

MINUTES

JULY 22, 2019 – SPECIAL JOINT MEETING

LOWER SWATARA TOWNSHIP MUNICIPAL AUTHORITY AND LOWER SWATARA TOWNSHIP BOARD OF COMMISSIONERS

The July 22, 2019 Special Joint Meeting of the Lower Swatara Township Municipal Authority and Lower Swatara Township Board of Commissioners was called to order at 7:00 P.M by Chairman Wilkinson. Chairman Wilkinson called for the pledge of allegiance.

Roll call was taken with the following officials in attendance:

Residents and visitors in attendance:

- Richard Wilkinson, Chairman
- Daniel Magaro, Vice Chairman
- Chester Hartz, Secretary
- Scott Spangler, Treasurer
- Frank Popp
- Jon G. Wilt, President
- Todd F. Truntz, Vice President
- Michael J. Davies, Commissioner
- Ronald J. Paul, Assistant Secretary
- Christopher DeHart, Commissioner (Not present at roll call, arrived at 6:27 p.m.)
- Elizabeth McBride, Manager
- Peter R. Henninger, Solicitor
- Bruce Hulshizer, HRG
- Caleb Krauter, HRG
- Tracey Bechtel, Recording Secretary
- Lester Lanman, Public Works Director
- Madison Smith, MS4 Coordinator
- Ann Hursh, Planning and Zoning

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

Chairman Wilkinson reported that the purpose of this evening's Special Meeting is to discuss the proposed Stormwater Management Fee Credit Policy as well as any other pertinent business.

Ms. McBride stated that there are several things tonight that also work in tangent with this credit policy, one of them is, will we have a fee. The MS4 can be a fee or come from the General Fund. If it comes from the General Fund that means all properties do not pay this fee, because they are tax-exempt properties and the General Fund is, for the most part, funded by taxes. If we go with a fee that means taxable and non-taxable parcels will be obligated to contribute. Once we decide whether or not we will have a fee then we can get into the credit policy. We could discuss the credit policy now, if we have a fee at some point in the future, but it might be a good idea to get some informal agreement that yes we do want a fee. Then the questions will be, do we want the fee to be a flat rate for all residence or scaled on base of the size of the parcel. That decision does not have to be made tonight, but we probably should reach a decision tonight or some sort of consensus that yes we are headed in the direction of a fee.

Solicitor Henninger suggested that Mr. Hulshizer give his presentation which talks about the rate option and the fee needs, as well as credit options, then we can discuss further on how to proceed.

Mr. Hulshizer indicated that he will begin by reviewing what has happened over the last year. There were six (6) stakeholder's advisory committee meetings which he will be touching on the high points. Mr. Hulshizer gave hand-outs to all members of the Boards, the hand-outs included the power point presentation, a copy of the proposed budget that came out of the stakeholder's advisory meetings, the Capital Improvement Plan, which is part of the budget, a copy of the draft Credit Policy Manual, which the stakeholder's advisory committee reviewed and also made recommendations on, and a copy of the Management Agreement and the Rate Resolution, which could get adjusted. So the following are the steps that will need to happen to move forward:

1. Select Rate Option
2. Authority/Township Adopt Agreements
 - Lease
 - Management
3. Township decide on subsidy amount (if any)
4. Authority accept Stormwater Budget
5. Authority adopt Rate Resolution
6. Authority adopt Credit Policy

Mr. Hulshizer noted that there were previous talks about the Township considering subsidizing in order to keep the fee down. HRG would recommend including everything in our Stormwater Budget so that if we go for financing, it would look like we really need help, then we would get the best offer hopefully. That would include operating costs. There might be some operating costs that the Board might be thinking, that is way too high, but HRG recommends, putting it all in there, and then if you feel the fee works out too high, preferably at the bottom line you just say Township Subsidy. Mr. Hulshizer went onto explain, that right now street sweeping is in the Stormwater budget, but it could be argued that it's street maintenance not stormwater, so we could just put on the bottom line Township subsidy for whatever that amount might be. He continued to explain that at this point, all stormwater functions are paid for out of the General Fund like many other communities, but it's not like we don't have a Stormwater Program, it's just not from a fee. So our current 2019 budget for the Stormwater Program, including all costs, is up to \$800,000.00. Mr. Hulshizer noted that there are some additional requirements being imposed on us through the MS4 Permit, some needs that were identified through the stakeholder's advisory committee process say that we really need to be more proactive in planning, accessing and replacing/upgrading our system, so then there is the Capital Improvement Program that was suggested by the stakeholder's advisory committee. So ultimately the Authority would need to accept the budget, if you have a fee, the Authority will be the one who establishes the fee. The Township provides the budget to the Authority, the Authority would approve it and then the Authority would pass a Rate Resolution.

Mr. Hulshizer explained that the Credit Policy is just the ability for consideration to be given to a certain parcel, for example, if it has 10,000 SF of impervious area but has other considerations that should be taken into account. We shouldn't just be saying that for this amount of impervious area equals this fee, we should be saying that this amount of impervious area equals this fee but there should be a 10 percent reduction because of consideration of private Stormwater Management Facilities, or a 20 percent reduction. The current Credit Policy suggests up to 30 percent for those kinds of things. The 30 percent was based on looking at the budget and saying,

what are the variable costs, that if someone does their own private property Stormwater Management that that would reduce the cost that the Township/Authority is handling.

Mr. Hulshizer pointed out that the next graphic in his presentation is a very important one, especially for Lower Swatara Township. He indicated that most of the communities that he has helped through this process would end up being like this; if you pay your Stormwater Program, cover your costs for the program from taxes, your residential parcels on average would pay 50 to 70 percent more. In Lower Swatara Township however, it works out that 41 percent of taxable assessed value is from single family residential parcels, but only 15 percent of the impervious area is single family residential parcels. Take 41 divided by 15 that's a big number, it's like 175 percent. So if Lower Swatara Township does not do a fee, we are saying that we are going to cover our program through taxes and we recognize that residential parcels are going to pay 175 percent more. Basically what we are saying is currently single family residential parcels are paying 41 percent of our program's cost, out of taxes, based on their assessed value, because that's how you get money for taxes. If we establish a fee based on impervious area, single family residential parcels only pay 15 percent. A significant part of that is because of exempt parcels, which currently pay zero percent to the Stormwater Program, because it comes from taxes and they are tax exempt, where as they actually have 35 percent of our impervious area. There are some considerations, where this isn't exactly what they will pay, they might get a credit and then that number will come down, maybe only being 25 percent of your paying impervious area actually comes from exempt parcels. Mr. Hulshizer added that his recommendation would be to have a fee because it really distributes the costs more equitably, which is part of the goal.

Mr. Hulshizer referenced the Capital Improvements Map that correlates with the Capital Improvement Plan that puts estimated costs with the projects. The Capital Improvement Plan includes the Pollution Reduction Plan, PRP Projects which the State, because of the Federal Government and Chesapeake Bay trickled down and we have to do these PRP's. As part of the process there were other infrastructure needs that were identified. We split the projects into two buckets. The Public Works projects would be pay as you go kind of projects. In the budget there is \$200,000.00 listed for that kind of a project, for example, slip lining of storm sewer pipe, so if the pipe is in need of attention but hasn't fallen apart yet or collapsed and we can line it, it will cost less and will definitely be less disruptive than digging it up and replacing it. The Public Works Director would decide where those kinds of projects will take place, as shown on the maps.

The budget includes debt service for the larger bid projects. The Capital Improvement total budget, if you include the pay as you go and the grant money, we are at 14 million dollars. Five million of that is the Rosedale Project which we already committed to. Mr. Hulshizer pointed out that these are bid numbers, but the way that they are in the budget is under debt service, so if you say, forget about these big projects, but you want to look at the bottom of your budget where it lists debt service for three (3) projects, so to hack them out isn't going to just magically make your budget really low, it will reduce it some but it might only be 15 to 20 percent. It's a little bit counter intuitive, but it's because you are borrowing for them, if you try to do pay as you go, then your budget would have to be three to four million dollars per year to do that approach.

Mr. Hulshizer reminded the Boards that the Township has 23 miles of pipe, 1200 inlets and 236 outfalls under our care. From the Stakeholder's committee meetings and working with staff this was the revenue need that

was identified in the budget. Mr. Hulshizer explained his projected revenue need for 2020 is a million dollars, what would this mean for a fee, the chart is assuming all single family residential properties pay the same amount. To cover the \$1.0 M, for 2020 the required residential monthly rate would be \$6.70/month (\$1.80/1,000 sf) this is assuming No Township Subsidy. Subsequent years would be 2021 Revenue needed \$1.3 M for a rate of \$8.60/month (\$2.3/1,000 sf); 2022 Revenue needed \$1.65 M for a rate of \$10.80 (\$2.90/1,000 sf); and Revenue needed for 2023 \$1.8 M for a rate of \$12.00/month (\$3.20/1,000 sf).

Mr. Hulshizer shared what the fees are in other communities in our area, Lower Paxton Township is at \$10.67/month (\$3.14/1000 sf); Susquehanna Township \$9.80/month (\$3.50/1,000 sf); Derry Township \$6.50/month (\$1.71/1,000 sf); Swatara Township \$5.20/month (\$2.03/1,000 sf). Mr. Hulshizer noted that our fees are not out of line from what other communities are doing. He added that we might want to have the fee at \$6.70 for next year and incrementally increase it or we could say we don't want to have to increase it each year so go with \$10.80 for the next four (4) years, this is something we can discuss as we go.

Mr. Hulshizer concluded with his presentation and asked if there are any questions. Solicitor Henninger asked if those rates of \$6.70, \$8.60, etc. assume a certain amount of credits and delinquencies. Mr. Hulshizer indicated they do, a 5 percent delinquency and a 25 percent credit, which is a pretty high number for credit, but the sense was that might be a decent possibility for Lower Swatara Township. Ms. McBride added that we have some parcels here, non-residential, such as the airport, they might end up with a big credit, which could be justified because they take a lot of our water, so that 25 percent is easily justified.

Mr. Messick asked if Penn State and the Airport would still be accessed a fee, understanding that they would get credits, just wanting to know if they can opt out. Solicitor Henninger replied that they do not believe either one of those properties can be exempt. There may be more conversations regarding this as we move forward. Solicitor Henninger explained that the 25 percent for Lower Swatara is a higher percent than other communities have in their budgets, and it's in there to cover the fact that large impervious stakeholder's, like Penn State, SARAA, and the Middletown School District may be entitled to sufficient credits because they would be eligible for the Stormwater Partnership Credits. Mr. Hulshizer added it is because they are conveying a fair amount of Township stormwater, so there should be some kind of consideration related to that, but they would not be exempt all together from this fee.

Mr. Messick asked if there is a total value on our Stormwater System. Mr. Hulshizer replied that the replacement cost for the system is 55 Million. Mr. Messick also asked, because everyone is working on the Chesapeake Bay requirement goals that are in place till 2025, will this fee have to be re-voted on again at some point, or will it last forever. Mr. Hulshizer clarified the dating on the current MS4 Permit that the Township has goes till 2023, at which time a new five-year permit will be issued which may have higher requirements, so generally we don't encourage looking beyond that because we don't know what the requirements will be. If the fee was only covering the PRP projects then you might say it will go away, but really the fee is to cover for the whole Stormwater Program, we will still have to line pipes because they will get old, still have to have staff that will have to clean and repair inlets, there will be a continuous operation of the Stormwater System. Solicitor Henninger added that this is an area of government that the legislators carved out to allow it to be shared across all that contribute, just

like if you are on the sanitary sewer system, you are using it, and you pay for it. The theory is, if you have impervious land and you're contributing to the stormwater runoff and pollutants to the Chesapeake Bay you should have to contribute too, not just whether you are a church, a school, the government, your contributing you should have to pay. It would be unrealistic to think that once a stormwater fee was enacted that it would ever go away, because there will always be a continuous responsibility regardless of what may or may not happen as far as the Bay is concerned.

Mr. Hulshizer stated, both the Authority Board and the Board of Commissioners would need to be in agreement with charging a fee, the second question is, how much should the fee be and then then third question is the Credit Policy. You would also need to decide how you are going to manage the system, we could get into some of those details, but first you need to decide whether you are going to have the fee, otherwise, there is no point in discussing anything else.

Mr. Hartz questioned on the larger businesses like SARAA, the School District, Penn State, everything he has read, the Credit Policy is going to be extended up to 30 percent, will that include them. Mr. Hulshizer responded that it says up to 30 percent, except for the Stormwater Partnership Credit, so there is a potential there that they could get a credit of more than 30 percent, the way that it is currently written.

Mr. Davies asked Mr. Hulshizer to define Stormwater Partnership. Mr. Hulshizer replied that it is pretty broad as it is written in the policy and we can be more specific if we wanted to be, other communities have done it because usually there is some unique circumstances to be taken into account, for example, a substantial amount of Stormwater from the Township is conveyed by the Airport so they are owning and maintaining a significant conveyance system to benefit the Township, so something should be considered related to that.

Mr. Hartz questioned why there is over \$100,000 budgeted under major equipment and machinery in each year of the next four (4) years. He added that the Municipal Authority just looked at a piece of equipment for our Township and we did our due diligence before we purchased it for over six (6) months to make sure we were making the best decision for the Township and taxpayers. He asked if there is specific equipment in this budget that details those figures each year. Mr. Hulshizer replied that the majority of that cost is the street sweeper, which is roughly 50 to 60 thousand dollars, which is common in other communities too. Mr. Hulshizer added that whether you own it or lease it or rent it you end up in the 60 thousand dollar range. Mr. Hartz asked if we currently lease the street sweeper. Mr. Lanman responded that we bought it on a lease option, which is basically a five (5) year loan plan. Mr. Hartz asked what the price of a new sweeper would be. Mr. Lanman replied around \$300,000.00. Mr. Hartz commented that almost all monies for these items have come out of the General Fund before we had this program, so now we are going to impose another fee to pay for this, our taxes are not going to go down from taking this amount out of the General Fund budget for switching it over to the Stormwater budget. Mr. Hulshizer explained that the Township is covering the same costs a different way and using a different structure to cover those costs, impervious area rather than assessed value. That does open up the question, what about that money that was in the general fund, are taxes going to go down, the Commissioners will have to answer that question, but in reality probably not, because there are things that have been deferred in other areas of the Township, such as our roadway maintenance so that money now can be put to that.

Mr. Magaro asked if the street sweeper is a requirement for MS4. Ms. Smith responded that it is a requirement, with the MCM 6-Good housekeeping, so we have to log in and document every single one of our street sweeping quantities and the debris that we removed. Ms. Smith noted that this is one of the biggest ways we are currently cleaning our inlets. Mr. Lanman added that in his opinion the street sweeper is an important part of Stormwater System Maintenance.

Ms. McBride conducted an informal poll from all Board members as to whether they are in favor of the fee. The responses are as follows: Authority Vice Chairman Magaro: In favor of a fee, believes this is the fairest way, but we need to have a more definitive figure in the stormwater budget to determine what that fee should be set at; Authority Member Hartz: He agrees one hundred percent with Mr. Magaro's statement, he believes that a million dollar budget right off the start for this program is way too high. He believes we need to get more accurate budget numbers so we can come to a clearer decision on a monthly fee; Treasurer Spangler: Agrees we should go with the fee; Authority Member Popp: Agrees with the fee; Chairman Wilkinson: Agrees with the fee; Commissioner DeHart: Believes the most fairest way is the fee; Commissioner Paul: As previously discussed at last December's meeting, he agrees with the fee; Commissioner Davies: Leans towards supporting the fee because it will include those parcels that are tax-exempt, but also agrees that it may be better for us to look at establishing a fee number a little closer to budget season so we can dial in the amount necessary to cover expenses a little more accurately instead of just projecting out; Vice President Truntz: Thinks the fee is the fairest way to do it, concurs with his fellow Commissioners; President Wilt: Yes, the fee seems to be the way to go.

Ms. McBride stated that in the interest of time is there any Board member who would like to see a different fee structure other than a flat fee for all single-family residential. All ten (10) Board members are in the agreement of a flat fee for all single-family residential properties.

Mr. Hulshizer noted that the decision about what the budget should be is an important decision to make, the mechanism to do that would be to provide more detail backup for the current budgeted figures. This will help to determine what the fee amount should be.

Chairman Wilkinson commented that if the Authority is going to be managing this on behalf of the taxpayers and the Township, he wants to make sure he fully understands where all the expenses are, what we are looking at, look to the future so we don't get caught behind the eight ball.

Mr. Hulshizer added that he is not trying to avoid the Credit Policy but a sufficient part of the Management Agreement is to decide who is going to do projects for replacing the Stormwater System. Will it be the Authority that will borrow to do that, or is it the Township that will do that. Solicitor Henninger stated that he thinks it is drafted that the direction would come from the Township as far as what projects are to be done.

Ms. McBride conveyed, in the terms of timing, Vice Chairman Magaro, Authority member Hartz, Commissioner Davies all mentioned that more work needed to be done on the Stormwater budget, with Commissioner Davies suggesting that this go hand and hand with the development of the Township budget for next year.

Commissioner Paul suggested that they need to start on this budget now, not wait till the General Fund budget, this is a separate entity just like the Sewer and General Fund budget and he would like to advocate, the

sooner we get on these numbers and preferable the definitions of what those numbers mean the better everybody will have a feeling for what they are buying, so he highly recommends we start on this immediately. Mr. Hulshizer affirmed that with the sense of considering the public, not only the residential people but the commercial owners, because this will really impact their budget and they will have to have money set aside for next year, so the sooner we pick a number it will really be helpful to people to budget for themselves and then they can also see what kind of credits they might be able to apply for as well.

Mr. Messick inquired that we talked about a fee and that fee is going to be charged at a flat rate for single family residential but how will the commercial properties pay, will they pay per thousand square feet or ERU. Mr. Hulshizer, thanked Mr. Messick for that question and explained that we could do it either way, we could do just the thousand square foot for everyone else, or we could define an ERU, which would be whatever your average residential single-family is, (3,750 sf), it will be the same math, they will pay the same either way.

Commissioner DeHart commented that he was more concerned about the rate increasing each year, that he would rather have it stay the same all four (4) years. President Wilt also agreed that he would like to have a number that will stay the same for the next four (4) years. Mr. Hulshizer asked the Board members if they are looking to start this fee as of January 1, 2020. All Board members agreed that would be the earliest the fee would be imposed.

Commissioner Paul asked if it were possible for all the Authority and Board members to get a list of non-residential properties. Mr. Hartz added if Farms could also be included on that list. Mr. Hulshizer agreed he could provide that list.

Mr. Hulshizer turned the conversation to the Credit Policy and noted to Mr. Hartz that farms would fall under the Low Impact Parcel. He indicated that on page 6 of the Credit Policy, it gives a quick glance at the credits the committee recommended. Mr. Hulshizer noted that this list is longer than some other communities have included, so it's safe to say we are being abundant in how many credits we're offering. Mr. Hulshizer added that as part of this draft Credit Policy, there is an Operation and Management Agreement Form that really should be in place. Appendix D-Maintenance Agreement Form. For instance if someone has a basin or any other type of BMP and they are going to get credit for it, these things need to be maintained, say permeable paving, you have to vacuum it, otherwise it is basically paving so you need to have an operation and maintenance agreement with them and they will have demonstrate that they are actually doing those things.

Ms. McBride asked Mr. Hulshizer's how many of his clients do not give residential credits. Mr. Hulshizer responded that there are a few that don't give any residential credits or have a structure that they really can't get a credit. He added that he is not sure if we will really see many residential people apply for the credits. There were other credits that were discussed that the committee suggested not including at this point, that could be residential credits, such as rain barrel credits and down spout disconnection credits, both of those have some concerns. Rain barrels are great if they are emptied, but do nothing if they are not, so that would require staff to go around and check everyone's rain barrels to make sure they are emptied before every storm, that just isn't cost effective for the Township. Downspout disconnection sometimes can cause more problems.

Mr. Messick questioned under the Permeable Pavement Credit, could a resident get a credit for tearing their driveway and sidewalk out and replacing it with bricks. Mr. Hulshizer acknowledged that could be done. DEP has

guidelines on how they would have to be installed and different items may get different credits. Currently the credit policy does not include residential in the Permeable Pavement category. Commissioners Paul asked how a crushed gravel driveway is interrupted, Mr. Hulshizer responded the DEP interrupts it as impervious.

Mr. Hulshizer assumed that the Credit Policy is probably not going to be adopted this evening but have it presented more for review. Ms. McBride replied that was correct. Chairman Wilkinson added that he thinks we need to keep the credits simplified, because the more complex you make it, the more people you need to operate it. The cost of having the credit program will end up costing more than the credit given.

Mr. DeHart inquired what the delinquency rate is on the stormwater fee. Mr. Hulshizer replied that they assumed 5 percent delinquency. Solicitor Henninger commented that he drafted the Resolution that assumes a monthly bill that will be part of your sewer bill and also assumes that any partial payments get applied first to the stormwater fee then the sanitary sewer. Solicitor Henninger added that there are options as to how we can bill. We could bill separately, annually or even out-source the billing, that's another decision that needs to be made.

Solicitor Henninger recommended that monthly joint meetings continue until we get all items in this program ironed out. There is still a lot to digest. We determined that we want a flat monthly rate over the next four years. The draft Credit Policy seems to have no real issues, except there is a conflict over whether the credits would be good for three years or five years. Mr. Hulshizer addressed that issue by recommending that we put in the policy that the credits would expire in 2023, regardless of when started, then it would be under the sway of the Authority to extend that credit or not. That way if DEP imposes changes on us, we can say that a certain credit might not be beneficial anymore.

Mr. Hulshizer added that some sort of consideration should be considered for public education in order to let the public know when this is all happening. He suggested October should be the latest for making that happen, thinking more like September so the budget really needs to get lined up in the next few weeks.

Solicitor Henninger suggested that the two Boards appoint a budget committee consisting of two members from each Board. Then that information can be passed to the rest of the Board members. Chairman Wilkinson and Vice Chairman Magaro from the Municipal Authority and Commissioner Davies and Commissioner Paul from the Board of Commissioners volunteered to be on the Stormwater Budget Committee.

Mr. Hulshizer noted the stakeholders committee did recommend a zero dollar credit application fee for this first year. Some thought should be on what that application fee should be after the first year, this will help keep down the excessive credit applications from being applied for. Other communities have established an escrow account for commercial properties to apply.

Ms. McBride commented that she will send out an email tomorrow with a few dates so we can get the next joint meeting scheduled.

Public Comment: Mr. Messick stated he has an article with him tonight from the Lancaster Farmer from April, it says \$64.00 is the annual national average across the country for stormwater.

Hearing no further comments, a motion was made by Mr. Magaro seconded by Mr. Popp from the Municipal Authority to adjourn the meeting. A motion was made by Mr. DeHart seconded by Mr. Truntz from the Board of Commissioners to adjourn the meeting. The motion was unanimously approved and the meeting adjourned at 7:31 P.M.

ATTEST:

Tracey Bechtel, Recording Secretary