

JULY 7, 2010
WAYNESBORO, PA 17268
WORKSHOP

Council President Craig Newcomer called the workshop to order at 6:30 p.m. with the following in attendance:

Borough Council – Benjamin Greenawalt, C. Harold Mumma, Ronald Martin, Wayne Driscoll and Craig Newcomer

Mayor Richard Starliper

Borough Staff – Lloyd R. Hamberger, II, Borough Manager
S. Leiter Pryor, Director of Borough Utilities
Melissa Dively, Solicitor (Salzmann Hughes, PC)
Kevin Grubbs, Head of Engineering Services
Mark King, Police Chief

Others – Jon Fleagle, Chairman (Waynesboro Borough Authority)
S. Allen Stine, Member (Waynesboro Borough Authority)

It was noted that the purpose of the workshop was to meet with representatives of the Waynesboro Borough Authority to discuss their future plans to deal with requirements for the new NPDES permit for the Sewer Treatment Plant.

Jon Fleagle, WBA Chairman, was present. Mr. Fleagle began by explaining that, with regard to sewer service, the WBA is a leaseback Authority (i.e. as long as there is an outstanding debt or bond issue, the WBA is responsible for running the plants, ensuring that the bills are paid, etc.) Once that debt is eliminated, though, the responsibility for operations reverts back to Borough Council; and at this time, the WBA is debt-free. He added that, with regard to water service, the WBA is an operating authority (i.e. they are responsible for the operations whether or not there is any outstanding debt).

Handouts were provided to each Council member. Included was a letter from DEP (which was dated in February, but was not received by the WBA until May) indicating their need to upgrade the Sewer Treatment Plant. Also included was a summary of a study conducted by their engineering firm, Gannett Fleming, to determine the best way to comply with DEP's requirements to reduce nitrates and phosphorus. Estimated costs were provided for four (4) alternatives, which were reviewed extensively by the WBA. They agreed that adding a de-nitrification filter would be the cheapest alternative, which would still cost \$14.1 million (and an additional \$2.7 million to operate the plant over a 20-year period). Mr. Fleagle explained that there is also the possibility that they may be able to sell nutrient credits to other facilities (because the upgraded plant will actually remove more nitrogen than is required). Additional information will be forthcoming on that program.

Mr. Fleagle further explained the WBA's efforts to fund the upgraded facility. They have obtained support from Congressman Shuster, Senator Alloway and Representative Rock for their H2O grant application in the amount of \$5.7 million. (August is the last round of H2O funding.) In addition, they will be pursuing a PENNVEST grant/loan, but will need to wait until more engineering has been done in order to apply. WBA has given approval to Gannett Fleming to begin design work, as the upgraded facility (a major undertaking) is required to be operational by October, 2013. It is estimated that construction will take approximately one (1) year to complete; and they will need to start no later than the summer of 2012 (with bids being accepted in 2011). Mr. Fleagle noted that bids will be sought for

denitrification filters within the next several months. This will save on engineering costs, because the design work can be based specifically on the filters purchased (as was done with the membrane filters for the new well site).

Mr. Fleagle reviewed the WBA's financial status with regard to this project. They have signed a contract with Gannett Fleming for \$400,000, and have sufficient funds to cover those costs. RFP's were issued for a line-of-credit to assist when finances become tight. The WBA is requesting that Borough Council authorize a 15% rate increase for the sewer system to help cover some current costs for the project. Mr. Fleagle cautioned that if grants are not received, that 15% rate increase "will look like nothing". He speculated that rates in the future could potentially double or triple.

*Jason Stains arrived at this time.

Councilman Martin asked for information on new customers and tap fees received. Leiter Pryor reported that new sewer customers have been realized from the Hollengreen and West End Developments, resulting in tap fees of \$85,000 in 2009 and \$130,000-\$140,000 in 2010. Much of the WBA's reserve funds (\$250,000+) had to be utilized for the recent dewatering project at the Sewer Plant. He noted that, although they conducted extensive monitoring throughout the system, they were unable to locate the source of the contamination.

Council members were advised that the 15% rate increase will amount to \$9.66/customer/quarter, based on 15,000 gallon usage. Information was also provided on current rates in surrounding areas. A proposed resolution for Council's consideration was prepared. Mr. Fleagle stated he is hopeful that Council will approve the resolution at their meeting following the workshop, and the WBA can affirm the action at their meeting scheduled for July 20th. New rates will be effective beginning August 1st.

Councilman Martin questioned if the WBA foresees any upcoming major expenses for the water system. Mr. Fleagle stated "no"; and added that the WBA still has seven (7) years to pay off their current bond and has sufficient reserves in the Water Fund.

On a non-related matter, Jon Fleagle noted that water is still running over the spillway.

Borough Council adjourned to executive session at 7:13 p.m. to review union and personnel matters.

Respectfully Submitted,

Melinda S. Knott
Administrative Assistant