

MINUTES

SPECIAL JOINT MEETING OF THE LOWER SWATARA TOWNSHIP BOARD OF COMMISSIONERS & LOWER SWATARA TOWNSHIP MUNICIPAL AUTHORITY

SEPTEMBER 7, 2022

A Special Joint Meeting of the Lower Swatara Township Board of Commissioners and the Lower Swatara Township Municipal Authority, held at the Lower Swatara Township Municipal Building, was called to order at 7:00 P.M. by President Jon G. Wilt.

The following officials were in attendance:

Board of Commissioners:

- Jon G. Wilt, President
- Todd F. Truntz, Vice President
- Michael J. Davies, Commissioner
- Ronald J. Paul, Assistant Secretary
- Christopher DeHart, Commissioner (via Zoom)
- Jean Arroyo, Secretary
- Michael McAuliffe Miller, Eckert Seamans, Solicitor
- Shawn Fabian, HRG Engineering

Municipal Authority:

- Richard Wilkinson, Chairman
- Scott Spangler, Vice Chairman
- Chester Hartz, Secretary
- Frank Popp, Treasurer
- Don Bailes
- Caleb Krauter, HRG Engineering

Staff:

- Don Fure, Director of Planning & Codes
- Ronald Burkholder, Construction Code Official
- Scott Washinger, Director of Public Works
- Brian Davis, MS4 Coordinator
- Tracey Bechtel, Municipal Authority Administrative Assistant
- Dominic Visconti, Chief of Police

Residents and visitors in attendance: (PLEASE SEE ATTACHED SIGN-IN SHEET)

President Wilt stated the purpose of the Special Joint Meeting is to discuss the Lumber Street Interceptor Improvements Project Special Purpose Fee Analysis, as well as any other pertinent business that may arise.

Caleb Krauter, HRG, Engineer for the Municipal Authority, presented the Special Purpose Fee Analysis for the Lumber Street Interceptor Improvements Project. He explained that this had been previously presented to the Municipal Authority. The Lumber Street Interceptor starts at the intersection of Spring Garden Drive and Lumber Street. The Authority owns from that intersection down to where it crosses under 76 (the Turnpike). That interceptor has been known to be at capacity or very near capacity for about fifteen years. During some flooding in 2006, it was identified that the manholes were surcharging. Development in that area has not required upgrade to that facility over the years. However, there is now significant development activity or financial interest within the area that would contribute sewer to that facility. As a result, the Authority had asked HRG to perform an analysis of what fee would be needed to cover a project for the upgrade of that interceptor. HRG is also under contract to begin the preliminary design for the interceptor upgrade itself.

Mr. Krauter referenced the handout provided regarding the analysis and referenced the parcels that are anticipated by Township staff to be developed within the next twenty years. Included in the handout is a map that also highlights in yellow the parcels. The blue boundary shows the Lumber Street Interceptor sewer basin. On the left side of the map are two parcels that are highlighted and that the blue line cuts through the one major parcel. That parcel is commonly referred to as the "Williams' Farm" or "Williams' tract". Mr. Krauter stated that as part of this analysis, it is important to note that HRG only used the percentage of potential development that was within the basin and did not include the entire Williams' Farm because of the topography of land in that area. Based off the anticipated development and projected development by the Township's codes department, HRG projects 460 EDUs will be connected to the sewer in the next twenty years, the majority of those within the next five years.

Secondly, HRG looked at the Lumber Street Interceptor Improvements Project which is anticipated to be an 18" pipe to replace two 10" pipes which will also include some additional capacity for the future 460 EDU connections. The preliminary conceptual cost estimate comes to \$2,940,000 which includes a 10% contingency due to the preliminary nature of the estimate. Funding options were then briefly looked into. Potential significant funding/grant sources include PENNVEST, Commonwealth Financing Authority, Dauphin County Gaming Grant, and Dauphin County Infrastructure Bank (General Fund). Using the future build out of 460 EDUs and the nearly \$3,000,000 project costs for this, Table No. 1 on the third page of the handout shows several Special Purpose Fee options that can be considered by both the Township and the Authority to cover the costs of the project. If there were no costs covered by the Authority, the

Special Purpose Fee needed would be \$6,400 per EDU. Other options are listed for Special Purpose fees, with accompanying figures showing what the cost for the Authority would be.

Mr. Caleb referenced future cost of the Special Purpose Fee and noted there were two projects completed over the last twenty-five years to upgrade other parts of this interceptor. The first part was in Highspire Borough. Previous developers contributed costs to reserve their capacity by contributing to that upgrade. There was another upgrade that was through the section of sewer directly under the Turnpike Bridge. There was a Special Purpose Fee set for that of \$1,000. Since this was several years ago, the Authority did discuss the fact that this \$1,000 no longer contributes much due to inflation.

As requested by the Authority, HRG prepared Table No. 2 which shows what a Special Purpose Fee would look like if adjusted for inflation. An inflation rate of 2.2% was used to estimate adjustments over 5, 10, 15, and 20 years.

Mr. Krauter stated it should be noted that there are other impacts that any Special Purpose Fee may have, such as discouraging or encouraging future development or future planning in this area. Ultimately, any Special Purpose Fee that would be imposed would need to be through a Township ordinance, which is why this is being presented to the Board of Commissioners. HRG's recommendation is that a Special Purpose Fee be considered, but that it be considered at an amount less than total project cost. There would be a new interceptor with a design life of fifteen years which the current rate payers would benefit from. It is believed there will be favorable conditions for the Authority to receive grant funds. HRG is recommending that a \$4,500 Special Purpose Fee be considered. Obviously, this can be discussed among the Board and Authority. Mr. Krauter noted he is aware that there are current developers who are watching this and some of their actions will be determined by what is decided.

Commissioner Davies asked if this Special Purpose Fee is something that gets factored into a hook-up fee for new properties. Mr. Krauter explained this would only be for future connections and would be in addition to the connection fee which is \$3,650 at this time. Commissioner Davies stated he had recently been involved in a conversation about a Lancaster County case involving litigation over hookup fees and what is considered excessive versus non-excessive. Commissioner Davies asked if using this type of Special Purpose Fee is a very common technique to ensure funding for expansions. Mr. Krauter agreed that it is a very common method of covering infrastructure costs. He noted that they do track litigation, and some involve Special Purpose Fees that were imposed to deter future development, which has been determined not to be legal. In this case, the range of fees suggested are within the range of fees that other municipalities in this area have imposed.

Chairman Wilkinson explained the Municipal Authority discussed this and does not want to discourage development. This is what is happening in Manheim Township. The Lower

Swatara Township Municipal Authority wants to make sure it can accommodate development. The big question is how much the Municipal Authority and the Board of Commissioners are willing to put towards that future development. Chairman Wilkinson explained that he doesn't want to put Lower Swatara Township in a situation where it is not advantageous for a developer to take a piece of property in this basin to develop it when they can go into a neighboring municipality and not have to pay an additional fee.

Vice President Truntz noted \$4,500 seems to be a good number. Chairman Wilkson stated that if the Township does impose the fee at \$4,500, he would suggest the elimination of the current \$1,000 fee that is already out there. Otherwise, it will be \$1,000, plus the \$4,500 and then the \$3650 tapping fee, bringing the total to \$9,150 to build a house. He recalled tapping fees in Swatara Township are \$6,200 and Derry Township \$5,900.

In response to a question from Commissioner DeHart, Mr. Krauter explained the \$1,000 was not included in Table No. 1 or Table No. 2. This was for a previous project, and he does not believe there is any outstanding debt for that project. Again, the Township and Authority can move in either way by including that \$1,000 or eliminating it. Solicitor Miller explained that both Table No. 1 and Table No. 2 presume that the \$1,000 tapping fee is eliminated and is not included in the final amount. In addition, math is done on the twenty-year 2.2% inflation multiplier which also needs to be considered, as it may be slightly higher. Solicitor Miller also reminded everyone that only parcels on the list would have to pay the higher fee. Mr. Krauter added that any future development that would connect following an ordinance change would be required to pay the new fee.

Commissioner Paul asked how the numbers would be adjusted if the Board would happen to come up with a different figure, perhaps \$4,000. Mr. Krauter explained it is approximately an additional \$450,000 per thousand dollars of tapping fee. Using the \$4,000 tapping fee figure would result in the contribution cost to the Authority of 1.1 million dollars. Commissioner Paul stated he likes the fact that adding this \$4,000 to the current tapping fee keeps the total under \$8,000. Chairman Wilkinson again noted the key is determining a fee that the Township is comfortable with, without discouraging development. He stated that the 1.1 million contribution seems doable with all the funding streams that are out there. This figure is fair to the current and future residents of Lower Swatara Township, allowing the continuation of growth.

Mr. Krauter informed the Board that there is a current developer that has projected twenty-five connections and has plans currently under review. The developer wanted to move this forward before the analysis was done and had proposed \$2,500 in an agreement. They were present at Authority meetings when these discussions took place and were willing to increase the \$2,500 they proposed but were unhappy with HRG's recommendation of \$4,500. President Wilt stated that it is important to keep in mind that with the runaway inflation, the Township must be

careful of lowering the fees to a point where it will cost more in the future. He stated he supports the \$4,500 fee.

Commissioner Davies asked in terms of financing the rest of the project, with the idea of applying for grants, if everyone is comfortable with the debt burden associated with a \$4,500 fee. Solicitor Miller explained that if the whole thing is financed, the spread will be somewhere between \$1.1 million to \$870,000 of costs which would have to be amortized at some level. As Mr. Krauter mentioned earlier, there are at least four potential funding sources which are viable, low interest opportunities. Solicitor Miller anticipated the funding should not present an issue. Commissioner Paul again stated that while his is technically okay with the \$4,500, he would prefer the fee be set at \$4,000.

Solicitor Miller stated he can start working on an ordinance, with a placeholder for the number, in order to begin the advertising process at the next meeting. Both the Authority and the Board will be provided draft copies. Commissioner Paul added the Board will look to the Authority for a recommendation.

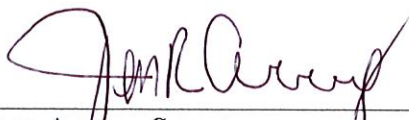
PUBLIC COMMENTS:

Dale Messick asked for confirmation that the funding for this interceptor via a special use fee will not result in a rate increase for the current public sewer users, especially since there was just a rate increase. Mr. Krauter stated that no user fee to the existing users was included in this analysis. Commissioner Paul interjected that occasionally the rate fee structure is analyzed. While he cannot say that user rates will not increase, they will not increase due to this project. Mr. Krauter again stressed that this Special Purpose Fee would only be charged to new hookups that use the Lumber Street line. Individuals currently hooked up would not be charged this fee.

ADJOURN:

Hearing no further questions from the boards or audience, a motion was made by Commissioner Davies, seconded by Vice President Truntz, to adjourn the Special Joint Meeting. The motion was unanimously approved, and the meeting adjourned at 7:32 P.M.

ATTEST:



Jean Arroyo, Secretary

PLEASE PRINT NAME CLEARLY
SEPTEMBER 7, 2022 SPECIAL JOINT MEETING OF BOARD OF
COMMISSIONERS AND MUNICIPAL AUTHORITY AT 7:00 P.M.
IMMEDIATELY FOLLOWED BY BOARD OF COMMISSIONERS'
WORKSHOP MEETING

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