

PENN TOWNSHIP BOARD OF SUPERVISORS
100 Municipal Building Road
Duncannon, PA 17020-1100

Henry A. Holman, Jr., Chairman

Charles H. Stoner, Vice Chairman

Robert E. Shaffer, Sr., Supervisor

MINUTES OF MARCH 3, 2007

JOAC Meeting

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On March 3, 2007 the Penn Township Supervisors (PTS) and the Penn Township Municipal Authority (PTMA) met with the Duncannon Municipal Authority (DMA), and Duncannon Borough (Borough) Council in the Borough office. John Myers called the meeting to order at 9:00 a.m.

In Attendance:

- Henry Holman, Jr., PTS
- Chuck Stoner, PTS
- Henry Holman, III, PTMA
- Irene Graybill, PTMA
- Lee Wright, PTMA
- Elmer Knaub, PTMA
- Terry Brackbill, DMA
- John Myers, DMA
- Dennis Lowe, DMA
- Wes McKensie, DMA
- Fred Lauster, Borough Council
- Duane Hammaker, Borough Council
- Mike Bomberger, Borough Council
- Craig Nace, Borough Mayor
- Susan Long, Recording Secretary

Introduction

John opened the meeting with the following comments.
This was a special meeting of the DMA called for the purpose of discussing sewer issues, with Borough Council, the Authority, and the PTS.
The meetings were advertised for the purpose of discussing sewer issues.
The PTMA agreed at its 2/15/07 meeting to meet with the PTS, DMA and Borough Council.
It was agreed at that time that the chairman of the DMA would chair the meeting.
DMA will take no action at this meeting. The PTMA, PTS and Borough Council did not advertise to take any action at the meeting. It was agreed that no solicitors or engineers would be present and all parties would take the issues back to their boards for possible action.
John hoped this would be the start for resolution of present and future sewer issues and the large legal costs of both municipalities will stop.

History of the Borough Sewer System

John read a prepared statement about the history of the Borough sewer system. The statement is interspersed with comments from the various individuals in attendance.
The DMA was formed in 1956 and the wastewater treatment plant (plant) was built in 1960.
By the mid-1980's, the Borough was told that it was necessary to upgrade the plant. Sewer rates were then \$10/month and the upgrade caused a rate increase to \$14/month.
DEP told the Township it would need a plant for Sunshine Hill and Lower Duncannon.
The Borough and PTMA signed the present inter-municipal agreement (IA) in 1989 to build a 500,000 gpd plant, to be financed through a 20-yr Pennvest loan. The IA called for PTMA to purchase 46.25% of capacity in the plant. The Borough's percentage in the plant was about 150 gpd above the actual sewage rate, not counting I&I.

During construction of the new plant, it was decided to upgrade the plant to 750,000 gpd. It is not clear if PTMA was involved in the upgrade.

When the plant was completed, Pennvest notified the Borough that its monthly payment would be \$26,500. The PTMA payment with 46.25% of the capacity would be \$12,256 per month.

PTMA recently asked if its capacity was increased after the plant was upgraded. It is not clear what took place when the plant was upgraded, but appears the PTMA only wanted capacity based on a 500,000-gpd plant.

PTMA now only had 32.43% of the capacity in and payments on the plant.

The Borough now had a capacity of five times its actual sewer flow. Its rates went to \$33+ per month due to the upgrade.

Borough sewer rates today, based on 150 gpd, are just shy of \$60/month.

In the IA, PTMA agreed to purchase capacity in the system. The shared lines were broken into 20 sections. Based on PTMA projected flows, it purchased 1% in one section and up to 74.2% in another section. It paid the Borough \$42,080 for approximately 2 miles of system.

PTMA had 8 points of connection (POC). The IA required that all sewage had to enter the collection system through one of these POCs, based on the capacity purchased in that part of the shared lines. The Borough allowed three more POCs, for a total of 11.

Before the IA, the Township approved 28 connections to Borough system, most on Lincoln Street, and some in the area of the Township building. None of these customers connected at a POC and some were not even connected to a shared line. In 1992, the new plant went on-line. PTMA stated that those 28 customers were theirs. The Borough refused to give them up because they weren't connected to an agreed POC. The 1989 IA did not call for a transfer of the customers.

In June 1993, PTMA filed a complaint with the PUC claiming that the Borough was operating a sewer system outside its jurisdiction, requiring a PUC tariff. PTMA began to withhold some of its payments for the plant. The Borough had to make up the difference for over five years to make its Pennvest payments on the plant. Commonwealth Court ruled in favor of the Borough and subsequent appeals by PTMA were not upheld.

About one year into this issue, to cut legal costs, the Borough offered to give the PTMA part of the customers. Both parties hired legal firms to settle the issues.

In 2005, a PTMA memo regarding water settlement and sewer, listed the following benefit – "Eliminate a source of annoyance to the PTMA as well as the PTS regarding a previously determined judicial verdict." The Court settled this case in 1998, why can't some members of PTMA accept that?

In the mid -1990's, PTMA approved Business Campus One (BCO) and Petersburg Commons to connect to the sewer system. Both, when fully built, will exceed the PTMA's purchased capacity at POCs. In June 2003 and 2004, PTMA requested the cost of additional capacity for BCO. As per the IA, the Borough engineer needed to research flow and capacity in the shared lines and the costs would need to be paid for by the PTMA. The Borough requested an escrow account to cover these costs, due to past history of withholding payments. PTMA did not respond to the request.

In September 2005 the Borough put PTMA on notice about exceeding capacity. In late 2005, before a PTMA meeting, a PTMA member stated that Petersburg Commons Inc. had asked if they could build 2 more units. Another member responded that they did not want to talk about it at this time, and it was not discussed at the meeting.

It appears that PTMA has recently signed an agreement with Petersburg Commons, Inc. assuring Petersburg Commons of the immediate availability of public sewer for the remaining 26 connections in Petersburg Commons. With those connections, PTMA will be over-capacity at that POC.

History shows it was no surprise to the Borough that PTMA did not respond to the request for the escrow account or to the 2005 letter. That letter stated that, if PTMA approved those connections, without following the terms of the IA, the Borough would oppose the plan within the legal limits of the law.

Lee asked questions about capacity in the plant. He asked for the percentage of PTMA capacity for the time the plant design was 500,000 gpd and was told it was 46.25%, or 240,000gpd. He asked if, when the plant was upgraded to 750,000 gpd, the PTMA capacity dropped to 32.43%. John responded that 32.43% represented 240,000 gpd. He said the PTMA did not want any increase in capacity at that time. The PTMA is billed \$8,800 monthly, based on the 32.43% capacity. Lee noted that there are also additional bills for variables.

Henry III asked if there was a timeframe for when the 28 customers were connected. John stated that it happened before the IA was signed. Mike noted that they were connected in the 1960's with the original plant. John then stated that several homes were on Lincoln Street, several at the trailer park, and several on Carver's Hill, all in a hit and miss pattern. When those residents developed septic problems they asked the Township if they could connect to the Borough's system.

Irene explained that the payment was withheld in 1993 because the PTMA was trying to get five homes on Sunshine Hill connected to Lincoln Street and could not get a POC. A portion of the payment was put into escrow. When a POC was granted, the Borough was paid the money owed it. Duane questioned the premise of holding back payment. Irene stated she did not know because she was not an authority on legal matters.

Mike asked when the higher rates went into effect for the Borough. John said that the rates were \$10 when the plant was completed, jumped to \$14 around 1992, and escalated rapidly after that.

Lee asked if the upgrade to the plant was physical. Irene noted that the old plant was demolished. John replied that the plant was changed in the way it treated the effluent and was re-permitted.

Mike said that the original plant could have been upgraded, but when the PTMA wanted to expand to pull in surrounding areas, a new plant was needed.

Irene said that when the Borough had to build a new plant, and the Township had to include Sunshine Hill and lower Duncannon, the Township did not have a plant anywhere. For the Township to build a plant would have been very expensive. It was agreed with DEP and the Borough that the Township would go into the Borough's plant because the size the Borough was making it would have been too expensive for their customers. By bringing the Township into it, the Township would pay a certain percentage for a certain number of years. It would help the Township in so far as it would have a plant. It would help the Borough in so far as it would cut its customer rates.

Dennis recalled that the Borough did not want to bring in the Township because it was satisfied with its plant and DEP basically ordered the Borough to expand the plant to include what could be fed from the Township through gravity feed. Irene stressed that the DEP ordered it and the Township didn't have a choice.

John commented that all plants have I&I problems. The plant's yearly average flow is well over 300,000 gpd. Several years ago the plant hit a high of over 600,000 gpd. Based on water consumption, and with no I&I, he said the flow rate should be 200,000 gpd.

In 2005, the PTMA had over 35% of the customers using the plant but paid only 10% of the treatment costs.

Lee questioned that comment about 10% of the treatment costs. He said PTMA gets a quarterly bill and he thought part of it was based on 32.43% of variables so where does the 10% come in. John said it was sludge removal and expendable items. Some items PTMA pays 32.43% on and others PTMA only pays 10% on, but PTMA has 35% of the customers. Irene questioned that percentage. John said it was over 35%. He said the PTMA sends 486 EDUs to the plant and the Borough send 750 EDUs. Irene asked what percentage the Borough has and was told 65%.

John commented that percentage is based on flows recorded at three meters. Records show that, until last year, the meters only worked part of the time. PTMA claims there is no I&I in the system but the Borough knows of several damaged PTMA manholes before unmetered connections that allow water into the system every time it rains. They have been recently repaired.

Based on meter readings per the 1989 IA, PTMA states that 1 EDU equals 150 gpd. In 2005, the Borough placed a portable meter in most of the unmetered POCs for one week. At one POC there was a reading of 521 gpd per EDU on Sunshine Hill. Irene said that she had asked John why he did not come to the PTMA immediately and inform it of the high readings. John stated that, on a subsequent visit, the reading was down to 390 gpd per EDU. Some of the other POCs also showed a much higher reading than 150 gpd per EDU.

The PTMA only reads the three metered POCs to figure the EDU rate. If there is I&I in another portion of the system, the Borough gets caught with the treatment costs. Any I&I in the system, whether a shared line or not, the Borough pays the treatment costs. That's where the 10% comes in.

The flow taken from the three meters is divided into the total flow of the plant. Lee said he thought there were some other calculations that entered into it. John said that the Borough pays for all I&I, no matter the source.

Mike questioned if the PTMA is being billed on the basis of what comes through the three meters. John said that an average is taken from the three meters and added into the ones that are unmetered. Mike said, if you are charging for 150 gallons per EDU and realistically are taking in 300 gallons per EDU, you are only getting paid for one half of what you are treating.

John noted that 284 EDUs out of 486 EDUs from Penn Township are metered. Dennis asked if it was because it is impossible to put a meter in some locations. John said a meter can be put anywhere. Dennis said he thought there were problems without a minimum flow. John said the Borough continued to move the portable meter around and was surprised that some POCs were right at 150 gpd and some skyrocketed above that amount.

Lee asked what the Borough calculated an EDU to be. John said it is hard to calculate when it is paying for all the I&I or overflow coming into the system. He noted Mutzabaugh's should be calculated at 10 more EDUs per year. The Borough has been getting that additional flow through unmetered connections for many years and is only getting paid for 15 EDUs, not 25.

Henry Jr. asked if a Borough customer's sewer bill is determined by water usage and John said it was. Mike said that if you wash your car or fill your pool you pay sewage based on that usage.

Lee asked, when the engineer figured flow, didn't he use the calculation from the three metered areas and also a percentage of the flow of the unmetered areas. John said he would get into that later.

In the late 1990's, DEP told the Borough to do something about its I&I. The Borough engineer recommended replacing 3,300 feet of the Water Street line from Clark Street to the plant. The Water Street line is the lowest line in the system and comprises four of the twenty sections in which capacity was purchased by PTMA.

PTMA minutes of the late 1990's show that Borough representatives were at several meetings to discuss the Water Street project.

PTMA was put on notice that the project had to happen but did not want to discuss the project at that time.

DEP kept telling the Borough that it had to do something to correct the I&I. The Borough responded by getting bids on main replacement and line laterals. The cost of the main exceeded \$500,000 and the cost of laterals was \$200,000.

The Borough received a Pennvest loan for the main in excess of \$600,000 and a loan from the bank for the laterals. PTMA's share of the cost was based on its 41.5% purchased capacity and was over \$250,000.

Construction on the project was completed in 2002. The Borough paid interest until 2004 when Pennvest finalized the loan.

The Borough told PTMA at JOAC meetings that it would be receiving a bill for the project. The first bill was sent in mid-2004 for around \$14,000. PTMA was informed that its monthly payment would be over \$700 per month for 30 years.

PTMA claimed the fault was I&I in the Borough so the Borough had to pay the cost to replace the shared line.

In April 2004, an HRG flow analysis report stated that PTMA is responsible for its pro-rated share of the cost of shared lines in the Borough.

PTMA then claimed it was not told about the project and would not pay.

PTMA then requested more information about the project, which was provided.

PTMA then claimed the percentage should be based on flows.

In March 2005, the Borough filed a petition for the appointment of a board of arbitrators in Perry County court to settle this dispute, as per 1989 IA. The Borough felt that arbitration was the way to settle the dispute, and end legal fees so that both sides could move forward.

The PTMA lawyer told the Court the dispute was not right for arbitration because it had not been discussed at a JOAC meeting and the Borough had not supplied any information. Borough did discuss this at JOAC meetings and did supply the requested information.

Perry County Court ruled in favor of the Borough and appointed an arbitration panel. PTMA appealed the County Court ruling to Commonwealth Court. Commonwealth court refused the request.

PTMA appealed to Commonwealth Court a second time and again the Court refused the request.

PTMA has now appealed the case to the PA Supreme Court. Arbitration has been set for June 21-22 unless the Supreme Court rules against the County Court.

Why is the PTMA lawyer willing to move forward with arbitration when it has an appeal filed with the PA Supreme court?

The PTMA lawyer wrote to the arbitration board chairman asking that the date of arbitration be changed because two of his witnesses could not be available on June 21-22. John asked how many PTMA members know who those witnesses are, without naming them?

Irene said that the Borough's attorney, Linus Fenicle, was in agreement with a change in the date of the arbitration and noted that the date could be earlier. She asked John if he knew who the Borough attorney's witnesses are. John said he did.

Since March 2005, the PTMA has paid large legal fees to stop arbitration. How much more will the arbitration cost the PTMA and the Borough at the rate it is going? A review of records shows that, if this case gets based on a percentage of flows, PTMA will have to pay more than 41% of the cost to repair the Water Street line. If the case goes to a percentage of flows, it will go on for over two years and the Borough and PTMA will continue to pay large legal fees. Both will have to raise user rates. How much is the PTMA willing to pay lawyers and engineers to keep this battle going?

Lee said he wanted to understand what John meant when he said that four of twenty sections were PTMA's responsibility. John explained that there is a map that breaks the system down into sections. Mike said there were twenty sections within the Borough that the PTMA purchased capacity in. John said four of the sections involved Water Street.

Henry III said that POC capacity is not the only issue between the municipalities, line capacity is also involved.

John said that PTMA is aware that a shared section of Market St. must also be replaced. An engineer's estimate in 2004 to replace this section was \$100,000. Legal cost to stall this arbitration will cover over 50% of the cost to replace this line.

The Borough can show that, since 1989, 750 of its customers paid over \$1,000,000 in legal fees.

These statements are only part of the disagreements that have occurred between the Borough and PTMA since 1989. The ongoing costly disagreement can continue and the Borough can survive. Can PTMA afford legal battle over exceeding its capacity at POCs? Can it afford legal fees and risk losing tapping fees and monthly rental fees? Is it fair to the ratepayers to spend rental fees on battles that can be settled by people in this room. It should not be a question of who took who, but what is fair to the ratepayers. If the two parties work together, the money could be used to improve the system and hold user fees down. The 1989 IA addresses mostly the new plant and there have been two amendments. If PTMA wants to move forward, the 1989 IA will have to be amended again, or a new agreement written.

John offered that the present IA was designed to give lawyers work. The present arbitration is for Water Street only. Will there have to be arbitration and legal fees everytime a shared line is replaced or capacity is re-located? Too often, elected and appointed officials let engineers and attorneys make the decisions and simply approve the recommendations, which are not always in their best interest but are made to increase legal and engineering revenue.

PTMA has been in many legal actions since 1989. How many did they win? How much did it cost the ratepayers? Both parties now have to decide one of the following. The first is to work out a new IA that is fair to all parties. If this is chosen, it can not be drug out over a long period with high legal fees. If it starts now it can't be used as a reason to stall arbitration, as possible settlements in the past were. The second option is to continue to battle, with high legal costs and increased user fees to cover those costs.

Henry III offered that any action that occurs can not interrupt the arbitration because arbitration will resolve the issue, one way or another.

Borough Chapter 94 Report

John then offered his concerns regarding information supplied to the Borough for its Chapter 94 Report from the PTMA engineer. He noted that there was no quorum at the February 7, 2007 PTMA meeting but comments were received from Alpha Engineering in regards to the development of the Yingst property. Alpha Engineering showed drawings of the proposed development and it appeared that the PTMA engineer was very familiar with the concept and had been working with Alpha Engineering. Previous drawings had showed a proposed plan for 120-128 homes. At the meeting Alpha Engineering did not say how many homes were being proposed other than there would be an increase in the amount from what was previously planned. Chuck said that the drawings present on February 15th were not the most recent ones and thought it was going to increase to 138 dwellings.

John explained that the Borough must file a Chapter 94 Report to DEP by the end of February and the PTMA engineer supplies information about Township flows for the report. The Borough received the information on February 22, 2007.

John said that the PTMA engineer called the Borough engineer asking for information concerning flows at the plant, information that the PTMA receives every month. Irene agreed that she gets DMRs from the Borough every month and nobody asked her about them. Henry III said the PTMA would find out its engineer contacted the Borough for the information. Mike said the Borough engineer was told to provide the information as long as there was no cost to the Borough, since the PTMA already had the information.

The information provided by the PTMA engineer for the Yingst property showed an increase at POC 4 of 192 homes by 2011 – 50 homes in 2008, 2009, 2010, and 42 in 2011.

Henry III said that he felt that for the first year it was more beneficial to the Borough to be given a larger number than would be built, rather than a smaller number. Chuck said he was not clear and asked who provided the information. John said it was Buchart Horn.

Irene commented on the figure of 50 homes in 2008 when the plan hasn't started yet in 2007.

Lee said that he agreed with being on the safe side, but was concerned about the 192 overall count when originally it was to be around 128-130.

Duane said it was prudent and responsible that the PTMA should be approving plans based on the capacity it now has or can obtain.

John said the average daily flow at POC 4 is allowed to be 43,500 gpd, after the peaking factor of 4:1 is calculated. PTMA presently has 106 homes connected at POC 4, 2 houses and the Pfautz apartments. The average flow coming from POC 4 is 148 gpd per EDU. On Ann Street and lower Duncannon the flow rates are lower, so he averaged the annual flow rate at 138 gpd per EDU for the entire system.

John stated that, according to DEP, the national average flow for a house is 258 gpd per EDU. He said that the flow rates here have been extremely low but, in a development with all houses, it will not stay so low. Mike added that it would be because of more people having washing machines. Henry III noted that Pfautz apartments are being renovated and adding dishwashers. John added that the flow rate could be low because of the current vacancies in the apartment complex. Irene asked what the Borough considered an EDU – 143 gpd? John said there is no EDU calculation in the Borough because there is no way of determining it. Irene said she thought she had papers stating it was 143 gpd and that she wanted to check into it.

John said is predicting 192 EDUs for POC 4 by 2011, but the maximum discharge at that point can only be 43,500 gpd. He thought it was a good coincidence that this projected 192 EDUs would equate to 43,508 gpd. He suggested that the PTMA find out how many homes are planned for the Yingst development and offered that he did not think the 148 gpd rate for an EDU would hold out for five years.

Lee asked what the Borough's engineer calculated the PTMA's EDU definition to be and was told that calculation was done only by the PTMA engineer.

Because of the PTMA engineer's EDU projection for the Yingst development, the Borough has requested a 60-day extension to file its Chapter 94 Report. This was done to give the Borough time to discuss it with the PTMA and for the PTMA to make possible changes to the report. He asked, what if the Borough filed the report and the developer does want to build 192 homes. If the PTMA then says it doesn't have the capacity, the developer can refer back to the Chapter 94 Report that capacity was available.

John reminded the PTMA that when 90% of the 43,500 gpd discharge at POC 4 is met, the Borough engineer must check the lines to see if the remaining discharge can be handled.

Lee asked what the plant was treating each day. John said it was always over 300,000 gpd, but the amount depended on the river depth. Irene noted that river water must be coming into the lines and the new Water St. line didn't help the I&I. John said it did help some, but did not stop it. Dennis agreed that the I&I was decreased after the line was replaced.

John offered concern that the PTMA would approve something before it made sure capacity was available.

Lee said that the engineer had asked his opinion about adding additional EDUs to his projection and he told the engineer that it was better to be heavier in the earlier years.

Henry Jr. also offered concern that the PTMA was guaranteeing something it did not have.

Lee asked if a copy of the Chapter 94 Report was available in the PTMA office. Irene said she expected that it would be received in time for the March 7th meeting. Henry III offered concern that the Borough had received a copy and the PTMA had not.

Petersburg Commons

John said that the Chapter 94 Report stated that there were currently 53 EDUs at POC 10, with a total of 18 additional EDUs predicted over the next five years. John pointed out that projection would put the POC over its capacity. Irene asked if the 18 additional EDUs puts the capacity over the 71 connections allowed for Petersburg Commons. John said that there are currently 45 connections at Petersburg with another 8 connections along Newport Road, a total of 53. Irene noted that those 53 plus the projected 18 equals the 71 connections allowed. John explained that the PTMA can have 71 connections at Petersburg, but the 8 connections along Newport Rd. will put the POC over capacity.

Business Campus One (BCO)

Henry III asked if the Borough had any comments about development at BCO. John noted that the engineer has predicted 15 additional EDUs during the next five years. He stated that, if another heavy water user like Mutzabaugh's Market is constructed, that POC will be over capacity.

IA

John said that the Borough did not do well under the IA, the fault of which goes to the Council that was in place at that time who followed advice of solicitors and engineers that was not in the Borough's best interest. It has become apparent that the Borough has paid more money than it would have had to.

John said that the 1st amendment to the IA allows the transfer of capacity between POCs. However, it does not address the issue of line capacity and the PTMA might have to pay for additional capacity in some lines. Also, the PTMA bought 200,000 gallons of capacity in the plant but only has 158,000 gallons of capacity at the different POCs. He explained that figure is derived by dividing the total capacity of all POCs by the peaking factor of 4:1.

Across the Board Percentage of 32.43

Henry III asked if the Water St. project was considered to be a replacement of the existing line. John said it was. The line was increased from 10" diameter to 15" diameter for an additional \$20,000. Henry III asked if the percentage of capacity of the line increased and what it was. John said he did not know and would have to review POC 10.

John offered that every time a shared line is increased in size, there will be a hassle with engineers and solicitors as to what the new capacity should be. He suggested that an across the board percentage of 32.43 be used as the basis for calculating costs and capacities of shared lines. He noted that, where the PTMA now owns 1% of some lines, it would have to pay 32.43% of costs for that line. However, where the PTMA now owns 74.2% of a line, it would only pay 32.43% of costs. Using a 32.43% factor would simplify calculation for capacity and costs. Going with 32.43% might reduce the cost of the Water Street project by \$50,000 but add \$15,000 to the Market Street project. Whatever percentage was owned in the plant could be transmitted through the shared lines, as long as they were capable of handling the flow. If the lines were incapable, the details would need to be worked out in a new agreement.

Duane asked if that agreement would be revisited periodically as PTMA's discharge into the system increased. John noted that there were only three POCs that were metered to determine flow. The IA states that there must be 30,000 gpd at a POC before a meter is required, equivalent to 200 homes. He offered that the requirement should be reduced, suggesting that any POC with more than 25 homes be required to be metered. Henry III noted that would help both parties troubleshoot I&I. Henry Jr. said that, if all POCs had been metered, it would have prevented a lot of the current problems between the parties. He suggested that the PTMA require all new developers to install a positive displacement meter.

Mike asked if the majority of customers were metered or un-metered. John said it was close to 50-50.

Lee asked why, if the positive displacement meter for lower Duncannon shows an EDU average of 138 gpd, is it a lower number than other areas. Mike answered that higher elevations mean less I&I. John explained that several commercial customers purchased more EDUs than they are using, one business with two EDUs has been closed for a year, and several houses in the area are currently disconnected.

Recommendation for Joint Committee

John suggested that a committee be set up, consisting of two representatives each from PTMA and DMA, one representative from the PTS and one representative from Borough Council. This committee would negotiate a new IA to resolve a lot of confusion and reduce legal expenses. Mike said that every time there is an expansion, the Borough residents who have nothing to gain, bear the brunt of the cost. He does not want his bill to raise by one cent because of development. When an expansion is done to benefit new residents, those new residents should bear the cost and the costs of expanding lines should be negotiated with the developer up front.

Elmer noted that the PTMA is doing a survey on Sunshine Hill and those residents are very angry over their rates. Mike attributed their rate increase to a project that did not benefit them at all with Irene agreeing. Mike asked what the Borough would gain from new development in the Township.

Henry Jr. explained that Rohrer Bus constructed the Cove plant at no cost to the Township and the customers using that plant subsidized the customers on Sunshine Hill and in lower Duncannon. He said that the PTMA knew several years ago from Pennvest that rates would have to increase to \$849 per year, but never took action to increase them gradually. He noted that the PTMA now needs to increase revenue and reduce its high legal expenses. He reiterated that the Perdix project can not be blamed for the overall rate increase. Lee added that only 10% of the rate increase was due to the Perdix project.

Mike said that he is not opposed to a new IA but it must address the issue of projects in the Township not impacting on Borough customer rates. Chuck stated that developers today understand that they have to "pay their share" when developments require expansions of the current sewer systems.

Water Street Arbitration

Lee asked what it would take to settle the Water Street issue. John stated that it would not be hard to settle. He asked if it was in the PTMA minutes that a motion had been made to sign an agreement between the PTMA and its solicitor for him to try to settle the arbitration. When told that it was, he said that even if the PTMA settles now, it will still have to pay the solicitor for his expenses to-date. He noted that the appeal to the PA Supreme Court was fifty pages long.

Henry Jr. stated that the PTMA will have to suffer losses either way, and raised the same question – what will it take to settle this issue among these parties. He said that, at the last PTS meeting, he voted against the PTS solicitor's advice to intervene in the arbitration. He explained that if he had voted to intervene, the litigation would have lasted even longer and would have resulted in legal expenses to the Township. He added that, if the litigation

gets to the point where it would be harmful to the Township, he would vote to intervene at that time. He offered his opinion that the matter should either go to arbitration and get settled, or let the two boards settle it on their own.

Duane said, based on past perspective, that the proposed committee would need to write a new IA that is fair and equitable for all parties. When the whole thing is done, the Water Street issue goes away. He added that he is not willing to take the arbitration off the table or to settle just one piece of the issue.

Henry Jr. offered his opinion that the arbitration could be settled without further expense; however, the PTMA would take a hit either way, whether it goes to arbitration or not. He noted the issue of the expenses that are currently due to the solicitor. He said the important thing is whether the boards can settle the issue so that Water Street goes away and come up with a workable document that prevents similar issues in the future, such as Market Street. He urged the boards to put past animosity behind them.

Irene said she wanted to change the subject and asked John why the Borough's engineer was not allowed to work with the PTMA's engineer on Market Street calculations. John said the only work their engineer has done regarding Market Street was to provide an estimated cost of repairs based on the footage provided to him. Irene said that the PTMA has money set aside to pay its portion of Market Street costs, and its engineer reported that the Borough did not authorize their engineer to work with him. Susan said that she thought the PTMA engineer had been authorized to do a capacity study with the Borough engineer, but the Borough stated that it did not want to incur any more engineering fees. John said that was when the PTMA wanted to pay its share based on capacity.

Mike said there has been an "us versus them" environment between the parties for many years. He offered that a six-person committee was good, but each entity needed to buy into the idea without bias and without the results being picked apart by solicitors and engineers. He noted that working relations are good between the people here today but deteriorate when outside factions become involved.

Henry Jr. agreed that, in the past, the tail has wagged the dog, but noted that there were new members on the PTMA and even though he has become very unpopular, he was proud of the role he played in it.

Wes stated that he was appointed to the DMA two months earlier. He said he had read the IA, found it to be very confusing, and understood why the boards have been fighting about the details. He urged that the parties draft a new IA that is simple and direct and less open to interpretations.

Henry Jr. asked that the talk return to what it would take to resolve the Water Street issue. John re-stated that he feels each board should select a representative for a committee to meet as soon as possible. Mike said that the PTMA knows what the Borough thinks it is owed for Water Street and asked what the PTMA thinks it owes to the Borough for the replacement. Henry Jr. noted that the bill would have been around \$705 per month for 35 years. He asked Duane to elaborate more on his earlier statement. Duane stated that his position is based on past practice where he has been extremely frustrated in his dealings with the PTMA and that he does not want to get burned again. He said that Water Street arbitration is on the table and is an issue that's pressing at the Borough right now. However, to take it off the table leaves nothing else there to keep the issues moving forward and any party can sit back and feel that it can drag its feet and not move forward.

Lee disagreed and said that there were other issues such as capacities and POCs to be discussed and said he felt this board was looking for a happy medium and wanted to make things move better than in the past.

Henry III offered that the following should be done. The IA must be renegotiated because settling Water Street without renegotiating the IA is not fair to either side. He agreed that the committee suggested by John should be established. The committee would decide the cost option for Water Street and renegotiate the IA. As far as the arbitration is concerned, it is a win/lose situation. Although the ruling can cause hard feelings, the end result is cut and dried. If the Water Street issue can not be solved before the deadline for arbitration, arbitration has to happen. He offered that the biggest obstacle facing the committee is the very short time-frame before arbitration occurs.

Henry Jr. noted that the arbitration date will be changed to accommodate the witnesses, but no one knows whether the date will be sooner or later than originally scheduled. Irene said she thought that it would be sooner, as did Henry III.

John noted that the Borough's engineering and legal fees have been reduced considerably since it changed firms. Irene stated that the PTMA has a new engineer since last year and, while the solicitor has not changed, she felt that almost everything he does comes before the PTMA for a vote. She said that maybe the PTMA needs to look into things more. Henry III stated that is why he has been urging the PTMA to hold two meetings per month.

Henry III asked what the PTMA's share was for the Water Street line replacement costs. John said it was 41.5% of the total cost, around \$250,000. Henry III noted that the 15" diameter line that was installed was a substantial difference over the previous 10" diameter line. John noted that the 15" line would be beneficial if the Yingst development has several hundred homes. Henry III said that if the line from the POC is not large enough, it would have to be replaced up to Market Street. Lee noted that it would be the Clark Street line that would need to be replaced.

John said that Sunshine Hill, Pfautz apartments and Petersburg Commons already discharge over 250 EDUs into the Water Street line. He said that the Borough has around 200 EDUs discharging into the line. John stated that it was easier to base the discharge on EDUs than flows. He offered that basing discharge on flow is difficult because of the lack of flow meters. To base discharge on water usage is inaccurate because studies show that the amount of water used is less than the amount of sewage discharged. Irene asked how she can discharge more than 100 gallons per day if that is her water usage. John explained that there are solids involved, along with cleaning agents, juices, soda, and bottled water.

Lee offered that it was a good meeting with a lot of ideas and agreed that the suggestion to form a committee should be taken back to the respective boards for discussion. Regarding the question about what the PTMA feels it is responsible for, he offered that the cost mentioned by the PTMA is zero, because of I&I and projects that preceded the dispute. Mike noted that the difference between 41.5% and zero is a large spread. Irene noted that the PTMA solicitor has on several occasions told the PTMA that, if it can settle the dispute before arbitration, it should try.

Lee asked Duane if his thoughts were for the committee to come up with the final cost for the Water Street project. Duane said that was his thought; if it was the pressing issue, it might be the first piece the committee would review as they sat down to renegotiate the IA. If the dollar amount is agreed to, the committee takes the figure back to its respective boards; if there is agreement on that section, arbitration can come off the table as the committee moves forward. He said that he felt it was necessary for the committee to go back to their boards and say that they have reworked the IA and that it contains language for provisions for future negotiations.

Lee asked, if the PTMA was willing, would the Borough be open to discussions about Market Street. John responded that he would be open to that discussion to prevent further legal and engineering fees. Mike said that the money was needed for maintenance of the system.

Henry Jr. pointed out that the PTMA can discuss the idea of a committee and an appointment to it at its March 7th meeting. He said that he would conduct an emergency session of the PTS to appoint a member so that it did not have to wait until March 28th. He urged that the Borough do the same thing. Henry Jr. stated that, if a new agreement is reached, he will make a public statement at a PTS meeting that he is satisfied that an agreement has been reached to make it binding.

Fred asked Borough council members to remain after the meeting so they could discuss appointment of a committee member.

Irene told John that she would like a copy of the paper that he had read from. John responded that Susan was recording the meeting. Irene asked if Susan could get the minutes word-for-word because she thought the PTMA needed to know what was presented. John said that he would provide a copy. Mike asked that any copy provided by John not go back to the PTMA solicitor, or it then would become a weapon. Irene stated that the solicitor was not present. Henry Jr. stated that the purpose of the meeting was to meet without solicitors. Irene said that issues would not be resolved if things are going to be secretive and said she did not understand why PTMA members could not have a copy of John's presentation.

Henry Jr. stated that he is willing to attend special meetings to try to settle the Water Street issue before arbitration.

Meeting adjourned at 11:40 p.m.

Susan Long
Recording Secretary