

Shippensburg Borough Authority Minutes

January 12, 2016

7:00 pm

Present:

Evaggelos Tsambiras (ET)	John Epley (JE)	Forest Myers (FM)
Troy Pomeroy (TP)	Kerri Burrows (KB)	Louis Larson (LL)
Michael Pimental (MP)	Steve Brenize (SB)	Dennis Hammaker (DH)

Public: Dan Hershey (DAN) President of Hershey Engineering  
Brian Kauffman (BK) Vice-President of Rettew Associates  
David Busch (DB) Keystone Alliance Consulting (subcontracted by Rettew)

**1.Re-Organization**

**a. Nomination and election of Chairperson**

(TP) I'd like to make a motion to nominate Mike Pimental as Chair

(FM) Ok, are there further nominations for the office?

(KB) I'd like to nominate Steve Brenize.

(FM) Ok

(ET) I move that the nominations be closed.

(FM) Ok do we have any pieces of papers, John? Like little slips of paper?

(JE) I can get a little tablet

(FM) That will do, we will do it by written vote, if that's ok with you, I think that makes sense to do that.

We need somebody to count the ballots. Louis would you be the teller, if you could cast your vote for either Michael Pimental or Steven Brenize for Chair of the authority, if you just put the person's name you want to have to serve in that position on your ballot, fold it over please and give them to Louis, he will tally them up and give us the results.

(LL) Having counted the ballots there were three ballots cast for Mike and two for Steve.

(FM) I declare the election of Michael Pimental as Chair. We will turn the meeting over to Michael Pimental and he can continue on with the meeting agenda.

(MP) Well thank you so first of all, let me say thank you Troy for the nomination, I appreciate it and those who voted for me I appreciate that, and those who didn't, I hope to work hard to appease your trust and I will all I can do to serve everyone well here. So our next order of business is for the election of vice-chairperson. Is there a nomination for the vice-chairperson?

**b. Nomination and election of Vice-Chairperson**

(KB) I nominate Steve Brenize for vice-chair.

(MP) Steve has been nominated are there any other nominations? Being no other nominations, we shall vote, All those in favor of Steve Brenize for assistant chair, please vote their consent by saying "aye"

\*\*\*unison "ayes" are heard, any opposed "no", \*\*\*silence

Motion carries unanimously Steve is the chair

(FM) congratulations

(MP) congratulations and I look forward to working closely with you Steve

**c. Appointment of the Officers and Staff**

**i. Secretary**

**John M. Epley**

**ii. Assistant Secretary**

**Nicole Bard**

**iii. Treasurer**

**Edward S Goodhart**

(MP) All those in favor of those three nominations for appointments please give your consent by saying "aye" \*\*unison "ayes" are heard, any opposed "no", \*\*silence, Motion carries unanimously. Our solicitors and engineer are appointed by contract and therefore are not appointed, so we have contracts in place that have both Mr. Myers and Rettew as our attorney and engineer at this time.

**iv. Solicitor**

**Forest Myers**

**v. Engineer**

**Rettew**

**2.Public Comment:** Identified members of the Public for record (see above)

**3.CONSIDERATION TO APPROVE MEETING MINUTES OF DECEMBER 8, 2015:**

(MP) Any additions or corrections to the minutes as presented? Hearing none, motion to approve would be in order.

(KB) Motion to approve the meeting minutes from December 8th

(TP) Second

(GT) Moved by Ms. Burrows and seconded by Mr. Pomeroy, any discussion considering the minutes? If not all those in favor give their consent by saying "aye"

\*\*\*unison "ayes" are heard any opposed? \*\*\*silence

Motion carries unanimously minutes are approved.

**4. REPORTS:**

**a. Engineer-** (DH) Item 1 a and b, those two items have been turned over to Louis and or John, I believe, and are going to be or have been submitted to the State.

2. Chiller Plant- no changes have occurred in that item since last month.

3. Permanganate System, I am working with Louis to select a new pump that is in the process that hasn't been completed yet, so that is ongoing and hopefully will be done shortly.

4. Southwood Crossing- there has been a comment letter provided and that has been forwarded to the owner of the development and we are waiting to hear back on the response to that comment letter.

5. On the agenda further down, so I am not going to talk about that

6. Well #2 improvements project- we are in the process of finishing up the design. We are completing our internal final reviews before providing the authority with the final copy for review, that's going to happen here before the end of the month, I am not sure we are waiting for a couple of our sub consultants to get us plans and hopefully that will be done here in the next 10 days to two weeks in that time frame

7. SR997- there was a form that was provided for utility clearance, that has been forwarded to the engineer for the project and I believe that is all that should be necessary for that item.

8. Possum Hollow Rd Water line design- is underway we got a number of the items that have been completed the survey, the wetlands investigation and roadway permitting is underway and the now that those things are nearly complete we will be in the position to continue with that design.

9. Well #4 is also underway; the work is occurring on the aquifer test plan and the test well, there was a meeting with DEP today at the site. I heard back from our representative out there that went well, there were no problems identified. He anticipates that DEP will be providing a letter to the authority that gives the requirements for the continuation of the project.

Items 10, 11, 12 are all on the agenda. Again, so I won't talk about those right now. And that pretty much takes care of things. There is a little note at the bottom that has to do with the transition. I am assuming that you all have seen that. Dan has started his own company and I will be taking over his position here. I wanted to offer my assistance if any of you have concerns or question of an engineering matter. I am always happy to entertain those, I think I got cards to everybody. I am looking forward to meeting and getting to know each one

of you as the opportunity presents itself. And with that, I guess I will entertain any questions, if anybody has anything.

(MP) Any questions for Dennis? Not at this time, but I am sure when we get into 10, 11, 12, 13 we will have some more questions there.

**b. Solicitor-** (FM) I didn't have any big projects. But I did notify Rhine Land Development, Darrin Rhine who had told me that you would not agree to allow him to install the water line without posting financial security. I think he understood that and probably was expecting that, but you don't get something unless you ask for it. I did notify Mr. Flower from Southern Cumberland that you would be taking action to approve or disapprove the agreement that they have approved as their association has approved for investigation of whether or not the authority desires taking over Southern Cumberland Water Authority situation. And frankly that's about it unless you have any questions.

(MP) I think we will have questions as we get to some of these other items.

**c. Water Foreman** (LL) My report is in the packet. I want to expand on a couple of items.

1. New revised Total Coliform Rule Plan. We are still working on that, we are having a bit of a problem, finding a couple more sample sites to satisfy DEP requirement. We have to find not only the site but a site on either side of it, in case there is a bad sample and therein lies the issues, not that we are going to be in their house or business every month. But if we need them, finding the right spots are somewhat hard to do. We expect to have that done and submitted here probably by the first of February, well ahead of the deadline.

2. Currently reviewing the OEL and that will be sent off to DEP. I got an email today that I got a meeting next week with I think it's Brenden from Rettew and the well driller to look at the proposed site for the well. The only other thing I got is, when I came back from the office this afternoon, apparently the paving project for King St is back on the books again for some time in 2017. The paving project will affect the authority from Morris St to Walnut Bottom Rd. I gave you a report back in the middle of 2015, I believe on that. I will revisit that report and have it for you next month. We will see, routinely the overview is we planned on replacing all the hydrants, or the plan was to replace all the hydrants that either a. we cannot get parts for or b. they are in prospective nandicapped ramp areas. In the past, Penn Dot has paid to relocate anything that is in there construction area like size, like type so fire hydrants in their approach so they should pay the total cost of the relocation of that, there is still about seven hydrants throughout that stretch of road that, we can't get parts for easily. So we might as well go and replace those, those are totally at our expense. So, like I said, I will revisit that and bring that report back to you.

(MP) Tell me, one more time please between which street and which?

(LL) King St from Morris to Walnut Bottom Rd that is the part that affects us basically the section in .Cumberland County.

(MP) And again, when do you think, what's the word, when do you think this might happen?

(LL) the word I got was 2017, for budgeting purposes, construction will be after that.

(KB) Weren't they supposed to have the plans to the borough by the summer, right John, if I remember correctly?

(JE) Kevin has been trying to get answer from Penn Dot and he just finally got the word that they are definitely moving forward 2017, so we should see something by September we believe, this year.

(KB) Ok, that is what I thought I remembered hearing.

(LL) I shot him back an email this afternoon, I need to see the plans before I can clear it or tell you what needs to be done.

(KB) Just for clarification, the borough was told the same thing this time last year and then it got postponed, so it could still get postponed.

(LL) it is still an ongoing budget issue, so it probably could get postponed. Now they are talking about planning for 2017, so construction probably isn't going to be until 2018. That was in the email, one of the comments that . saw in the email.

(KB) Okay, and then it changed again.

(LL) Yes

(MP) Anything else there, Louis?

(LL) No, I think that is it, any questions?

(SB) On the chiller plant, everything look normal on that still?

(LL) as far as the readings go, yes the meter is still working fine, we are reading it every day. I don't see, I mean its wintertime it's virtually offline. I don't know why they would be chilling water in the middle of winter, but you know, hey, but they are not, so.

(SB) Okay sounds good

(MP) so we are within norms for winter months.

(LL) yes

(MP) we are not gaining any real information that is useful.

(LL) No, nothing that none of us sitting around this table wouldn't expect for this time of the year.

(MP) Any other questions for Louis?

**d. WWTP Manager** (JE) I think he is just covering the things that he has covered with you in the past. Obviously the inflow and infiltration program is one of the bigger items on the list number 3. He has updated where we are at, at this point. The contractor was getting ahead of himself a little bit. He was trying to start work that hasn't been approved by the consulting engineer at this point, so we had to reel them in, we are not going to get ourselves back into a predicament where we are rushing past things and things getting lost and missed along the way so other than that. Everything is going well at the plant, you can see lance made some really good progress with the bio solids as far as getting the percentage moisture out of it. He is really able to stack the bio solids a lot better for storage capacity. Last I talked to him he was able to get it up to about 5 feet, at that point, where earlier in the year it was just a big blob basically on the ground. So he has really made some great progress in that regards.

**e. Secretary** (JE) The only thing Michael I have is some of the things that are on the agenda and I have an item that came in, kind of last second that deals with water forgiveness if you want to do that under other business that is fine or if you want me to cover it now.

(MP) Well let's see, let's deal with it right now.

(JE) Alright, this came in at the end of this past week and I thought maybe we could wait until next month but for some reason it was felt that the lady dealing with the bill thought that I could talk to you tonight that would be great. I have a request for water forgiveness from a Heather Cook at 129 Rustic Drive, apparently she had a leaky toilet and her bill was \$851.50 and her average water bill for that last 4 quarters was \$83.42 so her average bill times three was \$ 250.26 and through the calculations that the authority has established leaves her to an eligibility for a total forgiveness of \$601.24. So, she is asking for the authority to give her that forgiveness for \$601.24. This is all calculated through the formula that they use for it, there is nothing really that I could even hand out for you to see what she claims, it just says leaking toilet.

(MP) and she meets all the criteria for forgiveness?

(JE) Yes, she meets the criteria for total of \$601.24 forgiveness.

(MP) And you reviewed the calculations and you find them to be accurate?

(JE) Yes, I went over them with Kristina last week and it seems to be in order, if you are willing to do it.

(SB) You have all the other paperwork on file then?

(JE) Yes, it's all here

(KB) Has the issue been fixed?

(JE) I think so Kerri, I didn't ask that, it came in last second.

(TP) It doesn't really matter it's one-time, isn't it?

(LL) It's a once in a lifetime.

(JE) She provided all her tax information everything as far as her income goes. Troy is absolutely right we only give it one time.

(MP) So what is the wish of the board, any other questions?

(TP) Well if it meets everything, I say push it through.

(MP) Is that a motion to approve?

(TP) Yes, motion to approve forgiveness.

(MP) In the amount of \$601.24, for Heather Cook of 129 Rustic Drive.

(SB) I will second that

(MP) Moved by Mr. Pomeroy, seconded by Mr. Brenize any further discussion, being no discussion, let's have a vote, all those in favor give their consent by saying "aye". \*\*\*unison "ayes" are heard any opposed?

\*\*\*silence

Motion carries unanimously.

(MP) How will you notify Heather Cook?

(JE) She will receive a letter, and I believe that Kristina will call her, and then we will send her a letter saying that the board made a motion to approve, it's a one-time thing. It will be the first time that I actually did one that we approved. Most of them have always been disapprovals; we will deal with this through a letter, an official letter from the Borough Authority.

(MP) That will work.

(JE) The only other thing I have I received a training memo for 2016 PMAA for authority board members, whether you are new or not, it's basically goes over your general, government relations, municipal authority relations, authority finances, understanding key elements, public officials. This is scheduled for Thursday, the closest one which would be Camp Hill at the Radisson Hotel, is Thursday March 3<sup>rd</sup> begins at 8:30 and runs until, well there is a luncheon at 1:00 and that is basically when it ends. But the cost for members, and we are members of PMAA is \$90pp and after March 1<sup>st</sup> it's \$100pp. I am putting it out there to see if the authority any authority members are interested. I didn't know if Angelo, the newest member would be interested.

(MP) Can you distribute a copy, and give us all a copy?

(JE) I will absolutely do that

(MP) We then can consider that

(JE) There is still plenty of time for you to register, but I wanted to put it out there now, so I will make sure you get a copy of this.

(MP) thank you

(JE) I just wanted to explain real quick, and we will get to those items I added in front of you. One is a map dealing with the agenda item the easement that they want to abandon out at the exit 24 location. That is just a revised map that Scott Bert just sent me tonight, you have the original in your packet, but he modified some text or something, it's generally the same thing but map goes with the actual request that he sent. And the other is copy of the letter from Sam Wiser and also a modified lease agreement and that's also on your agenda. That's all I have Michael.

(MP) Okay very good, thanks for a solid report, appreciate it, any questions for the secretary before we move on?

## **5. BUSINESS ITEMS:**

**a. Review/Adopt Water Acquisition Fee Revision (Tapping Fees)** (DB) I believe you all have copies of the report, there are 13 pages of text and numerous exhibits behind that, I won't take your entire evening going over every tiny little detail.

(MP) You are so kind, thank you.

(DB) I would direct you to page 2 of the report. Page 2 table 1 provides a quick summary. Tapping fees are basically buy-in contributions by your new customers so the growth pays for growth. The intention is that they are paying their share of the cost associated with having that system in front of their house ready to connect.

The tapping fees are broken down into a couple different components; there is a connection fee, customer facilities fee. The connection fee is the physical connection, the process of running that line and connecting their system to your system if you will. The customer facilities fee usually covers things like the water meter and things that are owned by the authority, but on the customer's property and are there necessary for service but again owned by the authority. And in both cases those are actual costs charged to the customer. The next component of the tapping fee is another component called the tapping fee, because the legislature tried to make everything as confusing as possible. The tapping fee is charged on a per EDU basis it is broken down into a capacity part and a distribution part. The capacity part is basically treatment and large conveyance lines as well as booster stations and storage tanks. The distribution part is the smaller sized lines that run in the neighborhoods these are generally not for transmission purposes. The distinguish between those two really isn't all that important to the average customer, the average customer just says, what do I write my check for. The fee is basically the process of taking your cost of your facilities trending them to today's dollars we subtract out any outstanding debt meaning the principal on your debt that you still owe. So in a sense you only getting credit for the value of the asset today minus the what you still owe on the asset in terms of the debt. Again understand that in your annual operating expenses your rates and charges are set in such a way so that you can cover that annual debt expense. So that is why it is not subtracted out, so you get credit for all that expense, you divide that number basically by the capacity in the system which is basically the restricted capacity in system what you can treat what you have in terms of your wells, if you have all of your water was produced on one side of the river and you needed to get it to the other side of the river and you had one pipe to cross the river, whatever the restriction would be and most likely it would be that pipe across the river which is probably the greatest restriction, you don't have that circumstance, but again basically we looked at the capacity of the system and we divided that capacity into that asset number that I spoke about and we get a per unit cost. That per unit cost is then calculated through to determine the cost per EDU based upon a number of people per household times 65 gallons per day per water system. You go through all that all the detail of this is shown in some reform on exhibit 1 the first exhibit and it is broken down between that capacity part and distribution part. But we went through the process we did this before. I believe the fee was last updated in 2013. We were asked to look at it in light of the authority having a number of capital projects coming their way which will impact this. Sometimes what happens is you can calculate the fee with those costs in before you do them, you do that in advance if you are increasing the capacity of the system, you have some that are but often cases the cost of that capacity is actually less than what is in your existing tapping fee and it would cause your fee to go down. We have not included any future costs. What we have done is we have updated everything which is basically updating the trending on all the assets and present dollars we have updated all of the debt. Because of course each debt payment you owe less principle or subtract less principle. The result was a fee that went up, now the maximum total tapping fee per EDU is \$2259.69 the authority is justified in charging that amount or an amount less than that. I will caution you that amount needs to be applied consistently to all your customers regardless who they are, where they are, in your system each customer would pay that on a per EDU basis with each single family home being one EDU. That was rather quick, I don't know if there are any questions that I can address, or something that you would like me to go back over, I would be happy to.

(MP) questions from the board?

(JE) Michael, if I may I did prepare a resolution to reflect the change, we did go a little lower by 69 cents, it did seem like at 13, we just rounded off the amount and made it \$ 2259 and dropped the 69 cents at this point but the capacity part the distribution part is listed in the resolution and it reflects the numbers in the report that was provided by Rettew.

(MP) And what does the board wish to do with this information and the resolution that was provided by John.

(KB) What is the resolution number?

(JE) 16-001

(KB) And it is a resolution to set the tapping fees?

(JE) yes you should have had a copy, Kerri, it was probably last minute as well, it is a Resolution of the Shippensburg Borough Authority Cumberland and Franklin Counties setting water tapping fee.

(KB) Nope

(MP) I don't think so

(JE) I'm sorry,

(KB) If you just want to toss it over to one of us

(JE) I thought I made copies, I apologize for that.

(KB) I will make a motion that resolution 16-001 whereas the SBA (let me read this first), okay I'll make a motion to approve resolution 16-001, wait we have to advertise it first.

(JE)(FM) Not a resolution

(KB) Motion to approve resolution 16-001 where the SBA of Cumberland and Franklin counties effective Jan 12, 2016 will set the new calculated water tapping fees, shall be \$2259.00 per EDU which is comprised of two units of capacity part and distribution part.

(MP) moved Ms. Burrows

(SB) Can I see it, so that I can say that I saw it?

(KB) Absolutely

(SB) Second

(MP) Alright it's been moved and seconded, any further discussion? Mr. Myers do you have any comment upon review of the document?

(FM) No it's in order

(MP) Okay so this resolution 16-001 has been moved and seconded we have had our discussion all those in favor give their consent by saying "aye"

\*\*\*unison "ayes" are heard, those opposed? No \*\*\*silence

No opposition so motion carries unanimously. Thank you Mr. Busch for an explanation that was understandable. I appreciate it

(DB) Happy to help, if you don't mind I'll be leaving

(MP) Alright sir, thank you for the trip I hope you have a safe and pleasant travels home.

(DB) I am sure I will

(??) Thank you for coming

**b. Discussion/Consideration to Extend the WWTP lease between the Shippensburg Borough Authority and the Shippensburg Borough** (MP) John are you the person that would give us an overview here?

(JE) Sam Wisner was initially supposed to be here to discuss this with the authority, apparently he overbooked himself so he couldn't be here, but he is available by phone if you would like to speak to him. But he provided this memo that actually was in front of you tonight, I apologize about the resolution. He gives a brief overview of where we are at and why we were proceeding with trying to secure funding for waste water treatment plant improvements/ I & I. In your packets was a document provided from F&M trust. That is a non-revolving line of credit for the borough for 1.5 million and this funding is fixed at 2.75% for the initial 11 years 6 month period than it floats anywhere from 1.98% to 5.3% it is a term of 318 months and we do currently have a lease that was done in 2006, then I think it was amended again shortly thereafter. This would extend it out until, if you are so willing to do so, the dates are 26.5 years commencing July 1, 2016 and expiring Dec 31, 2042. Just to give you a little bit of history on why we are at this point, as you know there was an issue with the waste water treatment plant, we are back we finally settled all those issues towards end of 2015, construction has restarted but with that DEP has mandated specific improvements to the waste water treatment plant that will go through the year 2020, there are several millions of dollars involved with improvements and one of those items deals with inflow and infiltration, so what that means is obviously what it sounds like, we have to do a study to see if we are experiencing inflow and infiltration into the sewer lines, which requires an extensive study. We have

had to bring on a consultant as per DEP requirements GHD is actually coming in to help us as our consultant for this project, we have to do videoing of all the sewer lines and then possible remediation. So, based on that, that portion the budget, Lance Hoover, and the borough has worked up some numbers and we have decided that 1.5 million dollars we think over the next few years should cover plus whatever we already have in contingency at the WWTP. But, obviously we don't have the funding in place to do all these items that are mandated so here we are, the bank needs a guarantee from the borough that we can cover the 26 and half year loan, so that requires an extension of the lease, so that we have guaranteed revenue to cover that and that's where we are at, at this point.

(MP) So the only questions that I have are, I mean I have read the document and you know so the obvious question, the plant itself is not put up as collateral right, all that is being put up is the ability of the borough to raise taxes and to increase fees in order to pay. So the question now goes to Forest, are we, members of the SBA, is the SBA at risk anyway if we agree to extend the current agreement as it currently reads, out to you know another 30 years?

(FM) No you are not at risk, I mean this is basically the same agreement that's been in place since, heavens back in the 60's probably when the borough and the authority entered into the lease, with some changes. The loan is actually surprisingly to the borough, so John is right, there is no, I mean if the borough defaults they can't take the sewer treatment plant in which you guys own as an authority. It is up to them to decide how they are going to pay for it, whether it is by rates or by general fund taxes if they chose to do it that way, surprisingly usually these things are just the opposite, the borough authority borrows the money and the borough guarantees it. But, you know for whatever reason F&M Bank has decided they don't care about having collateral in the matter so, you know as far as the agreement goes, there are things that if there was time, I would ask, that over the years I have seen that probably ought to be in any lease agreement, not just this one, this is, they need this by the end of the month. I guess the authority could approve it, if the authority members have concerns or questions about it, I guess they could approve it conditioned on, even renegotiating. The main thrust of this amendment is simply to extend the term to 20-30 years from now.

(??) 2042

(FM) so that is really what the amendment is, there are other things in the lease agreement coming up to this the that the authority and the council frankly should be looking at but, in the interest of time for this narrow issue there is nothing that toward the agreement or other aspects of it, the lending, the borrowing rather.

(MP) okay, any other questions?

(SB) yes, This amendment and the way that we are actually doing it by extending the term of the lease agreement is that legally accordingly to the document that we have with them right now. This is how we can do it.

(FM) yes, by amendment

(SB) And the other question I guess I would have is, the term, I understand that we are doing this to get it out of the 26.5 years but then there is also that the borough should have the right to extend the tendency for 1 additional term of 10 years which extension right must be exercised by written notice on or before the expiration of the 20<sup>th</sup> year, I guess to, why I am asking about that does that state that sometime before your 20, they say we want to extend another 10 years and they its automatically extended 10 years, without any decision by the authority at all.

(FM) Yes,

(SB) It's an extra benefit that goes beyond the 2014, would I be correct if that's in there because more than likely 10 years from now you are probably gonna wanna you know basically 10 years from now you are probably gonna wanna refinance the money again.

(JE) That would probably most likely be the option Steve, if it was an available at that time.

(MP) Who knows, depends on the interest rates at the time.

(JE) correct

(SB) I guess my thoughts I mean wouldn't it just make sense to just to come back and extend it why put that extra, we can just send you a letter and extend it for 10 years.

(FM) I mean that's obviously, the agreement now is not written the way, because they don't have the right to extend it for 10 years on their own initiative.

(SB) They have to basically give us an amendment

(FM) They have to come to and ask for the amendment to the lease

(ET) I have a question, would there be any harm in allowing that in there, so I took it to be, before the 20<sup>th</sup> year this agreement, this one right here, that you could extend it another 10 years that would push it to 2052. I mean I'll probably be pushing roses by then.

(JE) that's probably both of us

(FM) Question here, Angelo, you know there is no harm in that, they just as Steve says, they send you a letter before the end of the 20<sup>th</sup> year and say under our option under paragraph 2 of this agreement that was entered into in Jan of 2016 we exercise our option to extend the term of the lease an additional 10 years. I mean you, there is no harm and it's unlikely that you know, the authority whoever they are then, will say no, the relationship is kind of symbiotic but you know somebody might be of the opinion that they have a say at that point or things could change in the way that the sewer treatment plant is operating, keeping in mind and John can correct me if I am wrong, but I believe that the ownership, not the ownership but the flows in the sewer treatment plant have tipped to CFJMA's side where actually they now generate more than 50% of the flows into the sewer plant.

(KB) They will, they don't yet

(FM) It's either now or it's soon to be

(KB) when the construction is done

(JE) When it's complete

(FM) But in any event they may have a say in this and they may say look we are paying 75% of the cost of all the projects, so why aren't we the owners of this? I mean 50, 40, 30 or 20 years I can tell you that CFJMA has had that in the back of their mind for years, even when they weren't generating more than half the flows or projected to generate more than half the flows so you know those kind of things can change if it's just a matter of the borough saying hey we will take it for another ten years.

(MP) Is it possible to

(FM) I mean the whole dynamic of the sewer treatment plant, and I am not intimately familiar with it but my feeling is the whole dynamic of that sewer treatment plant collection system is going to change in the next two to three decades

(MP) Is it possible then to approve this lease agreement with the contingency that this phraseology of the extension of ten years be stricken from the lease?

(FM) Yes, I would see no reason why, because F&M Bank doesn't need that ten years. They need the 25 and half years that carries the loan to its term. That is there only concern they don't care if at the end of that term the borough says we don't want to run the sewer plant anymore you take it over authority. All they care is they have a loan with the borough not with the borough authority, but with the borough that collateralizes if you will by rates and revenues

(SB) The borough has the ability to provide the payments that they need

(FM) Right exactly, so that ten years, I don't see it hurts anything I don't see it helps anything frankly. I mean it's just something I am not sure why it's in there to tell you the truth.

(MP) I have a couple of other questions here item k. (page 3 of the document, 18 of the packet) To prepare and submit to the Authority an annual budget for the succeeding year and annual audit of the preceding year. Is this been consistently adhered to?

(FM) I think it's been in the agreement, I don't know if it has been consistently done, at least not in recent history, it used

(MP) Mr. Secretary would you be so kind as to check on this item k?

(JE) Is this under the existing lease agreement?

(MP) So, this under the lease agreement as in the packet which I presume is an item that goes back to the original, so page 3 of the lease agreement item k

(FM) I don't believe that's changed, I think that

(MP) this under section 4.1 OPERATION COVENANTS

(FM) The history of that is obviously the borough authority is the owner of the sewer system and you know from time to time has been asked to borrow money it only makes sense that you would know what the finances of the authority, of that part of ownership of that is. So I am fairly certain that's been in there for a while.

(MP) Would you just check to see if that's been done? If not, let's

(JE) Prepare and submit the authority an annual budget.

(KB) Isn't that public record? Can I just go on the website?

(SB) So, I think it just hasn't been given directly to us.

(FM) Yes you are right it is a public record

(KB) It is on the website

(MP) It says submit to the authority, which would mean it should be in our packet at some point.

(JE) Sure, you just want a copy of the budget?

(MP) Yes that's it

(JE) Sure no problem

(MP) Okay I just wanted on these insurance covenants page 5 item 4.4 INSURANCE COVENANTS. Is this something that happens automatically? I don't ever recall being asked about this insurance or being shown that that insurance is in place. And again as owners it seems as we have some due diligence here to make sure that the plant is insured.

(FM) here again I think that was something that has consistently been in these agreements it's just a case of does the authority annually or periodically get a copy of a document that says we have this much insurance in your name

(MP) That's all I am asking

(FM) I am sure that they do, it is just a matter

(MP) it is just a formality

(KB) they have to legally, you can't not

(MP) We need to make sure it's there so that we can do our due diligence as well, any more discussion concerning this rental lease?

(ET) I make a motion we approve the amendment to the lease agreement with the exception, of what I am hearing, the ten years, the ability to extend that for 10 years that would be stricken from this amendment.

(SB) I would second that

(MP) Okay it's been moved by Mr. Tsambiras and seconded by Mr. Brenize that the lease agreement extension requested by the borough be approved with the condition that under item 2 called Term, the sentence The borough should have the right to extend the tenancy for one (1) additional term of ten (10) years which extension right must be exercised by written notice to the authority on or before expiration of the (20<sup>th</sup>) year of the term of this lease. Be removed from the document, any further discussion?

(JE) Michael, could we have that, with that motion could we have it that the board authorizes you to finish this agreement, the signing after we amend it and then have you sign off on it?

(FM) I think that actually is the motion or the intent of the motion at least

(MP) Is to approve it, with that one correction.

(JE) Okay yes sir

(SB) Approving with the striking of the second sentence.

(MP) all those in favor give their consent by saying "aye"

\*\*\*unison "ayes" are heard, any opposed? No \*\*\*silence motion carries unanimously.

(JE) Thank you very much.

**c. Consideration to Approve Fire Service to property at 39 Richard Ave**

(LL) This address was a house, pizza parlor over on Richard Ave

(FM) Years ago

(LL) Years ago, it fell into disrepair, had to be demolished they are rebuilding it, the new building code requires a sprinkler system in the commercial section of it, the pizza parlor. They are coming basically, I told them they had to bring this to the authority, there is not going to be any increased water capacity used for that. It is just an approval of the fire service.

(MP) Alright that is the explanation, any questions from the board? What does the board wish to do with this approval?

(SB) Motion to approve fire service for the property at 39 Richard Ave.

(TP) Seconded

(MP) Motion made by Mr. Brenize, seconded by Mr. Pomeroy to approve fire service to property at 39 Richard Ave any further discussion? All those in favor give their consent by saying "aye"

\*\*\*unison "ayes" are heard, any opposed? No \*\*\*silence

Motion carries unanimously.

**d. Final Approval for U.S. Express Expansion (8 EDUs)**

(LL) This project has been in the works for several months if not almost, well actually a couple of years now, since they first started it. It is an expansion at their facility and they will be using more water. They are going to be installing a new water meter and a fire sprinkler system also. We got the request it's been reviewed by our engineer, plans have been submitted everything is in order it is time for final approval from the authority there is no need for developers agreement because they are just basically put in a service line.

(MP) Questions, what would the board care to do concerning this approval of US Express Expansion of 8 EDUs?

(TP) Motion to approve request for US Express for 8 EDUs

(MP) Mr. Pomeroy has moved that we approve, is there a second?

(SB) Second

(MP) Second by Mr. Brenize any further discussion? All those in favor give their consent by saying "aye"

\*\*\*unison "ayes" are heard, any opposed? No \*\*\*silence

Motion carries unanimously. US Express has their 8 EDUs

**e. Establish project for United Business Park-Phase III (Water Line Extension)**

(LL) This project is nothing more than extending the water line down, whatever the name of the road is there that they are currently developing to get it to the end of Lot 6, basically which is on the agenda for later. But it is just a project to start the review of the project for the water line installation down the road.

(MP) Let me ask Are these in the correct order, should we be approving this one first, or should we be approving lot 6 first?

(LL) Actually this project was supposed to come to the authority last month and we missed it.

(SB) and this is for CVRDC, this isn't for Matrix

(LL) this is for CVRDC, this has nothing to do with Matrix

(JE) There were multiple Matrix projects and phases and somehow we thought it was one and the same and we missed

(LL) we missed it, basically a project to just review the waterline down I guess its United Drive or United Way or whatever it is.

(MP) Any further questions and the boards desire concerning this item?

(SB) Motion to establish a project for the UBP phase III for a waterline extension

(MP) Moved by Mr. Brenize, is there a second?

(ET) I'll second it

(MP) Seconded by Mr. Tsambiras to establish a project by UBP phase III any further discussion? All those in favor give their consent by saying "aye"

\*\*\*unison "ayes" are heard, any opposed? No \*\*\*silence

Motion carries unanimously.

**f. Final Approval for Water Request for Lot 1-D United Business Park (65 EDUs)**

(LL) this is for a new warehouse facility that they are building out there, it is the calculated domestic demand that they will have, plans have been submitted and reviewed by staff and Rettew, and they are in order. So we are here for final approval.

(SB) Do we need a developer's agreement with them?

(LL) No this is also going to be just a service line. They will be tapping on the main and putting in a meter pit.

(MP) Any other questions, what was the desire of the board?

(SB) Motion to approve the water request for Lot 1-D UBP for 65 EDUs

(KB) second

(MP) Motioned by Mr. Brenize seconded by Ms. Burrows, so any further questions? All those in favor give their consent by saying "aye"

\*\*\*unison "ayes" are heard, any opposed? No \*\*\*silence

Motion carries unanimously.

**g. Final Approval for Water Request for Lot 6 United Business Park (53 EDUs)**

(LL) Lot 6 is the adjoining lot it is a smaller warehouse their demand will be smaller, no developers agreement needed they are just installing a service line and this is what they are using.

(DH) Louis, we are still reviewing those drawings, we have not responded, just so you know. On this one, on the other one you were correct, but we are still reviewing those drawings

(LL) I stand corrected, we need to take this off of the agenda, because it is not ready yet

(MP) Okay, so do formally table it?

(LL) Pull it we will resubmit it when it is ready.

(MP) So then we are pulling item g. Final Approval for Water Request for Lot 6 UBP (53 EDUs) as the engineering has not been fully reviewed.

**h. Consideration to Authorize Easement Abandonment at United Business Park**

(LL) this is the one with the revised drawing. When the park was originally developed, there was a future road coming off United Drive, with the initial construction there was a short piece of water line run, whatever the name of this road would have been, the changing of the layout of the park mainly being Lot 1-D this waterline is no longer needed, serves no purpose, so it needs to be abandoned. There is also an easement dedicated for that water line when the Phase 1-A was finalized and approved, so the authority has been approached with a request to abandon that easement at the developer's request. Our condition is that the easement will be abandoned once the water line is plugged.

(MP) Okay

(FM) Is the waterline going to remain there?

(LL) they are just going to cut a piece out and plug the T. The water line will remain there it's not going to be ours. It will not be connected to anything.

(SB) And that is covered by the language in the tail end of first sentence on paragraph 3? Upon the physical removal of apparatus's by the property owner, that is...

(LL) after they physically remove it we can direct Forest to abandon the easement or they can do it, however they want to do it.

(JE) I believe they requested that Forest deal with it and then we bill them accordingly.

(SB) we will take it out of their \$3000?

(JE) They will be billed accordingly.

(LL) Billed accordingly

(FM) I was going to say that maybe it may be more appropriate to have them remove it and then approve it and then I'll write the abandonment

(SB) There was kind of, from the conversation there was some kind of reason, like for financing or something that

(LL) It has to do with Matrix's agreement on the deed

(ET) deed

(SB) and that is why when we had the meeting with Matrix the suggestion was that we could pass it but make it contingent upon

(LL) them removing the waterline

(SB) Basically that we would give them something that basically said that we would abandon it after they did, and that would satisfy the needs that they had, the legal needs they had or the financial needs they had or whatever the reasoning was that they needed this to be done. Do you recall that?

(MP) that's my recollection, I think you are spot on. Okay so what does the board wish to do considering this authorization for the easement abandonment?

(SB) Motion to authorize the easement abandonment with UBP

(TP) Second

(MP) Ok so, Mr. Brenize has moved that we authorize the easement abandonment at UBP seconded by Mr. Pomeroy any further discussion or questions?

(KB) The only question I would have, doesn't it seem that it should have some kind of qualifying statement other than this UBP, which is fairly, I don't know, large area. I am just saying it seems like

(SB) Lot 1-D

(TP) on lot 1-D

(KB) Yes, it just seems like there should be some clarification as to what we are referring to

(LL) I'd motion to add that

(DH) One option might be to just reference this document that would identify which easement is being discussed.

(KB) that's fine, I don't care how, I would just feel more comfortable about

(SB) Referencing the Jan 6<sup>th</sup> document from Carl Bert and Associates

(DH) Exhibit A

(MP) So Steve, would you care to restate your motion?

(SB) yes, Motion to authorize easement abandonment at UBP as per the January 6<sup>th</sup> letter from Carl Bert and Associates

(MP) Very good

(TP) second

(MP) Seconded by Mr. Pomeroy, any further discussion?

(TP) you will check that once it is disconnected?

(LL) Yes sir

(MP) Alright, all those in favor give their consent by saying "aye"

\*\*\*unison "ayes" are heard, any opposed? No \*\*\*silence

Motion carries unanimously.

### **i.Rowe Road Update**

(LL) Where are we at?

(DH) We reviewed drawings and provided a letter on Dec 7<sup>th</sup>, to my knowledge we have not heard back from the engineer

(JE) Carl Bert

(DAN) Can I maybe speak up on this one, if it pleases the board?

(MP) Sure if you have pertinent information

(DAN) I do, when we had our meeting last Wednesday I got to talk to Scott afterwards and they are working on the comment and trying to resubmit so, he is aware that, at the last meeting Kerri mentioned that the schedule is beginning to speed up, so he knows he needs to address those comments and get them back to us, so that was the last update.

(JE) As far as the project goes, we are hoping to get out to bid, like yesterday, but we are having some issues dealing with another municipality with an elevated island in the middle of Route 11 which is caused a lot of issues with Penn Dot and it's kind of stalling things out. In the grand scheme of things its nothing but a waste of time as far as the project goes we are preparing to go out to bid very soon we hope. We are going to meeting with Penn Dot again to discuss the grant funding

(KB) Is the borough aware that the water authority is interested in piggy backing?

(SB) in combining bids?

(JE) Yes, the bid for the water extension that we have to do for this project will be, a separate bid within the project.

(KB) So whenever we say, because Carl Bert and Scott are also heavily involved in the borough aspect of this project so he should know that this is very urgent, did he give you a timeline Dan, as to when he was going get this information?

(DAN) He didn't say exactly, he looked a little shell shocked he just came out of a 3hr meeting, I think in the morning on the project, however what I think we can do is push him at this point, because the comments were very minor

(KB) and he knows because he is the one handling the borough, the borough part of this, it's not like he is not aware of what the time line is on this

(DAN) I honestly, Kerri, think if we went back to him and said look we need to have a resubmittal, especially, I don't know if that needs to come back to the board for final approval, because now we are talking a month. If we do something now, the comments were very minor but, where Louis was shifting the pipe 15 feet kind of thing, that's all we were looking for at this point.

(DH) They were relatively minor, one page.

(SB) Part of it, isn't there still a little bit of funding out in the air? So to speak

(KB) That is pretty much

(JE) As far as the grant that they secured a few years ago.

(SB) As the one developer and the one developer putting some money towards it, is the borough moving forward whether that happens or not?

(KB) the borough is moving forward whether that happens or not, we have to, everyone involved has to move forward, because if we don't the grant funding is lost to the community as a whole so it is do or die.

(SB) Just asking that question because I know at one point what was holding it up was the funding from one of the developing phases

(KB) But the state has come down and said alright we have given you enough time, chop chop.

(JE) I know exactly what you are talking about Steve obviously you are involved with other things.

(SB) right the enterprise loan thing for one of the developers

(JE) Which is obviously a big part of that, so depending on the bids, we have to get the bids out so we know where we are going to be, because if it comes in over budget, the project is probably going to go out the window, depending on that bid, that is why it so important and everything is kind of ready to go, but everybody is in kind of a holding pattern to see if actually we need to move forward with all these actions, such as what Steve was referring to with the financing for one of the participants and securing all these easements that have been established for storm water and additional right of way so we are, Bert's got to get that bid out, that's the key at this point.

(DAN) Maybe I could, I just want to put this out there for the authority to consider is, we don't normally do this, but we could do an conditional approval on this, with the conditions of the engineers comments being addressed because they are relatively minor, there is no developers agreement or anything like that, so that is not something holding the project up, that is just something to think about tonight.

(KB) well we definitely don't want to be a cause to hold the project up any further, I am little bit confused as to why Carl Bert hasn't gotten back to us but.

(MP) So are we updated? We don't have any action here right we are just keeping up with what is happening.

(KB) Well okay, is the borough planning on moving forward with the bid before the second Tuesday in February?

(JE) I can't answer that honestly.

(KB) And if that is the case, that means either we are going to miss the boat, the water authority is going to miss the boat as being part of the bidding project or we are going to have to call a special meeting

(SB) We did, we approved the project

(JE) Right, the project was approved

(SB) The project is approved, so we could trust our Manager, our secretary and basically tell him if the bid comes in time, then put it in there.

(KB) Then that is what I think we should do

(JE) We are shifty, you saw the initial design I recall that there were exhibits and Louis what ultimately happened we shifted it roughly

(LL) I think it was 15 feet

(JE) it was two sticks of pipe is what your note says just to bring the line in more for conforming to future attachments.

(LL) There was a conflict with the storm drain so we shifted the water line 15 feet to get rid of that conflict, that's all there was to it

(JE) Right it was just a shifting of additional 15 feet

(SB) So do we have motion for that or is it just a direction?

(FM) we already approved the project, just direct your secretary

(JE) Between staff and Rettew I am sure we can get it squared away so that there will be no problem for the SBA.

(MP) and you feel that you understand the direction?

(JE) Yes sir

(MP) Very good, let's move on item J

#### **i. Consideration to adopt a Revised Water Service Contract Application**

(MP) Mr. Myers did you get a chance to look at this thing?

(FM) Yes I had a couple items that I would probably recommend, which is down in the second paragraph, it starts out the customer understands, first of all I would make that paragraph bold, because if you remember as authority members one of the biggest issues that you have in a year are people coming in who had a water line break between the meter and the street and they want to know why they have to pay for it, and this is why they have to pay for it because the regulations say it. But, unless, I would make that bold just so everybody looks at it and says this is.

(JE) Which line are you referring to Forest?

(FM) Where it says the customer understands and agrees that services are provided

(LL) it's that second paragraph two sentences, right?

(FM) Yes, and then I would say and this is an editorial comment, where it says sole cost and expense to the customer, I would say of the customer. That is just a personal preference.

(SB) It's the tail end of the first sentence, second paragraph

,JE) Word from the end Louis

(LL) sole cost and expense of the customer  
(FM) you can of or you can say to it doesn't matter to me  
(JE) Do you want the first sentence in that paragraph bold?  
(LL) Both of them  
(FM) No I want that whole paragraph  
(LL) that second paragraph  
(FM) so when somebody signs it just like down at the bottom where you say the property occupied by owner and rental. This should be bold because it just seems like you get numeral requests from people wanting to know why they have to pay to have the water line fixed in the middle of the street.  
(SB) and their response is generally I didn't know that.  
(FM) Yes exactly, I think it would make sense to  
(LL) that last line in bold Forest that is the proposed change.  
(FM) OH, I know.  
(JE) That's new  
(FM) I would keep it that way I would keep that in bold, because it is a critical issue for the borough more so than the authority, because of the landlord tenant issues and so forth. Those are the only comments I had Mr. Pimental.  
(MP) Thank you, anybody else have a question or concern or wish to make a comment concerning the contract for water service? Is there some desire of the board to take an action concerning?  
(SB) I think those minor changes to that we know what the changes are so it is something that we can vote on that we don't have to see again. Motion to adopt a revised water service contract application with the minor revisions to the revised version.  
(TP) second  
(MP) Okay moved by Mr. Brenize seconded by Mr. Pomeroy to adopt the revised water service contract application as amended by Mr. Myers and voted in the minutes concerning paragraph two any further questions or comments?  
All those in favor give their consent by saying "aye"  
\*\*\*unison "ayes" are heard, any opposed? No \*\*\*silence  
Motion carries unanimously.

**k. Authorize Authority Engineer to Renew NPDES Permit #PA0083704 Gunter Valley Water Plant (Submittal NLT June 3, 2016)**

(LL) this is due every five years, routinely the engineer does it, because there is a lot of technical stuff that is in it. It must be submitted not later than June 3<sup>rd</sup> of this year. We got it to the board now, so we can just get it and get it done, get it out of our hair.  
(KB) I'll make a motion to authorize the authority engineer to renew the NPDES Permit #PA0083704 for the Gunter Valley Water Plant.  
(MP) Okay thank you we have a motion is there a second?  
(ET) Ill second  
(MP) Alright very good, moved by Ms. Burrows second by Mr. Tsambiras to authorize our engineers to renew the NPDES Permit # PA0083704 for the Gunter Valley Water Plant, any further discussion? All those in favor give their consent by saying "aye"  
\*\*\*unison "ayes" are heard, any opposed? No \*\*\*silence  
Motion carries unanimously.

**6. Update-Southern Cumberland Water Association**

(FM) I think each one of you have in your packet a copy of the agreement that we had done many years ago but had revived at the request of Southern Cumberland Water Association after they had taken some steps, they have met the agreement that they would deposit the \$25,000 right, John?

(JE) They have already given us the \$25,000, sir.

(FM) They did that a long time ago, what this would do is authorize myself as solicitor, the engineer and the treasurer of the authority to review their contracts in my case the finances in the case of the treasurer and in the engineer the entire system I think is to be studied just to determine whether or not it is feasible for the authority to take this project over. And it is another part my due diligence is to determine whether or not we can establish a separate rate district which you have talked about on a number of occasions which would set up a completely separate billing amount for these people rather than the traditional billing that we do right now. It has been approved by them, they did have their meeting they agreed they wanted to move forward with it, they put the money in escrow with the authority and it would be my recommendation that you approve this so your engineer and financial guy can get started on it, simply my part of it can come later in the process to be honest with you.

(MP) So what is the wish of the board concerning this Southern Cumberland Water Association Agreement?

(FM) One comment, primarily for Angelo, this is not a commitment by the authority to take over, it is simply, they came to the authority several years ago and requested that the authority take them over, they just want do it now you know, and the authority's position was we are not going to do what we did with Huckleberry Land which is basically get put into a box where they were forced to take it over and got essentially if I can say this, got less than an ideal system. So they want to have a full understanding, the authority members decided they wanted to have a complete understanding of what they are taking for the taking over.

(SB) What possible expenses there might be, what the system is like, what benefits there are, we want it to be more like an Orrstown system take over then a Huckleberry land system take over. This is just our document to allow the research to happen.

(FM) right, exactly, there is no commitment; actually there is no commitment by them.

(KB) They have already made the commitment

(FM) Well, they have Kerri, but they haven't, they can theoretically say we have changed our mind.

(SB) Right if we come back with terms that you know are all of the sudden they don't want to sign on to, but it is their intent to move forward.

(ET) Just as a foot note, I want the board to know, the Louis took me out and showed me all this, I may have hemorrhoid bill after going up those two lanes!

(LL) Sorry about that

(ET) I know, borough trucks need replaced!

(FM) OH geez, first meeting and he already wants to buy a new truck!

(KB) He already knew that

(ET) I know about it, and Louis brought me up to some speed to it, I see where the cautiousness, I felt the cautiousness.

(MP) So what do we wish to do, concerning this agreement?

(ET) I motion that we approve this agreement with the SCWA so that we can move forward to see if whether or not we want to acquire it.

(MP) Okay very good thank you

(SB) second

(MP) Second by Mr. Brenize, motion was made by Mr. Tsambiras any further discussion? All those in favor give their consent by saying "aye"

\*\*\*unison "ayes" are heard, any opposed? No \*\*\*silence

Motion carries unanimously.

We finally have an agreement with these folks, I'm glad for them because they seem quite eager.

So before we do the financial review, Dan is here and I presume you are here to address us concerning your new firm, is that correct?

(DAN) If it pleases the board, I would definitely like to share a little bit of information about my new company, is that ok?

(MP) Please do

(DAN) Excellent, Hopefully you all received the packet I sent out, Angelo I am not sure I had your information

(ET) I received it from Michael; I believe that is the packet you are talking about

(DAN) Hershey Engineering is a civil engineering consulting firm, specializing in water and waste water systems, our focus is going to be on water systems 5million gallons per day or less, so it is systems exactly like Shippensburg borough authority. Everyone here knows me except for maybe Angelo. Michael congratulations on becoming Chairman, Steve congratulations on vice chair and Angelo welcome to the board. I've sat in that chair for the last 5 years as Rettew's Representative for the authority, and I have been involved with every project that has come through the authority in those last 5 years, the original RFP that came out in 2010 for engineering services, I was actually the engineer that led the proposal for the submission for the SBA also led the interview team at that time it was Denny Fleagle, Ed Goodhart, Earl Parshall and Louis. I don't know if Louis remembers but I was the one down here with Eve that got the tour. I don't know if you have gotten the tour yet, Angelo of the water system, I think we all have had the tour at one point. So I have gotten to know the authority really well. I am just here to formally request that the authority consider retaining Hershey Engineer as your engineer. I think there are three good reasons; my billing rate has gone down substantially, as you can see in the qualifications packet that I had sent out. It would still be a one stop shop, you would deal with me for your projects, I would be working with sub-consultants, however I would be the at the one meeting, I would be coordinate within the same as do at Rettew, and Louis might deal with some field personnel like he does not, but that is it. The rest of it would be me. And then third, my knowledge of the system, that you wouldn't lose any time on your projects, if you authorize me as the engineer, Forest sends over the agreement, I would work under the same terms as Rettew. I can sign that tomorrow if you authorize Rettew to release the files to me, I could be in the office tomorrow and get them and we could be up and running again. I mean the board and all of us has worked really hard to bring these projects into fruition, Possum Hollow Waterline and Well #2. I don't want to see anything that slows those down. It takes a while for a new engineer to come up to speed and I know that I can push those projects forward. So I wanted to be here to answer questions or if there are any concerns?

(MP) so what about depth, you are a one man organization, what happens if Dan Hershey can't be here or if you have another client and you have to be someplace else, how do you see yourself managing those demands?

(DAN) Very fair question, right now it's me, and I also have another senior engineer on board, Mike Moulds 35 years of experience in the industry now he is going to working on an as needed basis, but he is going to provide a lot of my quality control and fill in. Like if we have a project for example like Well #2 construction, administration I would be hiring a fulltime RPR to take care of the administration, that was also part of the package, as I put as a billing rate for those individuals. And then I am also working with sub-consultants as a backup measure. In a case, all else fails, I am away on vacation or something comes up, that there is a third point of contact, because after 20 years in the water business, we all know that things break in the middle of the night, right Louis?

(LL) No? Not at all!

(DAN) I have always believed in hope for the best, plan for the worst and so there would be somebody to cover and I would say in the last 5 years that I have represented the authority, Louis has been able to get ahold of me for every emergency that has come up. But I am definitely going to have a 3 part plan to cover that.

(MP) Anybody else have questions for Dan concerning his new firm? Thank you for coming and for sharing tonight.

(DAN) Thank you for allowing me to serve, it has been an honor and a privilege for the last 5 years and hopefully we can continue to work together. Thank you very much

(MP) Would you care to follow, do you have something you care to say?

(BK) I didn't have anything planned, but we appreciate the reappointment this evening for the contract as you termed it. Rettew's talking about depth Rettew's environmental engineering group has 30 plus employees in our Lancaster, Mechanicsburg and Lehigh Valley offices as well as out of State College. So, we bring the depth, the team has been working behind Dan is still with us. Dennis has worked on some of those projects and has worked with Louis before. So we feel that the projects that are in the pipeline right now with capacity to move those through as quickly as you need to. Dennis is up to speed and then ready to do that. Keep moving things forward.

(DH) The board needs to understand that the projects that Rettew has been working on have been done by dozens of people in our firm. Certainly Dan lead that team, he was the face for Rettew, but there have been dozens of people that are still at Rettew that know your projects that are there to continue the Well #4 project, is being handled primarily by our national and geo sciences people. That all would be lost to the project if that was not done by Rettew. Most of the knowledge of your system is still at Rettew and we are there to support that effort and we represent you that we are able to do that and as Brian said, I manage the Well #1 design and construction project and did most of the work myself. I believe my seal is on those drawings my office is right across from Dan's so I hear a lot of what's going on in Shippensburg on things I wasn't even involved in. We are ready to take over this and not skip a beat and we would represent that we could continue to do that in a very capable manner and we would like to do that.

(MP) Very good, I appreciate your comments, thank you both for being here we are flattered that we have two highly qualified firms who wish to do business with us, we are very flattered, so thank you both. We are probably going to have an executive session to discuss it, I think that is the appropriate thing to do. But thank you both for your comments.

## **7. Financial Review**

### **a. Consideration to approve Shippensburg Borough Invoice for December 2015**

(SB) Motion to approve the borough invoice and acknowledge the transfer the funds

(KB) second

(MP) Okay it has been moved and seconded. Any further discussion, hearing none all in favor signify by saying "aye"\*\*\* Unison "ayes" are heard any oppose? \*\*\*silence

(MP) Motion Carries unanimously I recommend that we adjourn to executive session and why don't we all move

(FM) You need to say why

(MP) to discuss a contractual matter, thank you for the point, also the time

(SB) 8:33

(MP) It is now 8:33

## **8. Executive Session**

### **9. Any other business**

(JE) 9:06

(MP) 9:06 and we are back into public session. We are going to take no action as a result of our executive session, where upon we discussed a couple different contractual matters. One of which did include two folks, Rettew and Dan Hershey Engineering and we wish to move forward in a way that is professional and open. So what we intend to do is, establish a committee to deal with the professional services specifically engineering and that committee will then ask both parties to provide information. We may even do a little interview process and bring that information to the board, so the board can have a proper look at this decision and thereby make a decision in an open forthright and honest way. So, I hope that would be satisfactory to all parties and we are going to do that. So the committee is going to be made of several partners, it is going to be Mr. Tsambiras, myself, it will be John Epley and it will be Louis Larson and so what we, as we need information from you all we will submit the request to you so that you know what it is we are asking for so you know what to provide

and then we have people come in and review together and have sort of an interview process. I hope that is admirable to everybody and that is a fair and equitable way to approach this question? Very good and thank you and any other business that may come before the board this evening? Louis do you have anything else to add, any other questions or concerns that you need to address?

(LL) No

(MP) Angelo, you?

(ET) I just like to thank everybody for being gentle.

(MP) We let you in easy, didn't we? Kerri how about you?

(KB) I'm good

(MP) John?

(JE) I have a few extra things to clarify, that you received the solar services agreement and the developer's agreement with Schreiber. These were requested by Steve at the December meeting. I wanted to make sure that...

(SB) When we are snowed in, I am going to do some light reading.

(JE) Michael is like, why did you give me those, I should have told him that they were just a follow up.

(KB) Snowed in?

(JE) So they are for your reading pleasure when you have nothing to do when you get home tonight. And one more thing and I talked to Forest about this. I wanted to go over quickly, while we were researching the loan for 1.5 million, we also asked F&M, can you look at the existing loans that the SBA has and see if there was a possibility of doing a better rate, and they are willing to do that. So, I went over this with Forest and obviously Forest needs to make a recommendation to the SBA because our solicitor worked with myself and them to get this, but ultimately it is up to the SBA. But the end result is they are willing to modify the two loan accounts for the SBA to the rate that they are giving us for 1.5 which is 2.75%. Same factors, these would roughly now Mr. Zimmerman the VP at F&M he couldn't give me a hard figure but these would result in roughly \$180,000 savings to the SBA over the life of these terms or the life of these two loans. So I provided this information to Forest and for his, and it's also got a January 31<sup>st</sup> date.

(FM) I'll get back to you before that, we may need a quick session or something or maybe I can talk to David ask him if they can extend it beyond to the next meeting.

(MP) Yes, that would be helpful.

(FM) There is a lot of things, I need to get answers from him, his commitment, and John gave it me yesterday. I looked it over and you know it does make sense, but then we have to get into, it's a loan modification agreement, is what they are offering, and we need to get into the mechanics of that.

(SB) There are some up-front costs and stuff like that.

(FM) These are the two loans for the Roxbury Line

(KB) How many days in advance to we have to have to advertise for a meeting? Is it 5 or is it 7. I can't remember.

(JE) For emergency

(KB) Well this doesn't qualify for an emergency meeting, so a special meeting how many days? Forest

(FM) 5

(JE) I was thinking more 7

(FM) But I will talk to Mr. Zimmerman and see if he can extend it on. I mean it is only 9 days or something like that.

(SB) so you are talking 1677 and 1678

(ET) Can I ask what the current rate is that we are paying?

(SB) 2.97%

(ET) 2.97 % and we are going to drop down to 2.75

(SB) and plus more than likely, I am guessing that is going to lock in that 2.97 for a longer period too.

(ET) You mean the 2.75?  
(SB) yes  
(ET) It doesn't lock it in it floats after so many years  
'SB) It floats after 10  
(MP) that's how they all do  
(LL) lock it in for 10 years  
(ET) Is the current one locked in and how many years left do we have on it?  
(SB) They are locked in to Sept of 2022.  
(FM) this would be 11 years, they give you 5 years fixed at 2.75% and then it floats but the current loan float starts in 2022.  
(ET) So we are not going to have it repaid by then.  
(LL) No no  
(KB) You are going to learn real quick you don't ever pay this stuff off, you just refinance it.  
(SB) As your uncle in law would say, debt is good when it comes to government.  
(LL) let's not go there  
(MP) Okay thanks John, that's good do you have any other gems in there?  
(JE) let me look  
(KB) so if we are not able to get them F&M to extend it.  
(FM) I'll get an answer on that either tomorrow or first thing Thursday  
(MP) I think they will extend that  
(FM) I don't think it is going to be an issue  
(SB) Because this was good for thirty days, from the date of the letter, it was dated January 6<sup>th</sup>.  
(FM) So I mean, they did put January 30<sup>th</sup> deadline.  
(JE) But our next meeting isn't till after that  
(LL) February 9<sup>th</sup>  
(JE) For us to take formal action, so maybe if Forest is willing to talk to Mr. Zimmerman  
(FM) I'll talk to him and ask him  
(LL) See if they can give us another week  
(JE) I was thinking that when we were going through all this, why not ask if it is going to save us \$180,000.  
(FM) If you don't ask, you don't get  
(JE) So that is all I have  
(MP) That is a good one, thanks  
(JE) You bet  
(TP) nothing  
(MP) nothing Troy? Steve?  
(SB) Actually yes, I would want to bring up one thing. Then I'll let everyone get out of here. 1 and 2 as Angelo pointed out some of our vehicles tend to be on their last leg sometimes, since we have time for looking at next year's budget I would like to task our staff with finding a way of being able to look at the long term expense of vehicles and equipment, of like a 20 year span and present a way that we can basically make sure that we are not spending an extra half million, extra million dollars every 20 years on vehicles just because we are not buying a vehicle at a certain year point. Unlike Louis's vehicle, like it tends to maintenance him to death so to speak.  
(KB) We need to have them in rotation  
(MP) Talk to John about that, John didn't we talk about coming up with looking at other boroughs and how they, other authorities how they move through their equipment if they are using a time schedule or if they are using a maintenance schedule and you know, so we get some ideas about what's the best practices and we can adopt one of them for our own use.

(JE) Louis was going to be working with Kevin didn't he say you had a maintenance plan in place?

(LL) I have a replacement schedule in place already

(JE) We are looking at that, so we will have some information

(MP) That is not what we are looking for, we are looking for as to what do other authorities and borough who purchase vehicles, what do they use as a yardstick and a measurement to know when is the right time to flip a vehicle, to get it out of their inventory and bring a new one in. So we can look at what the different models are, for the people that use them.

(KB) I don't think

(SB) Well that could be a part of it, but the goal is if Truck A across the board in 20 years is going to cost us \$275,000, I want to look at how we can only spend \$250,000 on that truck

(MP) I think that is the idea

(SB) That is the long term, I think probably talking to other authorities may give us some information on how they do it, but at the end of the day we need to look at like, if we are spending \$5000 a year on maintenance on a truck that no longer has any resale value like I wouldn't do that with my own vehicle. I mean I drive an older vehicle, but I wouldn't ask the, I don't think fiscal sense for the authority to do something I wouldn't do fiscally with my own vehicle.

(KB) I think you are going to find it is impossible, you are not going to be able to find an apple to apple comparison, and I think that is going to be the issue we can ask all we want but it is going to be a case by case basis, it is the same way with police departments. Rotation schedules vary from Police department to police department just based on their own standard policy, how large the municipality is we are going to run into the same issue with the authority. Louis's vehicle may get a different usage than somebody else's vehicle in the fleet. I honestly think this is totally something that we will have to look at our own personal maintenance numbers and speaking with the staff. I'm not sure how much we are going to be able to rely on other borough municipalities and authorities for consideration in this because we are not going to be able to find apples for apples comparison.

(MP) I don't think we are going to either, however right now we have no methodology, and so all I'm asking for is let us get some methodology and look at them and see which one our which adaptation of them would be useful to us. So that we have a method in place that we know what our policy is relative to vehicles. Right now we really don't have one.

(KB) Louis when you said you had a maintenance schedule or a rotation schedule what did you mean by that? Maybe I misunderstood what you said.

(LL) Well I have a spreadsheet that I look at as a master plan on my vehicles. Okay it is based on the year that it was purchased and replacing it every x number of years. It has nothing to do with maintenance costs or anything like that, it has to do with given the fact that in that period of time it will develop x number of miles. There is still some resale value left in that vehicle when that period comes up and in my way of thinking and I may be wrong, but this is the way I look at it. Is if I replace a vehicle and I can get \$5000 for it at auction and the replacement vehicle is \$40,000 then my replacement vehicle only cost me \$35,000.

(KB) I agree

(LL) I get away from, as they start to get older, I am going to use my vehicle as an example, the maintenance costs keep going up and up, so by replacing it a little bit sooner, we get a better resale value and we don't get any maintenance costs.

(KB) That is exactly what I was looking for I was asking basically if you had a rotation schedule

(LL) that is the way that I have looked at it in the past

(KB) How many vehicles do we have in our fleet? And I don't mean like heavy equipment, how many trucks?

(LL) Service vehicles, I understand what you are saying

(KB) Yes

(LL) we are excluded backhoes and dump trucks to 7

(KB) okay so if you put them on a 5yr, what do you do, does your spreadsheet have them at 5 or 7yr.

(LL) I have 6 of them at 7yr and 1 at 5yr, and the reason the 1 is at 5 that vehicle is on the road every day, every day of the year and has a minimum of 45 miles put on it just doing what it is supposed to do not counting any other maintenance.

(KB) At the end of the 7yrs, at the end of a 7 year life span what is the average mileage on your service vehicles?

(LL) 100,000 plus

(KB) 100 plus, that's a \$100,000? Difference

(LL) that's a 100,000 miles

(KB) I know but for you to say a 100 plus, like

(LL) My vehicle is a 2004, so it is 11 years old and has 130,000 miles on it, my 2005 has 128,000 on it, and my 2006 just rolled a 100,000. Now that being said with the exception of my vehicle, those vehicles never leave the borough or the water system.

(KB) right, right, right, right.

(LL) those are hard miles, and in talking to the mechanic, our contract maintenance, he says you can add another, because of the type of use we use them in you can add 50,000 wear and tear on them. From whatever is on the odometer. We can look at it, I know I have briefly discussed it with two other agencies they do not have a written policy, that one of them uses shear age and then another uses age and maintenance cost.

(MP) So would I would like you to do is share that with John, John is going to distill it all and he is going to come to us with recommendations that we can use to try to create some kind of guideline for ourselves to know when is the appropriate time, either to use or mileage or time for trading out vehicles.

(LL) like I say Mike, one vehicle is going to constantly come up more often.

(SB) And we can factor that in, while we want to try to start doing it now, so that next year for the budget we have that in place and we know over 10, 15, 20, 25 years here is how we can put something in place, in theory, it is not an exact science, but in theory it is going to save us money on each line item for the vehicle.

(LL) if I gave you my spreadsheet right now, it goes to 2045.

(KB) What the authority wants to avoid doing is what the borough did and that is continue to put off replacements of vehicles in their fleet and then they got to a situation to whereas the last two years they are running into a mass of replacements. I mean they are just having to replace vehicle after vehicle after vehicle because they put it off so much. So I think once the authority gets on a rotation schedule, I think you will be good, I think Louis has exactly the right mind set about how to have this accomplished in an efficient manner.

(MP) Okay John, do you have direction?

(JE) Yes sir

(MP) Thanks for bringing that up, that was a good one. I will not burden you all with anything else except to say, Angelo welcome, it's good to see you here.

(ET) Thank you

(MP) I thank you all for your confidence in the chairmanship I will do my utmost. We need a motion to adjourn.

#### **10. Adjournment**

(SB) Motion to adjourn

(MP) second?

(KB) second

(MP) all those in favor "aye" we are out of here



Secretary

Next meeting February 9, 2016

