there were eight bidders for the General Construction Contract and nine bidders for the Electrical work contract. He reported that the low bidders are also the same contractors that are currently working on the NWWA Well 3 & 9 projects. He further reported that the total bid amount of \$3.6 million would be eligible for a reimbursement of \$2.4 million dollars from the H2O grant that has been approved and that the bids came in under budget, recommending Board approval.

Upon a motion by member Mengel, seconded by member Tenney the Board voted to award Contract 520-21-11A for Warrington Wells 5, 8 & 11 PFAS Treatment with Carbon Filters, with General Construction to **Pact Two LLC** in the amount of \$2,935,000.00.

Upon a motion by member Mengel, seconded by member Tenney the bid was awarded.

Vote Record

			Yes/Aye	No/Nay	Abstain	Absent
x Approved Tabled Failed						
	Mrs. Nagel		x			
	Mr. Tenney	Seconded	x			
	Ms. Mengel	Initiated	x			
	Mrs. Neiderhiser		x			
	Mr. McDevitt		x			

The Board next considered approval of Bid Contract 520-11-11B for Warrington Wells 5, 8 & 11 PFAS Treatment Electrical work to **GS Developers Inc.** in the amount of \$705,700.00

Upon a motion by member Neiderhiser, seconded by member McDevitt the bid was awarded.

Vote Record

			Yes/Aye	No/Nay	Abstain	Absent
x Approved Tabled Failed						
	Mrs. Nagel		x			
	Mr. Tenney		x			
	Ms. Mengel		x			
	Mrs. Neiderhiser	Initiated	x			
	Mr. McDevitt	Seconded	x			

Solicitors Report:

Mr. Clarke asked for a motion to approve the Extension Agreement with Upper Gwynedd Equities LLC for project E1052A at the Shoppes at Upper Gwynedd Phase 2, located at Sumneytown Pike and Church Road.

Upon a motion by member Tenney, seconded by member McDevitt the agreement was approved.

Vote Record

			Yes/Aye	No/Nay	Abstain	Absent
x Approved Tabled Failed						
	Mrs. Nagel		x			
	Mr. Tenney	Initiated	x			
	Ms. Mengel		x			
	Mrs. Neiderhiser		x			
	Mr. McDevitt	Seconded	x			

Engineers Report:

Lane Bodley, P.E., presented Payment Application # 13 for Bid Contract 521-19-01A, payable to CBI Tank Storage Solutions, in the amount of \$222,972.40 for work completed at the Montgomery 3 Tank Site. Upon a motion of member McDevitt, seconded by member Neiderhiser, the payment was approved.

Vote Record

x	Approved		Yes/Aye	No/Nay	Abstain	Absent
	Tabled	Mrs. Nagel	x			
	Failed	Mr. Tenney	x			
		Ms. Mengel	x			
		Mrs. Neiderhiser	Seconded	x		
		Mr. McDevitt	Initiated	x		

Operations Report:

Mr. Fisher reviewed the monthly operations report noting that there was not anything out of the ordinary. He noted that the crews were out on Thanksgiving due to a main break lasting seven hours.

Mr. Fisher then presented the following payment applications for approval:

Payment Application # 6 - Bid Contract 520-20-13A for General Construction work completed at Warrington Wells 3 & 9, in the amount of \$209.665.00 payable to Pact Two, LLC.

Upon a motion by member Mengel, seconded by member Tenney the payment was approved.

Vote Record

x	Approved		Yes/Aye	No/Nay	Abstain	Absent
	Tabled	Mrs. Nagel	x			
	Failed	Mr. Tenney	Seconded	x		
		Ms. Mengel	Initiated	x		
		Mrs. Neiderhiser		x		
		Mr. McDevitt		x		

Payment Application #5 for Bid Contract 520-20-13B for Electrical Work completed at Warrington Wells 3 & 9, in the amount of \$23.400.00, payable to GS Developers.

Upon a motion by member Tenney, seconded by member Neiderhiser the payment was approved.

Vote Record

x	Approved		Yes/Aye	No/Nay	Abstain	Absent
	Tabled	Mrs. Nagel	x			
	Failed	Mr. Tenney	Initiated	x		
		Ms. Mengel		x		
		Mrs. Neiderhiser	Seconded	x		
		Mr. McDevitt		x		

Payment Application #4 for Bid Contract 520-20-12 for Water Main Improvements completed on Upper and Lower Barness Roads, in the amount of \$128,424.06, payable to Shainline Excavating. He noted that this project was part of the purchase agreement with Warrington Township and that all work is completed except for the final paving.

Upon a motion by member McDevitt, seconded by member Neiderhiser the payment was approved.

☑ Vote Record

x	Approved		Yes/Aye	No/Nay	Abstain	Absent
	Tabled	Mrs. Nagel	x			
	Failed	Mr. Tenney	x			
		Ms. Mengel	x			
		Mrs. Neiderhiser	Seconded	x		
		Mr. McDevitt	Initiated	x		

Bills & Requisitions Approval:

Mrs. Lezoche reported that there were no payments or fiscal activities out of the ordinary on the bill listings, recommending and requesting approval to pay and process all invoices, refunds, transfers, and to requisition funds, as presented within the following lists:

- a. Ratification of Bills, Refunds, Transfers, and Requisitions List dated: 11/18/2021
- b. Ratification of Bills, Refunds, Transfers, and Requisitions List dated: 12/02/2021
- c. Ratification of Bills, Refunds, Transfers, and Requisitions List dated: 12/09/2021

Payment of the bills presented was approved by the Board in accordance with the following roll call vote:

☑ Roll Vote Record

x	Approved		Yes/Aye	No/Nay	Abstain	Absent
	Tabled	Mrs. Nagel	x			
	Failed	Mr. Tenney	x			
		Ms. Mengel	x			
		Mrs. Neiderhiser	Initiated	x		
		Mr. McDevitt	Seconded	x		

Executive Directors Report:

Mr. Bender presented an amended MIRIA application for approval, noting that after review of all applications, the MIRIA program had unallocated funds available and would consider an increased grant amount of \$2,366,762.75 for installation of water service lines in Warrington Township and the continued construction of the Montgomery 3 Water Storage Tank.

Upon a motion by member McDevitt, seconded by member Mengel the Board approved the amended application for submittal.

☑ Vote Record

x	Approved		Yes/Aye	No/Nay	Abstain	Absent
	Tabled	Mrs. Nagel	x			
	Failed	Mr. Tenney	x			
		Ms. Mengel	Seconded	x		
		Mrs. Neiderhiser		x		
		Mr. McDevitt	Initiated	x		

Financial Presentation:

Mr. Bender presented the 2022 Budget noting that this is a balanced budget with no water or sewer rate increase for 2022. He noted that future rate increases will be needed and will be addressed in the updated Long Term Financial Plan to be presented later in the meeting by Mr. Howard Woods. Mr. Bender noted that the budget has been fine-tuned based upon historical revenues and expenditures and is very tight. Mr. Tenney inquired about unmetered sales, and Mrs. Lezoche explained this line item. Mr. McDevitt wanted to confirm that we have ensured that our staff has been taken care of and we retain the essential staff we have at this time. Mr. Bender asked the Board for approval of the 2022 Budget as presented

Upon a motion by member Tenney, seconded by member Neiderhiser the 2022 Budget was approved.

☑ Vote Record

			Yes/Aye	No/Nay	Abstain	Absent
x	Approved					
	Tabled					
	Failed					
		Mrs. Nagel	x			
		Mr. Tenney	Initiated	x		
		Ms. Mengel		x		
		Mrs. Neiderhiser	Seconded	x		
		Mr. McDevitt		x		

Mr. Bender made a brief presentation to the Board reviewing the Authority rates and the fiscal impacts upon the Authority budgets since the last rate increase of 27 years ago. He noted that if NWWA rates had been adjusted to reflect CPI each year, current rates would be \$6.58 per thousand gallons, as compared to current rates of \$3.60 per thousand gallons. He reviewed the presentation of about 10 years ago when a rate increase was first predicted and requested, then explaining why that rate increase was successfully deferred for a decade, referencing the approximate \$20 million dollars received from increased bulk water sales and various grants, which have funded most capital projects since. He explained that almost all of that money had been used for capital projects and system improvements over the past ten years. He next introduced Mr. Howard Woods, a renowned water system fiscal and operational consultant.

Mr. Howard Woods greeted the Board and commenced his presentation of an updated Long Term Financial Plan and fiscal projection for the Authority, including the period of 2023 to 2030.

Mr. Woods commenced his presentation by noting that the Authority has not raised water rates for over a quarter-century. He then reviewed a comparison of Authority rates with others in the region, noting that the NWWA rates were lower than any others and significantly lower than most. He next provided a comparison of how increased costs and CPI had impacted the Authority budgets since the last rate increase of 1994, noting that if we had matched annual increases in annual operating costs, Authority rates would exceed \$6.00 per thousand gallons. He opined that the Authority would not be able to continue operations and the high level of service previously provided, maintaining all critical infrastructure without additional income. He also noted that if we do not impose a rate increase (or otherwise increase revenues), we will not be able to maintain our minimum debt ratio as required by our Bond ratings and various bond indentures and financing agreements.

Mr. Woods reviewed a series of small rate increases commencing with the 2023 fiscal year and continuing for the study period. It was noted that the combined rate increases would total about \$20.00 per quarter (or about 25 cents per day) to the average residential customer.

The Board members asked numerous questions and requested clarifications on many issues during Mr. Woods's presentation. It was noted that rather than recommending a single larger rate increase, Mr. Woods is recommending several smaller rate increases spread over several years to best correlate with planned capital projects and as needed to maintain a consistently favorable debt service ratio and bond rating on an annual basis, beginning with a 15% increase in 2023. (*About 11 cents per day for the average residential customer*) Then over the 10-year term of the Plan, there are three smaller rate increases projected ranging from about 3-6 cents per day to the average residential customer. It was stated that these additional increases would be implemented - only if needed.

Mr. Bender stated that by approving this *Plan*, we would satisfy the recommendation of our Bond Rating Bureau (Standard and Poors), noting that they typically ask to review the Authority plan during each review. He then pointed out that the Plan is not set in stone and should be reviewed each year to address changes in projected revenues and expenses, as needed.

Mr. Bender next reminded the Board that when the Authority assumed operations of the NW Borough sanitary sewer system in 2007, the prior owners had projected a series of rate increases within the 10-15% range, which we NOT implemented by the NWWA, noting the actual 10% reduction in rates after several years of NWWA operations. He made the point that even if a *Plan* projects future rate increase, those projections are made based upon the best information available at the time of preparation and presentation and will always be subject to modifications based on actual financial circumstances over time. He also noted that the Plan had been prepared intentionally without "*counting the chickens before they are hatched*" and thereby did not include projections for future grants and other revenue enhancements, although both of which will continue to be pursued.

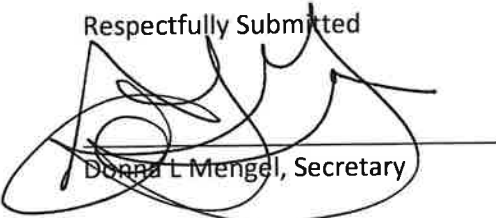
Mr. Bender stated that the financial Plan did not need to be formally approved this evening but requested that the Board make a decision on *endorsing* the Long Term Plan and also formally approving only the 2023 rate increase - no later than the end of the first quarter of 2022. He explained that there would be many action items requiring setup, such as billing software, updating the website, various water sale contracts, printing, and notices to customers prior to the adjusted rate taking effect.

The Board took no official action on the Long Term Financial Plan but thanked Mr. Woods and the Authority staff responsible for preparation of both the Plan and the 2022 Budget, noting their attention to detail, also noting the in-depth explanation of each element. The Board Chair asked for this item to be scheduled for additional consideration at Authority meetings to be scheduled after January 1.

Adjournment:

There being no further business to be brought before the Board, upon motion by member Neiderhiser, seconded by member Mengel, the Board voted to adjourn the meeting at 6:15 pm.

All present voted in favor.

Respectfully Submitted

Donna L. Mengel, Secretary