

**BOONSBORO MUNICIPAL UTILITIES COMMISSION
REGULAR MEETING
November 9, 2017**

Note: Motions are in bolded text below.

The Boonsboro Municipal Utilities Commission (BMUC) held its regular meeting on Thursday, November 9, 2017 in the Charles F. "Skip" Kauffman Building's Meeting Chambers. In attendance were Chairperson Paul Loeber, Assistant Chairperson Todd Kennedy, Commission Members Ernie Harr, and Ray Hoffman. Also in attendance were Mayor and Council Liaison Terry Davis, Town Manager Megan Clark, Town Engineer Brian Hopkins Ph.D., and Utilities Superintendent Pete Shumaker. Chairperson Loeber called the meeting to order at 7:10 PM.

Meeting Motions:

The October 12th Regular Meeting Minutes were reviewed and Commission Member Hoffman motioned to approve the minutes as presented. The motion was approved.

The October 2017 Treasurer's Report was presented by Commission Member Hoffman. Commission Member Kennedy motioned to approve the report as presented. The motion was approved.

The November 2017 Budget to Actual Monthly Report was presented by the Town Manager Megan Clark.

Note: There were no motions associated with this presentation. This report is generated directly from the accounting system software and is real-time in that it reflects ALL information that has been entered prior to the generation of the report. All information through the end of the October accounting month were entered into the system and included in this report. This report is being used by the BMUC as part of the continued revenue and expenses reporting and tracking during public meetings. This report provides a more reviewer friendly format that is easier to understand than typical accounting reports. No current or pending critical funding issues were identified upon review. However, revenues from rates are trending lower than predicted. There are two reasons for this trend. One is the BMUC's decision to delay implementation of the approved rates due to ongoing actions by the Mayor and Council to decide on the path forward relative to the legality of a submitted referendum petition which, the Town's legal counsel has determined is not subject to the referendum provision. The other is lower usage that results for conservation practices. To address the lower than estimated rate revenues, the use of retained user fees are being appropriately and judiciously used to fund portions of critical infrastructure projects that cannot be covered by the fee revenues and/or grant finding received to date. All critical projects are proceeding when necessary to fix functionality issues and reduce operation and maintenance costs within the 5-year payback grant award requirements.

The October 2017 Bills to be Paid Report was presented by Commission Member Hoffman. Commission Member Kennedy motioned to approve the payment of the bills as presented. The motion was approved.

Unfinished Business:

Sewer Main Replacement Project

Town Engineer, Brian Hopkins Ph.D. and Town Manager, Megan Clark provided an update on the status of this proposed project. The Request for Proposal (RFP) is currently active and when proposals are received they will be reviewed and a decision made on proceeding by the BMUC. The application request was prepared and submitted to the Maryland Department of the Environment (MDE) and comments on the submittal were provided by the MDE. Responses were prepared by Dr. Hopkins and submitted as part of a transmittal from the Town Manager, Megan Clark. This is a consistent practice with applications of this type. As part of the BMUC return on internal labor investment evaluation and annual reporting initiative, the time associated with pursuing grants and developing and submitting procurement documents and applications/permits, overseeing projects, and close-out of grants and contracts associated with these infrastructure projects are being tracked and compared to the costs that would be incurred if internal resources were not available and this expertise needed to be contracted out. Initial evaluation of the information from this and other recent project collected information has indicated that savings of tens of thousands of dollars will be realized throughout a fiscal year associated with these types of projects alone. There are other cost savings that are also being realized and documented through the notation time keeping practices recently implemented.

For convenience to a reviewer of these minutes, a summary of this project from previous BMUC meeting minutes is provided as follows:

This replacement project is needed to correct a problematic portion of the sewer line infrastructure that is resulting in recurring sewer back-ups into homes and surrounding environment. The portion being replaced is not properly sized, has multiple bends and turns, and not properly sloped to handle the flow that is collected from the upstream portions of the sewer line system. The replacement will increase the pipe size to accommodate the current and future estimated flow needs, provide a straight-line route that reduces the length by four hundred (400) feet or a reduction of twenty-five (25) percent, and provides the proper slope to maintain flow velocity. This project will eliminate any future back-ups and/or releases that were the result of the characteristics of this portion of the sewer line. This is part of the ongoing independent authority of the BMUC to maintain a compliance and fully functional wastewater collection and treatment system. This is just one of the many upgrades that are needed to this aging, failure prone, and expensive to operate and maintain collection system. Also, to execute the fiduciary component of the BMUC authorities, this project was submitted under a grant application to the Federal Appalachian Regional Commission (ARC). For the

Town of Boonsboro's Federal economic grant profile, we qualified for a matching dollar grant. The project is expected to cost approximately \$ 240 K (as noted above Request for Proposal is currently active) and the Boonsboro portion of those funds were included in the presented and approved FY 18 Waste Water Fund Budget under the Capital Outlay line item amount of \$ 167,500.00. As part of the continued easier to follow financial presentation formats initiative, the Budget to Actual Monthly Report identifies a new Capital Outlay sub-line item for this Project that moved \$ 120,000.00 from the \$ 167,500.00 into this new sub-line item.

Variable Frequency Drive (VFD) Controllers for Well Pumps Project Update

For the convenience of a reviewer of these meeting minutes, the following is a summary from previous meeting minutes about the project:

The installation of Variable Frequency Drive (VFD) Controllers for the operation of the pumps in the water distribution and delivery system are designed to allow the pumps speed/output to reflect the demand needs as is changes on a real-time basis. This will result in reduced electricity costs and also extend the operational life of the pumps and reduce maintenance needs and costs. A grant was submitted by and an award made to the Town of Boonsboro by the Maryland Energy Administration (MEA) for \$ 25,000.00 with the provision that a return on investment be five (5) years or less.

Town Engineer, Brian Hopkins Ph.D. and Town Manager, Megan Clark provided an update on the status of this proposed project. The estimated electricity cost savings is over \$ 6,000.00 per year because the pumps will only be operating at the speed necessary for the system at any given time and NOT at the maximum single speed operations that the equipment in place can only support. The reduced speed wear on the pumps will also extend the life of the pumps and reduce the maintenance activities and costs associated with the existing full-single speed operation mode. This is estimated to result in an additional several thousands of dollars per year savings. A Request for Proposal (RFP) was prepared and issued and bids were received. The lowest bid received determined to be technically acceptable and meet all of the RFP requirements was for \$ 27,500.00. This exceeded the grant award by \$ 2,500.00 plus additional costs to replace the pump. **A motion was made by Commission Member Harr to use the Water Fund User Fee accumulated balance to fund the difference. The motion was approved.** The estimated return on investment of the total cost of this project is expected to be less than 4 years. Dr. Hopkins will proceed with working with the selected contractor, Keystone Engineering Group to initiate the installation.

As stated above, this project is also part of the BMUC return on internal labor investment evaluation and annual reporting initiative, the time associated with pursuing grants and developing and submitting procurement documents and applications/permits, overseeing projects, and close-out of grants and contracts associated with these infrastructure

projects are being tracked and compared to the costs that would be incurred if internal resources were not available and this expertise needed to be contracted out.

FY 18 Budget Implementation

As a result of discussions during the last Mayor and Council Workshop Meeting, the BMUC had requested that the Mayor and Council table the agenda item on the BMUC recommendation for the application of the Bay Restoration Fund (BRF) \$ 2,000,000.00 Grant. The recommendation was prepared based on the Grant's legislative and WTP Debt vehicles' structure constraints. The BMUC decided to request that the Mayor and Council, as the elected officials of the Town of Boonsboro to consider pursuing legislative relief to provide additional flexibility in the use of the Grant funds.

A motion was made by Commission Member Harr to formally request that the Mayor and Council, as the elected body of the Town of Boonsboro, consider pursuing discussion of and securing, if possible, legislative relief of the existing constraints associated with the use of those funds contained in both the Grant legislation and the Debt vehicles' structures, specifically the CDA Bond. The motion was approved.

This motion request is to be transmitted by the Town Manager to the Mayor and Council at the earliest possibly opportunity.

WTP Addressing the Debt Plan Discussions

See attachment A

New Business:

Water and Sewer Reserve Funds

The potential use of the reserve funds as a cash flow buffer for each of the funds was discussed because the recent audit report identified the delay in making payments/inter-fund transfers due to cash flow constraints were the root cause of the two minor audit findings. The cash flow constraint has been and continues to be an issue for both funds because of the 4 to 6-month difference between paying for both system's operations and the meter readings and collection of user fees billing cycle. Another option discussed was to divide users into three groups and process billing of each group quarterly on a consecutive monthly basis resulting in a monthly instead of quarterly revenue stream model. The logistics and feasibility of the billing option described above is being explored and will be discussed during the next BMUC meeting.

Reports:

The following reports were made and no motions were made as a result of those reports.

Mayor and Council Report – Mayor and Council Liaison, Terry Davis, provided a brief summary of Mayor and Council activities since the last BMUC meeting.

Engineering Report – Brian Hopkins, PhD. Town Engineer in addition to updates discussed above, provided a discussion of the sewer system lateral line flow reductions discoveries and that they were likely caused by root intrusions in the lines. While not yet at a critical state, the options for addressing lateral line routine maintenance were discussed and the recommendations will be presented at the next BMUC meeting.

Utilities Report – Pete Shumaker, Utilities Superintendent provided updates on the Wastewater Treatment Plant's recent waste pump repair and the filter assembly refurbishment project. Activities are on schedule and costs are within those quoted.

Public Works Report – Greg Huntsberry, Public Works Superintendent. In Greg's absence, the Town Manager, Megan Clark, provided an update on the meter purchase that will be installed in the abandoned water line after the last user on the line to measure flow as part of the treated water loss source identification program. The meter is still on backorder and when received the BMUC will be informed.

Adjourn:

A motion to adjourn was made by Commission Member Kennedy. The Motion was approved.

Respectfully Submitted,

Ernie Harr
Secretary

Wastewater Treatment Plant (WWTP) Debt Timeline and Disposition Status

The following history and disposition status information was compiled and documented as part of the BMUC's focus to address and develop a fiscally responsible and viable plan for addressing the Wastewater Treatment Plant (WWTP) debt. This will be an ongoing topic of discussion along with planning and evaluations of options. This information provides an individual with the understanding of the driver for the construction of the WWTP and actions that were proposed and taken to address the debt associated with construction costs for the plant. This information is critical to understanding the historical actions and therefore provides a better perspective to fully and effectively address the issue of the WWTP debt.

1. In 2004, the State of Maryland Department of Environment mandated that the Town of Boonsboro install an advanced WWTP
2. In 2006, Annexation Agreements were entered into with developers (public available documents)
 - a. King Road Associates (about 388 acres)
 - b. TT&K, LLC (about 213 acres)
 - c. Easterday Land Development, LLC et. al. (about 96 acres)
 - d. Ringley, LLC and 8486 Dean, LLC (about 36 acres)
 - e. Flook (about 41 acres)
 - f. Lakin (about 70 acres)
 - g. Shepherd (about 5 acres)
3. BMUC authorized allocation of 1,400 Sewer Taps by the Town of Boonsboro (2008) – Did NOT address Water Taps
4. Federal and State Agencies authorize funding of WWTP/WWTP Upgrades conditioned on pre-payment of sewer taps (2008)
5. In 2009, Annexation agreements were amended to include the Pre-Purchase of Sewer Tap with several developers
 - a. King Road Associates (2009 – 656 Sewer Taps allocated – pre-purchase of 102
 - b. TT&K, LLC (2009 – 360 Sewer Taps allocated –pre-purchase of 56
 - c. Easterday Land Development, LLC et. al. – 113 Sewer Taps allocated – pre-purchase of 40 taps
 - d. Ringley, LLC and 8486 Dean, LLC (36 Sewer Taps allocated – pre-purchase of 18
 - e. A total of 216 sewer taps were to be pre-purchased, which covered the first 5 years of the debt owed for the WWTP. Over 1,000 sewer taps then remained to be purchased by the annexed property owners for use in developing their property and would have continued to pay the debt on the WWTP.
 - f. King Road Associates and Ringley/Dean LLCs completed payment agreements paying over \$1.3mil. TT&K and Easterday did not complete the payment agreement contained in the amended annexation agreement.
- 6.. Town assumes debt payments to cover payments that were owed and also the reality that the anticipated development did not materialize
7. Town established Debt Task Force in 2013 to recommend plan to relieve General Fund of paying sewer debt obligation
8. Town adopts a WWTP Debt fee of \$22.50 per EDU per quarter to cover one-quarter (1/4) of the annual debt payments (January 2014)

- a. Town rescinded debt fee in July 2014 with approval of Tiered Utility Rate structure that included debt coverage as part of usage charges
9. Town prepares a Debt Payment Plan that involves two (2) components:
 - a. Tiered Utility Rate Structure – Including a 20 Years Schedule that phased in coverage of debt payments over a period of time to prevent a very large one-time rate increase that would have been a hardship on the Town residents – COMBINED WITH
 - b. General Fund Reserve subsidies until the rate schedule covered all debt payments.
10. HOWEVER, the Plan in 9.a above was only partially implemented:
 - a. The 20 Year Schedule was only periodically approved and current rates do NOT cover the Debt Payments.
 - b. The General Fund Reserve was provided as a loan and NOT a subsidy and therefore has compounded the debt by also adding the debt payment interest to the BMUC debt principal.
10. The results of the actions of numbers 5 and 10 above have actually increased the BMUC debt position by \$ 1.7 M while reducing it simultaneously by only about \$ 900 K for a net increase of about \$ 800 K.
11. The approved October 1, 2017 rate increase combined with the recent \$ 2 M Bay Restoration Fund Grant will likely allow for coverage of the Sewer debt payments for Fiscal Years (FYs) 2018 but, there is a projected approximate 7 % or higher shortfall in the Sewer budget beginning in FY 2019 and beyond without additional actions.
12. The recent audit highlights the reality that the General Fund Reserve or General Fund cannot continue to sustainably support the Sewer debt and the only sustainable option is through a combination of continued cost controls and rate adjustments. Rate adjustments should be set years in advance consistent with the approach used for the previous 20-year schedule.

This information will be used by the BMUC along with other budget revenue projects and planning information coordinating with the Mayor and Council, Town Manager, Town Engineer, Utilities Superintendent, and Public Works Supervisor to identify and evaluate options to address the WWTP debt until a path forward is selected through concurrence.

Draft

Town of Boonsboro

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**MINUTES OF A MEETING OF THE ENVIRONMENTAL COMMISSION
TUESDAY, NOVEMBER 14, 2017**

PRESENT: *Commission Members:* Chairperson Kathy Vesely, Vice Chairperson Laura Schnackenberg, Leah Grasso, Anthony Dowell, Amy Jones

ABSENT: Town Manager Megan Clark, Town Council Liaison Brigitte Schmidt, Jessica Renner, Scott McIllwee

PRESIDING: Chairperson Vesely called the meeting to order at 7:02 PM.

APPROVAL OF MINUTES: Chairperson Vesely declared the October 10, 2017 meeting Minutes approved as read.

NEW BUSINESS

BEC Roster Update – Roster sent around for updating. Chairperson Vesely welcomed our newest Commission Member, Amy Jones.

BEC Secretary Appointment – Member Jones agreed to take over the BEC Secretarial job.

Potomac Riverkeeper Network Elected Official Sign-On-Letter – After discussion, Chairperson Vesely offered to draft a letter to be presented to the Town Council in time for their Workshop meeting on November 20. They will review it at that time.

OLD BUSINESS

SMC Award – Chairperson Vesely showed the BEC the SMC Award/plaque that was presented to the Town at the MML Conference on October 13, 2017. We worked hard to complete the recertification process.

HEAL Community – This was tabled until the December meeting.

SUBCOMMITTEE REPORTS

- **Farmer's Market** –The Board will meet and look into future vendors.
- **Waste Reduction** – Ask Town Manager Clark if we have any compost bins in stock. Can she put a blurb in the next Town newsletter that they are for sale. How much longer will Apple Valley Waste be taking glass in Boonsboro?
- **Trees** – Member McIllwee stated the old sycamore tree(s) in the park were taken down due to disease. The Tree Committee is looking at placing identification signage at a few select trees in the park. He stated the DNR is sponsoring a Roadside Tree Care class at the main library on May 15 and 16, 2018, for professionals.
- **Public Education/Outreach** – Vice Chairperson Schnackenberg will look into getting Jim Cummins as a speaker on behalf of the Potomac Valley Audobon Society.
- **Green Team** – We discussed further the prospect of getting EV charging stations in town. Will keep looking for grant funding.
- **Monarch Butterfly** – It looks like Lucas Stauffer has added stone gravel to the path at the Monarch Waystation.

TOWN UPDATES

No update.

COMMISSION MEMBER COMMENTS

No comments

ADJOURN: The meeting was adjourned at 8:02 PM.

Respectfully submitted by
Kathy Vesely, Chairperson

Next Meeting: TUESDAY, DECEMBER 12, 2017 – Regular session (7:00 p.m.)

Any person desiring a transcript of tonight's meeting shall be responsible for a competent stenographer. Items on this agenda are subject to change at the discretion of the Chairman.

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