

## DTMA Public Meeting Budget Work Session

### Minutes

**September 16, 2021**

A meeting of the Doylestown Township Municipal Authority was held at 2:00 PM on Thursday, September 16, 2021 in the Township Building with the following members in attendance: Joseph Van Houten, Chairman; Kevin Green, Vice Chairman; Daniel Stairiker, Secretary, Robert Shaffer, Assistant Secretary/Treasurer arrived at 2:30 pm. Rod Stone, Treasurer was absent. Also present at the meeting was Keith Hass, Executive Director; Ken Wallace, Financial Director; Richard D. Magee, Jr., Municipal Authority Solicitor; and Alfred S. Ciottoni, Municipal Authority Engineer

Mr. Van Houten welcomed a visitor Mr. Bob Salanik of 206 Pebble Ridge Road, Doylestown, PA 18901.

#### **Welcome**

Joe Van Houten called the meeting to order at 2:06pm and called upon Mr. Hass to begin his presentation.

Mr. Hass thanked the Board for attending and welcomed Mr. Salanik.

Mr. Hass presented a brief overview of the revenues of the DTMA. It was presented DTMA continues to be a financially stable Authority that offers competitive water rates. The last rate increase went into effect January 1, 2017.

Mr. Green, based upon the Water Cost Report figures, inquired if a rate increase is to be considered. Mr. Stairiker questioned if the Authority is set up for long term sustainability. Mr. Van Houten noted while the cost figures do indicate consideration for a rate increase, the healthy capital reserves and continued growth in Doylestown Township may not warrant a rate increase at this time.

Mr. Hass next reviewed the 2021 Water Rates Utility Comparison Report. DTMA's rates are comparable with neighboring water utilities.

Mr. Hass also reviewed DTMA's fund accounting methodology consisting of the General Fund and the Capital Improvement Fund. The General Fund receives approximately \$2.3 million in revenue with expenses of approximately \$2.3 million. The Capital Improvement Fund's balance is used for projects such as water main extensions, pumping station upgrades, water tank upgrades, and water quality treatment.

Mr. Hass concluded his opening remarks with a glimpse into the future. He indicated potential, unfunded PFAS mandates continue to be a challenge. At a cost of \$1-\$2 million per well, the treatment may be required on three or four wells.

Another challenge discussed was to continue the steady growth. DTMA supplies bulk water to Neshaminy Manor, Plumstead Township, and areas of New Britain Borough.

The Board next opened the meeting to questions and Mr. Salanik asked if rate analysis includes "capital" and explained how some municipalities recover project capital costs. Mr. Salanik indicated the costs are amortized over 30 years with options for new property owners to pay if the property is sold with monies still owed. Mr. Salanik indicated the other municipality sends a

quarterly water use bill AND a quarterly capital bill and is worthwhile for the Authority to consider. The Board thanked Mr. Salanik for his input and information.

Mr. Hass then highlighted the operating revenue forecasted for 2022 and briefly discussed the capital revenue consisting of tapping fees and capital project contributions.

Next, the capital expenditures slated for 2022 were discussed. Among the projects highlighted included the following:

- South Storage Tank
- SCADA System Improvements
- Delaware Valley Interconnection
- Central Water Main Extensions
- Pumping Station Upgrades (3)
- Trucks (2)
- Ferry Road Interconnection
- Old New Road Interconnection
- Fire Hydrant Replacement Project
- PFAS Well Treatment (design)
- Northern Tank Transmission Loop (design)

Among the other items discussed in the budget were the Salaries/Fringes. Mr. Hass explained this line item has decreased because of the retirement of the Water Superintendent. Lab expenses are forecasted to be much lower since SOC's do not have to be sampled in 2022. Mr. Greene asked about allocating more money to cover main breaks since past few years costs have increased. Mr. Hass indicated he will review that line item.

Regarding the Fire Hydrant Replacement Project, a question was posed to Mr. Wallace if the funds should be used from the General or Capital Improvement Fund. Mr. Wallace noted maintenance is budgeted in the General Fund. Mr. Van Houten noted this project is replacement of approximately 40 fire hydrants, and that typically replacement projects are listed under Capital Improvements.

Mr. Stairiker inquired about the number of projects, and if they will all get done next year. Mr. Van Houten indicated "no", but the funds for the projects will be there. He indicated funds can roll over to next year if not used this year.

Mr. Wallace and Mr. Hass reviewed the Schedule C – Estimated Income Connection and Tap in Fees Capital Income from the 2022 Draft Budget.

Mr. Hass highlighted the Authority expects \$70,000 in tap-in fees with the Meadow Creek, Tabor Phase 1, and Cross Keys redevelopment the largest contributors.

Finally, the meeting was opened for questions and Mr. Salanik inquired about the type of analysis done on projects regarding return on investment. Mr. Van Houten indicated a 15-to-20-year window on return on investments is evaluated.

The work session was adjourned at 3:23pm.