

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

May 6, 2015

The Penn Township Municipal Authority (Authority) met on Wednesday, May 6, 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:

Dennis J. Shatto, Solicitor
Randy Bailey, P.E., Wm. F. Hill Associates

Authority staff present:

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

Visitors present:

Bob Shaffer
Bob Johnson

Minutes

Upon an Auxt/Kocher motion, the Authority voted unanimously to approve the April 1, 2015 minutes as presented.

Engineer Report See written report dated May 6, 2015

Mike Ward Sewer Plan

Engineer Randy Bailey reported that the plan submittal received from Mr. Ward on March 4th did not follow the requirements of the *Developer's Specifications*. The Engineer contacted Mr. Ward on March 5th and told him that the submittal will not be accepted for review and told him what he must do to correct the submittal. As of tonight, the Engineer has not received any further communication from Mr. Ward.

Mr. Ward had been billed \$600.00 for Ready-to-Serve (RTS) charges for April. This has not been paid. It was the consensus to bill him another \$600.00 for RTS charges for May.

Upon an Auxt/Novinger motion, Solicitor Dennis Shatto was directed to send a letter to DEP and the Penn Township Supervisors, requesting that Mr. Ward's property be shut down until he complies with the mandate to connect the property to the sanitary sewer.

Flow Analysis Report for 2014

Discussion was held on the Flow Analysis Report for 2014, which includes flows from Penn Township into the Duncannon Borough's wastewater treat plant (WWTP), and flows into the Cove and Kinkora WWTPs. Engineer Randy Bailey had presented this Report for approval at the April 1st meeting. At that time he reported that the wastewater flows for the Kinkora Nursing Home (Kinkora) had increased, and recommended that Kinkora be billed monthly for 87 EDUs, up from 75 EDUs. Because of the increase, he was requested to research what impact the increased flow has on the capacity in the Kinkora WWTP.

Tonight he reported that, based on the flows for the past three years, there are approximately eleven EDUs remaining, ten of which have been purchased by Rock Morrison. Adding in the "buffer", the WWTP is at 87% capacity.

Operator Ed Chism reported that Tri-Star had performed its yearly calibration of the Kinkora wastewater flow meter earlier that day. That calibration revealed that the meter was faulty and was recording more flow than was actually produced. He requested that the Authority hold off on any further discussion until he could compare and review the water usage readings with the wastewater flow readings.

The Engineer had also recommended that Susquenita School District be billed for 66 EDUs, up from 63 EDUs. Ed offered that he thought that Susquenita's flow had dropped considerably. He is going to review the wastewater flow information that was given to the Engineer, to make sure it was accurate.

Catholic Diocese Property, Hoffman Road

The Engineer reported that he had received a call from the realtor for the Diocese's property on Hoffman Road, asking if capacity is available in the transmission lines and Duncannon Borough (Borough) WWTP. Ed reported that he had also received a call asking about the closest connection point and its distance to the Diocese's property. He told the caller where the connection points on both Butchershop and Creek Roads were located. Chairman Holman offered that connecting on Butchershop Road would give the Diocese the most capacity, and be the most economical. The Engineer stated he had requested that the realtor send the Authority a written letter of intent. The Engineer also informed him that it might be necessary to establish an escrow account for detailed information.

Sunshine Hill Water System Upgrade Project

The Engineer 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 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 1st. Restoration work, however, can be completed in the spring of 2016.

On Monday, May 4th, a telephone conference call was held with representatives from SEDA-COG, Pennvest, and DEP, along with Authority members Jim Kocher and Elmer Knaub, and the Engineer and Operator. The purpose of the call was to discuss obtaining a Pennvest loan for the difference between the cost of the project and the total monies available from CDBG grants and Authority contributions – approximately \$600,000.00.

The following information was learned during this call. In order to receive a Pennvest grant, the Authority's water rates would need to be \$100.00 per month per customer. If the Authority qualifies for a Pennvest loan, there is a two-tier interest structure. During years one to five, the interest rate would be

1.601%; during years six to twenty the rate would be 2.108%. The application for the loan is due by 5:00 p.m. on May 13th. While an environmental review was done for the CDBG funding, there is uncertainty whether it would be acceptable to DEP and whether a new one would be required. The settlement costs for a Pennvest loan would be between \$30,000.00 and \$40,000.00. A Letter of No Prejudice is needed from DEP before construction can be started; however, DEP would not issue such a letter until the environmental review issue is resolved. To obtain a Pennvest loan, the project might have to be re-bid to give time for Disadvantaged Business Enterprises to be able to submit a bid. If a Pennvest loan is received, interim funding can only be used for five years.

Jim and Elmer have also talked to local financial institutions about borrowing \$600,000.00. Marysville Bank gave an interest rate of 2.12% for twenty four months and 2.28% for forty eight months. After forty eight months, the rate becomes variable and is based at 85% of the prime rate and would be amortized over the life of the loan, up to twenty years. PNC will only make loans for ten years. Its rate is 2.7% - 2.9% for twenty four months, and 1.95% for forty eight months.

The Authority had been awarded state grant funding of approximately \$750,000.00. The original application was predicated on the possibility that Pfautz Apartments (Pfautz) might purchase bulk water from the Authority. However, SEDA-COG changed the terms of the application that Pfautz will connect and purchase bulk water. It is the Authority's opinion that SEDA-COG changed the wording to make it more likely that funding would be approved. The Authority did not notice the wording change until the application for the grant was approved. As of this evening, Pfautz has still not decided whether or not to connect. It is the Engineer's understanding, after a discussion with SEDA-COG, that grant funding will not be provided if Pfautz does not connect.

The Authority has received two CDBG grants from the Perry County Commissioners in the amount of \$199,610.00. It also has \$200,000.00 it can contribute to the project. Discussion now turned to the issue of funding the project with those monies and money borrowed from local financial institutions. The Authority reviewed the bid results and came up with an approximate total of \$764,000 to construct a 150,000-gallon water storage tank and a water treatment facilities building. It would additionally need approximately \$160,000.00 for the electrical work for the project.

After lengthy discussion, there was an Auxt/Kocher motion to reject all bids, and to rebid the project to include only the water storage tank and the facilities building. Motion passed unanimously. The Engineer will notify SEDA-COG that the Authority will not be accepting the \$750,000.00 state grant and explain that the Authority can not do the project without Pfautz's purchase of bulk water. He will also notify the lowest bidding contractor for the construction and electrical phases of the project that the Authority is not awarding any bids.

Operator Report

The Discharge Monitoring Reports for March 2015 were circulated for members' review. Members were asked to contact Ed at any time with questions about the reports or operation of the WWTPs and water system.

Flow Meter Calibration

Ed reported that Tri-Star performed its annual calibration of the Authority's flow meters. As he had reported earlier, a problem was discovered with the Kinkora flow meter, which was fixed.

Field Representative Report See Summary Report for April 2015

Field Representative Sam Auxt had been asked to research the availability of water meters with back flow preventers built into them. He reported that L/B Water stated that such a meter is not on the market. Sam reported that he opened the low-pressure curb valve that services the new Cove Farm Market and tested the grinder pump to make sure it was operational.

Sam reported that Susquehanna Sprinklers had performed the annual back flow test at the Petersburg Commons water meter on April 30th.

Master Meter Report

The Master Meter report was circulated among the members with the comment that there were no unusual readings.

Penn Township Supervisor (PTS) Report

Chairman Holman reported that he has been attending the PTS meetings and updating the Supervisors on Authority matters. He stated that the Supervisors are supportive of the Authority in its efforts to upgrade the water system.

Solicitor Report There was no written report.

The Solicitor noted that Larry Miller has requested the Authority to waive all penalties on the property at 206 Railroad Street in exchange for immediate payment of the charges though August 1, 2014 in the amount of \$1,080.00. After review of the delinquencies, there is a balance of \$180.00 due for the past three months. Upon a Holman/Novinger motion, the Authority voted unanimously to grant Mr. Miller's request, contingent upon the following. Within thirty days, Mr. Miller must pay \$1,260.00. If payment is received within that time frame, the penalties will be waived. The Solicitor will write Mr. Miller a letter informing him of the Authority's decisions.

1109 State Road

The Solicitor reported that the owner of 1109 State Road has filed for Chapter 7 bankruptcy, and is planning to abandon the property back to PNC. Before further action is taken, a run-time meter will be attached to the grinder pump to see if it is operational.

100 Railroad Street

The Solicitor reported that the hearing for this property has been delayed. He is waiting for announcement of a new date for the hearing from Judge Mumma.

Treasurer Report

Delinquent Accounts

The list of accounts delinquent as of April 30, 2015 was reviewed. Water delinquencies total \$15,257.37. Sewer delinquencies total \$74,100.06. The Solicitor is starting the process of Sheriff's Sale on a number of these properties. The Authority will continue to follow its procedure for filings with the District Judge and the Perry County Prothonotary.

Treasurer Report

Invoices and Expenditures

After review, there was a Novinger/Kocher motion to approve payment of the April 30, 2015 invoices totaling \$97,724.37. Motion passed.

Financial Report

After review, there was a Kocher/Novinger motion to approve the Financial Report for April 2015, subject to audit. Motion passed by unanimous vote of the Authority. The April 30th balance of all accounts was \$381,187.13. However, \$7,808.67 is earmarked for escrows, and \$222,481.45 is earmarked for future projects. \$150,897.01 is available for capital projects – major expenses for

equipment failures and replacement of infrastructure. Money necessary for operating expenses will be taken from the capital projects fund.

Executive Secretary Report

There was no report.

JOAC Meeting

The JOAC meeting will be held on Monday, May 11th, at 6:30 p.m. at the Duncannon Borough Office. Susan will call the Borough and let them know that the Authority will be meeting separately after the JOAC meeting.

Old Business

Old Business items were discussed earlier in the meeting, with the exception of the following.
Public Meeting for Sunshine Hill Water Customers

A public meeting will be held to advise the Sunshine Hill water customers of the summer construction to build a new treatment facilities building and water storage tank, and to replace water lines. This meeting will be held before construction begins, at a date and time to be determined later.

Perry County Beer Connection

Sam asked if Perry County Beer can be issued a connection notice. Chairman Holman will call the Engineer and see if a Notice to Connect can be issued to the property owner. This will be further discussed on May 11th after the JOAC meeting.

New Business

New Business items were discussed earlier in the meeting, with the exception of the following.
1032 State Road

The new owners of the property at 1032 State Road had contacted the office with several questions concerning property improvements. It was the consensus that, since the Perdix sewer project is complete, the owners would have to pay the \$3,500.00 tapping fee and \$3,700.00 for the grinder pump and control box.

Adjournment

With all business completed, a Kocher/Auxt motion for adjournment was made at 9:40 p.m. Motion passed by unanimous vote.

Susan E. Long
Recording Secretary