

WAYNESBORO BOROUGH AUTHORITY

APRIL 19, 2011

MINUTES

Authority Chairman Jon Fleagle called the regularly scheduled meeting of the Waynesboro Borough Authority to order at 7:30 p.m. with the following in attendance –

Borough Authority Members – Jon Fleagle, Christopher Snively, S. Allen Stine, William Pflager and Lee Layman

____Borough Staff – S. Leiter Pryor, Director of Borough Utilities
D. Lloyd Reichard, II, Authority Solicitor

APPROVE MINUTES: Allen Stine made a motion to approve the minutes of the March 15th meeting, as written. William Pflager seconded; the motion passed unanimously.

UPDATE - SEWER PLANT UPGRADE: Leiter Pryor noted that he received correspondence from Mark Malarich regarding an update on progress of the preliminary design, PENNVEST and other issues at the Sewer Treatment Plant. He reviewed the list and discussion was held as follows –

Permitting

- Water Quality Management Part II Permit Application has been submitted to DEP – they have 120 days to respond.
- NPDES Permit Application for Stormwater Discharge during Construction has been submitted and is currently under DEP review.
- Erosion and Sedimentation Plan has been submitted to Franklin County Conservation District – came back for additional items, which will be addressed (one of which is a percolation test – this will be done in May).
- Received written notification from Dennis E. Black Engineering indicating that the submitted application is in compliance with all Borough regulations.

Design Status

- Gannett Fleming is working on preliminary design – they are hoping to be 90% complete in June.
- Electric service coming into the plant will need to be upgraded (240 volts to 480 volts). Price quote is forthcoming.
- Americans with Disabilities Act requires ADA-compliant mens' and womens' bathrooms.

Facility Options

- WBA's direction is needed on exterior surfaces of the chemical storage building and filter building. They agreed it should be split-face block (like the Water Plant and Well Building).
- Water supply for 11 yard hydrants was discussed. Potable water is currently used; and after discussion of the proposed costs, the WBA agreed that there is no need to change

the source of supply.

Updated Construction Cost Estimate

- Based on design completed to date and available equipment quotes from manufacturers, Gannett Fleming provided an updated opinion of probable construction costs in the total amount \$9,300,000 (including a 15% contingency).

PENNVEST Funding

- The recent resolution to the federal budget resulted in a reduction of \$997,000,000 in federal funding for the water and wastewater state revolving loan fund, which includes PENNVEST funding. Lower federal funds to PENNVEST means less money PENNVEST has available to award to applicants. This will result in the application process for PENNVEST funding being more competitive than ever.
- PENNVEST also raised their interest rates from 1% to 2.511% for the first 5 years and 3.523% for years 6 thru 20.
- Gannett Fleming is working on the PENNVEST application (it is almost ready for submission), but they are still waiting on a Letter of No Prejudice for pre-purchase of the denitrification equipment.

Denitrification Filter Equipment Contract Award

- WBA took action several meetings ago to issue a Notice-of-Award to ITT Water & Wastewater Leopold, Inc. for the denitrification filter equipment contract.

Lee Layman made a motion to proceed with execution of the award documents (upon receipt of the Letter of No Prejudice). William Pflager seconded; the motion passed unanimously.

Christopher Snively made a further motion that, upon execution of the award documents by both parties, the issuance of a Notice-to-Proceed to ITT be authorized. Allen Stine seconded; the motion passed unanimously.

INTERIM FINANCING - STP: Leiter Pryor reported that he held an initial discussion with Susquehanna Bank regarding interim financing, at which time the current trust indenture was reviewed. A conference call was held between their attorney and Lloyd Reichard; and the “bottom line” is that in the trust indenture, all revenues of the WBA (both water and sewer) are bound by the indenture and pledged as collateral for the bonds.

Mr. Pryor provided WBA members with a spreadsheet and explained that the financial condition of the water system was reviewed/weighed against the outstanding bond debt. There is currently \$1,820,000 outstanding in bond debt now. If those bonds were paid off early, there would be a savings of \$308,000 in interest. He added that there is approximately \$816,000 in the debt service reserve fund associated with the bond issue, which could be applied to the outstanding debt; and they would only have to tap into the reserve for approximately \$1,000,000 in order to pay off the existing bond debt. This would enable the WBA to pursue conventional bank financing; and it was noted that interest rates will be reviewed when total construction costs are more “concrete”. If the amount is under \$10,000,000, Mr. Pryor suggested that they consider conventional bank financing. Chairman Fleagle stated that negotiations regarding long-term financing should begin with the banks, and the

PENNVEST application should be submitted for the total amount. Long-term financing options can then be considered at a later date.

Lee Layman made a motion to authorize Leiter Pryor and Lloyd Reichard to proceed with calling the outstanding 2002 Guaranteed Water and Sewer Revenue Bonds. William Pflager seconded; the motion passed unanimously.

Mr. Fleagle instructed Mr. Pryor to ensure that the \$284,000 (annual debt service payment) is included in the budget as a transfer into the Construction Fund, and the \$1,000,000 being used to pay off the bonds comes out of the Revenue Fund.

BOROUGH AUTHORITY RESOLUTION - 15% SEWER RATE INCREASE: It was noted that Waynesboro Borough Council adopted Resolution 2011-03 for a 15% sewer rate increase on April 6, 2011; and the Waynesboro Borough Authority's proposed resolution will ratify their action. Allen Stine made a motion to execute the resolution to increase sewer rates, as presented. Christopher Snively seconded; the motion passed unanimously.

RESOLUTION

WHEREAS, the Waynesboro Borough Authority has determined that a sewer rate adjustment is necessary to meet the current and future needs of the Waynesboro sewer system, and

Complete copy on file at Borough Hall.

BIOSOLIDS PROGRAM - STP: Leiter Pryor reported that weekly testing for Molybdenum is being conducted at the Sewer Treatment Plant, and the results seem to have stabilized (at 50-60mg/kg) in the primary clarifier and digester. Correspondence was mailed to DEP, indicating that the levels have been below the required 75 mg/kg and requesting our land-application permit be reinstated. Notification was received back that the permit was reinstated, but enhanced monitoring (weekly instead of quarterly for a while, and perhaps reduced to monthly later) needs to be done. Land-application is scheduled in the near future, weather permitting.

It was noted that a random sampling program has begun, but nothing conclusive has been found (only some detection of Molybdenum). Mr. Pryor noted that the Borough's Sewer Use Ordinance needs to be revised, as it does not specifically include Molybdenum. Mark Malarich is reviewing the ordinance and will provide input on the matter.

CLEARING ACCOUNT/ELECTRONIC PAYMENT PROCEDURES: Leiter Pryor noted that the Borough began utilizing a Clearing Account several weeks ago, whereby all deposits are going into the Clearing Account and WBA revenues are then transferred to Susquehanna Bank. He reports that this is working "seamlessly". He met with WTMA representatives regarding this change – and even though there is no delay of monies going into their account, the WTMA staff was concerned how the Board would feel about it (the revenues) going into the Borough's Clearing Account first.

Mr. Pryor added that they are still on schedule to begin electronic bill pay in June. Merchant service provider information is currently being reviewed, but it is the staff's recommendation to contract with Express Bill Pay for the software (as it interfaces directly with our billing and accounting software).

While discussing the electronic bill pay program, Mr. Pryor noted that several concerns have been raised with regard to the indirect water service area (because the Borough collects money for WTMA and deposits it into WTMA's account). Some of those concerns are –

- If indirect water service customers were to pay their bill online to the Borough, we would charge them a convenience fee (whereas WTMA doesn't charge a convenience fee). WTMA had a problem with the fact that they cannot treat all their customers the same. They suggested that a joint meeting could be held with WBA officials to discuss this topic further. Chairman Fleagle noted that WTMA's water rates are higher than those charged by the Borough ... and technically, if WBA served those people directly, they would get cheaper water. He suggested that WTMA could reduce their rates to compensate for the convenience fee. Mr. Pryor added that paying online is completely optional.
- Certain customers pay water to the Borough and sewer to WTMA – and they cannot pay the entire amount online to either WTMA or the Borough. WTMA has recently refused to accept payment for water because it is in conflict with the agreement between WBA and WTMA with regard to the indirect water service area.
- Several customers were due to be shut-off and could not pay by credit card because that service was not yet available at the Borough.

Chairman Fleagle noted that his instructions to Borough Manager Hamberger were to ensure that the electronic payment and credit card system in no way violated that agreement. He then provided a copy of the agreement to the Borough Solicitor, who commented that nothing being done was in violation of the agreement. (A copy of his comments were provided to the Authority's Solicitor, Lloyd Reichard, for his review.)

Mr. Pryor noted that both the Borough Manager and Assistant Borough Manager are requesting that the WBA reconsider their position on allowing WTMA to collect payments at their office. He explained that the agreement with WTMA would not have to be amended, as it states that the WBA "or its designee" would collect fees – they could designate WTMA instead of the Borough, and this would not be a violation of the agreement. After much discussion on the matter, Chairman Fleagle suggested that a meeting be held with WTMA (in response to their suggestion) on May 10th at 7:30 p.m. when this (and other issues) can be discussed further.

ANTIETAM DAM DRAIN VALVE MODIFICATION PROPOSAL: Leiter Pryor noted that price quotations for the control valve are coming in higher than was budgeted ... at \$11,884 for the electric valve, actuator and installation. William Pflager made a motion to authorize Leiter Pryor to proceed with obtaining the drain valve for an amount approximately \$2,500 more than was originally budgeted. Lee Layman seconded; the motion passed unanimously.

NTELOS - ADDITION OF EQUIPMENT: Leiter Pryor reported that NTELOS plans to switch-out some equipment on their existing pad. As they are currently leasing ground space and only use approximately one-third of it now, this change will not affect their existing lease agreement. Work is expected to start on 04/27.

WATER SERVICE REQUEST - INDIRECT SERVICE AREA: Correspondence was received from WTMA regarding a request for water service to a proposed subdivision (Henicle) located north of Orchard Road, along Route 997. It was noted that the plans contradict the number of dwellings to be served (the letter says 1, but the plans say 2). In addition, Washington Township's water is available across the road, and this is within their service area. A booster pump would also be required if WBA were to serve the area. WBA members suggested that this request be discussed further at their upcoming joint meeting with WTMA officials.

CEMETERY AVENUE STORMWATER PROJECT: Chairman Fleagle noted that he and Leiter Pryor recently discussed the stormwater project currently underway on Cemetery Avenue, Church Street and Maple Street. Some of the work will have an impact on the Sewer Treatment Plant and the sewer

collection systems; and there will need to be some temporary relocation work done, as well as the permanent relocation of a water and gas line. Costs for this work were discussed, and Mr. Pryor noted that he has not had a request for the WBA to pay for any of these items. He was of the understanding that the costs thereof were built into the project. With regard to relocation of the gas line, Mr. Pryor explained that gas service is necessary for operation of the digester, and a temporary service will be provided. The power company will also need to relocate a pole, which will result in a disruption of service for approximately 4-6 hours. This will not be a problem, as there is a generator available for use during this time. He reported that he attended a pre-construction meeting with the contractor (D. H. Martin), and everyone seemed to be cooperative and willing to accommodate the WBA's needs.

Additional monitoring will be done during construction to ensure that nothing is "stirred up". Mr. Pryor noted that there will be a full-time inspector on-site during the project, and the Borough's Engineering Department will also be on-site a great deal of the time.

PAY BILLS: Allen Stine made a motion to approve the payment of the following requisitions --

- Water Requisition #11-07 - Borough of Waynesboro (Water Fund) - \$372,656.00 - 2nd Quarter, 2011 Water Allocation
- Water Requisition #11-08 - Smith Elliott Kearns & Company - \$1,800.00 - Progress billing for services rendered in connection with audit of financial statements for the period ended December 31, 2010
- Water Requisition #11-09 - Gannett Fleming Companies - \$180.70 - Water System Engineering Services related to the performance of the duties of the Authority's consulting engineer and other services as authorized (Part B - 2011 Annual Services) for the period of February 26, 2011 through March 25, 2011
- Water Requisition #11-10 - Reichard Law Offices, LLC - \$913.50 - Solicitor Services for April, May and June, 2011
- Water Construction Fund Requisition #WC-90 - Gannett Fleming Companies - \$872.30 - Construction Management Services related to Membrane Treatment at Well No. 2 for the period of February 26, 2011 through March 25, 2011
- Water Construction Fund Requisition #WC-91 - Gannett Fleming Companies - \$46.52 - Water System Engineering Services related to the performance of the duties of the Authority's consulting engineer and other services as authorized (Part A - PENNVEST Assistance - Well 2) for the period of February 26, 2011 through March 25, 2011
- Sewer Requisition #933 - Gannett Fleming Companies - \$4,145.85 - Engineering assistance to Waynesboro Borough Authority associated with PENNVEST financing for the Wastewater Treatment Plant Rehabilitation Project for the period of February 26, 2011 through March 25, 2011
- Sewer Revenue Fund Requisition #SA-58 - Borough of Waynesboro (Sewer Fund) - \$209,957.00 - 2nd Quarter, 2011 Sewer Allocation
- Sewer Revenue Fund Requisition #SA-59 - Smith Elliott Kearns & Company - \$1,200.00 - Progress billing for services rendered in connection with audit of financial statements for the period ended December 31, 2010

Sewer Revenue Fund Requisition #SA-60 - Reichard Law Offices, LLC - \$913.50 - Solicitor
Services for April, May and June, 2011

Christopher Snively seconded; the motion passed unanimously.

Having no further business to discuss, the meeting adjourned at 9:21 p.m. on a Layman/Pflager motion which passed unanimously.

Respectfully Submitted,

Melinda S. Knott
Administrative Assistant