

PENN TOWNSHIP MUNICIPAL AUTHORITY
PERRY COUNTY
102 Municipal Building Road
Duncannon, PA 17020

August 2, 2006

The Penn Township Municipal Authority (Authority) met on Wednesday, August 2, 2006 in the Penn Township Municipal Building. The meeting was called to order at 7:00 p.m. by Chairman Robert E. Shaffer, Sr., who led the group in the recitation of the *Pledge of Allegiance* and a moment of silence. Chairman Shaffer then announced that the meeting was being recorded to aid in the preparation of the minutes.

Authority members present:

Robert E. Shaffer, Sr., Chairman
Irene Graybill, Executive Secretary/Treasurer
Henry Holman, III, Secretary
Lee Wright, Assistant Secretary/Assistant Treasurer (Arrived 7:25 p.m.)

Professional staff present:

Dennis Shatto, Esq., Cleckner and Fearen, (CF), Solicitor
Dennis Crabill, P.E., Buchart Horn, Engineer
Donald Lavine, The Arro Group (ARRO)

Authority staff present:

Ed Chism, Plant Operator
Sam Auxt, Inspector
Susan Long, Billing and Payroll Clerk, and Recording Secretary

Visitors present:

John Myers	Henry Holman, Jr.
Brad DiPaolo	Nancy Schweitzer
Bruce Rogers	Betty Smith
Rick Fleeman	Stanley Mutzabaugh

Minutes

After discussion, and upon a Graybill/Holman motion, the Authority voted unanimously to approve the July 5, 2006 minutes as presented.

Visitors

Brad DiPaolo, State Road

Mr. DiPaolo was present to discuss his concerns regarding installation of the public sewer in Lower Cove/Perdix. He noted that his brother's grinder pump (GP) was installed too deep, with the result that it is taking in water, and asked if a remedy would be provided. Don Lavine responded that Doli Construction (Doli) will address the problem with the possible addition of a riser ring.

Mr. DiPaolo stated that the plans called for 10-inch diameter steel casings under Rt. 11/15 and asked if they were installed or deleted from the contract. Mr. Lavine responded that they were deleted after Doli contacted PennDOT for a release from that requirement and was given approval to install a 6-inch diameter

HDPE pipe. Mr. DiPaolo asked if a credit was applied to Doli's invoice; Mr. Lavine replied that it has not yet been done, but will be. Chairman Shaffer stated that he was provided with a copy of a letter from Mr. Lavine to PennDOT confirming that they approved the 6-inch diameter pipe.

Mr. DiPaolo noted that, according to the detail page, stream crossings were to be encased in concrete, and that he has not noticed that it was done. He asked who gave the approval not to do that. Mr. Lavine responded that stream crossings should have been encased if they were open cut, and would check the photographs to see if it was done. Mr. DiPaolo said that the only stream crossing that he saw was excavated was the one north of the Dale Ward property. Mr. Lavine noted that most of the stream crossings were to be bored and that, to his recollection, the only one that was encased was in the northern extension. He explained that boring could not be done at that location and excavation had to be performed. Chairman Shaffer offered his understanding that DEP only requires concrete casings if the depth is less than three feet.

Mr. DiPaolo stated that the detail page also called for thrust blocks for the endline and online flushes. He said that he has an endline flush on his property and there is no thrust block and asked who gave the approval not to use them and what will happen when there is water hammer on the valve. Mr. Lavine stated that this was the first time he had heard they were not installed and said that he would look into the matter.

Mr. DiPaolo noted that concrete anchors were to be installed at intervals along the entire system and offered that he has not seen any. Mr. Lavine said that he would look into that matter.

Mr. DiPaolo informed the Authority that he had recently done his first lateral installation and immediately snagged an electrical conduit at a 4-inch depth. He noted that a letter from the Township stated that the conduit from the GP to the house must be installed at a 24-inch depth. In discussion with the Uniform Construction Code (UCC) inspector, he learned that the UCC requires an 18-inch depth. Observation revealed that the conduit beside his house was six to eight inches in depth. He offered his concern that on long runs, shallow conduits will float out of the ground because they were not buried deep enough. Chairman Shaffer asked Mr. DiPaolo to share specific locations with Mr. Lavine. Mr. DiPaolo also stated that he did not notice that any of the conduit was marked with tape, as required.

Mr. DiPaolo asked if photographs would suffice as proof of demolition of septic tanks instead of coordinating a time with the Authority for someone to verify the process. Chairman Shaffer requested that he contact Franklin Reidlinger to see if photographs would be acceptable.

Mr. DiPaolo asked if the answers to the questions concerning concrete anchors and thrust blocks could be provided in writing. Mr. Lavine responded that his response will be made to the Authority.

Susan Long, Billing Clerk

Ms. Long stated that she wanted to address any concerns visitors might have about the overlapping of due dates with the latest sewer billing. She explained the billing process timetable and why the overlapping occurred. She then apologized for the confusion it created with the ratepayers and the extra work it created for the Executive Secretary. Ms. Long stated that she would be making a recommendation to the Authority later in the evening to revise the billing procedure to accommodate monthly billing and to ensure that there would be no future problems of this nature.

Henry Holman, Jr.

Mr. Holman, Jr. stated that he had read the specifications for the meter vault and found them to be very lengthy. He offered his opinion that they were more like specifications for a wastewater treatment plant (WWTP). He noted several of the specifications that he thought would be difficult for a contractor to fulfill and still meet the required November 1, 2006 deadline for construction. He referred to the requirement that there could be no interruption of water service when other requirements would result in water being interrupted for two-three days. He stated that many pages of the document do not apply to this project,

noting that there were seven pages of requirements for grass seeding. He offered that the meter vault could be a lot smaller if unnecessary by-pass hoses and tees were eliminated. He challenged the Engineer and the Authority to show him how the meter vault could be built according to the specifications. He offered his opinion that the specifications were designed to run the cost up or to show that the Authority could not get bidders.

Chairman Shaffer responded that he appreciated Mr. Holman, Jr.'s feedback and, had he had it several weeks earlier, it could have been used in an addendum. He stated that Mr. Holman, Jr. may not be aware that bids were opened earlier in the evening, with Mr. Holman, Jr. replying that he was unaware that had happened. Chairman Shaffer continued that the Engineer's estimate of construction was \$55,000, with the apparent low bid coming in at a cost of \$49,960.43. He added that a vote on acceptance of the bid would come later in the evening in an effort to meet the November deadline. Mr. Holman, Jr. asked if the contractor would be bound by the specifications he had read and was told that was the document of record. Mr. Holman, Jr. stated that he would be observing all phases of the construction. Chairman Shaffer offered his thoughts that possibly some of the specifications were not required but that it appears the Authority received an acceptable bid.

Mr. Holman, Jr. informed the Authority that, according to the 2005 fiscal year audit of the Township's financial records, the Township cut expenses by \$60,000 and was able to put \$70,000 into the capital reserve fund, without raising taxes. He urged the Authority to take a look at reducing its expenses and said he felt that proper management would allow the Authority to reduce rates within one to two years. Chairman Shaffer stated that the Authority had a fairly aggressive budget committee working to accommodate Mr. Holman, Jr.'s suggestion. He then stated that, when he became a Penn Township Supervisor (PTS), the Township had to borrow money to meet payroll, and when he stopped being chairman of the PTS two years ago, there was \$750,000 in the bank, more than the Township currently has on deposit. He acknowledged that 2005 was a good year financially for the Township but that the ten to fifteen years before that were also good and provided the opportunity to accumulate the \$750,000.

Mr. Holman, Jr. then requested that the Authority provide him with a set of original bid specifications and record drawings for the Lower Cove/Perdix sewer project. Chairman Shaffer asked the Inspector if there were extra bid specifications available, with the Inspector responding that he would look. Mr. Lavine stated that the record drawings for the Cove Wastewater Treatment Plant (WWTP) were delivered today, with the record drawings of the sewer facilities to be supplied within the next few weeks.

Mr. Holman, Jr. then asked for a list of tapping fees paid to date, a total list of all the potential Lower Cove/Perdix sewer customers, and a list of the right-of-ways (ROW) that were purchased. He explained that he wanted to track the customers as they were connected in order to compare realized revenue with the amount that Mark Derr projected would be needed to meet expenses. The Billing Clerk was requested to provide him with a list of potential customers and Irene was requested to provide a list of tapping fees paid to date and to make available the information concerning who was paid for ROWs and the amount paid. The Inspector also offered to make available his copies of the signed ROWs for Mr. Holman, Jr.

Mr. Holman, Jr. asked who was going to do the enforcement when a resident does not want to connect. Chairman Shaffer stated that, in the past, the Authority has taken the lead with the PTS's blessing and paid for the cost of enforcement. He offered that the Authority would need authorization from the PTS to proceed as its agent to take any necessary action. He added that he did not see it as a cost to the PTS, but rather as a responsibility of the Authority. The Solicitor offered that was how it was done in the past, and that the Authority never had to request the PTS to go in and physically make any connections.

Mr. Holman, Jr. noted that Mr. Derr made reference in his financial study to delinquent ratepayers and asked for an update on the overdue accounts. Irene responded that a report was in the informational packet that was provided to him.

Mr. Holman, Jr. stated that at a past JOAC meeting it was noted that the money being held in escrow by the Authority was for the Market Street project. He was told by the Authority's Solicitor, however, that was

not necessarily the case and that the escrow money could be used for other projects. Mr. Holman, Jr. pointed out the 2005 fiscal year audit for the Authority mentions that the money was being held in escrow for the Water Street project. He asked if the escrow money was for Market Street, Water Street, or another project. Irene responded that if the audit said it was for Water Street it was wrong and that it was not put aside for Water Street. The Solicitor concurred that the auditor made a mistake. He offered his understanding that it was started because of Duncannon Borough's (Borough) request for a contribution on the Market Street project and was intended as a "good faith" effort. He stated that it is a voluntary escrow account and can be maintained, closed or used as the Authority sees fit.

Mr. Holman, Jr. stated that he would like to review the credit for the casing pipes under Rt. 11/15 for the Lower Cove/Perdix project when the amount is received from Doli. Chairman Shaffer stated that Mr. Holman, Jr. would probably hear it at the same time the Authority does, at the next meeting.

John Myers, Borough

Mr. Myers stated that he has read the specifications for the meter vault. He noted that he understands that the ground in the installation area is contaminated and offered that it could be an expensive process for the Authority to have contaminated dirt removed. Chairman Shaffer responded that, if indeed the ground is contaminated, the situation would be dealt with at that time, noting that the area had previously been dug up to install the water and sewer lines.

Nancy Schweitzer, State Road

Ms. Schweitzer stated that she has lived in Perdix for nineteen years and that it will be an extreme hardship for herself and many residents to pay the tapping fee and the monthly sewer rate, and said there must be some type of relief. She said that her neighbors are selling their houses because they cannot afford to live there. Chairman Shaffer stated that the Authority pursued, and continues to pursue, grant monies. He stated that the Authority conducted a survey to show the County Commissioners the need for Community Development Block Grant (CDBG) funding, with no success. He informed Ms. Schweitzer that the Farmer's Home Administration Rural Utilities Services is a funding source for potential help with the tapping fee. She responded that she does not qualify for that funding with Irene adding that the requirements for that program are extremely stringent.

Chairman Shaffer stated that the Authority is offering a payment plan of \$30 per month for ten years for the tapping fee. Ms. Schweitzer responded that she has pre-paid the tapping fee and is concerned how she can afford the connection costs and monthly fees. She stated that she has a full-time job and pays bills to the best of her ability but does not know how she will pay the monthly fee. Chairman Shaffer stated that, for her neighbors who cannot afford the tapping fee, banks will loan the money based on equity in their property. Ms. Schweitzer said that residents were informed that the sewer rate would be \$125 per quarter and it is now \$70 per month and asked how much more it would increase. Lee presented Ms. Schweitzer with a copy of the financial report prepared by Mr. Derr and noted that in 2007 the Authority was looking at a potential increase of \$10 per quarter to balance the budget.

Bruce Rogers – State Road

Mr. Rogers stated that the rates have gone from \$500 per year to \$840 per year and not one drop of sewage has yet gone through the lines. He stated that he had heard the Authority would be doing repair work in other parts of the Township that the ratepayers would be paying for. When asked for clarification, Mr. Rogers stated that he heard the Authority was talking about putting new sewer lines in Sunshine Hill and offered his concern about paying for repair work elsewhere in the system. Chairman Shaffer informed Mr. Rogers that what he had heard about sewer work on Sunshine Hill was not true.

Mr. Rogers reiterated his concern about the sewer rates increasing to \$840 per year to balance the budget. He asked how the budget was being balanced at \$500 per year. He stated he felt the ratepayers

were being taken across with two increases before they receive notification to connect. Chairman Shaffer responded that the Authority had written letters several years ago to state officials telling them that, if grant money was not received, rates would have to increase to over \$800 per year. He stated that the Authority made a mistake by not gradually increasing the rates, hoping that grant monies would be received, and was probably at fault for delaying the increase. He added that the rates would still be \$800 per year, as that was the figure determined to be needed over two years ago to meet expenses without any grant monies.

Mr. Rogers noted his understanding that connections were to have started last fall or this spring. Chairman Shaffer responded that connections were projected for spring 2006 and the first notices to connect went out on June 8, 2006.

Mr. Rogers questioned the \$2 UCC fee and the \$110 fee for plumbing and electrical inspections. He asked if two separate inspectors would be involved and, if not, why was he charged \$55 for each inspection, or why was he paying \$110 for one person to do both inspections. Mr. Holman, Jr. explained that the UCC code has separate rate schedules for plumbing and electrical inspections. Mr. DiPaolo stated that Dave Matafka, the PTS's UCC inspector, inspected his installations and did both the plumbing and electrical inspections. He stated that Mr. Matafka consulted with an electrician by telephone, because of a question on conduit depth, but did perform both inspections. Mr. Holman, Jr. left the meeting to call Mr. Matafka to find out why he was performing an electrical inspection when he wasn't certified. Mr. Rogers stated that he is concerned that the electrical and plumbing inspector are one in the same and charges \$110 for a twenty- minute inspection.

Mr. Rogers wondered why he needed to fill out a building permit application when he was not building anything. He asked if this was an unnecessary extra expense or if it was being done because the secretary had nothing else to do during the day. Chairman Shaffer assured him that the secretary was not looking for extra work. He explained that the Township issues building permits to fulfill requirements of the UCC. Mr. Rogers asked why the permit wasn't required by the contractor who installed the grinder pump and was told that the contractor was issued the permits he needed for his work and that the Township is requiring this permit for the property owners. When Mr. Rogers questioned how to fill out the application he was informed that the Township office would provide instructions for him and that not all of the information asked for on the application was necessary.

Mr. Rogers stated this has been a frustrating project for him, between the rate increases, the paperwork, and paying the cost of two inspections when only one person will be performing them. Chairman Shaffer responded that the only questions the Authority could not answer concerned the inspection fee, which Mr. Holman, Jr. was researching at that moment, and the necessity for a building permit, which would have to be answered in the Township office.

Mr. Rogers said that originally residents were to be given a ninety-day notice to connect and the time period was dropped to sixty days. Chairman Shaffer stated that the sixty-day notice was a requirement of the state's Second class Township code and that there never was a ninety-day period. He added that the Authority has had requests for time extensions and is more than willing to work with the residents and told Mr. Rogers the procedure for requesting a time extension.

CeCe Novinger, State Road

Ms. Novinger echoed the comments regarding the rate increase and said that her greatest interest is in the income survey done on Perdix residents. She stated her disbelief that Camp Hill Borough can get grant money for sewer projects for its residents but Penn Township cannot. She said she would like to see a copy of the survey. Chairman Shaffer offered some hesitation to provide a copy because it included resident's names and incomes. He offered his recollection that approximately 61% of the residents met the CDBG eligibility threshold. Ms. Novinger asked if the survey included every resident, with Chairman Shaffer responding that it included almost everyone.

Ms. Novinger stated that one of her big concerns was the amount of people leaving the area because they can't afford to stay, while at the same time that it is being said at Township meetings that residents are needed to help keep individual's costs down. She said that there had to be relief somewhere. Chairman Shaffer explained that Franklin Reidlinger was not able to attend this evening's meeting and encouraged her to contact him to discuss the CDBG survey and what other funding sources he is still exploring.

Lee Wright offered that it might be wise for the Authority to file jointly with the Borough for grant money for shared projects like the Market Street project. Chairman Shaffer urged him to identify the projects for future discussion.

Stanley Mutzabaugh

Mr. Mutzabaugh stated that he had received a letter from the Authority telling him that his sewer rate would be increasing from \$2,500 per quarter to \$2,100 per month. He said that he will have to pay \$70 for every 4,500 gallons of water used and that he uses 4,500 gallons per day. Chairman Shaffer explained that the letter that was sent to inform him was based on the recommendation of Mark Derr, the Authority's financial advisor, to change the definition of an equivalent dwelling unit (EDU) for non-residential customers from 175 gpd to 150 gpd. He added that the rate increase to \$70 per month per EDU accounted for the rest of the increase on his billing.

Chairman Shaffer noted that there was a separate issue concerning Mutzabaugh's Market. He informed Mr. Mutzabaugh that his water usage was in excess of what he had said it would be and had purchased, and that the issue will soon need to be addressed by the Authority. Mr. Mutzabaugh asked why he had not been informed six months ago that he was using excess EDUs. Chairman Shaffer responded that the Authority has not done that yet because it has been discussing the cost per EDU. He said that if Mr. Mutzabaugh lowered his water usage to where it was supposed to be, there would be no reason for an additional charge. Mr. Mutzabaugh acknowledged that if he goes over the EDU limit, he has to purchase more. He noted that he uses approximately 4,000 gallons per day and asked what his billing would be. The Billing Clerk answered that he would pay \$70 per month for every 4,563 gallons used. Mr. Mutzabaugh offered that his cost has now doubled and he did not budget for the increase. He was informed that letters were sent in April that there would be a rate increase. He asked why his rates would go up when he was not included the Perdix or Penn Manor projects. Chairman Shaffer explained that, for years, the Lower Cove/Perdix residents were helping to support the Duncannon area and it now is the reverse. He added that Authority policy is to have one sewer rate for all customers.

Mr. Mutzabaugh stated that he had read about the legal and engineering fees spent on the Petersburg Commons issue and asked why the Petersburg Commons customers were not turned over to the Borough. He also asked if there was that much profit in water to get back all the money that has been spent, to which Chairman Shaffer answered yes. Mr. Mutzabaugh asked the payback period for the meter vault. Chairman Shaffer responded that the process the Authority went through in front of the PUC, namely asking to be treated as a bulk water customer, made a significant difference in the rate per gallon the Authority has to pay, so that the meter vault and legal expenses have a payback period of less than ten years. The Solicitor noted the difficulty at arriving at an exact answer because of different factors to be considered, but he felt that the payback period is in the three to five year range.

Henry noted that legal fees for the past three years were \$57,859 and estimated the total cost of the meter vault at \$63,460, for a total of \$120,319. He asked how many years it would take to re-coup that amount. The Solicitor stated that he did not have his analysis with him, but that the installation of the meter vault was something the Authority was willing to do so the Authority can't fairly add that expense into the calculation. He again noted that care has to be taken with the numbers that are factored into the cost. Henry responded that somewhere along the line the water customers will have to pay the \$120,000 expense.

Irene responded that when the Authority first started discussion with the Borough about water for Petersburg Commons, the Authority was paying \$4.00 per thousand gallons. The Borough wanted \$8.00 per thousand gallons and the two parties couldn't come to an agreement. The Authority then said it would install the vault and meter, and pay \$6.50 per thousand gallons, but that was not acceptable to the Borough. She continued that discussions between the parties were held several times in one week, including a Saturday, but that the issue finally went to the PUC. She continued that the PUC decision decreed that the bulk water rate would be \$1.43 per thousand gallons, the Borough would install the meter, and the Authority would install the meter vault. Henry asked her to provide him with the amount paid to the Borough for bulk water and he would figure how long it would take to re-coup the \$120,000 with the present budget.

John Myers stated that he attended the above-mentioned meetings, including three on one Saturday – morning, afternoon and night. Irene noted that the afternoon meeting was attended by Mr. Myers, Sam Auxt, Franklin Reidlinger, Duane Hammaker, and Mr. Holman, Jr. and was held at the Pub, and asked if she was not correct. She was corrected by Mr. Myers and Mr. Auxt that Mr. Holman, Jr. was not in attendance. Mr. Myers said that the meeting continued at Irene's house and he got a call to meet again at the Borough building at 7:00 p.m. that evening.

Irene reported that the Authority had contacted the PUC and found out that, in 2004, the Borough had a \$49,000 profit in the water company. She stated she was against paying \$8.00 per thousand gallons to the Borough when there was such a profit. Mr. Myers stated that, during that time, he had received a bid of \$26,000 for the meter and pit with the Borough offering to help with the installation. He noted that the Authority has spent \$57,000 in legal fees, along with the cost of the meter vault, because it could not come to agreement with the Borough. He added that that the Borough spent a similar amount in legal fees.

Lee asked Sam if a motion was ever made for an agreement with the Borough. Sam stated that, at the meeting at Irene's house with Franklin, Jim, Irene and himself, they drafted a proposal acceptable to the four of them. He said that he presented that proposal at the next meeting and could not get a second. Irene explained that was because they discovered before the next meeting that the Borough made a \$49,000 profit. Chairman Shaffer then stated that he was going to move to the next item on the agenda.

Mr. Mutzabaugh asked where the sewage for the proposed Cove Mountain development would be treated with Chairman Shaffer responding that, rumor has it, the developer will build his own WWTP, but the Authority will not know for sure until a plan is submitted. Mr. Mutzabaugh asked, if the developer built the WWTP, would it be turned over to the Authority. Chairman Shaffer offered his personal opinion that he hoped it would. Mr. DiPaolo stated that the developer has publicly reported that he would like to maintain ownership of the WWTP. Mr. Mutzabaugh offered his opinion that many developers drop their plans because they have to turn over ownership to the Authority. Chairman Shaffer offered that, if the development's customers would become Authority customers, it would have positive impact on future rate schedules.

Plant Operator's Report See August 2006 Operator's Report

DMRs – (see written Discharge Monitoring Reports dated June 2006). The DMRs were reviewed with the note that the average influent BOD level for the Cove WWTP was 171 mg/l, below the design amount of 240 mg/l. Chairman Shaffer asked if the reduction could be attributed to school not being in session. The Operator responded that the flow rate was 34,000 gpd for June 27 and June 28, 2006, which were days of heavy rain. Operator extended an invitation that Authority members contact him at any time with questions.

Wastewater Flow Meters – The Operator announced that all the flow meters were calibrated July 25, 2006 by Tri-Star. He reported that he believed the Ann Street meter was giving low readings and that he was going to have it rechecked the next day by Tri-Star, with a Borough representative and himself in attendance.

Sunshine Hill/Petersburg Commons Water System – The Operator reported that water lines were flushed at Petersburg Commons on July 18 and on Sunshine Hill on July 19, 2006. It was the Authority's consensus that Irene should write a letter to the Borough thanking them for their cooperation in the flushing of the Petersburg Commons water lines.

Cove WWTP and Pump Station – The Operator reported that the flow meters for the Cove WWTP and pump station were calibrated on July 25, 2006.

The Operator reported that there is a new flow meter, that measures only the flow in the low-pressure line coming from Perdix, that is not functioning due to its wet well being full of water. He stated that he had only discovered the water earlier in the evening and had not yet shared the information with Mr. Lavine but would do so.

The Operator next reported that the new blowers are shutting down because of motor overload but he does not know the reason. Chairman Shaffer requested that, if there is the slightest potential that it is construction related, the Operator should also share the information with Mr. Lavine. The Operator stated that he understands that the decision to be made whether to release the contingency funds to Dutchland will be based on his input. He stated that he is not concerned with minor items, such as the painting that needs to be done, but several items of importance have come up recently and he is not satisfied with the operation of the blowers or the new flow meter. Irene reported that the check for the remaining funds on this contract is to be considered for approval later in the evening. Chairman Shaffer offered that the funds could perhaps be released contingent upon the Operator's satisfaction of the resolution of any items on the punch list.

Inspector's Report See Inspector's Report for July 2006

Cove Centre – Irene reported that a letter dated July 26, 2006 had been received from Randy Rohrer concerning grease in the wet well at Cove Centre. She noted the sentence in which Mr. Rohrer stated that the grease trap is not the responsibility of the landlord. Henry asked why it would not be his responsibility, since he has control over the water usage. Henry asked if installation of separate water meters would resolve the responsibility issue. Chairman Shaffer stated that would resolve it in that Mr. Rohrer would know how much of the bill each tenant should pay, but may not resolve the issue of who to pursue if the bill is not paid. He noted that the Authority's policy is to bill the property owner. The Inspector pointed out that the original drawings for Cove Centre included water meters for each unit, but only one meter was installed.

A discussion was held on the newest accumulation of grease in the grease trap and pumping station wet well with the consensus that they should be pumped every two weeks instead of once a month. The Operator offered that a new grease trap should be installed. Chairman Shaffer suggested that the Authority send Mr. Rohrer a letter thanking him for his letter, informing him that the grease trap is the responsibility of the owner, and that it needs to be pumped every two weeks. It should also suggest that Mr. Rohrer consider installation of a new grease trap and that the Authority looks forward to his continued cooperation. The Authority was in agreement with this suggestion.

Maintenance of New Sewer Facilities – Henry requested that the Operator and Inspector compile estimated expenses of maintaining the new sewer facilities for inclusion in the 2007 budget. Mr. DiPaolo asked if the Operator had lifted the manhole covers since the last rain, to see if they were dry. The Operator stated that has not been done since the last rain but would be done as part of the phase two connection process. Henry asked to be notified when that process was done so he could be in attendance.

Business Campus One (BCO) – The Inspector reported that he had met with Carl Fox, the BCO representative, and the Engineer to discuss MH 12 and MH 13 at BCO. He explained that both manholes

passed the original vacuum test, after which the ground surface was brought up to finish grade and the manhole frames and covers were raised. Because of that raising, Mr. Fox reported that the test equipment can no longer obtain a proper seal for re-testing. The Engineer explained that a different company with different apparatus did the original testing and the company that raised the covers could not get a seal on the manhole with the equipment. He stated that Mr. Fox was going to contact the company that did the original testing to return to the site for re-testing.

The Inspector stated that the two manholes were tested before they were raised and were found to be watertight, and then the risers were installed and sealed according to specifications. He offered his opinion that the same results will be provided by the next test and that they should be acceptable manholes.

The Inspector noted questions from visitors as to why the Authority can not obtain grant funds and offered his opinion that possibly the Authority is inflexible with its demands, as it is in this instance. Chairman Shaffer asked the Inspector to explain to him how this approach is having an impact on grant funding. The Inspector noted his experience as an Authority member when he heard attitudes toward the Borough and DEP that were not conducive in enlisting their assistance. When asked for an example, the Inspector noted his understanding of a meeting with DEP about the Petersburg Commons water system during which Chairman Shaffer asked DEP what would happen if the Authority did not do what was asked. A DEP representative subsequently told the Authority what actions it would take to make the Authority do what was requested. Chairman Shaffer explained that he had made those comments because he wanted it on the record that the Authority was being forced by DEP to spend money to comply. The Inspector stated that he understood the reasoning, but that choices in terminology can sometimes make a difference in attitudes.

Chairman Shaffer offered that the Authority is not being inflexible by requiring a retest of the two manholes, in that it is not asking the BCO contractor to do anything that is not required of other contractors. The Inspector offered his opinion that, since the County Commissioners are involved in BCO and also provide grant funding, the Authority needs to be more flexible in its requirements in this instance. He offered that the manholes passed the first test, and in his opinion, there was little possibility of water infiltration due to the terrain, and that there should be no requirement for retesting. Henry offered his opinion that it should be retested because the integrity of the system was interrupted. The Inspector offered that it makes it hard for the Authority to later go to the Commissioners and ask for grant funding. Chairman Shaffer offered that he may agree with that, but that the Authority should not have been put in this position to start with, by the BCO contractor.

Irene noted that the Authority was to get \$85,000 from the Commissioners for the sewer project and when the application got to their office it was not granted. Mr. Holman, Jr. stated that he was ashamed to sign the application as supervisor because it was filed after the deadline. He continued that Irene should not blame the Commissioners because they have been trying to award grant money to the Authority. Irene disagreed, noting that Omar Syad, the County's CDBG representative, called her, made an appointment to review the income study, and that it was a "go" until it got to the Commissioners office. She noted that she had documentation in her office, and that Mr. Holman, Jr. was wrong.

Discussion ended with the Inspector stating that he would contact Mr. Fox and tell him that it was an Authority requirement that MH 12 and MH 13 must be retested.

Freet/Taylor Property, Pee Wee Lane – The Inspector reported that, at the July 5, 2006 meeting, renovation of this property was discussed and it was noted that the tapping fee had been paid by the original owner and stayed with the property. He noted a discrepancy with the Rules and Regulations (R&R) which provides for a \$100 disconnection fee, after which a tapping fee must be paid to reconnect. He offered that the disconnect fee was a deterrent for customers requesting to not pay sewer rental while on extended vacation. He added that, with the raise in sewer rates, it would now be cheaper to pay the disconnect fee to get the

abatement in sewer charges since it appears that the tapping fee is not going to be charged a second time for a property.

He explained that the tapping fee was paid for the Freet property, it was disconnected from the sewer facilities, and there was a discontinuance of billing for the property. He offered that, in his opinion, someone owes money for the property – either the new owner, through a tapping fee in accordance with the R&R, or the past owner for back sewer rentals.

Chairman Shaffer questioned whether the property was disconnected so as to invoke the R&R requirement that a new tapping fee be paid. The Inspector stated that the decision made at the last meeting was that the new owner did not need to pay a tapping fee unless the proposed use of the building would require more than one EDU. Chairman Shaffer acknowledged that the Authority may have been in error with that decision by not having all the necessary information. Irene reported that, based on last month's discussion, she had given the new owner verbal assurance that no tapping fee was necessary. Chairman Shaffer stated that it may have to be retracted, with Irene stating that she would not retract it because she did what she was told to do.

The Operator said that the key word may be "disconnected" and continued that the line was not physically disconnected but was capped in the basement. The Inspector replied that it was not even capped, but that the 3-inch diameter line coming down from the house was just sawed off. The Operator noted that the line was not dug-up and disconnected at the sewer main, an issue that might come up at a later date. Henry noted that it was disconnected in the house and technically could be hooked up from there. Chairman Shaffer stated that it was his understanding that a physical disconnection must be made outside the house and the issue for this property might be that back rental fees are owed.

The Inspector stated that the tapping fee was required for connection to deter "snow birds" and offered his concern that it will set a precedent if it is waived for this property. The Solicitor recommended that the R&R be researched to see if it specifies how the property must be disconnected. The Inspector said he would do that research. The Billing Clerk was requested to research the history of ownership and compute the amount of back rentals that might possibly be owed.

GP Inspections for I&I – The Inspector reported that the Operator and he randomly selected GPs for water infiltration inspection as directed at the last meeting and that he had shared the resultant information with Mr. Lavine. Mr. Lavine responded that some GPs were installed closer to the ground surface than specified and he has discussed it with Doli for resolution either by grading adjustment or installation of risers.

Construction Phase Engineering Report See written report dated July 27, 2006

Contract 04-01, Doli – Mr. Lavine stated that he and Chairman Shaffer met with Doli today to discuss the outstanding restoration items and that they would be addressed by Doli next week. Chairman Shaffer stated that he was pleased with Doli's response and thanked Mr. Fleeman for his cooperation. Mr. Lavine stated that there was approximately \$20,000 worth of change orders still outstanding. He stated that 5% of the construction cost (approximately \$180,000) was being retained, to which Chairman Shaffer suggested that the retainage could be reduced to punch list value times 1.5, which is common in the industry at this time in a construction contract. Mr. Lavine explained that he was holding the 5% retainage because of Authority concerns over water in the GPs.

Henry stated that he walked through some of the outstanding restoration areas and was deeply concerned that the broken septic tank at 1134 State Road has still not been repaired. Mr. Fleeman responded that the owner put the GP locator stake in the septic tank, with the result that the tank was damaged during installation of the GP. Henry thanked Mr. Lavine for being supportive in answering his questions and concerns. He added that, if any ratepayers have concerns on installation issues, he would be willing to research the issues and pay for the excavation if it is later determined that he is wrong and the installation was correct.

DEP/PennVest Walk Through – Mr. Lavine reported that a walk through with DEP, PennVest, ARRO, and Authority staff was held on July 12, 2006. He noted that DEP and PennVest were satisfied with the results of the inspection and will be sent the required final paperwork after Contract 04-01 has been completed.

Project Impact on Budget - Chairman Shaffer requested that Mr. Lavine provide the final cost for the project so that the budget committee could contact PennVest for the revised loan amount. Mr. Lavine reviewed the project cost spreadsheet in his report, noting that the variance in the project cost was a decrease of \$66,670 without the outstanding credit change orders for Rt. 11/15 boring casings. He added that his figures do not include the interest paid by the Authority every month, which will accrue until payment is started on the principal loan amount. Lee noted that there is still reimbursement of \$203,408 to be received by the Authority.

Contract 04-04, Dutchland - Chairman Shaffer noted that approval of final payment was made at the July 5, 2006 meeting, subject to the Operator's satisfaction, and that the check was being presented for signature this evening and suggested it be held until the Operator states that all issues discussed earlier are resolved to his satisfaction.

The Operator emphasized that he also has a lot of concern about water getting into the GPs. He stated that three weeks after grading was done for one GP water was back in it. Mr. Fleeman explained there were six inches of rain at the time, to which the Operator responded that he did not care about that because once the contract was over, it would be the Authority's problem. Mr. Lavine stated that he has discussed it with Doli, that Doli will look at the GPs in question, and that Doli will address the issue. He added that, if Doli doesn't address the issue, then it is a different story.

After discussion, there was a Wright/Graybill motion for approval of PennVest Reimbursement Request No. 18, in the amount of \$9,833.26. Motion passed by unanimous vote of the Authority.

Engineer's Report See written report dated July 28, 2006

The following items were discussed:

John Warden Subdivision Plan, File #2005-06 – The Engineer reported that he had not received a re-submittal of this plan from the developer, but that he was contacted by the developer's engineer regarding the current tapping fees.

Kinkora Land Development Plan, File #2005-05 – The Engineer reported that he has not reviewed Kinkora's plan because Kinkora has not yet established an escrow account.

Petersburg Commons Water Meter Vault – The Engineer reported that bids were opened at 6:00 p.m. this evening and the apparent low bidder is G&R Charles Excavating of Port Trevorton, PA at a cost of \$49,960.43. Chairman Shaffer stated that, in order to meet the November 1, 2006 deadline for installation, the Authority should authorize the awarding of the bid and notice to proceed, conditional upon the Engineer's and Solicitor's review of the document. Henry asked how the vault would be paid for, with Lee responding that it would be part of the re-financing of the Marysville line of credit. Henry stated that he wanted that clarified so the ratepayers knew what was going on. He asked if there would be any addenda to the bid, changing the specifications if requested. Chairman Shaffer replied that addenda are issued before the bid opening and that none were issued.

After discussion, there was a Graybill motion to authorize awarding of the bid and notice to proceed, subject to review by the Engineer and Solicitor. Motion died for lack of a second.

Joe Roberts Property, Inn Road – The Engineer reported that he had been directed at the last meeting to inform Mr. Roberts that the Authority would require an in-ground grease trap. He stated that the day he talked to Mr. Roberts, he had already had an inspection for an under-counter grease trap by Glace Associates, the Township's UCC inspector. The Engineer offered that Mr. Roberts said he will not be using any fryers and that food would not be prepared on-site but would be brought in and reheated for consumption. The Engineer requested that Mr. Roberts come to the Authority meeting and ask for relief of the requirement, and inform the Authority that he would install an in-ground trap if the Authority notes a build up of grease in the Little Boston pump station. Mr. Roberts also told the Engineer that he understood Chairman Shaffer to say that if an under-counter grease trap was okay with the inspector, it was okay with him. Discussion was held on whether that was actually said, with Chairman Shaffer asking which inspector he would have been referring to, the Authority's inspector or the UCC inspector. The minutes from the July 5, 2006 meeting were reviewed, with no indication that Chairman Shaffer made that comment.

Chairman Shaffer offered his opinion that the Authority should not back down from the requirement, in an effort to prevent a situation like the one at Cove Centre. Henry offered that the minutes should be presented to Mr. Roberts and he should come to an Authority meeting to discuss the situation. He noted that the decision to require in-ground traps was made after Mr. Roberts departed from the July 5, 2006 meeting. He then asked when Mr. Roberts connected the under-counter grease trap and when the Engineer made contact with him. The Engineer was unsure of his contact date but said that the UCC inspection had taken place earlier that same day. A review of the report forwarded to the Authority by the UCC inspector showed an inspection date of July 11, 2006 with Henry offering that Mr. Roberts probably should have been contacted the day after the Authority meeting. Discussion was then held on the type of permit Mr. Roberts had, with Chairman Shaffer offering his understanding that, before the Township issues permits, the Authority is to be contacted to make sure its permit system is satisfied. He questioned whether the building permit even covers grease traps. The Engineer recollected that, before Mr. Roberts left the July meeting, he was told that the Engineer would contact him about the sizing of his grease trap.

The Solicitor offered that comments made at meetings, even inadvertent ones, do not excuse compliance with Authority regulations. He continued that if there was any uncertainty over size or type of grease trap, it was incumbent on the owner to clarify the uncertainty.

Lee suggested that a letter be sent to Mr. Roberts apologizing for any mis-communication and allowing the present installation until such time as conditions warrant installation of an in-ground grease trap. The Inspector noted that, if his business continues as planned regarding the presentation of meals, the undercounter grease trap should be sufficient. He suggested that the Authority send Mr. Roberts a letter explaining that if the business expands to include preparation of meals on site, an external grease trap will be required. The Solicitor suggested an agreement be prepared setting the limits after which an inground trap will be required. After discussion, there was a Wright/Holman motion to send Mr. Roberts a letter informing him of the lack of communication and that he can proceed as planned, but if the business structure changes from off-site to on-site meal preparation, an inground grease trap will be required. The letter should include that an agreement will be required detailing when the inground trap will be needed. Motion passed by unanimous vote of the Authority. Irene will send the letter and the Solicitor will provide the agreement.

Petersburg Commons Water Meter Vault – Lee stated that he did not second the motion to award the bid for installation of the water meter vault because he was not present at the bid opening and was late in arriving at the meeting and missed any related discussion that might have been held. The Solicitor reported that there were three bids received: \$95,500 from Bertolet Construction, \$82,250 from TAH Construction, and \$49,960.43 from G&R Charles Excavating, Inc. He noted that the Engineer's estimated cost for construction was \$55,000. He said that his brief review of the contract document revealed no legal issues and that the bid security appears to be in legal order. He noted that, contractually, the Authority has until

November 1, 2006 to complete installation, and urged the Authority not to break the contract with the Borough.

Henry asked if there was any way to track the re-financing cost to the water customers and not the sewer customers. He stated that he does not like combining the meter vault loan with the sewer construction loan unless it is documented separately. The Solicitor noted that was a fair request and that it should be tracked separately. He added that the meter vault expense should be included into the formula for calculation of water tapping fees, giving support to any decision to increase the cost of those tapping fees. The Solicitor suggested that recalculation of the water tapping fee should begin as soon as the bid is awarded. Henry offered his opinion that it should be a separate loan with the Solicitor offering that, if tracked correctly, there would be no need to go to the expense of a separate loan and that the bank might work with the Authority on making it a separate entry of the loan. Henry explained his concern that the sewer customers have had large enough rate increases and did not want water expenses to add to their burden.

When Irene commented on water rates going up, Lee asked how the Authority could pay the bills if the rates were not increased. Irene asked how 120 customers could be expected to pay a \$55,000 bill. She added that it was easy for the Authority to raise rates because she was the only member who paid water and sewer bills and it didn't make any difference to the rest of the members. The Solicitor offered his understanding that the cost of the meter vault was worked into the rate increase recently approved, with the consensus that it was a five-year payback period. Irene noted that in one year and four months she would no longer be an Authority member and the board could then do what it wanted. Henry stated that his calculations have the cost of the meter vault at \$10,000 more than was included for rate projections. Irene stated that the Authority should hope that the Cove Mountain development is realized, to add 900 more homes for revenue. Chairman Shaffer noted that \$55,000 was the estimate of the construction cost, not the project cost. Henry stated that the additional \$10,000 for the project cost would amount to an extra \$2,000 per year being spread over the five-year payback period. Chairman Shaffer stated that he was not sure he had ever heard any amount given for project costs. Henry stated that they were part of the package and would have to be paid.

Lee asked if there was any reason not to second the motion. The Engineer stated that the next step should be to take the bid document to Buchart Horn's construction department for review to ensure that it is a good bid and, based on their recommendation, the Authority could award the bid. He explained that, to expedite the process, Chairman Shaffer is asking for a motion to award the bid and approve the notice to proceed this evening, contingent on the Solicitor's and Engineer's satisfaction.

Lee asked what would happen if the vault is not installed and the Borough is notified that they can have the Petersburg Commons customers. Chairman Shaffer responded that it would be a violation of the PUC order and the agreement with the Borough. Lee asked if there was a problem with the motion, explaining that he is a layman relying on the Engineer and Solicitor. Chairman Shaffer offered his opinion that there is no problem with the motion.

Lee stated that he has long been in favor of giving the Petersburg Commons residents to the Borough as customers, but upon hearing that there is no problems with the contractor, and that the bid came in under estimate, to end the dispute he would make the motion to authorize awarding of the bid for the meter vault and issue notice to proceed, contingent upon the satisfaction of the Engineer and Solicitor, to the low bidder, G&R Charles Excavating, Ltd., at a cost of \$49,960.43. Chairman Shaffer seconded the motion. Motion passed by unanimous vote of the Authority.

Solicitor's Report See written report dated July 28, 2006.

Resolution for Approval of Rate Schedule – The Solicitor presented a resolution approving the Authority's water and sewer rate schedules, explaining that the new rate schedules would get attached to the adopted resolution. He noted that the rate schedules had been discussed at the July 5, 2006 meeting, with the result

that the revised definition of an EDU was to be included. After discussion, there was a Wright/Holman motion to adopt Resolution 08-02-06-1, approving the rate schedule. Motion passed by unanimous vote of the Authority. Chairman Shaffer signed the Resolution at this time.

Additional ROW for Petersburg Commons – The Solicitor reported that he had been instructed to prepare an agreement with Petersburg Commons, Inc. which has granted an additional ROW for installation of the meter vault. The agreement also gives assurance for the provision of water and sewer service. He presented an agreement prepared jointly by counsel for Petersburg Commons and himself that attaches to a *Grant of Right-Of-Way for Water and Sewage Facilities*. He stated that the agreement enlarges the current easement area and includes both water and sewer facilities in case a later need arises for sewer facilities in the same area. He added that the rest of the agreement contains provisions to provide water and sewer service for Petersburg Commons. Chairman Shaffer recommended that action be taken this evening to allow construction to begin on the vault as soon as possible. The Solicitor noted that, in exchange for the ROW, the Authority is agreeing to provide water and sewer service for the buildout of the development, which it is already obligated to do.

Lee asked if Petersburg Commons has paid all of its tapping fees, with Irene responding that Perry Green still had to pay for fourteen tapping fees for the new townhouses. Lee asked how they got a construction permit and was told there was an agreement that the tapping fees would be paid after the PUC decision was handed down. It was discussed that there were fourteen outstanding tapping fees for water, at a cost of \$800 each, and fourteen tapping fees for sewer, at a cost of \$2,650 each. Lee stated that those tapping fees were not included with the revenues when preparing the 2006 budget. Irene noted that she has sent Perry Green a letter about payment, but has not received a response. She was requested to send a follow-up letter the next day. The Solicitor asked Irene to tell him if she has any problem receiving the money.

Chairman Shaffer called for a motion to approve the proposed agreement. Lee stated that he would like more time to review the agreement, as did Henry. They agreed to have any comments to the Solicitor by August 7, 2006. After discussion, there was a Wright/Holman motion to approve and authorize execution of the agreement with Petersburg Commons, Inc., subject to the Solicitor's approval of minor, non-substantive changes and the comments of Lee and Henry. Motion passed by unanimous vote of the PTS.

Motion to Extend Meeting

At 10:00 p.m. there was a Wright/Holman motion to extend the meeting to complete all business before the Authority. Motion passed by unanimous vote of the Authority.

JOAC Attendance – Lee stated that he would like to attend the JOAC meetings and asked what needed to be done so that he is not breaking the Sunshine Law. The Solicitor recommended that, if the majority of the Authority would like to attend any JOAC meetings, the meetings be advertised as special meetings because a majority of the Authority would be in attendance. He added that action could then be taken if a majority of the Authority was present. Chairman Shaffer offered that, if members other than Irene or Franklin wish to attend, they should inform Irene so that she can advertise the meetings. Lee stated that he is planning to attend all of the meetings. After discussion, there was a Holman/Wright motion to advertise the JOAC meetings as they are scheduled. Motion passed by unanimous vote of the Authority.

Solicitor Billing – Henry asked what the notation on the Solicitor's bill for "Research – JOAC" for 1 ½ hours on June 16, 2006 included. The Solicitor stated that he could not answer without looking at his notes. Henry requested that the Solicitor provide the answer later. He asked about the result of the phone call made on June 28, 2006. The Solicitor responded that the appeal was filed on Monday, July 31, 2006. Henry asked that the record reflect that he objected to the appeal being filed. Lee asked the Solicitor what

the two calls to Mark Derr were for. The Solicitor responded that they were probably associated with Mr. Derr's financial study and his answers to Mr. Derr's questions. He stated that he had spoken with Mr. Derr on numerous occasions and could not specifically tell the subject of those calls, but might be able to after he looked at his notes. Lee asked him to please review the notes for an answer.

Treasurer Position – The Solicitor offered several comments concerning the treasurer's position. He stated that the billing function should be separate from the collection function, with the collection function including any money coming in and being deposited. He added that opening mail and collecting any checks should be included with the collection function. He suggested that check writing should be kept separate from check signing. Irene stated that she does both, and noted that three people are authorized to sign checks, with another signature in addition to hers required. The Solicitor stated that there should be at least one required signatory different from the treasurer's on the check. The Solicitor noted that, in 1995, the auditor recommended that someone other than the executive secretary should prepare the monthly bank reconciliation, or that one other Authority member should sign off on it. Irene stated that she reconciles the bank statement each month and provides a copy to Lee for approval. She noted that he has not yet come in to initial the original copies for the files.

The Solicitor recommended that, if the above-mentioned guidelines are followed, he sees no legal issues in hiring any of the candidates for position of treasurer.

Township Ordinance 101 – Susan presented the Solicitor with a copy of the Township ordinance detailing the regulations under which a property must connect to public sewer, and containing the penalties for non-compliance. She noted that the Township secretary did not see where it covered the Township putting liens on properties. The Solicitor offered that the only time the Township would lien a property is when it goes in and physically connects a property, and that provision is included in the ordinance

Billing Clerk's Report

Phase Two Connection Status – The Billing Clerk reported that the Lower Cove/Perdix phase two notice to connect letters were being prepared for an August 8, 2006 mailing. She stated that the Authority entered into an agreement with several people who paid to have a GP installed on their unimproved property with the understanding that, within one year of the availability of sewer service, they would construct a dwelling or start paying a reservation of capacity fee. She continued that the Township was going to send those property owners a cover letter, that agreement, and a notice to connect that would serve as notice that sewer service is now available. She noted that one agreement was signed in June 2004 by Edward Berrier, who has since sold the property. She asked if the Authority's agreement should get transferred to the new owner, or stop with Mr. Berrier. The Solicitor asked that a copy of the agreement be faxed to him for review.

Refusal of Installation of GPs – Mr. Holman, Jr. noted that he had been provided with a memo that three property owners would not allow GPs to be installed on their property. He asked if the prosecution that might be needed to enforce connection would come from the Authority. The Solicitor offered that enforcement of the connection ordinance must come from the Township. Chairman Shaffer offered that, if it is satisfactory to the PTS, the Authority can act as its agent, offering his opinion that it should be the Authority's responsibility to do the enforcement. He added that, if court action is required, it might be necessary to get the Township involved. The Solicitor offered that, if the property owners refuse to connect, the Township has the right to physically connect the property and lien the property.

Mr. Holman, Jr. offered that he considers this situation to be different from a request for a time extension in that the property owners have refused to allow installation of a GP. Irene noted that they would have to purchase a GP and install it. Chairman Shaffer noted that they have sixty days from the date of the notice to connect. The Solicitor suggested that, after the 60-day limit has expired, the Authority send a

follow-up letter telling the owners that the 60-day limit has expired, that a time extension has not been requested, and that they have until a certain date to obtain a connection permit. He continued that the letter should include that, if not done, the next step will be for the Township to physically enter the property, make the connection, and lien the property for the costs incurred. The Solicitor will check on what other notices are required and stated that the Township solicitor should be involved before the final step of physical connection is made. Chairman Shaffer asked if there are financial penalties for non-compliance. The Solicitor responded that there are fines, with Chairman Shaffer suggesting that should possibly be done before the Township physically connects them. The Solicitor recollected that fines were issued in the past and that the Township never had to take the final step of physical connection.

The Inspector offered his opinion that the dwelling on one of the properties is over 150 feet from the point of connection. Chairman Shaffer stated that the Authority needs to confirm the distance to be sure. Mr. Holman, Jr. stated his understanding that the drawings called for all mains to be within the 150-foot limit. The Solicitor offered that properties outside the 150-foot limit can not be required to connect unless the Township acquires ROW and installs the connection point within 150 feet. Chairman Shaffer offered that condemnation of the property could be made to obtain the ROW and install the GP, at which time the ordinance could be enforced. The Inspector asked if that would be done at the Authority's, or owner's, expense with Chairman Shaffer responding that would be figured out later, if in fact there are any properties over 150 feet.

Phase One Connection Update – The Billing Clerk reported that sixty-two letters were sent on June 8, 2006 with the 60-day notice set to expire on August 7, 2006. She informed the Authority that twenty connection permits have been obtained and six properties have been connected. She stated that the remaining forty-two property owners would be issued a second notice on August 9, 2006. After discussion, it was the consensus of the Authority that the letter should give the forty-two owners until August 31, 2006 to file for an extension or obtain a connection permit.

Water Rate Analysis – The Billing Clerk noted that the financial advisor projected that the average water bill per quarter for 2006 will need to be \$85 to generate enough revenue to meet expenses. She presented an analysis of the latest quarterly water bills showing that the average bill was only \$67. She noted that the increase to a base rate of \$55 taking effect July 1st will only raise the average bill to \$77, still below the amount needed. She stated that a base rate of \$65 would be needed to obtain the average of \$85 that Mr. Derr has projected as being necessary. Irene asked if her water bill would go to \$65 and was told it would have to if the Authority chooses to follow Mr. Derr's recommendation. Irene responded that she can dig a well, with Chairman Shaffer offering that there is no mandatory water connection ordinance.

Sewer Audit – The Billing Clerk presented an audit of water usage of the non-residential customers for the past four quarters, calculated on an EDU of 175 gpd. She explained that the audit compares the purchase of capacity with the gallons used. A discussion was held on whether current businesses would continue to be audited under an EDU of 175 gpd and new businesses would be audited under an EDU of 150 gpd, or all businesses would be audited under an EDU of 150 gpd. Lee stated that the three businesses whose usage has exceeded their purchase of capacity should be sent letters informing them of that. It was noted that letters were to have been sent three months earlier, but Irene was uncertain whether that had been done. Chairman Shaffer stated that, at a minimum, a letter should be sent informing them that they are using excess capacity and that, unless a reduction is made, they will be billed for extra EDUs. Lee was asked to review the letter after Irene drafted it.

The Inspector offered that, during the recent BOD sampling at the Sheetz car wash, the Operator and he noted that clean water was being discharged into the GP wet well even though the car wash was

temporarily closed. The Billing Clerk stated that she had alerted Sheetz of their high water usage months ago and told them to contact her if they had any questions and that she was never contacted.

Delinquent Accounts – The Billing Clerk presented a list of accounts delinquent as of July 31, 2006. She noted that the list had been prepared after the latest sewer bill was prepared but that, even after that adjustment, the accounts were still six months delinquent. Irene updated the list with the accounts that were making installment payments or that were significantly reduced in the past two days. Henry questioned one account, stating that the individual gets paid for work done for the Authority when the account is delinquent. Irene explained that the individual always signs the check back over to the Authority to put towards the account. Henry asked to see any future bills presented from the individual for work done for the Authority. Discussion was held on setting a procedure to handle delinquent accounts. Irene stated that she usually sends a letter when they don't pay for the second quarter, and gives them ten days to pay before she turns them over for collection. She noted that with the rate at \$125 per quarter, when she writes the letter they owe \$250. Chairman Shaffer asked if she wanted direction on when to send the letters. Irene reported that she did not need direction and would send letters when the delinquent amount reached \$200 or \$250, give them fifteen days to respond, or turn them in to the district judge for collection. Chairman Shaffer recommended that she have the procedure entered into the minutes as back-up support for her actions. He asked if there was any direction for delinquent accounts now that the Authority has gone to monthly billing. Lee questioned how many of the delinquent accounts were presently turned in for collection, with Irene responding that none of them were because she had just seen this list. After discussion, there was a Wright/Holman motion that after account balances become larger than \$210, a letter will be sent notifying the customers that they have thirty days to bring the account current or the account will be forwarded to the district judge for collection. The letters will also notify them of the opportunity to contact the Authority for arrangement of installment payments. Irene stated that she did not want to give thirty-day notice, because if it falls on a Friday she will not get her mail until Tuesday. Chairman Shaffer offered that there would be no harm if the thirty days turns into thirty-one or thirty-two days. He asked if the motion pertained to sewer, water or both, with Lee responding it was for both. Irene explained that when she sends delinquent sewer bills, she also includes any amount that might be delinquent for water. Chairman Shaffer then called for the vote and the motion passed by unanimous vote of the Authority.

Billing Cycle Due Date – The Billing Clerk asked for direction on the length of time to give customers to pay their bills. She stated that she would like to send bills at the beginning of the month with a due date of the 28th of each month. After discussion, there was a Holman/Wright motion that sewer and water bills are due the 28th of every month. Motion passed by unanimous vote of the Authority.

Brosius Property EDUs - Chairman Shaffer asked the Inspector if he had determined how many EDUs are being used at the former Brosius property. The Inspector stated that he had talked to the owner who reported that there were two units at the back of the property in addition to the house. Discussion was then held on the number of mailboxes and electric meter bases there were for this property. The Inspector stated that he would research the number of electric meter bases servicing the property for the September meeting.

Treasurer's Report See written Balance Sheet dated July 31, 2006.

After discussion, there was a Wright/Holman motion to approve the Treasurer's report as presented, subject to audit. Motion passed by unanimous vote of the Authority.

The Treasurer presented the Accounts Payable and requested a motion to approve payment of the bills itemized on the Accounts Payable list totaling \$85,417.40 as follows: \$83,271.60 drawn on the First National Bank of Newport regular account, and \$2,145.80 drawn on the First National Bank of Newport payroll account. After discussion, there was a Wright/Holman motion to approve the Accounts Payable.

Irene asked for permission to include a check for \$100 for petty cash, which was overdrawn. Chairman Shaffer stated that the motion should identify that addition. Irene responded that she would wait until the following month to get her money and they should forget that she mentioned it. Motion passed by unanimous vote of the Authority.

Incoming Correspondence

A list of all incoming correspondence can be found on the August 2, 2006 agenda.

Time Extensions – Discussion was held on the letters from Lower Cove/Perdix property owners requesting a time extension for connection. Chairman Shaffer noted that the time extensions requested to date were not uniform in length and that some letters did not specify a date. He suggested that those owners that did not include a date be requested to provide one. Henry offered his opinion that all requests could be granted a sixty-day extension and they would still be connected by the end of the year. After discussion, there was a Holman/Wright motion to grant all requests a 60-day time extension. Motion passed by unanimous vote of the Authority.

Outgoing Correspondence

Outgoing correspondence was circulated among the members. Members were directed to request a copy of the correspondence if they so desired.

Old Business

Susquenita School District (District) – Henry asked if the issues with the District had ever been resolved. Chairman Shaffer answered that he had stopped discussing it because, in his opinion, the Authority owes the District \$16,000 to \$17,000 while the District thinks it is owed \$30,000 to \$40,000. He stated that he feels the ball is in the District's court.

Candidates for Position of Treasurer – Lee noted that four qualified individuals applied for the position of Authority treasurer with two of them requesting higher compensation than the Authority can afford. Henry concurred that two were out of the Authority's price range. Irene offered that she felt that they were all very well qualified, and that the man would be an asset to the Authority. Chairman Shaffer asked if there were any salary discussions with the two candidates being focused on. Lee responded that there were. Chairman Shaffer asked if the Authority was in a position to try to narrow the two candidates down to one. Henry stated that he would be willing to take action this evening or wait until every Authority member was present. Chairman Shaffer noted that was a good point and that it might be advisable to wait until Franklin was back. Lee asked if there was a consensus that the field was narrowed down to two candidates. After discussion, it was the consensus to delay action on selecting a candidate until Franklin was present next month.

New Business

2007 Budget – Henry requested that the Inspector and Operator compile estimates as soon as possible of expenses for maintenance of the new sewer facilities for inclusion in the 2007 budget.

Acknowledgment of Letters of Protest to Sewer Rates - Chairman Shaffer stated for the record that the Authority acknowledges the letters of protest to the recent sewer rate increases. He reiterated that the Authority was forced into a position where a rate increase had to be enacted to pay the Authority's bills. Lee added that the budget committee was comprised of conscientious members who tried hard to keep increases to a minimum. He stated that there were some good ideas going forward to help reduce expenses, including joint applications with the Borough for grant money for the Market Street project.

Video of Market Street Sewer Main – The Inspector recommended that the Authority members view the video of Market Street provided by the Borough. Chairman Shaffer asked Irene to provide him with a copy.

Monthly Agenda – Irene suggested that the Authority consider putting the Solicitor and Engineer at the very beginning of the agenda and releasing them after their reports, thus saving money on professional fees. Henry stated that if there was need for an executive session, the Solicitor would need to remain in attendance for it. Irene offered that the visitors could leave the room until the end of the executive session. Lee asked if the Solicitor was paid by the hour for attendance at meetings, with Irene answering in the affirmative. Chairman Shaffer offered that the Engineer is paid a per meeting fee, which could also be negotiated for the Solicitor. Lee agreed that was an excellent suggestion. Chairman Shaffer will contact the Solicitor and request that he provide a per meeting fee for discussion at next month's meeting.

Warden Property – Lee offered that he was encouraged by the Engineer's report that the developer has requested information about tapping fees and that it sounds promising that the Warden property will be developed. He noted that tapping fees received, as well as additional customers, will help reduce rates. He stated that he felt the development is in a good location and, with the exception of the cemetery association requesting a fence between the properties, he has heard nothing but good things about the proposed development.

Payments for ROWs – Henry asked if the Inspector had been involved when negotiations over ROWs began, with the Inspector answering in the affirmative. Henry stated that he would like to research some of them, with the Inspector answering that he had copies of the majority of ROWs acquired, with the rest being on file in the office. The Billing Clerk suggested that the Executive Secretary might have a list of people granting ROWs and amounts paid to them in her computer.

Krick Subdivision – The Inspector asked if the Authority had heard any further information about the Krick subdivision. The Executive Secretary verified that the Authority was still waiting for information from the Borough.

Adjournment

With all business completed, a Wright/Holman motion for adjournment was made at 11:25 p.m. Motion passed by unanimous vote of the Authority.

Submitted by Susan E. Long
Recording Secretary