

HEALTH & SANITATION COMMITTEE
OCTOBER 6, 2009

The Penn Township Health & Sanitation Committee met in public session on Tuesday, October 6, 2009 at 7:33 PM following the Public Works Committee. Present were Chairman Rewa and Commissioners Prieber, Heilman, Goldsmith and Felix. Also present were Manager Garvick, Township Engineer Bortner, WWTP Superintendent Mahone, Administrative Assistant Rodgers, and Highway Foreman Mahan. The following items were discussed.

ANNOUNCEMENTS: None

APPROVAL OF MEETING MINUTES: Minutes from the September 1, 2009 meeting were approved as presented.

CITIZENS REMARKS: None.

2010 BUDGET: The committee reviewed the 2010 sewer budget. The budget is showing a 66% increase in sewer rates for 2010 due to the proposed bond financing issue for the treatment plant upgrade. The total sewer budget shows a 45% increase in revenue. WWTP Superintendent Mahone explained that the proposed budget includes repairs to the sewer collection system but the actual cost of those repairs will depend on the inspection of the system. The budget also includes an increase of vehicle expense, a 10% buffer built in for the projected cost of utilities, and two capital outlay projects that have been carried along for several years. The cost of chemicals used at the plant has increased over the year. The cost of ferrous chloride is projected to be increased because of having to change to a manufactured product rather than using a bi-product, which is cheaper but also no longer available. There was some discussion about the different chemicals that are needed at the plant. The engineering costs on the design for the sewer upgrade are included in the budget. These costs could be recovered once the bond issue is floated. The utilities under the disposal system were increased due to the projected electric deregulation.

FINANCING DISCUSSION ON PLANT UPGRADE: Administrative Assistant Rodgers informed the Committee about a meeting she attended on Monday with Bond Counsel Steve Hovis, Michael Lillys, RBC, and Manager Garvick to discuss financing of the sewer plant upgrade. They discussed floating an \$18 million bond, which may or may not cover the entire cost of the project, which has been estimated to cost \$24 million. It was noted that due to the current economy some projects have been bid at twenty percent below estimated costs. The \$18 million will cover all the costs incurred during 2010 with the project estimated to be completed during the third quarter of 2011. Municipal bond rates are the lowest they have been in over forty years. Ms. Rodgers also explained about the Build America Bonds (BABS), which are available to government agencies as part of the stimulus package. This allows the Township to issue taxable bonds with the Federal government issuing a thirty five percent "rebate" to the issuer when the interest payments are made. These bonds have an "automatic"

recall if the Federal Government stops the rebate, which will allow the Township to refinance the issue at a tax-exempt rate. Bond counsel stated that everything could be done at the November 16 meeting. The committee recommended moving along with an \$18 million Build America bonds with settlement prior to the November 16 date if possible.

2010 REFUSE AND RECYCLING BUDGET: The committee reviewed the 2010 proposed refuse and recycling budget. The trailers for the department are beginning to age so the vehicle operating expense has been increased. Refuse collection costs will be decreased slightly because of the cost of living adjustment that was negotiated in the current contract. The York County tipping fee is going to remain the same at \$56/ton. The proposed expenses for this account have decreased by five percent.

RESIDENTIAL DOCUMENT SHREDDING: Residential document shredding will be held on October 24, 2009. Residents who wish to actually witness their documents being shredded are invited to stay and watch. The hours are 9 am-2 pm.

2008-904 PERFORMANCE GRANT: WWTP Plant Superintendent Mahone reported that the 904 Performance grant has been sent to DEP and it's estimated that the Township will receive \$118,000.

NEWSLETTER: The committee thanked staff for the last newsletter.

REFUSE BAG BID OPENING: Refuse bag bid opening will be held on October 14, 2009. The Township has about a year supply but would like to see what the costs will be due to the decreasing price of oil.

CITIZENS QUESTIONS TO THE COMMITTEE REGARDING DISCUSSION ITEMS:

Michael Brown, 75 Oakhill Drive, questioned how the Township bids refuse bags and how often. The committee answered his questions.

The meeting was adjourned at 8:12 PM.

Respectfully Submitted,

Jeffrey R. Garvick, Manager