

Shippensburg Borough Authority Minutes

December 8, 2015

7:00 pm

Present:

Louis Larson (LL)

Steve Brenize (SB)

Kerri Burrows (KB)

Troy Pomeroy (TP)

John Epley (JE)

Geno Torri (GT)

Forest Myers (FM)

Michael Pimental (MP)

Dan Hershey (DH)

1.Public Comment: No public Comment.

2.CONSIDERATION TO APPROVE MEETING MINUTES OF NOVEMBER 10, 2015:

(MP) Motion to approve

(SB) Second

(GT) Motioned by Troy seconded by Steve, any discussion? Hearing none, all in favor signify by saying "I"

***unison "I's" are heard

motion carries thank you

3. REPORTS:

a. Engineer- (DH) a copy of the report should be in your packet, page 29.

1. And we worked on preparing the OEL (Operational Exceedance Level) Permit for the DBP response to DEP. Louis had called, we are helping him to prepare a bulk water station permit for your existing bulk water stations this came up during the DEP inspection as a requirement by DEP. And when I was out we stopped out at Gandy Manor to review the plans and review the site for the connections out there.

3. DEP item # 3 issued the operations permit for the permanganate system so that should be going on line.

5. Well #2 updating plans based on the Nov 6th meeting and Louis's review.

6. SR997 preparing the UC-4181 form, I have that tonight for you to go over.

8. No update on the Matrix development we are still trying coordinate a meeting with the developer. I have some new dates that I will go over with staff to try to set that up.

10. There is a typo there, that should be 051872044 that's lot #6 reviewed plans for capacity request

11. and the Rowe Rd we reviewed plans, I have comments for John and Louis.

Are there any comments or questions on the report?

(GT) Hearing none, thank you very much.

b. Solicitor- (FM) I did the usual things that we do, one of the things that did come up, was I got a call from Rine Land Development they would like to open the second phase out there, Southwood Crossing, I think they talked to you, Louis

(LL) Mmm umm

(FM) They would like to do this without posting bond, which actually under the municipalities authorities act they could do at their own risk. It has been done a couple of times in the past, but not in the recent past. Generally speaking you folks would like to see the bond, they kind of told me it sort of silly to have a bond that only takes three months to put the water line in and we have to go through the bond and pay for it for a whole year, and they do a line of credit, so I said that I would bring it up to the authority, I said it is a deviation from what normally happens when you do a development but I will bring it up and bring it to you. The reality is they could go ahead and do it without any input from the authority but, if they do, it creates a lot of headaches for them, a lot of problems for them because they wouldn't have it inspected, they wouldn't have a plan approved. So, all

those things that happen before most developers start would not have happened, and that would put them at risk, and I explained to that to them, this could be that you get this whole line done and...

(SB) and you got to rip the whole thing up and put it back in

(FM) our engineers say no, and then you don't get any water, unless you do rip it up somehow, my recommendation would be not to, not that you can approve or disapprove, that is not the issue, my recommendation would be to tell me and go back to them and say look, you don't want to have that done that way, that the authority wants to have plans submitted for review, wants to have them reviewed and wants to have a financial security agreement. In reality it's not that ownerless, what do you think the cost to put that line in would be? How many feet is it, do you know? We don't even have a plan do we?

(LL) The plan that I looked at is multiple years old. So I don't know, there was a question about one item, that was on the old plans that I didn't see anything related to it on the new plans. So I don't know.

(FM) Do you think it is a thousand feet or fifteen hundred?

(LL) Ohh, it is probably close to twenty-five hundred feet by the time we get done.

(FM) So what is that, Two hundred and fifty thousand dollars?

(LL) would be every bit of that, because there is some paving that will have to be done.

(FM) But the paving doesn't affect us.

(LL) No, but it is in the cost of the project.

(FM) Well that is the township and not the borough.

(LL) Right, but when we review the plans and the cost of the plans, it includes full restoration and that paving would be part of that restoration.

(FM) so they would have to dig up

(LL) They would have to dig up some asphalt in order to make that line work.

(FM) it's just a small amount

(LL) it is not a big amount

(FM) the cost of a bond is 1 ½% it like 37150.00, I mean come on.

(LL) and the bad part about that, if we don't require a bond for construction, then how are we going to get a bond for the 18 month maintenance period after its done.

(FM) When they submit it for dedication, you can get it then.

(LL) it's easier I think if we have one and then just reduce it.

(FM) it's just cleaner

(SB) is there any logical reason for the authority to accept this proposal?

(FM) I honestly don't see one. You know years ago before anyone else was here we had Mr. Beam and Mr. Cassidy developed and they both wanted to do this all the time and the authority put its foot down and said NO, because, quite frankly it was a matter of trust and the authority has consistently held to that policy, if you begin to make an exception now, what to keep S&A Homes, if they have lines to put in from coming into the authority and saying we will just put them in.

(LL) And to carry on that thought, they are talking about phase 2 in Southwood and there are 5 other phases of that project to be done.

(FM)I don't see a logical reason to go along with what they are saying, again if they chose to do it, they can do it, but as I explained to them if they do it, it would be absolutely at their risk there is no assurance that the authority would take the line over and there is no assurance that they would put water in that line.

(SB) Are you talking about the use of the 4 or 5 other phases are they bigger phases or are they probably the same size.

(LL) According to the plan that I have, which here again is multiple years old, they are larger, this is a smaller section.

(SB) What I was thinking was, maybe if you have them issue the bond and just tell them that you can issue the bond and we will hold the bond for every phase, moving forward.

(FM) Well each phase would be a different amount, plus they don't use a bond per say, they use a letter of credit.

(SB) okay

(FM) So that letter of credit expires every year. My thoughts are they get the letter of credit, they get the thing in, in three or four months they come to the borough they dedicate it to the borough and put it in the maintenance and they use that same letter of credit. I mean I don't see that F&M Trust is who they deal with would say; oh you will have to go through this whole thing again. I think that's, that's my advice to you.

(GT) They contacted you to view that option with us, they are not making a request at this time officially, so based on that and based on your recommendations and recommendations of our foreman, I would say go back and inform that no, our policy requests a bond.

(LL) we don't want to set a precedent here for future projects.

(TP) We chose not to.

(GT) anything else?

(FM) I do have news, I think John got a check from Southern Cumberland, am I wrong on that?

(JE) I have two checks here I was going to go over.

(FM) and I got signed agreements, for the agreement that we talked about and we sent them, they made no changes as far as putting the \$25,000 in and it would be used to reimburse whatever legal fees I have, for due diligence as far as the finances of it are concerned and whatever Dan and Louis get involved with, so they signed it, this is the same agreement we went over and tendered to them back in 2014 so they have agreed to it. So you would have to agree to accept it.

(GT) well that is down on # 7

(FM) I was going to wait until then,

(GT) We can jump down to #7 and address that, we just need to authorize

(LL) a comment on #7 Geno, before you take any action, I got a call from Mr. Fink. They are installing a, or going to install a master meter on the trailer park. He was asking me about what our specifications basically would be, the assumption was that we would end up acquiring Southern Cumberland Water and he didn't want to put something in now and us having to change it, and I agreed with him. And I explained to him what we would accept and what we would do. What he told me is that they are going to read the individual meters in the trailer park as they do now and compare them to this new meter they are putting in, the master meter. And the park owner would pay the difference if there was any leaks, we will worry about that when we get further on down that was the conversation I had with him earlier this week.

(FM) He did tell Mr. Flower, their attorney, to tell me that he would be contacting you.

(LL) that is the most recent that I have from him.

(MP) So, let me make sure I have this right. So, according to the communication that you have had with Mr. Flowers they understand that there are specific criteria and specific steps that need to be taken in order for this to move forward and they are agreeing to that and they understand that the a would be setting the standards by which this moves forward, it is all clear to them?

(FM) Yes, they understand that

(MP) So I guess the question is what action would we take, I mean they have given us the check, do we need to do anything?

(FM) well you need to approve the agreement, because you never did do that.

(MP) I see

(FM) Even though you reviewed it and authorized me to send it out to them in draft form, which they never sent back remember, and that is when we sort of went into the black hole and hadn't heard back from them for months and months and months and it came back up and then that's when we contacted them about having a meeting and then they had a meeting apparently their members, who are the owners of system are on board

and authorized them to sign the agreement, so the appropriate action would be to authorize the officers here to execute the agreement with them. That's all I have as far as a report.

(GT) Do we wish to do that at this time? We don't have the agreement in front of us and do you want to wait until next month's meeting to look at it once again.

(FM) That is up to you, it's not like it going to go away.

(GT) Listen to the crowd.

(KB) I would rather have the agreement in front of us

(SB) I'd rather see the agreement, they signed it, they gave us money we are moving forward, but nothing like waiting a month is going to slow down the process on our end.

(GT) John, can you make sure it is in the next packet and added to the agenda.

(FM) I'll see that you get a clean copy of it

(TP) All the other owners, they are up on this?

(FM) They had their meeting, and as I understand it now, Kerri had raised the question was there one person there or 100, I never did get an answer to that question, whoever was at that meeting whether it be 1 or 1000 they unanimously agreed that they would move forward with this. Well, obviously there is still two moving parts to this the SBA part which is the due diligence, the finances, the system itself from an engineering standpoint and whatever legal things. Because they do have that loan and we will have to work that out although I think they represented it to you that the loan could be assumed by the authority. It is a farmer's home loan and they agreed that the authority could assume that loan. So that, I don't know about the permitting that is another issue that probably has to be resolved, that would be the SBAs portion of it, the other portion of it is at that time once this happens there has to be some kind of formal agreement and again, there would be another meeting, in theory I suppose, they could say the heck with it we don't want to do it. The members then could say that.

(LL) The other thing that would have to happen too Forest is all the customers would have to sign a service contract.

(FM) right, well the authority has talked about establishing a separate rate district. All those things would have to be in place before this whole thing, before you turn the taps, so to speak.

(SB) right, phase 1 is our investigation, which hasn't already started, that is what we are doing with that agreement is starting the investigation. Does it make sense for us to do it? And then at that point, then how are we going to do it?

(FM) right, exactly, that's exactly right and then to them, does it make sense for them to do it, once the authority says this is how we propose to do it, so yes, we have plenty of time.

(GT) okay very good.

c. Water Foreman (LL) It's in the packet. One of the three main line leaks, which Geno can attend to, was out on King St, out in front of his house, the gas company found a water main that we had mismarked, and it was laid in a crevice of rocks. So they thought that they were, when they laid the line they channeled the rocks out and laid the water line right in there, the gas company thought that they were beating on rock and low and behold water came up. It did take us a week to fully repair that. I had to, we put a clamp on it to temporarily seal it up, they knocked a 5 ½" hole in the main and then it cracked both ways. The crack, end to end of the crack was 22" inches, the biggest clamp we had was a 20" clamp we managed to get that on there, get it tight it was still weeping but in the process we couldn't get the water shut off without putting the entire triangle from Morris St to the Railroad tracks out of water. So we had to have an insertion valve put in to control the water and I had to get two special clamps brought up fortunately they were around a 24 and a 30 brought in and we used the 24 sealed it up and everything is fine. In the process of putting that 24 on we managed to get all the rock that was around the water line removed, so there won't be another issue there with the rock. But that is why, if you drive down King St you'll see two big holes, one of them has a valve in it that's the valve we put in, the other one is the gas company. I talked to the gas company today they are going to complete their service tomorrow, so that was a big thing there.

(GT) When will you finish, smoothing that road off there?

(LL) I am working with the gas company on that, probably going to have them pave it if they give us a good price on that, because they are going to be there, they are going to have traffic control set up, it would make it simpler. The only other thing I don't have on the report, Dan just reminded me about it. The permanganate system out at the Gunter Valley Plant is working we are having a control issue which is not affecting the quality of the water. It is affecting us being able to keep the pump primed on it. I talked to our SCADA people and we are going to make a couple of changes in there, to change that around. We may need to look at getting a smaller pump. The pump I think we planned for a certain amount and I think we went a little too big on the pump.

(DH) You said you are not seeing much manganese right now? Or Iron?

(LL) the system is taking care of the iron, but we are seeing a manganese issue, and I am working on that with Dan, we are not approaching any levels that we need to be concerned about, but it is just elevated from what it was and we got to figure out why and I instructed Wayne the other day to cut tomorrow, to cut back on the chlorine for a little bit, the pre-chlorine see if that might affect it, make it work a little better. We are watching the Well levels. I am watching Well #3 carefully to see what happens when we get the re charge this Spring. That's all I have Sir.

(GT) Thank you

d. WWTP Manager (JE) I think Lance did a good job of giving you an update of what is going on at the sewer plant. The biggest thing at this point is moving forward with the I & I study. We are going to be picking, DEP has asked that we keep an engineering consultant on board with the I & I study, so we did a couple interviews with a few firms a couple of weeks ago, this coming Tuesday Lance will be prepared to make his recommendation to council for that engineer and that engineer specifically and mostly going to be dealing with the flow study portion of the study. The information that we are going to be collecting with the flow meters, DEP is very gun shy about letting in house personnel try to analyze flow data that could really affect the model from what we understand. So it is going pretty well, DEP has actually given us more time to get things accomplished and they are willing to work with us, so we are very happy with that, so we are able to spread the cost out over more a period of time we are hoping that will be the end result so and we are hoping ultimately that the result of the I & I and possible remediation may ultimately cost us less for plant improvements in 2020 which is our drop dead date for the COA, the (consent order agreement). We are hoping that will work, and Lance is really doing a great job and he has really taken the bull by the horns and getting things going here. He was very thorough on this; I don't think there is anything else to add to that

e. Secretary (JE) I just have a couple things Geno, I did receive a couple of checks and beyond what Forest was speaking about the \$25,000 dollar check. I did receive an escrow check for lot 6 for maintenance. We received a request to start a project last month; we do have the escrow check now. I was told to show these to you, so that you knew we had them. I can't quite explain this; I don't know if Dan might know a little more about it or maybe even Louis. This is from the Cumberland Valley Regional Development Corporation is this that project that we have been trying to get a meeting for? UBP?

(DH) Those were both matrix, like matrix lot 1, matrix lot 2

(JE) This is construction phase 2

(DH) Construction phase 3

(LL) 3? That is another project that is going on out there, that is another project that is going on out there.

(JE) Okay because phase 2 already has \$2278.00 in it, so this a completely different one?

(LL) new project altogether

(JE) okay great, Nicole wanted me to clarify that, I don't think she saw the phase 3 there, now I see it.

(DH) Have they submitted plans?

(LL) No

(DH) okay

(LL) No, but I have talked to them about it. I know what it is, it is an extension of the water line in the road down from where it is at now, so that is Phase 3.

(SB) that is their, you and him, and him money. To start the project

(LL) yes, actually for both of them

(JE) this is phase 3, I don't think Nicole saw that, it was underneath here. She had written phase 2, I think she was just confused. So we do have all escrow checks as far as I know in house for the projects.

(LL) there is no water request coming for Phase 3 yet it will just be a water line extension project from what the plans I have seen. But I told them they still have to submit and escrow check.

(DH) Do we want to authorize the project tonight then since we have the money.

(LL) probably

(GT) We don't know what the project is

(DH) We don't know what the project is

(LL) The project would be, it's a water line extension project phase 3 basically its about 2100 feet of water line.

(GT) I am hesitant

(DH) There is no request there, it's just a check

(GT) We need an official request; it's kind of them to send a check in advance.

(DH) This is the first this has happened! We have gotten the money before...

(SB) We got the money but we can't do anything because we don't know what you are doing.

(GT) Nice work Louis! Put you on that all the time! Next time they call have them give us an official request.

(DH) right, what are you doing?

(SB) What check? ☺

(MP) Question? We are in the last month of the year, and I wonder if you might give us an update on the hydrant project, how far we have gotten this year and where are we?

(LL) we have gotten about 200 hydrants done, so far. I recently drove the entire system and counted all the fire hydrants, there is 587 fire hydrants in our water system. That's about a hundred and some more than I thought there was. I was figuring about 400, but there are 587. And that doesn't include, that only includes what we currently have, should Southern Cumberland come online, there is about another 8 or 10 out there. So that is kind of where we are at.

(MP) Okay thanks.

(KB) So a little over a third, so a little more than a third of the way done.

(LL) Generically about a third of the way, Kerri

(GT) Most of those are where? In the borough? Or thru out?

(LL) the majority of those are in the borough, but there are some that are in Cleversburg and Mainsville that were done. We started in town first and now we are starting to work towards town.

(GT) Okay thank you, any other questions for the secretary?

(SB) yes, I had asked money from the solar panels, where that shows up in the budget or if there is any?

(JE) There is none

(SB) there is none

(JE) There is none, we over with Geno and Michael, I think last week, real quickly during a budget chat and everybody thought there was going to be money, but there is absolutely no money coming in for that project. I cannot speak to the project, I obviously, I am not up on it, as to why or what was supposed to happen. But, Nicole said there is absolutely no money coming in from that project.

(FM) I think the general outline of the program was to provide...(inaudible)

(SB) I knew that, that is what I thought in the first place

(KB) Why did you ask if you knew that?

(SB) I just wanted to know because I am pretty sure Sam put some nice language in there that we get them if they are not giving us any money.

(KB) Well then that is probably something that needs to get looked into, but I could have told you that we are not getting money from that.

(FM) Isn't the borough the one?

(SB) I think the contract is the boroughs name,

(FM) It shouldn't have been

(SB) but the motion was basically on authority property, but the motion was made to the money to go to authority if there was any money that came

(FM) the lease is in the authority's name

(SB) but the negotiation was done with the borough, so the contract, I am pretty sure Sam put some kind of language in there that basically if there was no benefit on the boroughs side at all, that they would be forced to abandon their part of it, because they used 3 million dollars' worth of

(FM) Tax credits

(SB) federal and state grants and then 2 million of their money on our property

(FM) John can you make a note and get me a copy of that contract

(GT) it's in the back room somewhere

(SB) Thank you, yes if Forest wants to take a look at it and see if there's...

(FM) See what's in it, maybe they owe us a couple hundred million dollars

4. BUSINESS ITEMS:

a.Consideration to establish project for McDonalds USA, LLC Rebuilding of Restaurant at 333 E King St (LL) You have the letter of request that we got from McDonalds in here, they are finally going to go ahead with the McDonalds rebuild. The new facility will be roughly 2000 sq ft smaller than the existing facility; however they are going to be putting in a fire sprinkler system. So they are going to redo their service connection. They will be abandoning their existing connection and putting in a single line to a meter pit, putting in a domestic and a fire meter on that then on into the building

(KB) for clarification, even though it is square footage smaller, the reason why it is smaller is because they are removing the basement, the actual foot print of the building is actually larger.

(JE) correct

(LL) but there is no projected increase in water consumption

(KB) right

(FM) Should be less

(GT) Do you have the plans for the realignment of the meter?

(LL) I have seen them, I haven't done anything with them, actually this has been ongoing back and forth Geno for a year and a year and a half, finally got some information from the gentleman the other day, who called me, I said I have to have this letter so we can establish a project for plan review, because there will be some plan review required

(GT) So we just need a motion to establish a project

(MP) so moved

(SB) Seconded

(GT) Motioned by Michael, seconded by Steve to establish a building project for the rebuilding of McDonalds, any questions? Hearing none, all in favor signify by saying "I"

***unison "I's" are heard

(GT) Motion carries. Thank you.

b. Engineer-Review the Process for Tapping Fee Determination (DH) one thing I forgot to address under my report and it falls under this is an update of the water capacity. I gotten a request to update that, the last time I handed one out to everyone here. Last time we had updated was April 2013 so it has been 2 ½ years or so, I won't take this as exactly gospel, I tried to get as much in here as I could in the amount of time we had, so I still need to confirm if you flip to the second page, exactly what EDUs are out there approved and

what has been paid for. I think this is relatively close. So if you see something on here that you are not sure about, please ask. One right off the bat is Deerfield at the top in grey. This was expired, but it had expired before we had even done the last update Louis, but we kept it on there for a reason, and over time I don't recall why. So, what I am saying in all that is, I will get an update out to this, that will probably be removed and zeroed out since it has expired so it should be EDUs that we are going to keep reserved on the books. So the way we have done this...

(LL) I know what this is...that was for the townhouses, the remaining balance of phase 1 that was never built.

(DH) okay

(KB) and this probably has something to do with the, isn't the township kind of in a thing with them, because they didn't fulfill their requirements as far as completion and all of that stuff.

(LL) I do not know, this is, when they did phase 1, there was like 284 units, or in phase 2, and that 200 would be the balance of phase 2 that was not built, and they remodeled everything and the other one there is you have there that is greyed out that never came to pass.

(DH) Yeah and that's why that one was zeroed out. If you look at the columns we had the original allocation we had the current usage, so some of these they allocated say 50 EDUs and maybe overtime they built up to 25 so we would subtract those out. And then the remaining allocated is just the balance between those two. So if the project has expired we zeroed it out over time. What I recommend and I can work with John with this, keeping this up to date, we are trying to recreate 2 ½ years and it's a little bit more difficult to try to go back and try to remember, or find out exactly what has been built and what is being used. All, that factors in then on to the first page if you flip back to that that number comes in on the bottom of the page under item #3. The .337 allocated that comes from that second sheet that is how many EDUs how much capacity that you have allocated to people that we have granted. And a big chunk of that is Schreiber Foods, when you look at them, they are 630 thousand gallons per day, 3,913 EDUs and right now they still have 1,739 EDUs outstanding that are allocated.

(SB) have we looked at their contract lately?

(LL) As for?

(SB) Because I know both the contracts that they had with the authority and with the borough, there was specific language, like usage, like if they didn't use, or ramp up and use what they said they were going to use, that basically the would be billed for a percentage of the unused amount.

(JE) I believed that was based on completion of the expansion of the sewer plant.

(SB) Okay, so there wasn't anything in the water contract about that?

(LL) I don't know.

(JE) I am not positive, I know that our solicitor has been in contact with Schreiber about the agreements that we have with them. But, I recall he was adamant that the additional funds were contingent upon the completion of the capacity of the sewer plant, obviously that got delayed.

(DH) I don't recall anything like that in the water side.

(SB) okay so that was just on the sewer side.

(DH) It has been awhile since I looked at the agreement.

(LL) Well the water agreement said that they were going to use 500,000 to start with, and then at a certain period of time they were going to go to 650,000 or 630,000 they paid up to 630. They had projected to go to 900,000 after that, but those have not been paid for. So those are not allocated to them and if they want to go that way they are going to come back and request the water, they are currently using on average about 500,000 a day.

(DH) I didn't even get them as that much, based on the meter readings, so under the 2015 system withdrawal, right up here, average daily demands I get that from Louis, which is reported to DEP. I gave the time period we use right up there. I didn't have the daily readings before this, that is why it is to be determined for the maximum day demand that doesn't work into the calculations but it is a good number to know to make sure

that you can meet that demand, it can be met with storage but you want to make sure your system can supply that. Then the Schreiber average day demand I pulled that from the meter records from Jan 1 to June 30th and I got roughly 350,000 gallons per day that is what they are using. They did have some peak days up around the 500,000 though.

(LL) But they are basically on a partial shutdown on Sat and Sun now, which is why the average is down, Saturdays and Sundays they could be as low as 100,000 gallons a day.

(DH) So looking at the numbers then at the bottom, excess capacity at .202 million gallons per day. Which equates to 1,263 EDUs from the calculation back in 2013 we had .254 MGDs so about 500,000 more million gallons per day. Excuse me 50,000. 50,000 more gallons per day which was 1,588 EDUs and the difference between that is they average daily demand is roughly the same but Schreiber's usage is a lot less meaning the demand is coming from other customers on the system. That is the final number at the bottom. Any questions?

(GT) any questions? Hearing none, we move on.

(DH) So that was the water tap capacity, sorry Geno. The tapping fee update process, this was a calculation given about a month ago on projected tapping fees, estimated 2015 update with no improvement, just bringing it to current debt numbers and construction numbers should raise the tapping fee roughly \$200 an EDU, I said \$400 earlier, it was only \$200. For us to update the calculations and all the charts in the rules in regulations and the text we estimate \$1600 so what we normally do, we update all the calcs send it all to John and he would update the rules and regs, I'm sorry we would bring it to you at the next meeting, if everything is good you could adopt it and it would be your new tapping fee. So I think raising your tapping fee \$200 it would pay any engineering fees in one of these projects.

(SB) It what? 8 EDUs

(DH) 8 EDUs, so we could have the whole process complete in a month, I don't see any reason why we couldn't do that. Any questions on that?

(GT) thank you

5. Discussion/Adopt FY 2016 Budget (MP) Okay, so you have in the packets starting on page 34 the Shippensburg borough authority 2016 budget, if you will recall from last time we also took a look at methodology sheet which also accompanies the budget, you will find this on page 35, and page, well it's not numbered but they are attached, so it is the following page. The only change from last time is item #7. If you recall we had a conversation about how exactly we were going to pay for labor costs from the work that we received from the borough. So here is the explanation of how that is being done. And let me take you through key points in the budget that show where those numbers actually are installed in the budget, so if you would start on page 2 of the budget. Under borough operations expense the very top line. 400-000-031 Shippensburg Borough General Labor you will note that on 2016 there is zero, there is no number there, because that method is being abandoned so that line is going to go dormant for now, or at least a placebo feature, so then if you move down a few lines, the General Govt Executive Support 401-000-010 the administrative cost this is the cost of the shared employees in the borough office, and if you slide down a little further under maintenance support service 409-000-300 this is Kevin Plasterer and the actual mechanic, if you will, the person who does the actual work so this is Kevin coming in determining what needs to be done in the office in this building and then someone to actually come in and do the actual maintenance. So if you just slide a little further down on page under water system operations, water system salaries and operations, now we are looking at 448-000-031 general labor this is the labor costs for the 7 dedicated water folks, the folks who work with the water. A couple pages in the next thing I think you want to take note of is page 6, page 6 the yellow section. We learned that Southern Cumberland Water System had in fact provided the escrow and so we had put them back into the budget, they are highlighted here in yellow so we have a place to put expenses for them should they materialize during the 2016 fiscal year, so now on to page 7. You will see Fringe Benefits for that employee that is labeled clearly Fringe Benefits and you can see the total number 169,399. Below that Workers Comp, below that Unemployment Comp. Probably the next items of interest to you all would be our Capital

Improvement Fund and specific Projects, page 9. For the first one here that we have something plugged in for is New Source which is item 700.014.312. We got a 100,000 plugged in for new source. Go down a few lines Storage Tank Mixers in-town and Storage Tank Mixer Mainsville page 10 you can see the \$300,000 put in the budget for the in-town transfer station and the next item below that you can see United Business Park Inter Connect we put the 1.9 million in there so that project would be funded should we choose to execute on that. The last one is upgrade for Well #2 this is item 700.014.324 again funded at 1,371,000. Folks, that is our budget and those are the only items from last week that were not completely resolved. Of course, I'll entertain all questions but I think we have a budget here that we can pass.

(SB) We moved a couple items that were in capital into the contingency because they were technically capital expenses. So there is a couple of items that staff are aware of, what they are, that got moved into the expenses.

(MP) yes, yes sir.

(SB) Question for our secretary, so the numbers that we have in here for our budget, our the best reflection we could possibly have for the expenses incurred by the borough to perform the job that they are contracted to do for the authority.

(JE) yes sir, Nicole has exhausted it to no other way of breaking it down to be more accurate.

(MP) So in plain language does this budget make the borough whole, for the expenses that the borough incurs in executing the mission of the SBA?

(JE) We believe that it does, yes.

(GT) Any questions for the budget committee, anything else? Hearing none, I will call for a motion to accept the budget for 2016.

(SB) Do we need two motions? One for the operations and one for the capital or can we move both of those?

(KB) I would do them separately

(GT) We have a request to do them separately, I can do that. Make the motion accordingly.

(SB) Total number that is what I am looking for.

(LL) I think it is at the bottom of 7

(SB) Move to approve the operations budget for the authority in the amount of \$3,139,700.

(TP) Second

(GT) Motioned by Steve, seconded by Troy, to approve the Operations Budget for 2016, any questions? All in favor signify by saying "I"

*** Unison "I's" are heard

(GT) Motion Carries.

(SB) Motion to approve the capital improvement budget for the SBA in the amount of \$3,955,000

(MP) Second

(GT) Motioned by Steve, seconded by Troy, to approve the Capital Improvement Fund, any question? All in favor signify by saying "I"

*** Unison "I's" are heard

(GT) Motion Carries. Thank You

6. Discussion/Adopt Methodology for establishing FY 2016 Budget Figures (GT) We would like to discuss the methodology the reason to help to clarify the process so that it is in writing for future references and to make things run smoothly and also adjust smoothly for future needs.

(MP) So I am sorry, would you repeat I was doing some math.

(GT) We just need a discussion to adopt the methodology for determining the budget finance figures.

(MP) I would move that we adopt the study methodology devised by borough management staff along with SBA secretary and this is in your packet on page 35-36 it is labeled Study Methodology, cost drivers 1, cost drivers 2, it explains the allocation costs and how they are calculated as well as description of how the labor wages are to be calculated.

(KB) And this is the methodology that was used for the current budget we just voted on?

(JE) yes

(GT) this was the result of the research that Nicole and the treasurer did and reviewed for us in great detail to attempt to make the costs for staff and personnel up to date, which hadn't been done in a while and it was time to do. This can be used as the foundation for determining future up to date needs as the system grows or other things happen.

(SB) Yes, if other things happen at some point if the office stops billing for say, like the borough is no longer doing trash, there would be more expenses incurred or a different percentage incurred because it wouldn't be 33%.

(GT) Or a different way to do it all together, any discussion on these since it's been turned around and read over and over. Hearing none, I will call for a motion to approve the study methodology that went into the 2016 budget.

(JE) Michael didn't you make the motion?

(GT) I apologize, we have a motion from Michael, and do I have a second?

(SB) I will second, yes. This is a reflection of that.

(GT) Ok, motioned by Michael, seconded by Steve, to adopt the study methodology that went into the budget 2016, any other questions? Hearing none all in favor signify by saying "I",

*** Unison "I's" are heard

(GT) Motion Carries. Thank you

8. Financial Review

a. Consideration to approve Shippensburg Borough Invoice for November 2015

(GT) John this is what we had been getting its accurate as it can be, I take it?

(JE) Yes, Nicole just completed it at the end of last week so it is very up to date.

(SB) Motion to approve and transfer the funds

(MP) I'll second

(GT) We have a motion to approve and transfer the funds for the November Financial Statements. Motioned by Steve seconded Michael. Any discussion, hearing none all in favor signify by saying "I"

*** Unison "I's" are heard

(GT) Motion Carries. Thank you

9. Executive Session

(GT) I don't have any need for executive session, Mr. Switzer do you have any?

(FM) No

(GT) John any need for executive session?

(JE) No Sir

(GT) okay just checking, alright then we will go around for a final hello's here, Troy anything?

(TP) nothing further

(GT) Steve

(SB) We had some saddlebags, something we haven't discussed, or is it just for informational purposes?

(JE) Well obviously the 2016 meeting dates is informational, that will be, that has been approved by council. Started to gather some of the information that I believe the SBA is looking for starting in 2016 there is a non-billed water listing that was requested, so you have that. And we want to start looking at reviewing fees, so what we put in the saddlebag is your schedule of fees that I believe, Louis, Forest, Dan and I could look at to see if it's time to update each schedule, and there would be some recommendations maybe the January meeting we could consider a resolution to update the fees. But these are for review purposes.

(KB) I will say that the meetings, the scheduled meetings one does fall on an election day, for the water authority.

(JE) It does, does it?

(KB) yes

(GT) We should move that

(JE) There is nothing wrong with you holding a meeting that day unless the board chooses not to do that. There is no law or anything that prescribes that there is a problem with that, we are not a voting facility so, but council went forward with the schedule but it was obviously with the intent if you wanted to change that date we can certainly look at changing that date.

(KB) I can tell you personally, I am not available Election Day that is just me.

(SB) they are not going to let you have the day off to...

(KB) no I actually have to receive ballots, no, no, no, I don't run around anywhere, I receive ballots.

(FM) at the courthouse?

(KB) No we don't do it at the courthouse anymore, it's at the annex

(JE) Do you want to deal with it as we approach the date?

(MP) I think we can shift the date when we get closer, I don't think we need to change the calendar; we will just make an informal decision

(KB) I just wanted to bring it up, because it was something that was brought to my attention.

(MP) I would like to accommodate you

(KB) I know that is a busy day for just more than me, so I am sure, you know.

(GT) Michael, anything?

(MP) John, next month, will we have, when do you think that you will have all the numbers and be able to provide us with the complete financial picture for 2015?

(JE) You mean a final reconciliation?

(MP) yes

(JE) That normally doesn't occur until January, I would think

(KB) the end of

(JE) yes, at the earliest

(MP) So the February meeting

(JE) Probably right around February

(KB) I would say the middle of February is when it typically happens

(MP) We would like to see those numbers

(JE) We can't reconcile the 4th quarter until it's over, so

(MP) you can have the bills in, but it's got to be paid

(FM) Why not?

(JE) Well we could Forest, I guess. ☺

(KB) Usually they have a cut off, the counties cut off is Feb 15th for 2015 bills to come in, so it may even be later than that, that is what the counties cut off is, I don't know if Nicole has a similar cut off or not, but any bill received for 2015 received after February whatever day it is, will not be billed until 2015, it has to be billed to 2016.

(LL) I think what she has done in the past, we have a cutoff date, the last day that I can submit for stuff to be paid is like right around the week of Christmas, so anything that comes in after that will be paid in 2016. That because there is a lot going to carry it over into January.

(GT) I just have something to read here. My term is ending on the 31st of this month, it has been a real pleasure and a honor to work with you guys, but I have asked to be reappointed so that I may continue to serve the community and I am not asking that to escape time with the family, I want to make that clear with the public. But, I am asking for reappointment because the authority needs some consistency on its board. Since I came on the authority we have experienced 7 members seat changes and in the last 3 ½ years we have been under the direction of 5 management changes. That is a lot of change and instability so I think it is time to try and develop a little more stability in the operations here. Within the turbulent 3 ½ years, some of questioned

the productivity of the SBA and that is certainly understandable due to the destructed communication stream between council, the community and the SBA operations so, any questions are understandable but the past 4 years of SBA have been very productive and the minutes reveal that 5 major areas have been addressed continuously over that time. These areas include the service to business community, system capacity, location of additional water source, system maintenance and residential needs. Our work to facilitate business in the area can be seen in the reviewing of proposals, site visits and assigning of EDUs to more than twenty businesses that were either new establishments in the area or expansions. So that's pretty good for 3 ½ years, capacity has been addressed, as an ongoing addressed, three new tanks, we have the timber hill tank, which has improved pressure and capacity, to reallocate water and the northeast tank we have a cite near exit 29 and that was located, and state approval was asked for and under taken and we have had repairs to the Orrstown tank and they were completed. Meetings with DEP were requested, held and we did receive capacity increase for Well #2 and we have made efforts to improve that project and make it a more efficient project also. Location of additional water source was and is an ongoing effort I need to note that the process of locating a site on a map and then actually drilling and producing is a long process. The current search began with a review of four sites meetings were held with DEP, SRPC we spent much time seeking agreements of landowners to enter their properties. We did have an extensive 13 month discussion with DEP about the reallocation of water from Gunter Valley, that went well for a while but gradually the state kept extending their deadline of the project they continued to reduce their allocation to us, then eventually they closed the project due to costs and that was rather frustrating. In concert with all of that, reviews were made with DEP and SRPC an innovative reuse project and it was endorsed by both organizations, but not by the community, the search continued with two additional sites and after months of meeting and reviews we are at this time very aggressively engaged in an land acquisition and test program to increase our volume. Maintenance is ongoing with the successful direction of our water foreman there have been upgrades to Well #1, a new computer and SCADA system at the plant and Well #3 generator updated at Huckleberry and ongoing review by our engineer and state officials with implementations made to improve the treatment plant facility. Residential support includes the work with homeowners and their leaks, addressing water requests and improving our fire hydrants and working closely with our treasurer and the bank to reduce our loan rates thus helping to keep the water rates with in check. Much time has also been spent in discussion and site reviews with Southern Cumberland Water Authority to address their request to be absorbed by the SBA. Within the 2016 budget it has four projects that will continue to improve our flow and produce a plan that facilitates growth for the community. In closing I would like to thank our engineer Dan Hershey our foreman Louis Larson our solicitor Forest Myers, the member of the SBA both present here tonight and those in the last 5 years for getting us through this very active time period. The great rotation within the SBA membership the five management changes have brought the best out of those folks ability to continue to serve the community in a seamless and uninterrupted fashion. I would encourage council to keep this board stable. Thank you once again for your time.

(MP) Thank you Geno, nicely said. Thank you for your service, I hope you do come back in January; there is so much truth in what you just said to us. You did come on at moment when things changed rapidly and we were suddenly thrown into a very challenging times, we lost our manager, when the manager went all kinds of issues were then revealed to us, that needed to be addressed, you have led us through all those difficulties, so thank you very much we are in very good shape much due to your leadership.

(GT) thank you

(MP) you are welcome

(GT) I actually started, shortly after I came on with the death of a longtime water person, so that just started the whole snowball rolling. Thank you very much and do we have a motion to adjourn?

(KB) I am sorry I actually have one thing, the Rowe Run, Rowe Rd project, not Rowe Run, is moving significantly faster than I think anyone anticipated, have you Louis talked to anybody from the borough about potentially piggybacking the water authority's portion of that project for bid?

(LL) we have the plans that are being reviewed and yes, I have talked to Kevin about it.
(KB) I just wanted to make sure since it is moving so much faster than I think anybody anticipated.
(SB) One of the blocking participants might have found money.
(KB) yes
(LL) There may be a slight conflict with the waterline and the storm drain but that is what we are working on right now.
(KB) Okay, I just want to make sure that.
(LL) But it is not anything I think that significantly hold the project up.
(KB) I just want to make sure if there is a cost savings that can be done for rate payers that we make sure that we jump on it and because it is moving so much faster than I think anybody really anticipated because it was stalled for so long and then boom, it is running like full bore.
(LL) well the portion that is going to be realigned is all we are concerned about right now. That is all we are working on. Dan and I have to talk about that, there is a couple of minor conflict probably involved maybe about 40 feet of pipe, straighten that out.
(KB) I just know that we approved the plans, the subdivision plans last week. So I know we are at that level, which means it is going to move fairly fast now.
(DH) That's good to know, I mean we should be able to get things wrapped up quickly. We can talk tonight.
(LL) we are talk a little bit about that and get the letter to Scott.
(KB) That was the only thing I was concerned about because I know that I was the one that was saying don't worry about it, it's not going to happen and then Bam! Because we had been talking about it...so I just wanted to make sure of that, because I was the one that said no hurry, well there is hurry now.
(LL) that's the way some of those things go!
(GT) Thank you, motion to adjourn
(SB) Motion

10. Any other business

11. Adjournment

(GT) Thank you, motion to adjourn
(SB) Motion


Secretary

Next meeting January 12, 2016