

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

October 4, 2006

The Penn Township Municipal Authority (Authority) met on Wednesday, October 4, 2006 in the Penn Township Municipal Building. The meeting was called to order at 7:00 p.m. by Vice-Chairman Franklin Reidlinger, who led the group in the recitation of the *Pledge of Allegiance* and a moment of silence. Vice-Chairman Reidlinger then announced that the meeting was being recorded to aid in the preparation of the minutes.

Authority members present:

Franklin Reidlinger, Vice-Chairman
Irene Graybill, Executive Secretary/Treasurer
Henry Holman, III, Secretary
Lee Wright, Assistant Secretary/Assistant Treasurer

Professional staff present:

Dennis Shatto, Esq., Cleckner and Fearen (CF), Solicitor
Dennis Crabill, P.E., Buchart Horn (BH), Engineer

Authority staff present:

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

Visitors present:

Henry Holman, Jr. John Myers
Jodi Rissinger

Minutes

Approval of the September 6, 2006 minutes were tabled to allow the members additional time for review.

Visitors

Henry Holman, Jr., Penn Township Supervisor (PTS)

Mr. Holman noted that the line of credit (LOC) drawn on the 1st National Bank of Marysville (Marysville) will be due on October 15, 2006. He asked the Authority to consider paying off the LOC, or at least paying as large amount as possible to reduce the interest being paid to the bank.

Mr. Holman, Jr. asked the Authority to take a look at the total costs of the arbitration concerning the Water Street line, including the cost of correspondence from the Solicitor to William Bunt. He offered that it is not fair to the ratepayers to be spending that amount of money.

Mr. Holman, Jr. noted that it is the responsibility of the Township and Authority to respond to PA One Calls in a timely fashion. He stated that, in an effort to expedite the process, he has requested that the Township highway foreman call in his response from the field instead of relaying the information to the Township secretary, who then notifies PA One Call. He requested that the Authority consider giving

Inspector Sam Auxt the same Authority, adding that the Authority would need to set up a separate account and agreement with PA One Call.

The Inspector stated that, if the Township and Authority were agreeable, he would be willing to make the response for both parties, thereby freeing up the highway foreman for other duties. Vice-Chairman Reidlinger asked if there might be a time when the Inspector was working for the Authority and would not be able to do the investigation for the Township. The Inspector responded that, when a call comes in, he has to make the site visit, no matter whether he is working for the Township or the Authority. He added that he does not make site visits to areas of the township where he knows there are no Authority utilities.

Jodi Rissinger, 1306 State Road

Ms. Rissinger stated that flower plantings were damaged during construction of the sewer line through her property. She stated that she had purchased new plants and had turned the receipt over to Doli, the contractor, and had not yet received any reimbursement. Irene asked Ms. Rissinger to provide her with a copy of the invoice, and stated that she would forward it to Don Lavine, the construction-phase engineer, who was not present at this evening's meeting.

Plant Operator's Report There was no written report.

DMRs – (see written Discharge Monitoring Reports dated August 2006). The DMRs were reviewed with the note that the fecal coliform average was 202/100 ml, slightly above the requirement of 200/100ml. Operator Ed Chism stated that this did not present a problem and the remedy was to slightly raise the chlorine residual. He then reported that the influent BOD level for the Cove WWTP was 301 mg/l, which is above the design amount of 240 mg/l. The Operator extended an invitation that Authority members contact him at any time with questions.

DeCoven Package Plant – The Operator informed the Authority that the owner of the DeCoven facilities has not renewed its permit with DEP and that it will expire next month. The Solicitor pointed out that the Authority has no current responsibility for its operation or maintenance. The Operator responded that DEP could possibly require the Authority to assume that responsibility in the future. A discussion was held on the ramifications of the permit expiration. Vice-Chairman Reidlinger noted that he and Mr. Holman, Jr. had been informed previously by DEP that operation of the facilities would become the responsibility of the Authority, upon expiration of the permit.

Mr. Holman, Jr. relayed that he had had a conversation with the Authority's previous engineer, who had verified that the Act 537 Plan Update required the Authority to replace the package plant with a pump station and connect it to the Authority's sewer facilities. He added that he has never understood why it wasn't included with the current sewer project nor why the connection line wasn't designed large enough to handle the flow.

Irene asked, if the Authority has to put in a pump station, would it also have to go onto the property and install sewer lines. Mr. Holman, Jr. stated that he didn't understand why the project wasn't designed to extend the sewer line to the DeCoven property. Irene responded that the line does go to the edge of the property, but was then informed that a 2-inch diameter line ends approximately twenty-five feet away. Vice-Chairman Reidlinger questioned if the line would be large enough to handle the flow. Henry responded that the Authority had been told that it was large enough to accommodate an additional 3 EDUs. The Inspector stated that the Construction Committee had urged the Authority to have the line sized large enough to handle DeCoven's outflows with no result.

It was the consensus to delay further discussion until such time as notification comes from DEP that the Authority must assume responsibility for the facilities.

Inspector's Report See Inspector's Report for September 2006

Master Meter Reports – The Master Meter reports were reviewed with the note that all readings appear to be satisfactory.

Metal Detector – The Inspector reported that the Authority has received the metal detector but that the frequency line locator was on back order.

Cove Centre Grease Infiltration – The Inspector reported that he and the Operator inspected the wet well at the Cove Centre earlier in the day and found balls of grease in the wet well and a buildup of grease on the sides, floats, and motors. He added that the grease trap is discharging cloudy water. Vice-Chairman Reidlinger relayed that the owner, Randy Rohrer, told him that the wet well is being cleaned every thirty days. It was noted that Mr. Rohrer had been sent a letter on August 22, 2006 informing him of the need to pump the wet well every two weeks. Vice-Chairman Reidlinger offered Mr. Rohrer's contention that HRG, the Authority's previous engineer, had approved the plan and that he had questioned what responsibility the Authority had in this situation. Engineer Dennis Crabill offered that the plans were probably approved based on the expected flow provided to HRG by Mr. Rohrer, and that the actual flow is in excess of what was expected.

Henry offered that the grease problem has been going on for too long and that the cost to the Authority keeps increasing. He stated that staff members have talked to Mr. Rohrer numerous times and the Authority has written him letters, all requesting that he alleviate the problem. The Operator noted that, in addition to labor costs, it is creating additional expense to treat the effluent.

A discussion was held on the surcharge the Authority could levy, based on BOD sampling results. It was noted that the surcharge from previous samples could have ranged from \$1,000 to \$40,000. Henry then made a motion that Mr. Rohrer be assessed the surcharge calculated after the BOD sampling is taken later this month. Lee seconded the motion for purposes of discussion. Lee asked if the motion could be modified to include that the surcharge would be forgiven if it was put toward installation of a new grease trap.

Henry noted that there is only one water meter for all eight businesses, making it difficult to measure the flow rate and evaluate the size of the grease trap that would be needed for the offending business. Lee questioned if staff was sure that the problem was coming from only one business, with the Inspector responding in the affirmative. He explained that the tax office does not discharge grease, one restaurant has been closed for two weeks, and the other restaurant has an under-counter grease trap that is being cleaned every week.

The Operator requested that the motion not be tied to a BOD surcharge, because the surcharge may be small enough that it would not act as a deterrent. He recommended that Mr. Rohrer be informed that he must install a new grease trap. He also noted that Mr. Rohrer had purchased 8 EDUs but his water usage is now twice that amount. He offered that the idea of suspending the BOD surcharge while Mr. Rohrer corrects the situation is a good one.

After discussion, Henry and Lee agreed to retract the motion. There was a Holman/Wright motion to inform Mr. Rohrer that he has three months to correct the grease problem, after which BOD surcharges will be assessed and legal action will be taken. Motion passed by unanimous vote of the Authority. Irene was requested to notify Mr. Rohrer of the action taken.

Solicitor's Report See written report dated September 29, 2006.

The Solicitor stated that he had several items to discuss during a brief executive session.

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

Mr. Lavine was not in attendance this evening.

The Inspector reported that Doli has completed the lowering of forty-one electrical conduits to specification and will have a full crew working on that task next week. Irene noted that she received a

complaint from an irate property owner that he was not contacted before the contractor went back onto his property. She said that she explained to him that the contractor needed to make corrections to the installation. Henry agreed that it would be a courtesy to inform all the owners, but all the same, the Authority owned a right-of-way to allow workers to enter the property. Irene noted the impracticality of trying to notify owners exactly when work would be done on their property.

The Inspector reported that several manholes associated with the defective air/vacuum valves still need to be pumped and disinfected by Baker's Inc. The Operator noted that a meeting with Valmatic, the valve manufacturer, was scheduled for 9:00 a.m. on October 10, 2006 and invited any interested parties to attend.

Vice-Chairman Reidlinger noted an instance where Doli damaged a septic tank without notifying the owner. He stated that the contractor who is now connecting the home to the grinder pump is unable to complete the job without running the risk of breaking a pipe or pulling it out of the grinder pump.

Henry reported that he noticed grinder pumps with duct tape on the end of the stubs instead of a water-tight seals, resulting in water entering the grinder pump. The Inspector pointed out that the Authority had paid for water-tight seals and did not receive them. Henry stated that he would contact Mr. Lavine and discuss the issue with him.

PennVest Application for Payment – There was a Wright/Holman motion to approve PennVest Application for Payment No. 20 in the amount of \$5,083.12. Motion passed by unanimous vote of the Authority.

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

John Warden Subdivision Plan, File #2005-06 – The Engineer reported that he was contacted by Todd Wilson, the developer's engineer, regarding a new possible connection for the sanitary sewer on Butchershop Road and was requested to furnish record drawings. He stated that these were provided. Irene reported that the Warden escrow account was overdrawn and that she would send a letter requesting replenishment.

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. The Recording Secretary reported that this plan was denied at the PTS meeting on September 27, 2006 and that the developer was now revising it.

Petersburg Commons Water Meter Vault – The Engineer reported that he is holding the original contracts in his office as instructed, awaiting receipt of the ROW agreement. The Solicitor reported that the ROW agreement has been signed by one officer of Petersburg Commons and that he has been given a verbal go-ahead to start construction. The Engineer reported that G&R Charles, the contractor, is in the process of forwarding the shop drawings. Mr. Holman, Jr. asked if a copy of the ROW agreement was available for his review. The Solicitor stated that he would forward it to the Township office. Henry asked that he receive a copy of the agreement also.

The Inspector asked if the project was on schedule to meet the mandated November 1, 2006 deadline for construction. The Engineer stated that the deadline was included in the contract documents but added that he would be surprised if the deadline was met.

The Engineer reported that Tom Shaul of DEP had requested the specifications for the water meter vault so that DEP could issue a Minor Amendment to the Water Supply Permit, as Petersburg Commons would now be metered differently. Vice-Chairman Reidlinger requested that, when the revised Permit is received, Irene forward a copy to Duncannon Borough (Borough) so that they have one on file and know that the Authority was in contact with DEP.

Manhole 7.14, Butchershop Road – The Engineer reported that he and the Inspector made a site visit to Manhole 7.14 which has been exposed due to the high water level of the Little Juniata Creek and subsequent erosion of the creek bank. He presented pictures documenting that the manhole is not washed-out at this point and that it is still covered around its circumference. He recommended that it be inspected periodically and stated that, in the future, the Authority may wish to get a DEP permit for stream-bank stabilization.

Cove Mountain Development – Henry thanked the Engineer for the letter emphasizing that BH is not involved in the Penn 1155 project other than to prepare a traffic study.

Billing Clerk's Report

Roth Property Sheriff Sale – The Billing Clerk provided the Solicitor with the outstanding balance due on the Roth property for the Sheriff's Sale to be held on October 20, 2006.

Sgrignouli Property – The Billing Clerk pointed out that a grinder pump had been placed on Mr. Sgrignouli's unimproved lot by Doli, without his knowledge or approval. She explained that, where grinder pumps were placed on unimproved lots at the owner's request, an agreement was entered into specifying that the lot would be developed within one year or a reservation of capacity fee would be charge. She asked what action the Authority wished to take in this instance.

Irene reported that she wrote a letter to Mr. Sgrignouli asking if he wished to enter into the same agreement with the Authority and had received no response. Vice-Chairman Reidlinger offered his opinion that it would be difficult to charge Mr. Sgrignouli if he has not entered into an agreement indicating his intent to develop the property, and equated it to a situation where a house burns down. The Solicitor stated that he would provide his thoughts on the issue at the next meeting.

Prinz Property, 1023 State Road – The Billing Clerk noted that the Prinzes signed an agreement for their unimproved lot in 2004 and have since built a house on the lot. She asked what takes precedence, the agreement stating that they have one year to connect after sewer becomes available, or the sixty-day Notice to Connect. After discussion, it was the consensus to send a Notice to Connect to Mr. and Ms. Prinz.

Panera Car Sales, 1618 State Road – The Billing Clerk explained that this property was north of Norm's Tire, which was just connected to the sewer line, and asked if it was within the 150-foot distance required to connect. She stated that she was unsure if there were bathrooms planned for the structure but that the plumbing hookups were roughed in.. Vice-Chairman Reidlinger and the Inspector will measure the distance from the Norm's Tire point of connection to the Panera Car Sales.

Phase One and Two Connection Status - The Billing Clerk provided a spreadsheet containing information as to which property owners have obtained the necessary permits and made the connection to the sewer line and which have requested extensions.

Treasurer's Report See written Balance Sheet dated September 30, 2006.

The Treasurer noted that the Solicitor had provided her with the Sovereign Bank statement for September 30, 2006 shortly before the meeting, listing the amount of the escrow account as \$22,165.45. She reported that \$200,000 had been paid on the LOC at the Marysville Bank. 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 \$222,469.87 as follows: \$217,537.72 drawn on the First National Bank of Newport regular account, and \$4,932.15 drawn on the First National Bank of Newport

payroll account. After discussion, there was a Wright/Holman motion to approve the Accounts Payable. Motion passed by unanimous vote of the Authority.

Executive Session

At 8:40 p.m. the Authority entered into Executive Session to discuss legal matters. At 9:20 p.m. the Authority reconvened. There was a Wright/Holman motion to authorize the Engineer to contact the Borough engineer to discuss the actions that are necessary to remedy the Market Street sewer line problems. In addition, the Engineer was authorized to investigate pursuing joint grant money to fund the project. Motion passed by unanimous vote of the Authority.

Incoming Correspondence

A list of all incoming correspondence can be found on the October 2006 agenda.

Letter from Borough dated September 19, 2006 – It was noted that the Borough has denied the request to provide equipment and personnel to flush manholes at Petersburg Commons. The Inspector stated that he had Irene request proposals for line flushing and wet well cleaning. He reported that one response was received, from Jet Vac Services, with a quote of \$741 to flush 1,235 linear feet in Petersburg Commons and \$1,350 to clean three wet wells. After discussion, there was a Holman/Wright motion to award the bid to Jet Vac Services for a total cost of \$2,091. Motion passed by unanimous vote of the Authority. Irene stated that she would notify Jet Vac to perform the flushing. The Inspector requested that she ask for advance notice as to when Jet Vac could do the job.

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

New Title for Position of Treasurer – After discussion, there was a Wright/Holman motion that the title of the position offered to Susan Long be called Financial Accountant. Motion passed by unanimous vote of the Authority.

New Business

Letters For Request of Time Extension – Letters requesting extensions of the deadline for connecting properties to the sewer line were reviewed. Lee made a motion to grant 60-day extensions to the requests. Irene seconded the motion, on the basis that previous extensions had been for that time frame. Henry noted that several of the requests were for much longer amounts of time, with Irene offering her opinion that the owners could request an additional extension at the end of the 60-day period. The Inspector noted that the PTS had authorized the Authority to grant a total of only 180 days and the longer requests would fall outside of that time frame. Vice-Chairman Reidlinger then called for a vote to the motion. Motion passed by unanimous vote of the Authority.

Phase One Connections – Vice-Chairman Reidlinger noted a letter from the PTS, dated September 29, 2006, stating that the Authority was authorized to act as agent of the PTS for the enforcement of the Phase One connections. The Billing Clerk explained that Phase One owners who did not obtain a connection permit or request an extension within 60-days were sent reminder notices. These notices gave them an additional 30-days to contact the Township as to their schedule for connection and included a copy of the Connection Ordinance. At the end of that 30-day period the Township Solicitor sent the remaining property owners a letter informing them of the penalties for failure to comply with the ordinance.

A discussion was held concerning what action the Authority should take against the remaining Phase One property owners. After discussion, there was a Holman/Wright motion to authorize the Solicitor to send a letter to the remaining Phase One property owners, giving them fifteen days to respond to the Township office with their schedule for connection, after which Irene is authorized to file appropriate action with the District Judge. Motion passed by unanimous vote of the Authority.

JOAC Appointment – Mr. Holman, Jr. stated that he was the appointed by the PTS to be a member of the JOAC. He stated that he had reviewed the minutes of the Authority's reorganization meeting and noticed that no appointment was made for membership on the JOAC. He noted that, according to the Inter-municipal agreement, any member of the Authority can serve as member of the JOAC. He suggested that any member be allowed to attend the meetings as a representative of the Authority, ensuring that meetings would not have to be canceled if the designated member could not attend. Vice-Chairman Reidlinger asked if the Authority wished to appoint every member as a quasi-member of the JOAC and choose one to go to each meeting. The Solicitor agreed that continuity of meetings is very important, but noted that the Inter-municipal agreement states that a member has to be selected. He recommended that the Authority appoint one person as the JOAC member and appoint the rest of the Authority as alternates in case the appointed member can not attend. Lee questioned if the JOAC meetings would still be open to any Authority member who wished to attend. The Solicitor responded that anyone could attend as a guest, but not in the position as JOAC member, unless the Inter-municipal agreement is changed. After discussion, there was a Wright/Graybill motion to appoint Lee Wright as member of the JOAC, with the remainder of the members appointed as alternates. Motion passed by unanimous vote of the Authority. Irene will notify the Borough that Lee is the point of contact for all future JOAC meetings.

PA One Call Notification – After discussion, there was a Holman/Wright motion to appoint Sam Auxt as the Township and Authority responder to PA One Calls, contingent on PTS approval. Motion passed by unanimous vote of the Authority.

Marysville Bank LOC - Vice-Chairman Reidlinger explained that Irene and he met with representatives of the Marysville bank on two separate occasions. He stated that the bank representatives explained that it would be beneficial for the Authority to consolidate all accounts in one bank, instead of the different banks currently in use. He noted the benefits of the ease of tracking the accounts and the higher rate of interest that would be earned on deposits, and lower rate of interest on loans. He explained that Marysville offers a new business account whereby the funds are withdrawn from each account overnight, invested and then replaced the next morning with interest. Interest would be compounded on a daily basis. He noted that accounts are only insured by the FDIC up to \$200,000 and that several accounts would have to be maintained. Vice-Chairman Reidlinger reported that Marysville would continue to offer 4% interest on the deposits and would charge 3.90% on loans.

Mr. Holman, Jr. noted that the balance sheet presented earlier in the evening listed the outstanding amount due on the LOC as \$350,803.41 whereby the information provided by the bank listed the outstanding amount as \$451,391.06 and questioned the discrepancy. He then asked whether the Authority had enough money to pay off or reduce significantly the balance of the LOC when it comes due on October 15, 2006, offering that any reduction in interest paid to Marysville bank is a savings to the ratepayers. Irene responded that, according to the balance sheet, the cash assets are \$635,216.75. Lee noted that the financial report prepared by Mark Derr indicated that there would not be enough assets available. The Authority would need to borrow \$150,000 and use the monthly installments of the tapping fees to pay off that loan.

Mr. Holman, Jr. reiterated his opinion that the LOC should be paid down as much as possible to save the ratepayers added expense. The Solicitor stated that, in the event the Authority could not pay off the

loan, the bank was willing to finance a stand-alone loan to pay-off the current loan and relieve the Township of its guarantee.

Irene stated that the interest rates quoted by the bank were given based on the amount of money it thought the Authority would be depositing. She offered her concern that those interest rates might not be valid if less money is deposited because it is being used to pay off the loan. Mr. Holman countered that interest is being earned on borrowed money that must eventually be paid back. He said he had a hard time understanding how the Authority would be better off by taking the borrowed money and earning interest with it than it would be by paying off the loan and not having to pay interest on the borrowed money.

Vice-Chairman Reidlinger noted that people borrow money from one bank and deposit it into another bank with higher interest all the time. Mr. Holman, Jr. argued that the money must still be paid back at some time. Vice-Chairman Reidlinger countered that it is done as a way to make money, by earning more interest than is being paid out.

Lee asked if it was possible for a representative of the bank to meet with the Authority to discuss whether the interest on loans is compounded in the same manner as the interest on deposits. Irene stated that the bank was going to verify that the Authority would only be charged interest on a six-month basis and that the Authority could make payments on the principal. Mr. Holman, Jr. asked about the schedule of loan payments and Irene responded that the bank had not yet provided one.

The Solicitor suggested that the Authority come up with a pay-down amount it feels comfortable with and added that, if it is decided to pay off the LOC, another LOC be established in case the Authority has cash flow problem in the future. He stated that it appeared that, if the LOC is paid off, the amount of money being deposited would be significantly less than discussed with the bank, which might change the dynamics of the interest rates.

Vice-Chairman Reidlinger asked Mr. Holman, Jr. for his suggestion. Mr. Holman, Jr. responded that the Authority should put as much as possible against the LOC without jeopardizing itself financially. He stated that 4.0% interest earned compared to 3.9% interest paid is not worth consideration. He offered that every cent paid on interest is money taken away from the ratepayers and hinders the reduction of sewer rates, which should be the goal of the Authority.

After discussion, it was decided that a meeting for further discussion will be held on October 12, 2006 at 7:00 p.m. Irene will advertise the meeting in the Duncannon Record. Vice-Chairman Reidlinger volunteered to meet with the bank representative before the meeting to find out the amount of interest they will pay on deposits, the amount of interest charged for loans, and how long they would guarantee those rates. He and Irene will also obtain amortization schedules for the \$450,000 owed and with an additional \$200,000 paid on the LOC. They will also talk to representatives at the 1st National Bank of Newport about services they can provide to the Authority.

Exploratory Excavation for Water Meter Vault – Henry asked if the Authority ever received a bill for the excavation work done on the water meter vault at Petersburg Commons. Irene responded that Mr. Deimler has not presented a bill. Henry stated that he would like a bill so that he can track the costs of the project. Irene was directed to ask Mr. Deimler to forward a bill to the Authority.

Adjournment

With all business completed, a Holman/Wright motion for adjournment was made at 10:50 p.m. Motion passed by unanimous vote of the Authority.

Submitted by Susan E. Long
Recording Secretary