



Board of Supervisors Municipal Authority

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JOINT WORK SESSION

~NOTES~

Tuesday, March 19, 2015

3:00 PM

Public Meeting Room

I. 3:00 PM WORK SESSION

Members of the Board of Supervisors in attendance included Chairman; Barbara N. Lyons, Vice Chairman; Richard F. Colello, Supervisors; Ken L. Snyder, and Shawn Touhill. Absent: Supervisor; Ryan Manion.

Members of the Doylestown Township Municipal Authority (DTMA) included Chairman; Ron May, Dick Bach, Vice Chairman; Ed Harvey, Ed Hege and Frank LaRosa,

Township and DTMA Staff in attendance included Township Manager; Stephanie J. Mason, DTMA Exec. Dir.; Richard E. John, Township Solicitor; Jeffrey P. Garton, DTMA Solicitor; Richard Magee, DTMA Engineer; Fred Ciottoni,

II. WELCOME

Ms. Lyons opened the meeting at 3:00 PM and welcomed everyone in attendance.

III. COMMENTS FROM THE MUNICIPAL AUTHORITY

Mr. May commented on Mr. John's memo indicating that he was somewhat surprised by it and didn't realize there was some interest in potentially selling the Authority. He believes the response from the Municipal Authority is what brought us here today and appreciates the opportunity to have dialog with the Board of Supervisors.

IV. BOARD OF SUPERVISORS COMMENTS – B. LYONS, CHAIRMAN

Ms. Lyons suggested that the issues in Mr. John's memo be addressed. She commented that she believes that the Doylestown Township Municipal Authority (DTMA) does an excellent job for the community providing safe, clean drinking water, but most residents probably don't know who the Municipal Authority is and what they do. Mr. May said most residents don't know who the DTMA is they just know they have public water. They may not realize that they receive two bills, one for public water and one for sewer. The DTMA is meeting with the safe drinking water standards and providing safe drinking water and fire protection to those areas of the township with public water.

Mr. May pointed out that the DTMA is self-sustaining. They charge a fee for the usage. They pay their expenses that cover expenses for the vehicles, equipment, employees that are reimbursed to Doylestown Township. They are not cost center.

V. DISCUSSION

The two issues mentioned in the memo regarding the use of liquid chlorine in the neighborhoods, at the well houses and the initial growth in the future is a concern.

Mr. May does not believe that they are insurmountable. He recognizes that the DTMA did have an incident a couple of years ago and regarding the no growth issue, there are developments that are occurring outside the Township that do aid in bringing revenue to the DTMA as well.

Mr. Bach commented that he believes that the Ways and Means Committee is looking at the DTMA information and drawing conclusion and that is influencing the information. The DTMA's Capital Fund has a balance of \$5 million at the end of 2014 and projected over \$6 million at the end of 2015. Their fiscal reports show a significant balance of over \$4 million. He referred to the November 18th Board of Supervisors meeting proposed 2015 Budget which showed the Township with a large fund balance as well. He believes that if the Authority was to be sold at some future date that the funds received should be returned to the water users.

Mr. Snyder commented that he believes that it is appropriate from time to time to evaluate whether or not the Township wants to stay in the water business and the Ways and Means Committee looks at all aspects of the Township's financial picture now and in the future.

Ms. Lyons reiterated again that the Authority provides a great service. The DTMA does wonderful jobs with projects such as the Cross Keys and Houk Road an amazing job and is self-sufficient. That is not of question, but that the Township has to have an understanding where the DTMA is going in the future and having a dialog about growth, especially in the light that there are no mandatory connections. Past practice of the Board of Supervisors and anticipated future Boards will not require mandatory connections. What will the future bring for the Township as well as the Authority?

Mr. May commented that he believes that the Authority can maintain itself now and into the foreseeable future without expanding significantly. There is an attempt to expand in Furlong. However, there is a need for interconnection with the Buckingham Township system. At this time Buckingham Township is not interested in the interconnection.

Mr. Colello commented his concern is trying to see if the Township wants to continue to be in the water business in the future. That is what he would like to look into further.

Mr. LaRosa commented that he can't answer that question, if he wants to be in the water business in the future. There is residential and commercial funding that comes in for the water system. It's a profit center. However, he wants to understand the difference further between whether they are making money based on existing properties in the Township or if they are relying too heavily on outside development.

Mr. Hege commented that he is disappointed that no one came to talk to the Authority directly except when Mr. John presented them with his memo in the fall. He says that the DTMA has a strategy for spending its funds through improvements and that it is profitable and he does indicate that their budget shows they have excess revenues over expenditures now and going further in the future.

Mr. Hege continued by saying that he believes they can be more profitable in the next 10 years and therefore their asset would be worth even more in the future years, if the Township were faced with selling it in the future.

Mr. Snyder indicated that he would like to look at the cost the Authority spends providing water and providing other changes to the water system. The DTMA budget meeting that he attended in the fall, discussed operations and increasing charges versus relying on the reserves to bolster the operations. The rates did increase and he would like further evaluation of that.

Mr. Hege commented that once again the Authority is making a profit and has excess revenues over expenditures.

Mr. Ciottoni indicated that the Authority is operating in the black and there is funding to handle capital and long term capital improvements and there are certain things that are planned. He commented that Mr. John put together a list of improvements that the Authority is working towards completing. In addition, in 2014 the agreement with Doylestown Borough on the wheeling of water through the Borough pipes was amended and whereas there had not been a charge previously the Borough is now charging the Authority for wheeling water. So it's getting expensive and the Authority is making improvements to the system in order to limit the amount of water it needs to wheel through the Borough.

The list of projects that the Authority has totals maybe \$12 million according to Mr. Hege. Some of those projects may never be done but there certainly are a number to be accomplished.

Ms. Lyons questioned of the \$5 million in reserve how is it projected how it will be spent to accomplish all those projects that are on the list. Mr. May said not all the spending would occur.

Mr. Hege said if there is not a return and no water customers then there they are not going to do the project. They need customers.

Mr. Harvey commented that he believes in pipe in the ground. If you can get the pipe into the street, then for health, fire and safety, the customers will come in the future even if there is no requirement to tie in. Eventually, people will want or need to tie in.

Mr. May commented that the DTMA has been very prudent in taking that approach and prefers not to allow a new water line to be built that unless 2/3 of customers can be guaranteed.

Mr. LaRosa indicated that he is still trying to get a feel for what would be and how those projects could be implemented.

Mr. Ciottoni indicated that the Carriage Hill development with 433 homes brings \$1.6 million into the DTMA.

Mr. Touhill questioned, if the pipes in the ground and high number of units don't tie in, what kind of impact will that have?

Mr. Ciottoni indicated that the majority tend not to connect.

Ms. Lyons indicated that she wants to know how much DTMA relies on Township residents and could survive without developments such as Carriage Hill?

Mr. May indicated that with tap in fee from Plumstead Township it certainly increases the cost and makes the Authority profitable, but they can provide a rate brake down for bulk customers.

Mr. Snyder wanted to know the percentage of properties having supplied water.

Mr. Ciottoni indicated the allocation for Delaware River Basin Commission (DRBC) withdrawals 1.7 million gallons per day and the Authority is only withdrawing 900 – 1 million gallons per day on average.

There was a question about the Furlong system. Mr. John commented that the water source would need to come from Buckingham Township. The discussions are that they are not interested in working with the Township and Authority at this time. Although there is probably funding available from DEP, at this time they are not moving forward.

Ms. Lyons inquired of Mr. John, in response to his white paper, looking at where the Authority is going and what keeps him up at night and he replied that the issues related to chlorine and the growth of the system is of concern and wanted to share that. Ms. Lyons appreciated his concerns and sharing them.

Mr. John commented that we use small cylinders of chlorine which are very caustic and we did have a release and made changes to the operation since that accident, but that is the treatment method that is currently utilized. There is a potential to use liquid chlorine and/or rely more on surface water, as well, eliminating the need for the use of the chlorine.

Mr. Hege commented that the DTMA has relied on the use of the small canister chlorine cylinders for a long time and he's concerned about hearing Mr. John's concerns about its use.

Mr. May commented that he would like to continue further dialog in a smaller group with the Board.

Ms. Lyons agreed and appreciated and thanked the DTMA for their time and meeting with the Board of Supervisors and found it was a good discussion and dialog on the matter.

Meeting adjourned at 3:45PM.

Respectfully submitted by

Stephanie J. Mason