

MINUTES

DECEMBER 3, 2018 -- SPECIAL MEETING

LOWER SWATARA TOWNSHIP BOARD OF COMMISSIONERS

The December 3, 2018 Special Meeting of the Lower Swatara Township Board of Commissioners was called to order at 5:30 P.M. by President Jon G. Wilt. President Wilt called for the pledge of allegiance followed by a moment of silence.

Roll call was taken with the following officials in attendance:

- Jon G. Wilt, President
- Todd F. Truntz, Vice President
- Michael J. Davies, Commissioner
- Ronald J. Paul, Assistant Secretary
- Christopher DeHart, Commissioner
- Elizabeth McBride, Manager
- Peter R. Henninger, Solicitor
- Bruce Hulshizer, HRG
- Lester Lanman, Public Works Director

Residents and visitors in attendance:

Laura Hayes, Press & Journal

President Wilt reported that the purpose of this evening's Special Meeting is to discuss MS4 (Municipal Separate Storm Sewer Systems) matters, as well as any another other pertinent business.

Ms. McBride stated that she has asked Mr. Lanman and Mr. Hulshizer to address particular stormwater projects, including which need to be done immediately versus which can be delayed. She noted the goal, as she understands it, is to make sure that everything that is funded truly needs to be funded with a commitment in the near future.

Mr. Hulshizer stated that he has given the Board an updated budget. The most significant change from the email version is the Lumber Street project. There were two different things being talked about in regards to Lumber Street; Mr. Hulshizer explained that he did not know that. There is a DCIB loan for replacement of a bridge off Lumber Street; that number was included in the original budget, but is really not a part of this stormwater program. After further investigation, he realized what is being talked about for Lumber Street is a stormwater project that would need to get financed differently. Once this was looked at, as well as ways to reduce the budget, this updated

budget suggests wrapping projects together into a second PennVest borrowing listed as 2020. That previous budget had Lumber Street at a cost of \$43,000 every year and then several other projects being financed by a bank loan which has a higher interest than a PennVest borrowing. In addition, a bank loan would have to be paid sooner than a PennVest one. The revised budget is a more favorable budget in terms of being lower than what was previously presented.

Mr. Hulshizer stated that the projects and budget go hand-in-hand. He called attention to a map showing the location of the projects. The green ones are more public works/capital projects and the red ones are financed. Also provided was a tabular presentation of that information with the associated costs. At the bottom of the sheet is the proposed financing, which will allow the Board to come up with a budget and then a fee. If this stormwater capital improvement plan is adopted, this is the anticipated financing. Three PennVest financings are shown. Actual debt service on these borrowings will not hit for several years, since PennVest loans do not get paid back until after projects are completed.

The largest share of the 12 million of capital costs is in the Rosedale project, which includes accessory items, including setting up a stormwater authority. There is an existing PennVest loan awaiting approval to cover the cost of this project. Commissioner Paul asked what is included in set up of stormwater fees. Mr. Hulshizer stated it includes his time, Solicitor Henninger's time, the flyover, etc. Mr. Paul recalled that HRG had estimated a fee of \$60,000 for its costs. Mr. Hulshizer verified that is correct. Solicitor Henninger noted the Township can be reimbursed from the fee after the fact. Commissioner Paul stated he does understand this, but is trying to figure out what numbers are being implanted. Solicitor Henninger asked the cost for the Rosedale project. Commissioner Paul stated \$5,471,515 is shown. Mr. Hulshizer clarified that this is the entire PennVest borrowing, which includes HRG expenses, legal expenses, and the flyover. Commissioner DeHart asked if the flyover expense would then be reimbursed to the General Fund. Mr. Hulshizer confirmed it would be. Commissioner Paul stated the Board should make a decision on moving forward with Rosedale. Solicitor Henninger explained that he has the easements prepared, but the next step will be to set a date for a community meeting, perhaps in January. The 73 affected property owners (66 of which are temporary easements for construction) will be notified of an informational meeting, at which a notary will be available. Commissioner Paul suggested the Board think about this and perhaps set a date at the workshop meeting this week.

Solicitor Henninger added there may be some savings on legal fees, since he took the worst case scenario regarding costs for acquiring the easements.

Mr. Hulshizer presented parts of the slide show he had provided last month to give some context of the process of setting a fee. The MS4 advisory committee had looked last month at a credit policy which has been provided to Solicitor Henninger. Solicitor Henninger noted the Board will need to decide on this; Mr. Hulshizer agreed to provide the Board the draft policy to review. Ms. McBride referenced public education, and noted the postcards went out either yesterday or today and another will be going out probably next week. Mr. Hulshizer added that the adopting agreements will need to be done, and the stormwater budget itself needs to be determined. This budget will need to be presented to the Authority for adoption; the Authority will also need to be the one to set the rate. Ms. McBride asked if this will be the brand new Authority. Solicitor Henninger explained the Municipal Authority has two hats; it was also authorized to do stormwater management. The Township owns the facilities, so they would be transferred to the Authority. The Township would manage it via an agreement between the two parties.

Mr. Hulshizer explained that as far as the projects, the main thing now is the debt service because that's what goes into the budget. The costs are projected out five years, because 2023 is when the new MS4 permit comes out, and permit requirements are unknown. The budget shows \$636,000 for operating expenses for 2019. Capital costs included \$200,000 each year for smaller projects managed by the Public Works Director. These are not financed – they may be done in house or by small contract. This budget includes a transfer to capital reserve starting in 2020 of \$100,000 which is a good practice if the Board feels comfortable with it. The engineer design for capital projects uses 10% of the estimated costs of those capital projects. Mr. Hulshizer noted that while this is put in here, it comes right back out of the budget (less repayment of design via borrowing). The debt service from all the projects being looked at shows a five year average of revenue needed from the fee is \$1.28 million. Using a four-year average with the understanding that there would probably need to be an increase in year five, the figure would be \$1.18 million.

Mr. Hulshizer stated that at the last meeting, focus was on the different rate structures. Direction was given to look at a flat fee, either monthly or quarterly. Using this five year average, it would be an \$8.40 monthly flat residential fee. Using the four year average budget, it would be \$7.70 per month. Mr. Hulshizer added that some communities chose to subsidize the fee to make it lower. The category “less Township subsidy” could include a dollar figure if the Board so desires.

Mr. Hulshizer explained that it is good to keep everything that is stormwater related in the budget; when the Township seeks a loan from PennVest, this increases the likelihood of getting a favorable offer, including potentially a grant.

Ms. McBride stated that residents have asked if a fee is imposed and that fee reflects expenses normally in the general fund, will their taxes be reduced. She asked Mr. Hulshizer if he knows any places that have reduced their millage rate because of these fees being imposed. Mr. Hulshizer responded that he is not aware of any.

Commissioner Davies asked if the estimated revenues includes participation of all property owners in the Township, including Penn State, SARAA, etc. Mr. Hulshizer confirmed that it does. However, it also assumes a credit of 25% across the Township. He agreed that 25% is a high assumption, but that is because 25% of impervious area is at the Airport and there is the probability that a fair chunk of that fee will be reduced by a credit, since they are already managing things with BMPs (Best Management Practices). If this credit assumption was set lower, the fee would be lower. However, if the credit assumption is lower and then 25% credits happen, the Township will not have enough funds. Mr. Hulshizer noted his experience is most municipalities assume a 10% – 15% credit.

Commissioner DeHart referenced Operating Expenses – Major Equipment and Machinery. The amount budgeted is \$100,000, with 3% increases yearly up until 2023. He asked what the plan is for this. Mr. Hulshizer explained the Township already has a lease on a street sweeper, which is the lion's share of this at \$59,000. Also included in this amount are additional costs for leaf pickers and a dump truck. Mr. Lanman added another question is whether to invest in a bigger flush truck to begin flushing out pipes once fixed. While he doesn't feel the Township is in the position right now, it needs to be considered for the future. That goes back to the need for a contribution to the capital fund.

Mr. Lanman noted that one of the Public Works projects listed is Twelve Oaks sliplining. Sliplining next year can possibility save the road and lots of dollars. Commissioner Paul asked about the longevity of sliplining. Mr. Lanman stated it depends on the manufacturer, but most will last at least 20 years. He noted there are various areas that need addressed, including areas with sinkholes. In reference to a question from Solicitor Henninger, Mr. Lanman explained that the Lumber Street and Greenwood project is a culvert replacement and is being funded through a DCIB loan.

Mr. Lanman gave some background on the Georgetown/Rosedale project. Because it was a massive stormwater project, it was separated into two: Hanover Street East and Hanover Street West. Hanover West was worst, so it is being attacked first. Georgetown has real problems and while there has been talk of cutting capital improvement costs, this area needs fixed as soon as possible. Otherwise, it will be more expensive due to both inflation and damage to everything around it. He explained that in Old Reliance, for example, inlets need parged. If nothing is done, road damage will occur. Commissioner DeHart asked if things like this are inspected before a road is dedicated. Mr. Lanman stated they should be. Commissioner DeHart asked if there is anything in the budget to cover a small issue that may not be anticipated. Mr. Lanman surmised this is why money is kept in capital reserve. Like the capital improvement plan, this plan is a living document where some projects can be moved up the ranks as they some require immediate attention, and others can be delayed when necessary.

Commissioner DeHart asked Mr. Lanman what number he estimated to be moved out of the general fund and switched into this budget – things like the street sweeper, salaries, etc. Vice President Truntz agreed this is an important number, because it can give a global picture and let people see the value of where their money is going. Mr. Hulshizer stated he does not have the figure in front of him this evening, but can provide it. Solicitor Henninger explained it is important to note that shifting \$250,000 of expenses over to stormwater will allow the Township to take care of other items such as hiring police officers, buying a new truck, etc. Mr. Lanman added that the road plan alone is over \$600,000 a year and the Township doesn't get nearly that much through liquid fuels. All these things are tied together. Burd Road, for example, is the worst road and at the top of the paving list. It can't be paved, however, because the stormwater under the road is poor.

Commissioner Paul referenced the North Union Street improvement project that UPS is going to provide, and asked if the Township is good with all the cross culverts and pipes. If staff has not had the opportunity to verify that what is in the ground there is okay, it should do so. Mr. Lanman explained that at the last meeting he attended, he was told that UPS engineers are looking at pipes that are between Longview and the existing pump station. Some pipes have elevations that are not making sense, and one appears to be where there is a sinkhole in the middle of the field, across from the quarry. Mr. Lanman added that he has not seen the final plan.

Ms. McBride stated that Mr. Lanman had posed the question of why pave when the roads will have to be torn up and redone. She anticipated that over the next three to six months, questions

will arise from the public asking when streets are going to be paved. She asked for a list of some of some of the major roads and whether they will be paved and if not, what needs to be done first to them. Mr. Lanman said this will be a difficult task, because there so many variables. Part of the problem is this stormwater plan is brand new, which affects road paving. Also, there is still a lot of televising that needs done. Mr. Lanman compared it to the benefits of having a mechanic look at the whole car to see if it is worth putting in a new engine. Commissioner DeHart agreed this is a work in progress, and roads like Springhouse are horrible. Mr. Lanman stated that he drove around the Township for about two weeks looking at this paving plan, because he is aware that everyone does want to know what the Township will be paving next year. Next year, plans are to do mainly surface treatments on roads that seem to have no major stormwater issues. He stated that he can put together a paving report, but cautioned that it will be very fluid. Commissioner DeHart questioned the possibility of placing a five year moratorium on digging up the roads that are newly paved. Mr. Lanman agreed that he would love to come up with a better road-cut program. Of course, emergency situations would be exempt. He suggested the best thing would be to come up with a five-year plan, which could be sent to UGI, Suez, etc. This would allow the entities to work together and coordinate utility work.

Mr. Hulshizer suggested that the Township should probably not cut much from this proposed budget. Ms. McBride stated that she would love to say to the Board that a fee of \$8.50 or \$9.00 or will be enough for the next three years. She explained she doesn't want to set a fee and then down the road discover that it should have been doubled or is bringing in too much. Commissioner Paul stated that this is a generalized financial plan over a five year period and surmises that there will still be yearly budgets involved. Solicitor Henninger confirmed this is correct. Ms. Hulshizer agreed with Ms. McBride that the Township should try to avoid raising the rates again next year. Ms. McBride added that she really doesn't want to be the highest out of the gate either. Mr. Hulshizer reported that Lower Paxton's fee is \$11.00 for the average residential. Commissioner Davies stated that he sees a lot of unknown costs here, but he does know that this year there is a budgetary category of about \$288,500 that needs to be addressed. That would be money that in theory would be derived from an impervious surface fee. He stated that it seems like a lot of people feel they are being driven to make an instantaneous decision that all households need to be assessed "x", and it must be done by the new year. Commissioner Davies noted that he does not share the urgency that perhaps others do in terms of picking a number, voting on it before

January 1, and then putting it in place. \$288,500 is a figure that can probably be solved for this budget. There are a number of strategies that can be used, possibly looking at revenues which may be underestimated and expenditures which may not need to be made. Commissioner Davies again stated that he feels the Township can find the \$288, 5000 to fill the gap, rather than putting itself under the gun in a circumstance where it is assessing a fee that may or may not be fair on all the property owners in the Township. He stated his preference would be to amend the budget to solve that issue in the budget document for 2019, and then put something in place that the Board is a little more certain of when preparing future budgets. This will give time to let the dust settle, the foundation to firm up, and the Board to know what needs to be put in place rather than a random number which cannot be fully justified, except for fact that needs do appear to be bottomless. Commissioner Davies noted the end of the year isn't the end of the world. Commissioner DeHart agreed that he never was under the impression that this would happen by the end of this year.

Solicitor Henninger explained that the idea of having the fee in place by the end of the year was the original aggressive plan, but will not happen anyway. There are agreements, credit policies, and an ordinance which need to be in place. He suggested if the majority of the Board is comfortable with a certain fee number, it should work from there and try to make things fit. He added that if UPS is rebuilding North Union Street from their site all the way out and basically doing all the stormwater work along there. If D&H ends up building in the Township also, there will probably be a lot of credit towards requirements. Mr. Lanman stated that unfortunately, these will not address any of his problems. For example, on North Union Street, there are problems south of the 283 interchange. D&H could address two of the basins recommended in the study, which is helpful but is not the low hanging fruit. He added that he is uncertain how much pollutant reduction the Township get out of these two projects.

Solicitor Henninger again suggested the steps would be to nail down the budget and come up with a fee that the Board feels comfortable with. Then a credit policy will need to be formulated that will play into this number. President Wilt asked if it would be better to determine these other things before coming up with the fee. Solicitor Henninger agreed that is why the Board is here tonight -- to nail down the budget and get clarifications on the projects.

Mr. Lanman briefly reviewed several of the projects listed, and stated that once the budget is determined, these projects can be triaged. He explained that the Fulling Mill Road culvert replacement project pertains to the culvert that is down by the tree planting site. This project, listed

around \$200,000, could go away. If the Township plants trees on the entire back parcel, once these trees are established there would no reason to go back there. If the Township, however, wants to maintain that area and use it for recreation, that culvert will need to be upsized to hold the flow. The Richardson Road bank erosion project is an area by the gun club, along a sanitary right of way. The stream started washing it away, and soon the Township will not be able to drive along that right of way to access the manholes along the highway. This needs resolved for access reasons. The 80th Street bank erosion project is near the guardrail; the road is washing out there too. Due to a recent accident there, three sections of guardrail had to be replaced, and extra-long posts had to be used to get into any kind of solid ground.

Mr. Hulshizer added that other projects have already been pushed outside the five year horizon – the Summit Ridge Culvert off Richardson Road is one that was delayed. Mr. Lanman added that the culvert needs to be cleaned out, and the problem is not going away.

Commissioner DeHart stated the information provided tonight on these projects is very useful. The projects will need to be prioritized, knowing that they may need to be juggled if something else arises. President Wilt agreed that it is always a juggling act.

Mr. Lanman referenced the projects costs and explained that if one is pulled, say a \$70,000 project, and the Township then tries to it through a bank loan or pay out of pocket, it will probably find the bids to be higher. The Authority just bid out a small project, and found the bids were higher because it was a small and not worth it to contractors. While the Township probably does not want to do all projects all at once, it is important to understand the gravity of the situation and plan for the obstacles. \$12 million for total storm sewer capital projects may seem high, but this will not be done in a year or two. Mr. Lanman added that he would also suggest the Township have its own spec book for stormwater. He commented the first thing he would do is prohibit any type of metal pipe.

Mr. Hulshizer reminded the Board that if it pushes things off from a stormwater fee and back to taxes, residential people actually pay more than – about double. The reality is that it is actually beneficial to the residents to pay a stormwater fee. Solicitor Henninger agreed, and added it is also beneficial for commercial/industrial. While their fees might seem high, a tax bill would be higher than what a stormwater fee would be. Mr. Hulshizer added the Board may want to show public how this would look if the program was covered through a tax increase versus a fee.

Commissioner Paul questioned if the Board does the math and comes up with a dollar amount, and that dollar amount doesn't cover a lot of those administrative costs discussed – say \$300,000. --- could the Board come up with a fee to let the Township morph into that process down the road? For example, maybe the first year the General Fund is covering that part of the budget, and by the third year it would kind of be out of this, but the fee would stay about the same, maybe an extra quarter. He stated that he knows the ultimate goal is to have stormwater separate with its own fee. Ms. McBride stated her understanding is that keeping these costs together will help when the Township goes out for funding. Even if the Township subsidizes it, that would be shown too. Commissioner Davies agreed that this can be easily absorbed in the 2019 budget. Three years from now, when the Township needs to start making payments on the projects, it might not be. President Wilt added that hopefully everyone will pay, including Penn State and the Airport.

Commissioner DeHart asked if the Board decides to go this route and obtains the numbers, would it be realistic to shoot for May/June to start the fee. He noted that people have been told the last year and a half that this fee is coming. Businesses have also asked about budgeting for this expense. In response to a question from President Wilt, Ms. McBride reported the advisory board meetings started back in June, so it has been about a six months' process. Commissioner DeHart stated he feels it is important to give the public a ballpark figure. Mr. Hulshizer agreed the Township can subsidize as much as it wants, but the amount of the subsidy should probably be based on what the Board feels is a reasonable fee. Again, if the Board uses this budget as is, a flat residential fee would be \$8.40. He asked the Board to keep in mind that the more it subsidizes, the more it is actually charging the residents since it is coming out of taxes. Commissioner DeHart agreed, and stated he would like to see the rate the same over the five years, until the new permit requirements are known. Mr. Hulshizer added that seeing these projects actually taking place also helps the public see why the fee is necessary. He again noted the next step is for the Board to accept this budget to be presented to the Authority for adoption. He asked if the Board would like to see some of the fee subsidized or projects pushed back. Commissioner DeHart stated that as mentioned earlier, several projects have already been pushed back, and the ones planned really need done. Otherwise, very expensive emergency repairs become necessary. He noted his biggest concern is what HIA and Penn State will contribute, as this is unknown. Solicitor Henninger asked Mr. Hulshizer to take these two entities, and perhaps a few others, and provide numbers based on what their fees would be, with no credit. That will give some perspective to what the numbers are.

Mr. Hulshizer stated that he does have some figures. Kreider Farms at a rate of \$8.40 would be \$1,585 per month. If this would be done through a tax increase, Solicitor Henninger stated that they would be paying \$42,000/year more in taxes. Mr. Hulshizer added that TE Connectivity would be about \$3,900 per month at the \$8.40 rate. The Middletown Area School District would pay about \$35,000 year. Ms. McBride noted her concern is the School District. A high fee will mean they will need to turn around and increase taxes.

The question is if the Board is comfortable with the budget tonight, so it can be presented to the Authority. If it would like to see the rate less, it could agree to subsidize say up to \$200,000 for the first three years or so. Commissioner Paul agreed that the practical question needs to be answered – is the Township going to subsidize some of this, at least initially, to get this thing moving. Ms. McBride added another question could be if the Board is interested in setting the rate at \$10 or \$11 a month, and lowering the millage. Commissioner DeHart noted that if the rate is set at \$7.50 and subsidized for three years, after five years the rate could skyrocket. Mr. Hulshizer referenced Mr. Lanman's comments that if there is additional money in the general fund budget, it could easily be spent on roads. If the Township subsidizes the fee, that will mean less money available for that. Mr. Hulshizer asked if a \$7.00/\$7.50 fee seems like a reasonable number to the Commissioners. Vice President Truntz stated that he would like to see the stormwater costs shifted out of the general fund budget to allow for these type of projects. He also reminded everyone that a fee would ensure that tax exempt properties are paying their share. Commissioner Paul suggested a fee of \$8.00/month, which equate to under \$100/year. He also recommended it become effective towards the latter part of the year. Ms. McBride also asked for direction on whether the billing should be monthly or annually. President Wilt stated he would suggest a quarterly billing. Mr. Hulshizer suggested it be placed on the sewer billing. Properties not on sewer would have a separate bill.

The Board agreed it would like to see an average residential fee of \$8.00 month and would be willing to subsidize to get to that figure. Ms. McBride asked if Mr. Hulshizer could do comparisons of fees of \$6.00, \$8.00, and \$10.00 and how this will impact people's taxes since this will require the Township to subsidize more. President Wilt noted the Board will not go as low as \$6.00. Commissioner Paul asked if the Board could be provided with a list of the nonresidential properties, their impervious area, and what their rates would be. Mr. Hulshizer agreed to provide this. Commissioner Paul also asked how mobile home parks fit in the equation. Mr. Hulshizer

stated they would probably be considered one commercial property. Commissioner Paul suggested staff would need to look at how best to handle the billing for the mobile home parks.

Mr. Hulshizer stated he just did some calculations, and the Township would subsidize an average of \$50,000 a year to get to the rate of \$8.00.

Commissioner DeHart stated he is okay with the budget, and with the Township subsidizing to bring the fee to \$8.00/month. There will also need to be some thought on whether to provide a discount option for those who pay the fee upfront.

ADJOURN:

Hearing no further comments, a motion was made by Commissioner DeHart, seconded by Vice President Truntz, to adjourn the meeting. The motion was unanimously approved, and the meeting adjourned at 7:33 P.M.

ATTEST:

Betsy McBride, Township Manager