

Shippensburg Borough Authority Minutes  
June 10, 2014  
7:00 pm

Meeting to Order: 7:02 pm

Present:        Geno Torri (GT)                      Lance Hoover (LH)                      Forest Myers (FM)  
                  Dennis Fleagle (DF)                Dan Hershey (DH)  
                  Troy Pomeroy (TP)                    Louis Larson (LL)  
                  Steve Brenize (SB)                    Michael Pimental (MP)

**PUBLIC COMMENT**

Geno Torri: Are there any public comments? None, then that takes us to Item #1.

**CONSIDERATION TO APPROVE THE MINUTES FROM MAY 13, 2014**

GT: Any corrections? Additions?

DF: I will make a motion to approve the minutes.

TP: Second.

GT: Any other discussion? Motion carries.

**DISCUSSION REGARDING EXTENSION REQUEST FOR SERVICE SEPARATION AT 74 W. KING ST**

LH: What you have in front of you is a request that we did receive prior to the Wednesday deadline. It is regarding correspondence received identifying a specific amount of time to separate services. The request is for approximately a one year extension so this particular individual can re-pave a driveway and do some other work. Certainly, neither myself or Louis has the authority to do that which is why it is in front of yourselves for discussion and consideration.

GT: From maintenance operation is there any reason not to?

LL: No. The only reason this was sent out is that I was called by a plumber to assist in turning off the water so he could make some repairs to 74 and in the process we found out that it was the same service that served 76 so I sent him the letter with appropriate attachments.

MP: Can somebody address paragraph 2 of the letter?

LH: There was a leak on that same service a few years ago which was repaired and I guess his question is why he was not asked to separate it at that point? I think that the answer to that is that it was not identified. The repair was done on the single service believing that it was the single service. This particular situation caused a shut off which did take both out of service which is standard for what the Authority generally does and in those situations the residents are sent a letter identifying that sources have to be separated and a new service should be installed.

MP: So, we don't know in all instances when we have unseparated services? When we have a shared line?

LL: No. There is a bill for each property.

MP: Oh, so there is a bill for each property? Oh, then it is a shared line?

LL: Yes...there would be a meter for each property. What happened about two years ago is when Leak Tech was in town they found a leak on his service line. At that time the gentlemen decided to replace the service line from the main all the way into the curb stop. Nobody had mentioned that 74 was out of water also. So, we didn't know.

SB: So, while the second paragraph is sort of the reason that he is asking for the extension it really doesn't apply. He is just asking so that he can schedule it for the other work that he is planning?

DF: The third paragraph explains it better.

LH: I think he is looking for the one year extension so that he can do the driveway at the same time.

LL: It is the same property owner that owns both properties even though the 74 is listed different it is still the same individual that owns both.

FM: So, the same person is responsible for the bill if it doesn't get paid?

LL: Yes. The situation could be that he could pay 74 and not pay 76 and we go to shut it off and we are going to be shutting off an account that is current.

DF: I make a motion that we extend the repair until July 31, 2015 due to extenuating circumstances provided by the home owner.

TP: Second.

GT: Any other discussion? Motion carries.

### **CONSIDERATION TO APPROVE PROJECT FOR MEADOWS GREEN SUBDIVISION**

LH: What you have in front of you is a letter that we received early in June regarding a subdivision that has been in front of the SBA previously and Meadows Green water has been approved as well however, that particular property has now changed hands which will require a new developer's agreement and some additional work. There were some concerns in regards to water related issues. At this point in time, I know that Louis has spoken with them directly. I have not. It is on as the approval as a project and request the escrow amount and then begin to address the other issues with the new owners.

LL: Yes, this property is many years old and it has been dormant for at least 5 years.

FM: Actually I think there is more like 8 years.

LL: Yes, there was some construction but anyway. We just need to review it and that we can supply the 58 lots that are going to be requested.

FM: One of the things that you need to remember is that the original developer concerning the construction of a water stand pipe on this property. This property, parts of this property can't be served with whatever pressure zone is there. Louis can be more specific but the original property owner and developer had agreed that they would put a stand pipe in when they got into further phases.

LL: We need to review that also. That was for Phase 2, 3 and 4 of the project. This portion that we have before us actually phase 1.

LH: I do believe that there might be a representative here as well.

GT: This request is just for phase 1? Is that correct?

Mark DiSanto: I am here with Zach Yearick who drafted the letter on our company's behalf. We are going to be the parties acquiring the development and the request for this is just for Phase 1. We are just buying the lots that are on Phase 1. We are also acquiring the remainder of the ground but we are not looking for service or anything associated with Phase 2 and Phase 3 now. In Phase 1 there was a developer's agreement done in 2006 and then another dedicated and accepted by the SBA so all of Phase 1 is the Authorities ownership. We just really wanted to confirm that when we come in for building permits we will be able to get water taps. We met with Mr. Larson at the site is to address the letter and get the board to look at this again and what we are thinking is that we don't need another developers agreement but to review this and agree that it is your line and that we can get taps when we come in. If we would go into Phase 2 and 3 then we agree new developed permits and agreements and then address the pressure issues.

FM: If all you are doing is Phase 1 then you are correct because the Authority has accepted the lines that are in Phase 1. I believe all of them were built so there is no need for a developer's agreement. I only brought up that water tank thing because most of the members were not here when that happened.

Mark DiSanto: There are 58 lots remaining in Phase 1 and we are kind of thinking you can get 12 units a year done.....

FM: I only brought that up because it wasn't clear that it was in Phase 1.

GT: Are the EDU's still active?

LH: They were never paid for and never purchased. They were approved and not purchased.

GT: That is all you have to do then is purchase them.

Mark DiSanto: We wanted to introduce ourselves and Mr. Larson knows how to reach us.

Dan Hershey: One thing that I would like to make you aware of also is that even though those EDU's are there that until they are paid for that capacity is not guaranteed. Another developer comes in and makes the capacity request and pays the tapping fees those EDU's may not be there for you. Until they are paid for you do not have them reserved, just so that you are aware of that.

Mark DiSanto: Understood.

GT: That is what; make sure that we all are clear on.

LL: That is one of the reasons that I suggested that they send us a letter and I would like Dan to review it to make sure that everything is fine out there.

SB: Are you talking like to double check and make sure that there is nothing that should be done in Phase 1 that would affect the....

LL: Just so that we have appropriate service out there.

SB: okay.

Mark DiSanto: Just for clarification, could we come in and buy all 58 at this point. How long would they last then?

Dan Hershey: There is and I believe it is 2 years.

LH: From the date of purchase it is 2 years. So you would certainly want to project that accordingly.

LL: There are also provisions in the rules and regs to extend that.

Mark DiSanto: Great, we will follow up on that also. Thank you. If there is anything else that we need to do let us know please.

GT: Okay, so Lance are we re-approving the project or continuing the approval?

FM: I think that the approval exists. There is no engineering and no legal.

GT: I heard that the foreman would like a review?

LL: Just so that we can make sure that we can serve that area appropriate.

SB: How big of a review are you talking?

LL: Dan is going to run the model; 1.5 hours or maybe 2 hours.

SB: What is the cost of that?

DH: Less than \$500.00.

SB: Do we want to get the escrow or make a motion where they will be paying for the review.

FM: They could deposit the \$500.00. We normally have the developers agreement, which would be you deposit with the Authority \$3000.00. That is just to cover the fees...that is billed against and then it could be asked to be replenished.

Mark DiSanto: We believe that they are your lines and you own them, if you want to review them that is your cost. However, I would agree that we will pay up to a \$500.00 limit internally. I think you are saying that you are reviewing your own ownership.

Dan Hershey: Not necessarily. If we had an existing line and somebody came in and wanted to tap onto that line we would review that service request and they would pay for that. Because of the time frame that has gone by. We want to go back and review that so that the customer or potential customer and or developer actually pays a fee.

Mark DiSanto: As I said, we will pay the \$500.00 if you think it is appropriate to review it internally. Send us a bill, that will be fine.

FM: What I would recommend the SBA to do is just have Lance send a letter and say that we are going to do this review and the estimated cost is \$500.00 and if you agree to pay it sign the letter and send back the check for \$500.00.

Mark DiSanto: We will be happy to do that. Address that to Zach please.

GT: What I am looking for is a motion to approve the continuation and review of the Meadow Greens subdivision project.

SB: So moved.

MP: Second.

GT: Any other discussion? Motion carries.

### **DISCUSSION REFARDING UNISON PROPOSAL**

LH: I believe that this is something that was probably in front of the Authority maybe once or twice before. I am not certain. What it is; Unison is a company that has expressed interest in purchasing the rights to the property at 11 Mainsville. What they call it is a lump sum buyout program whereas instead of rent that we currently receive from the cell service they would buy that right out at a lump sum and then provide the service. I simply wanted to provide it for your information and provide a quick discussion on the surface it actually sounds good but when you look at the long term I don't believe it would be to the SBA benefit.

DF: Wouldn't we want to send a letter back to them and tell them thanks but no thanks that we are not really interested at this time.

FM: We do have a person's name at Crown Castle and we can contact them.

LH: I did call and talked briefly...

FM: When ATT owned the tower we wanted to know how much the rents are and things, then we never heard a word except we did get a check.

LH: We do receive payments.

GT: They are offering to split it up to 50/50.

FM: Frankly, I think we do have an evolving relationship with Crown Castle and I think that might work out to your advantage.

LL: There are other issues also. I would have to recommend against it.

GT: Okay, so I don't hear any interest in going further with this?

### **CONSIDERATION TO APPROVE THE WATER SERVICE REQUEST FOR SHIPPENSBURG UNIVERSITY CENTRAL CHILLER PLANT**

GT: This has been a long process. Lance Bryson is back from SU. The last time that we were all together we offered to reevaluate their needs and we did ask for a new request letter and we have that. Lance, Louis and myself did sit down with SU and their engineer and reviewed a way to work through this. Lance, if I may just review what I think we are working toward. You sent us the letter that you indicated that you need 53 additional EDU's. Our discussion lead to the fact that SU and SBA would enter into a one-time joint agreement to determine an EDU baseline at this time to be used for future development at the University which is currently going on. We did work out that we would use the years 2010, 2011, 2012 and 2013 to determine what we will call a current baseline. The project is projected to end in 2016 and we need you to set a month and date for that and then a new and permanent baseline EDU number will be determined using the readings for the next four quarters and at that time. At this time the University will pay the additional 53 EDU's and following the projects end and the re-determining of the baseline EDU the University would either receive a credit or no credit or make an additional monetary amount for EDU's. Is that what we talked about Lance from SU?

Lance Bryson: Yes, that is generally what we talked about.

GT: Anything need tweaked there?

LB: No, the idea would be that you folks would draft an agreement and we would take a look at it and make sure that everybody is on the same page. I think you captured the content which we felt to be reasonable.

GT: Then what I guess that I am asking is that we approve the writing of the agreement and what I am calling the one-time joint agreement to determine the baseline and the project.

LB: I talked with our counsel and Jeff is prepared to help us with that agreement and I have also talked to our engineering support group up at the Penn State engineering group and they have asked that this is not a typical for this situation. They are ready to provide me support also. They all have their questions as we go through this project. I think you will find that the University is willing to participate.

DF: Has our engineer reviewed this project and this request?

DH: I have not looked at it Denny but I didn't see anything that jumped out and that was out of line with it.

DF: Okay.

TP: The 8300 is just the initial phase.

DF: Well, they are building the whole unit if I am correct, am I not correct?

GT: Lance, the whole unit is being built is that correct?

LB: The future phases will depend on the University's master plan and growth, so the facility has the capability of having one more chiller put inside it as the SU grows and depends on additional buildings being constructed.

DF: But, my question is you have a DGS project for 30 million dollars, you are building that whole project.

LB: Right.

DF: Right, that is what I thought. So, with that I am not sure that I am in agreement yet until I understand what buildings are going to be turned on for the 8495 gallons. Are we only turning on one building or the two buildings or how are we doing that? Once another building goes on line then the draw is there and we won't know the difference and I would like our engineer to review it as he should before we make any decisions on moving forward with this.

TP: There is a 40,000 gallon evaporation rate, right. Originally. That would be with all the future?

DF: No, total.

LB: We can share with Dan which buildings will be on. Phase 1 at the end of this construction. As we do new construction then those new buildings will be added to it. We would see the new construction as part of the notification to the SBA from a water stand point.

SB: At that point when they add the new buildings they are coming back for additional EDU's at that point?

LL: Yes.

DF: At that time you will be adding additional chiller capacity. That is what you said earlier.

LB: As we add new buildings, yes.

DF: Right now, SU has a need if they put all the buildings on line the 40,000 gallons that Dan figured. Correct?

DH: That wasn't my figure it was supplied by their engineer.

DF: Yes. That was for the existing facility and not future build outs. I think I need time to think about this and I would ask that the engineer review the 8495 and get back to us and then we consider this.

SB: I still have a couple more questions also. The way it will work is that we are going to take the 2010 and 2013 numbers and that is creating the baseline? They will pay for 53 EDU'S and then when the chiller is on line in 2016 we are taking the next four quarters of the next year and whatever the average

is then the difference either requires that they get a credit toward a future build, there is nothing or they pay us for the additional EDU's that they are using?

LL: That is correct.

LH: Yes.

SB: Okay, I just wanted to make sure that is what the document was.

FM: That is what the notes that I have say.

GT: We have a request from Dennis to have the engineer review and make sure that the numbers are accurate.

DF: I am just a little confused. We are building the whole unit and if we don't know what buildings it will supply and Mr. Bryson said that it will do all the buildings on the campus and then he would put additional cooling; I don't understand why we wouldn't be using the 40,000 number? Somebody explain that to me.

GT: Well, if he uses more than what they are saying here they will pay for those EDU's at the end of 2017. When we see if the usage is higher than this.

DF: Why wouldn't the usage be as soon as it goes on line? Why wouldn't the usage be there?

GT: Well, the reason we discussed the 4 quarters is that is how in previous discussions is how we talked about setting the baselines for existing...

DF: We are looking at apples and oranges. We have a whole new unit being built and we know exactly the amount of water it will use to provide to the University right now. 100%, we know what the engineer calculations are.

GT: We have no baseline as to how much they are using now.

DF: It doesn't matter what they are using now. We said that over and over in these meetings. We said that they never paid for those EDU's. Now we know exactly what they will use and you should pay for the EDU's to what you are building. You know why you would wait until a future building goes on line then you have the future building plus you will increase the capacity here also. It is like a double whammy to the University.

GT: Okay, so he is trying to be nice to you Lance and not give you a double whammy. I hear your point, any other discussion?

SB: Another concern that I have is right now the way the University is that it is all one line. It doesn't matter what building it is all. Okay, there are four lines but it is all one metered account.

GT: No, it is actually 4 meters.

SB: Okay, it is all one bill.

LH: No, I think they get 4 individual bills. Four accounts, four meters, four bills.

SB: But we are coming up with one EDU. How we have gotten where we are is that there has never been an established EDU. So when the University has wanted water they would just create a line and tapped into their line and used more water. In this document is there going to be some kind of language requiring them, when they do decide to build another building to come discuss ahead of time.....because otherwise the only way we could capture the additional EDU's would be to go two months from this they have been up another 10,000 gallons so they owe us more EDU's.

Are we going to call somebody and say, "What new building did you build"? I think there should be something in the documentation in the process of actually coming to us ahead of time with future projects to make sure that they are paid ahead of time.

FM: Lately they have done that. The Fitness Center, the apartments, Luhrs, they notified the SBA ahead of time.

SB: If we are creating the document we should probably cross off all the t's that we can.

LH: If I may, I looked at it like a phase. They are coming in for phase 1 knowing that it will grow and expand and I agree with you Steve as the next phase comes in the SBA needs to be notified.

SB: It keeps us in the know about future development and future needs so that we know so we don't get behind at some point.

DF: What I don't understand is in the second paragraph is that we are building the complete unit but we are only going to use 8,400 gallons per day but we are tearing the boiler plant down so what are they going to be using if they have to put the whole University on line. Am I not looking at something right?

LH: My impression was that this new unit is more efficient or uses less water than the current system that is there? Is that correct? That is why the whole thing can be built and placed on line at 8900 gallons per day versus the other number? Am I understanding that?

LB: I wish Rob Weidner was here. He is more handy with that than I am. With respect to the future project, Act 122 required common law agencies to notify the local utilities of any construction and we typically do that and if we fail to do that it has been a misstep but as Forest has indicated we are required to notify utilities. So for future construction you will be seeing those letters. If we fail to do that letter there is language that we could put in it. The agreement would capture that between us and the groups. We have similar language with CFJMA. This one project has two parts in it. One replacing all the existing chillers on campus with a new central chiller. There are some efficiency on doing that. For example we will be saving about 10% electricity and along with that we will be saving water also because we have less chillers and we will be saving the water that the current chillers use but will be using water in this new chiller. The other part of the project is heat. We are not using the steam production anymore and all those steam loses/water loses will go away. We will be using natural gas which is a lot more efficient. How those two things fit together in Mr. Weidner's letter I would like to have him explain the details on that. He can talk to Dan and they can get the numbers together. He has not included those savings in this letter.

DH: The 40,000 was a peak day number.

DF: That is what we have to plan for. That is what we do on everything otherwise we would give the hotel the 70% that they wanted for the Marriott and we don't do that.

GT: What are the wishes of the group?

SB: What are you saying Denny then, what should be the number of EDU's?

DF: The 8495 isn't a realistic number for us.

GT: No, it probably isn't but it will come out in the wash. Once they have it filled and they are using that amount it will come out in the year 2017 once we redo the calculation.

DH: Just run through a hypothetical. These are just made up numbers. We are taking the numbers from 2010 through 2013 and just say that they average out to 1000 EDU's. Then you will purchase an additional 53 EDU's based on this letter. You will have 1053 EDU's assigned to the University. Then in 2016 we will come back and reevaluate this and set a new baseline based on the four quarters for 2017. So for arguments sake if it turns out that you are using 1100 then you will need to purchase 47 additional EDU's?

GT: Correct.

DH: It comes back and you are only using 900 is it just a credit for the 53 EDU's. and then that will be the new baseline that we set?

GT: That is my take on it. Then we will evaluate that on an annual basis.

LH: Well, that is ultimately part of what was done with previous actions by the Authority in order to establish the baseline and then it is reviewed on an annual basis. Then if there are increases from that then they will be addressed accordingly.

DH: I think that is where Denny that Geno is saying it will come out in the wash. So, if there is a large amount of additional use they have to pay for that additional use at that time.

DF: Right now that is hypothetical to say that they University is paying for 1000 EDU's.

DH: I just made up that number.

DF: Okay, how many are they not paying for? That is the question at hand. They were “grandfathered” in and they didn’t pay for EDU’s so we have a blanket amount of water that was never accounted for. What I am saying is that we are starting out with a new facility and we know how much it is going to use and we know what the peak is so why wouldn’t we collect the EDU’s right then. That is where I am at. I don’t understand that part.

GT: I guess that in essence it doesn’t take into account all the total EDU’s.

DF: I know but they do not pay for a lot of EDU’s.

GT: Right. My effort here is to set a baseline so that we have a baseline to work off of and we do not have that. What you are asking them to do is pay in total for a unit and that is all they are really going to be paying for and we still haven’t set the baseline for the University.

DF: If you are not going to collect anything on the University existing nonpayment EDU’s.

GT: Yea, we are. We are working off of those 4 years.

DF: So, they will come back and pay for all the EDU’s that they never paid for?

GT: No.

DF: No, I didn’t think so.

GT: You are missing the point. They are not paying for water that they used 30 years ago; we don’t do that with anybody else.

DF: No, but we are trying to establish an accurate EDU and this is something that we know is accurate.

GT: For that unit. Okay, what about the rest of the University?

DF: We don’t know except for the units that they already paid for the EDU’s.

GT: See, I would include the chiller at x number with the entire University and saying it will catch up to them and even out for everybody eventually as compared to worrying about one unit.

LH: As far as the baseline goes, they are all established based on 2010, 2011, 2012 and 2013 actual readings and numbers and then down to GPD and then which is converted into what a EDU would be. So that part, the baseline would be based on existing data off of our meters as our staff read it. That part would be an average of each of the years but it would be that baseline over that 4 year period of existing numbers, things that we do know. I have to say, I don’t know what the new chiller will be. Whether it will be the 8900 or whatever it is. It seems that when we did our 4 quarter that would capture the true essence of what the chiller actually did.

SB: So, because Geno brought up the point. We still need to find the baseline so with your argument Denny the 40,000 GPD they will pay for the EDU for the 40,000 GPD and then when they are on line and when we get the new numbers would that be the baseline and then there is no refund, credit or increase and that will be the new baseline?

DF: That is the way we are doing it right now with them. If they bring a new building on line they are paying for the EDU’s for that building. Then why is this any different? They are bringing a unit on line that we know exactly the amount of water that will go through.

SB: So then if you get the baseline and we draw the line in the sand when the building is up and that is now the new baseline and they have paid for the 40,000 GPD.

MP: Here is how I think, we have been talking to these folks since last October and there has been constant debate on how much is going to be used and how much is going to be saved, etc. The weakness of our argument is that we do not have a baseline of our EDU’s. After while it is hard to argue that point. So to me I see this as a way out of that conundrum with one of our biggest and best clients so we can come to an agreement that everyone can agree to and clear evidence of the use of water. There is clarity when we say you must pay for this and these folks are saying that they will abide by that agreement and pay for the EDU’s when it is absolutely clear that they have used them. If there can be a better way to solve this about the free EDU’s that they have and never paid for I am open to hear it.

DF: We are never going to do anything about the free EDU’s.

MP: We never are going to and we never were going to but here is the difference going forward we can now collect our EDU's that maybe we don't know about.

SB: Right, put that in the contract.

MP: I am going to be ridiculous and the students take longer showers and the water usage goes up they didn't build a building but the water use has gone up so now we can ask for additional EDU's. I think to me going forward it is a way we can have clarity and have an agreement with SU.

DF: Lance who are you working with at Penn State?

LB: Bob Bruce.

DF: Okay, I know Bob Bruce.

GT: If we decide to go forward with an agreement it will come back to us for discussion. I guess at this point we can continue to talk about this but I am going to ask for a motion to go forward or not.

MP: I will make a motion to approve the creation of an EDU baseline draft agreement with Shippensburg University for the purpose of billing or crediting EDU's.

SB: I will second that.

GT: Okay, we have a motion from Michael and a second from Steve to approve the drafting of a baseline EDU agreement with Shippensburg University to move forward with the request for water with the chiller.

DF: You didn't say anything about the chiller, Geno did.

MP: I just want to have a baseline agreement for EDU's; the chiller to me is not part of that discussion. We are just talking about the baseline. Once we get the baseline we can talk about the 53 EDU's.

SB: Then that would be an additional contract.

DF: I am in agreement with that.

GT: We have a motion and then discussion. What the motion is requesting is to draft an EDU baseline agreement with the University. That would use the 4 dates listed before.

MP: The guidelines you gave.

GT: That still doesn't address whether we are going to approve the 53 EDU's.

MP: It does not.

GT: We have a motion as indicated. Any other discussion? Motion carries. Members voted yes. Geno voted No only because I am not sure what I am voting on and not that I disagree with the concept.

DF: I do think that we need to have our engineers study this proposal from the University about the chiller usage to come back with actual numbers.

GT: I think we are mixing apples and oranges.

SB: I have some of those concerns also. We can cover a lot of those in the documentation itself in the agreement we make with them in the next agreement. Whatever we decide the baseline is there is no crediting below that and for me that would be an important part of the contract.

LH: I think also as well, the previous time that the University was in I believe that the SBA asked them to go back to the drawing board and look at the project and provide something back to the SBA and what they thought to be the more accurate number. I believe that is what they placed in front of the Authority now. Based on what we asked them to do, they provided us some additional documentation.

DF: I don't know how this being drafted because Lance said his attorney would work on it.

FM: He said, we would work together. I will contact him

GT: So, there is nowhere else to go until that is drafted or do we want to draft another one to get the project started from an EDU standpoint or are you saying we don't know the EDU's yet?

DF: I think Dan needs to look at that.

SB: I think we could start the drafting of it.

GT: I don't think that we can. I think we will put this off for another two months.

LB: One concern we have is that we would like to get the EDU issue and the commitment from the Authority on the water service to put behind us as quickly as we can.

GT: Well, it can't happen this month because they want him to review your numbers again so we can't approve the 53.

LB: Okay, thank you Sir.

GT: Okay, then we will, I will direct the engineer to review the new letter we got and come back to us next month with what we would consider is the appropriate EDU's and please stay in contact with the University so we can move this along for everybody.

### **DISCUSSION REFARDING SOUTHERN CUMBERLAND WATER ASSOCIATION REQUEST**

GT: They have come back to us requesting that we reconsider taking over there system. If you recall one of the issues was their loan and that was an item that we did not know the answers to. Mr. Fink did contact USDA and had them here and reviewed the loan concept and our impact with the loan. According to them it would not be rewritten and their loan would be transferred to us at the same rates and no rate changes and no extension of the loan, it would just be a continuation. If you recall they are paying their loan with their system and the USDA did indicate that they were pleased that the loan is not in jeopardy. One thing that did come out with the meeting with Mr. Fink and the USDA is that Mr. Fink has agreed to cover the cost associated with the transfer of the system to SBA such as water meter readers, line review, any minor system adjustments, attorney fees and that type of thing. He also said that they agreed to establishment of a rate district with rates to be determined before the transition that would cover the loan payments and possible improvements to the current system if needed. This transfer would only happen with an agreement of the membership and so that is a slight difference in the original approach. They do have funds to facilitate the transfer as far as the legal fees, foreman costs and that type of thing. He is asking us to reconsider the request.

DF: Geno, did I hear you right that he is going to put the readers in to his system like we want?

GT: They have the funds to do that. They will fund any type of minor improvement at this time to make that happen. That was one of the items that would need done. They do have the funds to cover that.

DF: What did you figure that to be?

LL: The readers are \$160.00. You are looking at the cost of the MXU has increased and I think it is up to \$140.00 a piece. It is well within their means.

TP: They have two \$300,000.00 loans, is that right?

GT: No, that is the total. It is actually two smaller ones that come out to something like 345.

TP: If we were forced to take them over we wouldn't have that loan then right? Or the Capital that they have?

GT: That is the issue, we wouldn't have the capital. That would be gone and then we would have the entire cost of the upgrades.

FM: Whether you had the loan or not would be a question for the USDA if they are a failing system.

LH: As lien holder and even if the authority was forced to take them over I would assume that the lien would transfer with the takeover, possibly not. Based on our discussion with USDA I think they are in favor of this particular scenario because as the lender they are worried about getting their payment. I think they would see this as a positive.

FM: From everything that I have heard, this Southern Cumberland Water Association has potentially no continuation. It could just evaporate, whereas with the Authority you know that it will continue.

LH: I have done a little bit of research and I think one option they could take is just to dissolve which would leave all the residents stuck but that is an option. At this point in time they are not in operational distress and they are not in financial distress but .....

SB: It takes one minor issue or Mr. Fink disappearing.

LH: Certainly, that would change the complexity of everything.

TP: I was just thinking to save the 300,000 to turn the valve in on our system and forget about their stuff.

SB: What you are talking about is having them sign on to our system and having them dissolve.

TP: Why knock yourself out with upgrading our system and all of that when we are already hooked into them and then just open the valve.

SB: In that case where would the wells and pipes?

TP: It would just get capped at the wells.

LL: The inner connect currently exists is very inefficient. It will sustain the system operationally in the short period. I won't guarantee that it would do anything over the long haul.

GT: They the capital to facilitate the transfer legally, engineering wise and minor improvements. They do not need any line work but what we need is better meters so that it works into our system. As far as our water versus their water, any improvements to their water would be their cost.

SB: So, we are looking at the \$345,000.00 loan as an acquisition cost to us?

FM: The way a rate district works is that you create an actual district and in this case it would be Southern Cumberland Water Association that is made up of all their current customers and their potential customers in that system and then you generate the figure for the cost of water in that system separate and apart from the Borough water. This is not a developer's fee; this is a rate that gets paid and probably higher than what our rate payer pays. So it is a separate district that is created by the Authority with a separate rate structure.

SB: I get that but we are just sort of looking at the loan and us taking the loan over as the loan that we have to pay in order to take over the system.

FM: That is why you need the rate district because you want to have the people who are benefitting from that loan pay for the repayment of it.

DF: Wouldn't you think if we were interested at all he should go to his people, all the people in that district and give them an agreement that they are willing to sell because American Water could buy it.

GT: He has indicated to us that he has done that. He has already had a meeting with the Association and that is why he originally approached us to begin with.

LH: I think one thing that would be in the SBA's best interest if it is decided to move forward, once the rate for the rate district was established that they then again take another vote understanding what that rate is so they are fully aware and on board with what that rate would then become. It will be more, the extent of how much more we would have to calculate that figure.

FM: I think that the other thing that would need to be done is in addition to that you would have to have a meeting of the membership which is all the customers to approve the agreement to transfer the system to SBA. Nobody has the authority to do it other than the owners and the customers.

GT: All we need tonight is the authorization to move forward with the writing of an agreement to do the investigation of the system and the cost so that it covers our engineering and our solicitor's fees. It can include the steps involved once we come to our decision as to what needs to be done in setting up the final transition of the rate district and where that is and the costs and then given the final approval by their group. All we need tonight is the approval of what these guys can move forward, Mr. Fink has already given that to us.

DF: At their cost.

SB: So moved.

GT: They were warned by their lender that they could be spending money and getting no results.

DF: That is what I am saying.

GT: I think that is a fair statement because we are going to do an investigation of their system and he has told us about the system and Louis knows about the system but we might uncover something. That really shouldn't happen.

DF: They haven't placed a capped amount on this money?

GT: He did not place a cap amount, but I would place a cap amount because they only have so much. We could set a time limit also so he should have the agreement for us at the next meeting. We shouldn't have Dan do any work until we have that agreement. We need a motion.

SB: The motion originally that we were going to move forward at their expense.

MP: It includes the steps, the cost for engineering, and the legal reviews.

SB: Right after you put the list off I said, so moved.

MP: There is also a time limit.

FM: You want my work back next month, is that what I heard you say?

DF: I don't know that anybody set a time for you but Mr. Fink would have to sign this for us to move forward.

FM: Okay,

DF: So that he knows what he is getting involved in.

FM: I will get it to him as soon as I can and go from there.

GT: Run that past Lance and myself.

MP: The point is that all legal, technical and engineering reviews are at their cost.

DF: All inclusive.

GT: Okay, we have a motion to move forward with the request from Southern Cumberland Water Association for the transfer of their system to ours with the creation of an agreement for this to take place which would include the appropriate steps of the event and the fact that they have agreed to cover the cost of the investigation and the transfer and to be done in a timely fashion of the agreement. Did I miss anything?

DF: We don't want to have them put this money in escrow or something so it is there.

GT: Correct, it is a timely thing.

DF: Would we put money in escrow?

GT: Why don't we let our solicitor work out the money agreement with them because part of that money is in a CD so we are going to make sure that the CD is available? Good point.

DF: That worries me.

GT: We have a motion, so let's work on that part. Any other discussion on the writing of the proposal.

MP: I will second.

GT: All in favor, motion carries.

GT: Alright I will direct the solicitor to work with Mr. Fink to find out what money is available and when it is available and discuss putting the appropriate amount into an escrow fund that way it will be there for that purpose. Thank you very much.

DF: You said that Mr. Fink has the agreement of the Association so you think that he sent out 150 letters?

GT: I did not ask for that.

DF: I think that we should ask our solicitor when he is talking to him to clarify what he means.

GT: I understand what you are saying.

DF: I want to know what the rules of the Association are. Whether you have to have 50% or 62%.

GT: They have a board, just like here.

FM: They have the by-laws.

GT: Then they vote on it.

FM: I think they could not dissolve the association and sell it without a vote of the membership but I believe that they could enter into this kind of agreement. Your concern is that you do all of this and then the members say, we don't want it.

DF: Then the Borough of Shippensburg has ripped us off for X amount of dollars.

SB: But then the president of their association entered into that agreement.

TP: I don't know.

GT: Denny, my fear was that right now they have roughly \$150,000.00 to nicely do this and make the improvements we want made. He said that he had his meeting so.....

## **DISCUSSION REGARDING SOUTHWOOD CROSSING PHASE II**

LH: Previously the SBA had approved the project for Southwood Crossing for Phase II , we received a letter from Dan and RETTEW and I will ask him to expound on that. He has the request for capacity for 17 EDU's and it appears as though other than a few issues it appears the plans seem adequate and acceptable.

DH: I was hoping we would be further along with it but I don't think we are ready to take any action on it at this point. The capacity request, was that previously approved?

LL: No.

LH: The project was approved.

DH: There is adequate capacity for the 17 EDU's and we are still in process of reviewing the plans and preparing the developers agreement and everything else that goes along with it.

LH: I think if the Authority were so inclined they could approve the capacity request only at this point in time.

DH: And that would be what we recommend.

FM: They don't have a developer's agreement yet for this Phase yet, right?

LL: No.

LH: No developer's agreement and no approved plans.

GT: If we don't have all of that then we will just wait and do it all at one time.

## **DISCUSSION REGARDING GENERATOR RELOCATION PROJECT**

DH: This is something that I did request Lance to add to the agenda. I received just an update and I did talk to Mr. Ginnick as requested by Lance this month. He contacted Lance and when I talked to him his primary concern was with that Adams Electric needed an easement from him. I explained to him that we are no longer relocating the service line and said that he needs to talk to Mike Chamberlin at Adams if he has any questions about the easement. I haven't heard anything since. That is the update. I did receive an RFI request from McCarty and the existing service and Genset location at Forest Ridge is a 120/240 4 –wire Delta Hi Leg system and the existing service at Huckleberry is a 120/208V 3 phase 4 –wire system. This will require the Gen Set to be refigured. The existing engine has the capabilities to be refigured. This will require factory technicians to perform the work so the Borough has an agreement with Cummins and I received a quote for the work and it will be \$1128.00. I will say that we have a \$1640.00 credit that we have received from McCarty since we are no longer relocating the electric line so we will still be under budget for the project. We do need to reconfigure the engine though.

GT: Do we need a motion for the change?

DH: We haven't in the past but I wanted to bring it to the Authority.

LH: Being as though it fell under the requirements of a full scale bid, you do not have to make a motion on that.

GT: Okay. Very good.

## REPORTS

### Engineer

Dan Hershey: You have a report in your packet and we just talked about Item #2 , the Genset. Item #11, United Business Park , they have started water line construction and they have a good bit in the ground but they are going to be another 2 weeks maybe to do some grading on site before they get back on the water line construction.

LH: Someone from RETTEW is overseeing that, correct?

DH: Yes. We normally issue construction observation reports. I have those that I am reviewing right now and then I will send them out for you. Item #11, Well #2 Hydraulic Analysis; last meeting it was requested to do a preliminary hydraulic analysis for increasing the capacity at Well #2. My letter is in the packet here. Would you like me to review that at this time or if there are any questions?

MP: How long will it take you to find out about the 100' or the 400' well head protection area? What sort of time is involved in getting clarity on that issue?

DH: What I would recommend is we contact DEP and set up a meeting with them. I would recommend at least someone from the borough and someone from Authority attend that meeting. I would say Mike that it is probably about 2 weeks until we get something set up with them.

MP: Obviously that could dictate the feasibility of the whole project.

DH: Yes. The SRBC is another entity that is out there. I am not as concerned with them. I would start with the DEP this time.

MP: The SRBC would part of the approval process?

DH: You have an allocation permit from them. It is for the full 1300 which equate to 1.87 million GPD.

LL: 1.896 million GPD

DH: Okay.

DF: It sounds as if we are not doing the 16" main under I81. We will not going to realize the potential.

DH: Something that I might not have made clear in the memo is that once the pressure gets to roughly 150 PSI the pressure is too high mid-zone and we can actually pump water into the Cleversburg tank. We found that out the hard way when we were trying to fill Timber Hill as quickly as we could we get pressures up to about 160 PSI or so at Dykeman and we were pushing water through the pumps and the Cleversburg tank. The pressures were high so that is why without that 16" line we really can't realize that full potential there.

FM: Are you saying put a new 16" line on Possum Hollow Rd?

DH: That is the inner connect that we were talking about.

FM: Okay, I was going to say....

LL: We brought 16 down from the tank to Possum Hollow Rd. and 12" went that way but we still have 16 to go the other way.

MP: To complete down the hook and under I81?

LL: Yes and over to United Business Park.

SB: Telling Exeter that they need to pay for that?

DH: That was one of the discussion items, yes.

DH: One bullet point on the second page at the top. Well #2, the bore is a 10" casing pipe and has a 6" column pipe to the pump, we are not going to be able to increase to an 8" column pipe, with this much withdrawal we would like a 12" bore with an 8" column. I just bring it up because when you look at the fiction loss chart we are just one step off the chart. We are really trying to push the capacity for this 6" bore so it is something right now that I am working with one of the pump manufactures to see what pumps are available to supply this kind of head. There is another challenge with the project.

DF: We wouldn't fully utilize the total capacity then, is that what you are saying? We wouldn't be able to achieve it?

DH: We might not be able to. That is something that we need to look in to. It would be borderline Denny. Maybe 1200 GPM is more realistic than 1300. It is a lot of head loss in the column.

FM: I guess that the statute of limitation ran out against Gannet Fleming. They said that the 10" was plenty enough to get 1300 gallons.

DH: To get 1300?

FM: Yes.

GT: Lance will you coordinate times to have a meeting with DEP?

LH: Certainly.

GT: When you get that would you inform Mike and myself and one of us can be there we will join you.

MP: Is there any efficiency in having these two groups together? DEP and SRBC at the same table?

LH: That would be an exciting meeting.

DH: We have done that in the past Michael.

LL: That was a project that they both wanted.

DH: My feeling in this case is to meet with the DEP first. I feel in this case it is best to start with the DEP. To go to the next step we will meet with the SRBC.

SB: Doesn't the governor want development. He has got his name out there on that business park. Doesn't he want development out there?

DH: He does, but there are certain things.

SB: It does, it says Thanks to Governor Tom Corbett. Sometimes he can make a call to the DEP.

DH: I don't think so Geno.

#### Solicitor

Forest Myers: I just did the ordinary things and I didn't write a report.

GT: That is okay.

#### Water Foreman

Louis Larson: You have my report in the packet. There has been a change to line 1 since this was printed. It is three main line leaks now for the previous month and four services. Other than that it is pretty much the same as what is there. The Mainsville tank has been washed out and painted as part of our service contract. They have also pressure washed Roxbury tank and got all the mold off of it and they are coming back the 23<sup>rd</sup> and then they will clean the Roxbury tank out.

FM: Did they ever patch that hole at Orrstown?

LL: Yes, we finally got that patched after the third attempt. It took three weeks for the ice to melt so that I could close the door.

#### Manager

Lance Hoover: Other than the items that we have discussed I do not have much more to add.

Geno Torri: Executive Session. We may have a potential land transfer/reality discussion. Okay, let's go into Executive Session now.

Time in: 8:33 P.M.

Time out: 8:39 P.M.

## **Any Other Business**

Geno Torri: Michael? Dennis? Steve?

Steve Brenize: Shut me down, but I think that we might have had a consensus to move forward with the second part of the chiller plant? I know that there were some concerns but I personally think that we can get the information from the engineer and still work on the draft of the agreement with the chiller so that we at least have the first part of the contract started.

MP: I think that is what we agreed to do?

SB: We did the first part, the second part we left hanging in the air.

MP: About the number of EDU's.

LH: The approval request was not acted upon.

SB: I think....

GT: Because they are saying 53 and Denny is saying that is not accurate so.....It really comes down to they are not willing to pay any more than \$100,000.00 for the EDU's and the 40,000 takes them well above the 100 thousand , so my point is that they are comfortable with the 53. If we say yea, we will go ahead but with the new number that opens a whole new discussion up all over again and until we have your number matching their number....

SB: Okay, so there is no point of.

GT: Until we come together with a usable number.

DH: Part of the reason that I wasn't concerned about the number Denny is that I was thinking, say they grossly under estimated it and they use the 40,000 and in 2017 is when we realize that then they pay it.

That is why I wasn't real concerned if they were coming in low. It will be hard to come to an exact number in the sense where. You can figure out the load on the chiller but part of it is the offset of the things, I think this gives a chance. I am not worried if the 8000 is grossly off it gets resolved in 2017.

MP: Then it becomes the reality.

SB: We have been debating this for a while and I don't want to put it off if we don't have to. If we can come to a consensus to start the contract on the 8495.

SB: I move for the solicitor to draft a contract for the purchase of EDU's for the chiller plant.

MP: The number of EDU's?

SB: The number of EDU's is 53.

TP: Once they start it I just that we are liable to supply with water.

DF: That is what I am saying, we would have to continue. They will use the 40,000 GPD because they are building the full plant. They will put every existing building on line. They are saying that they have the capacity to add additional chiller capacity to it. They are building it for 100% of the campus at this time and that letter just says the average of a 365 day.

SB: But, if they were going to do that then in 2017 there are going to owe us for 150 – 200 EDU's.

DF: I don't see it that way.

LH: If I may ask a question of Dan and Louis. Let's just say that it is the 40,000 per day, does that propose a concern? As far as our supply, our demand, our system.

LL: No.

LH: It is a monetary and not a service concern.

LL: It is not a service concern at this time. The other thing too, when we are talking about after we go through the evaluation period in 2016 / 2017 they will be paying the EDU's at the rate at that time.

LH: Yes, we would certainly add that in if the rates were adjusted.

SB: Right.

LH: Then let me propose this then. Should we not make them buy the EDU's now?

FM: You mean the 53.

LH: Any additional would be at the current rate but the 53 would now.

LL: The 53 would be at today's rate and others would be at the current rate when they purchase them.

LH: What we do with everyone else.

GT: Steven thank you for the thought but I would like to go one step further with your proposal and make it encompass the whole thing that I was projecting at the very beginning and we talked about setting the current baseline and the new baseline and have that be included and at that time the University would either pay more or get credit. The whole thing.

SB: Is that a second with an amendment? Never mind, you can't.

GT: No, I am just saying. Whether than to make this a motion for their 53, give them the whole thing they will have to digest it and come up and review it and make it one proposal to cover the whole concept here.

SB: That would be the intent of my motion.

MP: I will second that motion.

GT: We have a motion by Steven and second my Michael to have the solicitor produce an agreement, a one-time agreement with the University to cover the 53 EDU request.

LH: There are two components. The baseline EDU and the new service request.

GT: What was our original motion?

FM: To address an agreement establishing a baseline EDU for SU.

GT: Okay, but that didn't cover the whole thing. I am confused at this point what we want.

LH: If we are going to go forward, what I am hearing is that we should rescind the first motion and then curtail a second to authorize a drafting of the agreement to address the baseline EDU as well as the current water service request. Identifying all of the details from before. The 4 quarters after 2016 and then....

SB: So we want it all in one document.

LH: I think that is what you are going for. One agreement rather than two separate.

GT: Right now, what we have right now is just to set the baseline EDU's. Now what Steven is trying to do is take it to the next step.

SB: Build on that.

GT: If we are going to do a baseline agreement let's tie it in with the whole concept.

FM: Frankly, if I were doing the agreement I would probably do that anyway. If you agree to this motion.

SB: So if we pass this motion you will put both of them together anyway?

FM: Basically, yea. It is silly to do two agreements.

MP: Would your motion include direction for the solicitor to include.

SB: Yes, my motion would include, including the previous accepted motion into this contract.

GT: Okay, I am going to turn this over to Michael due to medical issues.

Michael Pimental: Okay, we have a motion by Steve to include the 53 EDU approval chiller plant and for the 53 EDU's to be attached to the agreement that the solicitor will be creating based upon an earlier motion. That is the motion. So now, is there discussion?

SB: Was it the understanding from the second that the things we had Forest write down ; I think a lot of us had thrown out at least one issue that they wanted to be included in the agreement.

MP: That is my understanding everything that was given to Forest Myers from the first motion that was approved would still be in place.

SB: Such as the original baseline is it doesn't go below that, so if they pay for their 53 and they end up at 997 they are only getting credit for the 53?

LH: Correct.

MP: Your motion is adding the specific 53 EDU approval. Okay,

TP: I don't think we should put a credit in it. If they buy 53 and only use 45, let those other 8 for a buffer because we are not doing it to anyone else.

DF: We said earlier that we were not giving them a credit back.

SB: Yes,

TP: I just wanted to make sure.

MP: So, the options are if it is the same then there is no additional payment. If it is more there is an additional payment. If it is less then there is no credit.

SB: That is part of what you are paying to get the chiller on line and to come up with a baseline agreement with us.

MP: So, we have a motion and we have a second. Any more discussion?

DF: I am still a little confused but keep on moving forward. We are going out of the norm of our SBA rules and regs on this.

MP: We have a motion and a second. All those in favor? Motion carries 3-1. The one abstention.

DF: If I understand what we did, we are just passing this for consideration for the University to look at and then they will come back. We will be doing this for a while.

SB: I just brought it back up because we have been putting it off and let's at least get it written. If we don't like what comes back then fine.

LL: You still have the option to not approve the agreement.

GT: Okay, anything else.

Motion to adjourn

9:05 P.M.

---

Secretary