

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

April 30, 2015

The Penn Township Municipal Authority (Authority) met on Thursday, April 30, 2015 in the Penn Township Municipal Building. Chairman Henry Holman, III, called the meeting to order at 7:00 p.m. He led the group in the recitation of the *Pledge of Allegiance* and a moment of silence, and announced that the meeting was being recorded to aid in the preparation of the minutes.

Authority members present:

Henry Holman, III, Chairman  
Jim Kocher, Vice-Chairman  
Elmer Knaub, Secretary  
Sam Auxt, Asst. Secretary  
CeCe Novinger, Asst. Treasurer

Professional staff present:

Randy Bailey, P.E., Wm. F. Hill Associates

Authority staff present:

Ed Chism, Operator of Plants  
Susan Long, Treasurer, Recording Secretary

Visitors present:

Henry Holman, Jr.  
Roxanne Holman  
Jeanine Holman  
Bob Johnson

**Purpose**

This was an advertised meeting to discuss the results of the bids received for the Sunshine Hill water system upgrade.

**Visitors**

Henry, Holman, Jr., Chairman of the Penn Township Supervisors (PTS)

Mr. Holman was present to thank the Authority members for recognizing the importance of upgrading the water system on Sunshine Hill and for all their diligent work to accomplish it. He offered the full backing of the PTS for any necessary financial guarantees if the Authority needed to finance the project. He also thanked the Authority for its willingness to share expenses with Duncannon Borough to upgrade the Market Street sewer line.

## Sunshine Hill Water System Upgrade Project

Engineer Randy Bailey reported that the Authority had received five bids for the construction part of the project. The lowest bid was submitted by Pumping Solutions, Inc. in the amount of \$1,440,228.53. The Authority received two bids for the electrical part of the project. The lowest bid was submitted by Hickes Associates, Inc. in the amount of \$159,768.00. The total of the bids was \$1,599,996.53. This total was about \$500,000.00 higher than anticipated.

The Engineer reported that the three lowest bids for the construction phase were within \$34,000.00 of each other, which is reasonable.

The Engineer reported that SEDA-COG had reviewed the bids and found that they would be acceptable for the Community Development Block Grant (CDBG) funding. This funding requires that the project be substantially completed by December 31<sup>st</sup>. Restoration work, however, can be completed in the spring of 2016.

Discussion was now held on what could be done to lower the construction costs of the project without impacting its purpose of providing a means of water storage and better water quality. Four main components were discussed.

### Elimination of the spur line, gate valves, and boxes.

In this scenario the line from Eisenhower Boulevard to Butchershop Road would still be installed, but the spur line to the private road would be eliminated. This would save four hundred eighty feet of 8" ductile iron, at a savings of \$103.75 per linear foot. It would eliminate fifteen 8" gate valves and valve boxes at a savings of \$1,400.00. It would eliminate one fire hydrant assembly at a savings of \$6,000.00. The estimated savings would be \$65,000.00.

Chairman Holman countered that the Authority would save 33% on future costs if it would keep these items in the current project. After discussion, there was a Kocher/Auxt motion to eliminate the spur line and the gate valves and boxes. The motion passed unanimously.

### Elimination of pressure reducing valves.

In this scenario, the two distribution system pressure reducing valves (PRV) chambers would not be eliminated, but twenty residential PRVs would be eliminated, at a savings of \$11,000.00. After discussion, there was a Novinger/Kocher motion to eliminate the twenty residential PVRs. The motion passed unanimously.

### Elimination of the emergency generator.

In this scenario, the emergency generator and concrete pad would be eliminated, at a savings of \$31,000.00. Discussion was held on the fact that the Authority had previously installed a manual transfer switch for a portable generator, which could be used. However, the present generator's use is allocated between the Authority and the Township. Additionally, Keystone Pump and Power provides emergency generators for contracted customers within an hour or two of a power outage. It was noted that DEP likes to see an on-site back-up power source.

After discussion on the pros and cons, there was a Knaub/Auxt motion to retain the generator as part of the construction contract. The motion passed unanimously.

### Elimination of bathroom accessories.

In this scenario, the bathroom in the water treatment facilities building would be modified. Since there is a slop sink in the building, the vanity and sink would be eliminated. The door and wall to the toilet would be eliminated and a partition would be used for a privacy screen. This would result in a savings of approximately \$2,000.00. Upon a Novinger/Kocher motion, the Authority voted unanimously to approve the above-mentioned modifications.

The Authority had received competitive grant funding from the Department of Community and Economic Development (DCED) in the approximate amount of \$900,000.00. This funding was given to the Authority predicated upon the premise that Pfautz Apartment (Pfautz) would inter-connect to the water system. With the possibility that Pfautz is no longer going to inter-connect, that funding is in jeopardy. To complete the project, the Authority will have to borrow money from either Pennvest or a local bank. In the meantime, the Engineer was directed to contact SEDA-COG to get a determination if the competitive grant funding is contingent upon Pfautz inter-connection.

The Pennvest application is due by 5:00 p.m. on May 13<sup>th</sup>. The interest rate was estimated to be 1% for twenty years. The estimated cost for borrowing \$700,000.00 is \$3,220.00 per month, for principal and interest. The settlement costs for a Pennvest loan could run as high as \$40,000.00. The Authority would need to obtain a Letter of No Prejudice from DEP so that it could begin construction while waiting for a Pennvest loan to be finalized. The Authority can not incur any construction costs before obtaining the loan unless it obtains the Letter of No Prejudice.

Jim and Elmer have contacted area banks about borrowing the needed shortfall. Member's 1<sup>st</sup> Credit Union stated that the Authority would need to put up \$750,000.00 of real estate for collateral, so it was no longer considered. There was no response from PNC. Marysville Bank gave a tentative interest rate estimate of 3-3.5% for \$600,000.00 and would respond to the Authority by Friday, May 1<sup>st</sup>.

#### Pfautz Inter-connection

In order for Pfautz to know what financial costs it would incur to inter-connect, the Authority discussed the bulk rate charge. Based on Pfautz's current daily water usage of 23,000 gpd and the Authority's rate and tier structure, the estimated cost per quarter would be \$11,500.00.

After discussion, and upon a Knaub/Kocher motion, the Authority voted to give a 25% bulk water discount for twenty years, in exchange for Pfautz constructing and maintaining the water infrastructure on its property. After twenty years, the discount would be at the bulk water discount rate in effect at that time. Motion passed with Chairman Holman abstaining due to a conflict of interest.

#### Letter of No Prejudice

Upon an Auxt/Novinger motion, the Authority voted unanimously to authorize the appropriate officials to execute and sign the Letter of No Prejudice to DEP, and the Pennvest application.

#### Perry County Beer

Sam asked what still needed to be done before Perry County Beer could be sent a Notice to Connect. The Engineer responded that the infrastructure is in place, but the question to be answered is how far the Authority wants to extend an easement through the property. No action was taken.

#### **Adjournment**

With all business completed, an Auxt/Novinger motion for adjournment was made at 10:10 p.m. Motion passed by unanimous vote.

Susan E. Long  
Recording Secretary