



Special Meeting (5:00 PM)

In Attendance:

Board:

J. Marc Kurowski, P.E., Chairperson
Crystal A. Skotedis, CPA, CFE, Vice Chairperson/Treasurer
Garvey Presley, Jr., Secretary
Andrew M. Enders, Assistant Secretary/Treasurer
Alisa E. Harris

Staff:

Michael Doweary, Director of Administration/Interim CEO
David W. Stewart, P.E., Director of Engineering
Mike McFadden, Director of Water Operations
Jess Rosentel, Director of Wastewater Operations
Joe Pezzino, Operations Supervisor – Drinking Water
Kodi Webb, Water Quality Administrator
Karen McKillip, Archivist
Tammie Sheaffer, Office Manager
Andrew Bliss, Community Outreach Manager
Tanya Dierolf, Sustainability Manager
Julie Peters, Controller
Alesha Vonada, Accounting Manager

General Counsel:

Scott Wyland, Esquire (Salzmann Hughes, P.C.)

Others:

John M. Mastracchio (Raftelis)
Matt Crow (Hazen & Sawyer)
Karl Singleton (Pennsylvania Diversity Council)
Burt Curry (JMT)
Paul Rosol (Whitman Requardt Associates, LLP)
Evelyn Hunt (City Resident) (Arrived at 5:42 PM)

I. Call to Order - Pledge of Allegiance - Roll Call:

The meeting was called to order by Chairperson Kurowski at 5:13 PM.

Chairperson Kurowski noted that all five Board members were present.

II. Chairperson's Announcements:

- A.** The Regular Meeting scheduled for October 24, 2018 was cancelled.
- B.** This is a Special Meeting for the purpose of presenting the proposed 2019 Budgets for Capital Region Water, and to conduct any other business that has come before the Board. The meeting was previously scheduled for November 15, 2018 at 5:00 PM but was rescheduled to November 20, 2018 at 5:00 PM. Public Notices of these meetings were advertised in accordance with the Sunshine Law. The Advertisements will be attached to the Minutes as Exhibits "A" and "B".
- C.** The next Regular Meeting is scheduled for Wednesday, November 28, 2018 at 6:00 PM in the Locust Court Building, 212 Locust Street, Harrisburg, Pennsylvania, and is open to the public.

III. Presentation

2019 Budgets (Michael Doweary, Julie Peters, David Stewart, Michael McFadden, and Jess Rosentel) (5:15 - 6:40 PM)

Ms. Skotedis advised that the Budget and Finance Committee worked diligently on the 2019 Budget process over the last three months. She thanked everyone involved in the process and noted that tonight's presentation will be presented by Messrs. Doweary, Stewart, McFadden, and Rosentel and Ms. Peters from CRW, along with John Mastracchio from Raftelis.

Mr. Doweary stated that CRW's team is prepared to present and provide context relating to the 2019 proposed Budgets and Rates. The Budgets were presented in the following order:

- Drinking Water Budget;
- Wastewater Budget; and the
- Administration Budget

Mr. Stewart highlighted the Capital Improvement Projects that CRW is proposing for 2019. After all presentations have been made, there will be a Questions and Comment portion on the presentation.

Ms. Peters reminded the public that Capital Region Water's Budget process began in August to be in compliance with our Trust Indentures and in order for Budgets to be adopted by December 1st. Mr. Mastracchio (Raftelis), CRW's consultant that performs CRW's annual rate studies, presented the proposed 2019 Drinking Water and Wastewater Rates.

2019 Drinking Water and Wastewater Rate Presentation - (John Mastracchio, RAFTELIS) (6:21 - 6:35 PM):

Mr. Mastracchio explained the driving factors used to calculate the Drinking Water and Wastewater rates. CRW is proposing an approximate 2% rate increase in Drinking Water Rates for volumetric usage and ready to serve charges, which together with the proposed increase of wastewater rates equals a \$4/month increase for 2019 (for an average account using 4,500 gallons of water per day).

CRW continues to take an aggressive approach towards Capital Improvement Projects for the Drinking Water and Wastewater Divisions. This approach for funding of Capital Improvement Projects has a strong impact on the rate setting for the next several years.

Mr. Doweary thanked Julie Peters and Alesha Vonada for their countless hours and efforts in preparation of developing and presenting the proposed 2019 Budgets to the Board in this meeting.

After the presentation, Mr. Kurowski requested any additional questions be fielded via email directly to Ms. Skotedis with copies to the other Board members, Mr. Doweary, Ms. Peters and Ms. Vonada, as the Board expects to vote on the adoption of its 2019 Budgets at its regularly scheduled meeting on November 28, 2018.

Board Questions and Comments were conducted at 6:40 PM.

- Q. Ms. Harris questioned whether there is a connection to the problems with CRW's ability to collect on its account receivables vs. rate increases?
- A. Mr. Mastracchio advised that the projected forecasts are for the collection of what is being billed. He acknowledged there have been some historical issues regarding CRW's collection efforts, however, those issues are now being resolved. The issue is not carried forward based on the assumption that CRW's collection efforts will be handled separately, and that CRW should not have a significant collection issue going forward. Mr. Mastracchio noted that there will always be a percentage of invoices that CRW does not collect on, but that information is not taken into consideration when forecasting for the Budgets.

- Q. Ms. Harris: Will the security upgrades/improvements at the Drinking Water Facility and Customer Service Center be conducted in the first quarter of 2019?
- A. Mr. Doweary confirmed yes, the Customer Service Center will continue to operate during those improvements. Start-up is dependent upon the approval of the construction.

IV. Modifications or Deletions to the Agenda: None.

V. Public Comment - Agenda and Non Agenda Items (3 Minutes):

Evelyn Hunt (City Resident) had the following questions for the Board:

- Q. Can CRW charge the debit or credit card transaction fee to the customer that utilizes those types of transactions when they utilize that service, rather than budgeting for the merchant fees in the Admin Budget which impacts all ratepayers of CRW? The City of Harrisburg charges a fee for this purpose.
- A. Mr. Kurowski advised that CRW investigated the issue of charging the customer for the use of this service, however, many customers have opted not to use it if they have to pay for it individually. By CRW not charging a transaction fee, CRW's offset is that we receive our money faster. If this results in extra costs to all customers, CRW can certainly evaluate this issue further.
- Q. What is the life expectancy period of CRW's debt? Is it longer than 20 years?
- A. Mr. Mastracchio explained that CRW's debt is structured for payment of its Capital Improvement Projects over the long term, rather than paying cash upfront to fund projects.

Karl Singleton (Pennsylvania Diversity Coalition) had the following question/comments for the Board:

He stated that he believes it is a balance that CRW needs to look at as to whether you charge a merchant fee transaction to individual customers for paying their bills by debit or credit card transactions and CRW is correct to not charge individual transaction fees.

He believes he heard something during the presentation that mentioned P3 ownership of commodity for a certain period of time. He stated that when he hears that his ears go up because he believes privatization may be coming. He said that while no one has specifically stated that, that is what he feels he is hearing.

While thousands of dollars have been discussed tonight regarding the upcoming Capital Improvements Projects, he believes that not enough has been done by CRW to ensure that the M/W/DBEs are being properly addressed. He implores Ms. Skotedis to be on the lookout for his email from the Pennsylvania Diversity Coalition that they will be looking for the following items to be specifically included in the 2019 Budgets before they are adopted:

1. The Budgets are not adopted until there is some real injection of M/W/DBE inclusion;
or
2. Equitable inclusion of M/W/DBE's be incorporated as separate line items into the 2019 Budgets when addressing each of the Capital Improvement Projects, so it is clearly identified.

Ms. Harris advised that the M/W/DBE percentages have been budgeted for all of CRW's 2019 Capital Improvement Projects. While that information was shared among the Board members, that information will be formally provided to the public the day after this meeting.

Mr. Doweary advised that the Budget presentation was to have included discussion of CRW's 2019 M/W/DBE inclusion of Capital Improvement Projects, however, that portion of the presentation was deleted in the interest of saving time. The M/W/DBE Program is funded and continues to move forward.

Mr. Singleton requested a breakdown of the 2019 Budget to identify how much of the projected capital spending will be allocated to M/W/DBE contractors.

Mr. Kurowski confirmed that while those numbers were not presented to the public at this time, the costs associated with each 2019 Capital Improvement Project are clearly outlined, along with the M/W/DBE percentages that are expected to be obtained for M/W/DBE participation, and will be provided to the public on CRW's website in addition to tonight's presentation, the day after this meeting.

Mr. Presley also confirmed that privatization is not going to happen and is off the table.

VI. Board Comments:

Ms. Harris thanked everyone for their patience for indulging her questions and comments during the meeting. She congratulated CRW's CReW for maintaining all regulatory compliance issues with all of the State and Federal regulations.

She noted that she still has concerns regarding CRW's collection efforts on our account receivables. She remains concerned but stated she has a better understanding of how the rate increases are calculated, and how they are connected to CRW's debt service obligations.

Mr. Enders thanked Ms. Skotedis, Ms. Peters and Ms. Vonada for all of their efforts in putting the presentation together. He may have additional questions but will put those together and reach out in advance of the November 28 Board meeting.

Mr. Presley stated that he doesn't like the concept of raising rates each year but understands the compliance issues that drive the rate increases. He notes that there are other avenues of revenue that CRW continues to pursue, including the timber harvesting, conservation easement, etc. He thanked Mr. Mastracchio for explaining how the rates are calculated.

Ms. Skotedis thanked all the staff that were involved in the Budget process. She is pleased that CRW is able to stabilize the rate increases, to look into the future, to project into multiple years, and to make sure that all of CRW's compliance requirements are being met, while sharpening its pencils, and thinking about different ways to do things to refine Budget line items to do right by its ratepayers. She thanked CRW's consultant, as we utilize their experience and resources in setting CRW's rate calculations, while keeping in mind our current aging infrastructure, necessary capital improvements that are needed, and the population that CRW has to work with.

Ms. Skotedis advised that the presentation was great and well done.

Mr. Kurowski also thanked CRW's staff and consultants for everything that went into the Budget presentation, including the attention that went into every line item within the Budgets in order to keep costs down. He also pointed out that he was happy to see that CRW clearly has shown to the public where the incorporation of the \$9M in Conservation Easement revenue is being allocated relative to the DeHart Facility. He is happy to see it will be spent for future capital improvements at the DeHart Facility, in order to keep future water rates in line. He is happy to see that CRW has forecasted where capital improvements will be spent in the future, and to budget appropriately for them. CRW is in a much better place to budget more consistently as an organization, and for its ratepayers, so they are not impacted as much each year. He feels confident as both a Board member, and a ratepayer, that a great job was done and is looking forward to approving the Budgets, as presented in this meeting.



VII. Adjournment:

A motion was made by Mr. Presley, seconded by Ms. Skotedis, for the Board to adjourn the meeting at 7:06 PM. The motion was unanimously approved.

CAPITAL REGION WATER



Garvey Presley, Secretary



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Ad Content Proof

A Special Meeting of Capital Region Water will be held on Thursday, November 15, 2018 at 5:00 PM for presentation of its proposed 2019 Budgets and to take action on any other business that may come before the Board. The meeting will be held in the Locust Court Building, 212 Locust Street, Harrisburg, PA 17101.
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		11/18/2018	

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Ad Content Proof

The Special Meeting of Capital Region Water scheduled for Thursday, November 15, 2018 at 5:00 PM, has been rescheduled to Tuesday, November 20, 2018 at 5:00 PM in the Locust Court Building, 212 Locust Street, Harrisburg, Pennsylvania.

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