

Special Meeting (Conducted In-Person and via GoToMeeting)

In Person Attendance:

Board:

J. Marc Kurowski, P.E., Chairperson
Andrew M Enders, Vice Chairperson
Garvey Presley, Jr., Secretary
Karen M. Balaban, Treasurer
Nathan W. Davidson, Assistant Secretary/Treasurer

Staff:

Charlotte A. Katzenmoyer, Chief Executive Officer
Douglas E. Keith, Chief Financial Officer
David W. Stewart, P.E., Chief Technical Officer
Michelle Bethel-Miller, Chief Administrative Officer
Tanya Dierolf, Chief Strategy Officer
Jess Rosentel, Chief Operations Officer - Wastewater
Chad Bingaman, Chief Operations Officer - Drinking Water
Deborah Sibbering, Vice President of Human Resources
Tammie Sheaffer, Office Manager
Karen McKillip, Archivist

Others:

Evelyn L. Hunt (Resident)

Virtual Attendance:

Staff:

Raymond Hoke, Wastewater Operations Supervisor
Sean Sauro, Community Outreach Specialist

Others:

Caleb Krauter, P.E. (HRG Engineering, Inc.)
Matt Crow, P.E. (Hazen and Sawyer)
Jill Lovett (Susquehanna Township)

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

The meeting was called to order by Chairperson Kurowski at 5:04 p.m.

Chairperson Kurowski stated that all five Board members were present in person.

General housekeeping items were addressed by the chairperson advising that CRW is using the GoToMeeting platform for virtual meetings for the public. Under CRW's rules of decorum, all persons participating virtually must sign in with their name to properly identify themselves.

CRW posted the agenda 24 hours in advance on the website and accepted public comments via email until 4:00 p.m. today. The chairperson reported that CRW did not receive any public comments, therefore, no comments were read into the record.

The chairperson advised that the meeting was being recorded and will be posted on CRW's website at capitalregionwater.com on Wednesday, November 16, 2023.

II. Chairperson's Announcements

- A.** An executive session under Section 708(a) of the Sunshine Act was held on November 9, 2023, from 8:00 to 10:00 a.m. to discuss personnel matters.
- B.** Today's special meeting was advertised in accordance with the Sunshine Act. The advertisement will be attached to the Minutes as Exhibit "A".
- C.** The next regular meeting is scheduled for Tuesday, November 21, 2023, at 6:00 p.m. and will be held in-person and virtually.

III. Presentation - 2024 Draft Budgets

Ms. Katzenmoyer announced tonight's meeting is CRW's opportunity to share information and for presentation of its draft 2024 Budgets, as well as to address questions from the public. There will not be any formal action taken tonight relative to the budgets. CRW staff intends to recommend approval of the 2024 Budgets at its Regular Meeting scheduled for Tuesday, November 21, 2023, at 6:00 p.m.

She began by thanking the staff for their hard work that went into the budget process. She provided an overview and highlights on the budgets, including CRW's accomplishments in 2023 and the opportunities and goals for 2024.

The following Senior Leadership staff spoke about the portion of the 2024 Budget as follows:

- Deborah Sibbering, Vice President of Human Resources.
- Michelle Bethel-Miller, Chief Administrative Officer of Shared Services.
- Tanya Dierolf, Chief Strategy Officer.
- Chad Bingaman, Chief Operations Officer of Drinking Water.
- Jess Rosentel, Chief Operations Officer of Wastewater.
- David W. Stewart, P.E., Chief Technical Officer.
- Douglas E. Keith, Chief Financial Officer.

A copy of the 2024 budget presentation will be available on the website tomorrow at <https://capitalregionwater.com/meetings-reports/> by clicking on the link for the November 15, 2023, video.

The proposed rate schedules and budgets are expected to be adopted at the next meeting to be held Tuesday, November 21, 2023. CRW is mandated to have their budgets and rates adopted by November 30, 2023.

Mr. Keith stated that CRW is proposing the following changes to rates and fees:

- Ready-to-Serve fees – No changes recommended.
- Drinking Water volumetric rate – adjust from \$10.34 to \$10.65 per thousand gallons.
- Wastewater volumetric rate – adjust from \$9.24 to \$9.98 per thousand gallons.
- Stormwater fees – adjust Tier 2 monthly fee from \$6.15 to \$6.77, with other Tier adjustments in accordance with the percent increase of the Tier 2 recommendation.
- Miscellaneous fees – nominal increases recommended per the Proposed 2024 Operational Fees table.

Mr. Keith provided the following monthly increases to a typical City of Harrisburg residential customer with a 5/8 inch service line averaging 3,750 gallons per month.

- Drinking Water increase of \$1.16 per month.
- Wastewater increase of \$2.78 per month.
- Stormwater increase (based on Residential Tier 2 Level) of \$.62 per month.
- Total increase for all services of \$4.56 per month.

Mr. Kurowski stated that based on all the capital improvement projects that CRW has planned and budgeted, he is pleased that CRW can provide all these services with rate increases less than \$5.00 per month. He thanked the Senior Leadership Team for everyone's part in the budget process, and through creative thinking and 10-year forecasting we continue to be great stewards of the water facilities we serve.

Mr. Presley seconded Mr. Kurowski's comments using 10-year forecasting to avoid steep rate hikes.

Mr. Enders complimented all levels of dialogue that occur as projects are identified as true capital projects vs. expenses. This allows CRW to know where we are going to be within the next 10 years, and more importantly, how it is explained to the Board and the public while it is prepared so we are transparent.

Mr. Davidson thanked Mr. Keith and his team for the information and detailed explanations that have been provided. Some neighboring utilities have drastically raised their rates and while he is very pleased that CRW continues to do the work we do, while only having slight

rate increases, he questioned whether there is any merit in higher rates vs. smaller rate increments over a 10-year period. Mr. Keith explained that through the 10-year forecasting process, CRW has a better picture of where we will be in 10 years, and when we can afford to raise rates in smaller increments rather than hitting our customers with a massive rate increase. Mr. Davidson thanked Mr. Keith for his explanation.

Ms. Katzenmoyer stated she has cautioned the Board not to raise rates more than necessary as many of CRW's customers are at or below the poverty level, or on fixed incomes and with inflationary rates rising, some are now just getting by. CRW has taken the approach to not front load rates on our customers. Mr. Keith reminded everyone that CRW is not raising rates for the profit of shareholders, as every dollar collected goes back into our projects through the investment of better infrastructure, great tasting water and wastewater and stormwater services.

Ms. Balaban stated she has seen double digit increases proposed by Pennsylvania American Water for 2024, while they had a 14.5% rate increase last year. Ms. Balaban stated she is very happy that CRW is beholden to our customers, our monies stay local, and many of our staff are also residents within our service area. CRW continues to be prudent stewards of our ratepayers.

Mr. Keith identified some of the ways CRW continues to increase non-rate revenues which allows CRW to budget and fund its Customer Assistance Program such as investment income, timber sales, sale of nutrient credits, contract waste hauling revenue, and through the sale of biogas through the upcoming Energy Recovery Improvements project at the AWTF. The use of non-rate revenue is closely monitored as it offsets the total cost of many of our projects. Customers should be aware that without the use of non-rate revenue, CRW's rates would be higher. As non-rate revenue increases or decreases, CRW must budget appropriately for that as well.

Mr. Presley stated that CRW's wastewater biosolid expenses have gone up in 2023, however, because some of the biosolids must now go to a landfill and landfills produce leachate which they have to get rid of, they are sending the leachate back to us. While CRW's biosolid disposal expenses have gone up, our income also has gone up as well as CRW receives revenues back through leachate disposal revenue to either CRW or the Derry Township Authority. It's the cycle of wastewater biosolids.

He likes how Mr. Keith analyzes the budget process like a game of chess, by analyzing and making strategic decisions first, saves us from initially raising rates so high. Mr. Presley stated he has a better understanding now of why rates are required to be raised each year. He is happy to see how everything is broken down and explained to the Board and the public

through budget presentations. He realizes a lot of work goes into the budget process and he appreciates it.

Mr. Enders complimented Senior Leadership identifying when projects are truly capital projects vs. expensing projects for the purposes of accounting. He appreciates the dialogue that goes into identifying projects. He feels it is important the public understands this budgeting process so that CRW can make adjustments for capital projects we know are needed in the future. Planning accordingly for projects identified to be done in the future is more prudent in the long haul. While this is not just an accounting and finance issue, all departments within CRW, including Operations and Maintenance Divisions, are very involved in the budget process.

IV. Modifications or Deletions to the Agenda – None.

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

The only questions were provided by Ms. Evelyn Hunt and those questions were answered directly from the floor. The Board thanked Ms. Hunt for attending tonight's meeting and for her questions.

VI. Board Member Comments

Ms. Balaban had no comments.

Mr. Presley stated he likes that CRW continues to budget more funds into its Customer Assistance Program. He also thanked the Asset Management Team for seeing how everything is evolving and how CRW is more efficient now.

Mr. Davidson reminded everyone to give thanks next week at Thanksgiving. Thank you to all CRW's professional staff who had a part in tonight's budget presentation.

Mr. Enders thanked Ms. Hunt for attending and for her great questions. He thanked fellow board members who participated in the budget process and for being engaged in asking questions during the budget workshops. He thanked CRW's staff who were always responsive to questions asked of them. Harrisburg deserves nice things and CRW is one of them.

Mr. Kurowski continues to be impressed that CRW can accomplish \$59M in capital improvement projects in 2024, while faced with a \$344M 10-year plan to get projects done under the Consent Decree. He likes the way CRW approaches the Consent Decree, in a good,

consistent, predictable fashion. While he is not completely sure, he believes it is approximately \$900K that is being set aside in 2024 for the Customer Assistance Program. CRW can do this for our customers through the generation of non-rate revenue. While CRW may have approximately 7% of non-rate revenue identified in our budgets, that 7% equates to millions of dollars. For our customers, that means CRW is generating revenue that is not coming from the raising of rates. This allows CRW to fund the Customer Assistance Program and to do other things. This is through great creativity, thought, pioneering, and CRW willing to be cutting edge on some things such as the Energy Recovery Improvements program at the AWTF, along with a host of other projects the staff thinks about, all for the benefit of our customers.

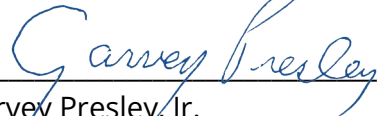
He echoed Ms. Balaban's comments for comparing CRW's rates to the surrounding communities, especially when you look at rates of private enterprise utilities and how private enterprise rates compare to CRW (a public entity). The rates between private entities vs. public are disproportionate and it is what happens when public utilities are sold to private entities. He also thanked Ms. Hunt for being a part of tonight's meeting.

VII. Adjournment

A motion was made by Mr. Presley, seconded by Mr. Enders, for the Board to adjourn the meeting at 7:48 p.m.

The motion was unanimously approved.

CAPITAL REGION WATER



Garvey Presley, Jr.
Secretary



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Ad Content Proof

Notice is hereby given that a Special Meeting of Capital Region Water will be held on Wednesday, November 15, 2023, at 5:00 p.m. for presentation of the 2024 Budgets, and to take action on any other business that may come before the Board.

This meeting will be held in person and virtually.

CAPITAL REGION WATER
capitalregionwater.com