

Minutes of the Fox Chapel Authority Board of Directors meeting held Tuesday 10/30/18 at 7:00 PM at the Fox Chapel Authority office, 255 Alpha Drive, O'Hara Township, PA.

Board of Directors present

Mr. P. A. Iurlano, President
Mrs. A. C. Lehman, Vice President
Mrs. S. M. Mantia, Secretary
Mr. J. A. Domaratz, Treasurer
Mr. R. D. Sikon, Asst. Sec./Treas.
Mrs. N. S. Snider
Mrs. R. C. Saunders

Others present

Mr. M. S. Moore, Bankson Engineers, Inc.
Mr. A. A. Ditka, Dinsmore & Shohl
Mr. M. E. Nicely, Manager

Mr. Iurlano, President, presided and called the meeting to order at 7:02 PM.

Approval of Minutes

Mr. Iurlano requested any comments or corrections to the minutes of the September 25, 2018 meeting. There being no comments Mrs. Saunders made a motion to accept as presented. Mrs. Snider seconded with all in favor.

Visiting Delegations/Public Comment Period

None.

Financial Report

Mr. Nicely reviewed the check register for September and October and noted those invoices which don't appear on a regular basis after which the register was accepted.

Mr. Nicely continued with a review of the September income statement, balance sheet and actual versus budget comparison.

Consulting Engineer's Report

Mr. Moore reviewed his written report noting that the NSF paperwork for the pumps at our Booster Station was received and resubmitted to DEP. He continued by stating that Norfolk Southern will be installing either a 30" or 36" drain line under their tracks that we will connect with and continue through our property to the river. Once the design is finalized and the DEP permit is issued we'll begin installation which will most likely happen in the spring.

Solicitor's Report

None at this time.

Manager's Report

Mr. Nicely briefly reviewed his written report and noted that the East 1st Street water line replacement passed the pressure test and we're waiting on the results of the bacteria test to

begin the transfer of services and disconnection of the old line. Yard and paving restoration are to follow weather permitting.

He continued by noting that the IT supervisor position was placed on the PMAA and AWWA websites and sent to the two local prospects one of which has scheduled an interview.

He continued with a review of the 2019 operating and capital budgets. The major unknown factor is the size and timing of the rate increase from Pittsburgh Water and Sewer Authority. They have requested a 17% rate hike to become effective January 1, 2019 but the PUC has until April 1, 2019 to approve this action. Since we need to have an approved budget before the new year he assumed the rate action will be approved at 17% effective January 1, 2019. We've absorbed 33% of the rate increases from Pittsburgh Water and Sewer Authority between 2011 and 2018 while only passing 19% on to our customers. Our reserves were reduced to 20% in 2018 to balance the budget and will remain at that level in 2019 versus our standard of 25%. The net result is that the 2019 operating budget will be presented with a 17% increase in water costs and a 17% increase in our water rates. This will result in a reduction in annual allocated earnings to approximately \$500,000 versus our normal \$750,000 to \$1,000,000 to replace and update 1% of our system. It appears that this will be the case for the next five years or more depending upon further rate actions taken by Pittsburgh Water and Sewer Authority and approved by the PUC.

Committee Reports

Mr. Nicely addressed this in his report.

Old Business

None.

New Business

Mr. Nicely reviewed a request from a customer to waive the late penalty which was approved.

Mr. Ditka continued with a review of an agreement with the Fox Chapel Area School District regarding service to the new Kerr Elementary School on Kittanning Pike. Mr. Ditka recommended that the agreement be amended to reference the attached drawing. Mrs. Lehman made a motion to that effect with a second by Mrs. Mantia will all in favor.

Mr. Ditka continued with a short discussion whether the penalty charge on miscellaneous invoices should be a flat amount or a percentage. He concluded that a percentage fee was appropriate and recommends a 6% flat annual fee. Mrs. Saunders made a motion to that effect. Mrs. Mantia seconded with all in favor.

Executive Session

At 7:59PM the Board adjourned into Executive Session to discuss potential litigation issue. At 8:25PM the regular meeting resumed.

Board Comments

None.

Public Comments on Non-Agenda Items

None.

Adjournment

There being no further business to come before the Board of Directors Mrs. Mantia made a motion to adjourn at 8:27 PM. Mrs. Lehman seconded with all in favor.