

The regular meeting of the Borough Council of the Borough of Sinking Spring was called to order on Thursday, March 5, 2009 at 7:00 p.m., at the Sinking Spring Borough Hall by President Stewart Wenrich. After the Pledge to the Flag, Regina Shade called the roll reflecting the following Council Members present:

Stewart Wenrich
Bruce Light
Barbara Kutz
Lawrence Schmidt
George Butkus
James Zerr
Elizabeth Sloan

Other officials present were: Mayor Clarence Noecker, Charles Fitzpatrick, Borough Solicitor, James Oxenreider, Chief of Police, Robert Ludgate, Sr., Ludgate Engineering, David Schlott, Jr. ARRO Consulting, Michael Hart, Public Works Director, and Regina Shade, Borough Secretary/Treasurer, who recorded the minutes of the proceeding.

Mr. Wenrich requested a moment of silence for the people of the Armed Forces and for Fire and Police Departments who keep us safe.

APPROVAL OF MINUTES:

Mr. Butkus asked they be tabled since they just recently received them. It was tabled till the workshop meeting.

VISITORS:

Mr. Greg Cook of Hometown Press out of Perkaskie, Pennsylvania was first to address Council. He has a company that produces maps and newsletters for municipalities. They are free of charge. He solicits businesses and they underwrite the map. Mrs. Shade explained we have had this done in the past however the maps that we have are now very outdated. The last time anything like this was done was when we were still at the old Borough Hall. He explained what is on the map. There is no cost to the Borough at all. Mrs. Shade stated we like giving this to new residents as part of their welcome to the Borough information. It not only introduces them to Borough businesses but gives them a map of all the streets within our limits. Mr. Wenrich stated he would like the admin committee to look into it and work with the Revitalization Committee on getting this done. He thanked Council.

Mr. John Levandowski of 3992 Penn Avenue addressed Council on the increase in the sewer rates again. Mr. Butkus explained this all to Mr. Levandowski as well as the audience. A lengthy discussion ensued.

The next visitor was Mr. Bernard Campbell. He was speaking as a resident of Sinking Spring. As of the last meeting we had not received any money for the project; however we now have received the entire LUPTAP grant which was over \$45,000.00. He stated it is almost next to impossible to receive the entire grant yet we did it. He continued the last time he stood in front of

VISITORS :

Council he challenged Mr. Schmidt to fiscally responsible as well as all of Council. He continued as a resident of the community he would expect nothing else. He went on to say being fiscally responsible is not just “not spending money.” It is choosing to make the right investments when the time occurs. He stated right now in the Borough we are facing some problems. While Council is doing that, he would like to have Council think about the diminishing revenues we have going on right now in our Borough. He wants them to think about what the long term solution to this might be. From some of the meetings he has attended, with the exception of merging with another municipality, the Revitalization Committee might just have the answer. The Revitalization Project will draw people/businesses into the community. He is asking Council to keep an open mind and to remember that they will need to take advantage of the financial opportunities thrown our way. We will also need to show for some of these funds that we have matching funds available from the Borough. We might not need to spend these funds; however we are going to have to show that there is money to be had. He asked Council to please keep an open mind when the two (2) gentlemen speak that evening and to please keep the Revitalization project in the back of their mind when they are going through the different scenarios. He does realize for a community our size this is a big undertaking. He went on to say when we make big decisions big things can happen as well. He continued as a resident of the Borough he asked Council to keep the momentum going for the Revitalization project as he does not want to see the Borough being rolled into Spring Township or something else. He loves the Borough, he feels everyone does an excellent job and he wants to keep it that way. He thanked Council and he appreciated their time.

COMMUNICATIONS:

Mrs. Shade stated Mr. Wenrich received a signed letter from a Mr. Thomas Hogan of Diane Avenue and she did not know how to respond to it. She read the letter in which Mr. Hogan was quite concerned about the increase in the sewer rates. He questioned how a sewer plant could run at a loss for fifteen (15) years and yet we could make up the difference. Mr. Butkus stated the money came from the capital reserve monies that had been built up that should have gone to the capital maintenance things (the new gear boxes, etc.). In addition, Mr. Butkus stated this is a municipal election year, it’s time for everyone to put their money where their mouth is, if they have a better idea, please let’s hear it. The plant expansion stated the quarter million of extra capacity is basically on paper. It is not that we are adding extra facilities. It is adding to the weak links in the system and using the rest of the system to their full potential. There are new criteria being added to the process as well. The only way to do that is to change the way we are doing that. Mr. Wenrich stated the State is levying new discharge standards. We have had a lot of growth in our community and potential growth with the revitalization to our downtown. At one (1) point we had gotten State aid to run the plant; that went away. So, we were forced with a very, very difficult decision. This is how it worked out. It is a necessary evil if you want to flush your toilets. Our plant has had very few violations if any at all. The plant works very, very well. Council has worked very hard on this. We are applying for grants to try to offset these costs. Mr. Schlott explained the grants that we have applied for. A brief discussion ensued. Mr. Campbell questioned what would happen if we exceeded capacity. Mr. Butkus explained about projected overloads. He said the State could come in and say that you can’t have anymore connections period. Mr. Campbell questioned what would happen if we grow out of this plant. Mr. Butkus stated you would need to do another expansion of capacity. We have enough land to double the size of the plant. Mr. Campbell questioned if every

COMMUNICATIONS (cont'd):

municipality has their own plant to which both Mr. Wenrich and Mr. Butkus stated no. A brief discussion ensued as to where our plant is located. Mr. Campbell stated he didn't want to offend anyone but this just seems to be a big headache; why would the Borough want the headache since the plant isn't even in Sinking Spring, isn't there a way to divest of it to someone else. Mr. Butkus stated he understood his question; he continued at our workshop it was stated that PA American Water's sister company does buy up sewer plants. We own the plant and we are responsible to our residents. If we sell the plant to a private business they are going to want to make a profit. This means your sewer rates are going to go up and you have less control of what they do and how they do it. Mr. Campbell questioned if they can make a profit. Mr. Butkus stated they can; we can't because we are a municipality. Mr. Schmidt stated he agreed with the philosophy however he stated they will be governed by the PUC. Mr. Fitzpatrick agreed. There are some laws governing them. A brief discussion ensued. Mr. Butkus stated once you give up control there is no way to get it back. Mr. Campbell stated he understood where Mr. Butkus was coming from however he felt it just might be a headache and a drain and if you can get rid of it, it might be worth it. Mr. Schmidt stated prior Councils of which he was a member, did not want to talk about sewers. It was passed off; left go. All we wanted to do was keep the rates low. He continued remember the commercial pay me now or pay me later that is what is currently happening. Mr. Butkus stated this is happening around the Country. Mr. Schmidt stated when we began this process over a year ago; it was talked about raising the rates 200%. But with our engineer along with Mr. George Butkus we got it down to 114%. He said they did a fantastic job at getting it down. He understands the economic times are hard; but no one is making money off this. He feels we are still very cheap. Mr. Schmidt stated our tax rate is also low. We have one of the lowest tax rates in the County. That is why we are in the situation we are in. Mr. Campbell stated again he understands and his sewers work well but with the headaches it causes he thought perhaps getting out of the business might be a good idea. Mr. Wenrich stated it was discussed at public meetings. He thanked Council for taking the extra time and explaining it to him. Mr. Schlott explained how the rates were calculated. Mr. Wenrich requested Mr. Butkus to type a letter to the gentleman. Mr. Butkus stated he would and he would forward it to Council before he sends it.

APPROVAL OF BILLS:

Mr. Wenrich stated he had a bill from ARRO Consulting for \$1,223.94 which belonged to the Authority. The bill was from November of 2008 to January of 2009. Mr. Schmidt made a motion to pay the bill; seconded by Mr. Butkus. AYES – 7, NAYS – 0; motion carried.

Mr. Butkus questioned where we ended up with the Reading Phillies. Mr. Fitzpatrick stated he had not gotten a response as of yet. Mr. Wenrich did not get a chance to talk to his contact out there but he will try. Mr. Butkus had two questions on sewer bills. The first one was directed at the former Director of the Authority, Mr. Francis Butkus in regards to their audit. He stated there was a bill from the 2008 audit. If he recalled correctly was that part of the bill was not paid because they were very delinquent on filing the audit. Mr. Francis Butkus stated that was true; Mr. George Butkus questioned if that audit was turned in. Mr. Francis Butkus stated it was. The total amount is \$2,050.00. This goes hand in hand with a letter Mr. Zerr has with doing the close out audit for 2008. Mr. Butkus wants the rider that if they don't have it complete within the ninety (90) days they pay someone else to do it properly. Mrs. Kutz made a motion to pay last year's audit bill for

APPROVAL OF BILLS (cont'd):

\$2,050.00 for the Authority; seconded by Ms. Sloan. AYES – 7, NAYS – 0; motion carried. Mr. Zerr stated the cost to do the final audit is not to exceed \$3,500.00 according to their proposal. Mr. Zerr made a motion to have Reinsel due the audit at the above mentioned cost with the stipulation that they must have this information back to Council within ninety (90) days; seconded by Mr. Butkus. Mr. Butkus stated last year's was the first year that it had been late. Mr. Schmidt questioned about our auditors doing their audit. Mrs. Shade stated she had not asked our auditors. She went on to explain that Ms. White was trying to get some guidance from others on this however no one was willing to give her any answers. Mrs. Shade stated she received this today from Ms. White so she could bring it in front of Council. Mr. Wenrich stated ninety (90) days seems long. Mr. Zerr stated they are only coming in March. Mrs. Shade stated she is concerned about this. Last year she had seen letters coming in from the DCED to the Authority stating that their report was not filed. She is not sure when their audits are due there but the Borough's is due in for the 15th of March. It is due the beginning of May. A brief discussion ensued about the timing. Mr. Butkus asked when we got this letter. Mrs. Shade stated sometime the end of last year. She continued that Ms. White has sent quite a number of e-mails out to different people inquiring what they want to do and she said no one responded to her requests. She believes there was a date in the letter that they would be here around the 16th of March. Mrs. Kutz feels we should put a completion date of April 25th in there. Mr. Schmidt asked Mr. Francis Butkus if any penalties had to be paid to which he said he was not aware of any. They had authorized Mr. Hoffert send them a letter stating if any fines or penalties occurred they would be paid by them not the Authority. Mr. Zerr made the same motion however with the amendment if there any fines or penalties occurring because this is not completed within the ninety (90) days they must pay those fines/penalties or if an extension must be filed at whatever cost they do that as well; seconded by Mr. Butkus. AYES- 7, NAYS – 0; motion carried.

Mr. Butkus questioned why a loan of \$50,000.00 was paid to the General Fund back on February 5th and it was never brought out. Mrs. Shade stated she was not at that meeting and the woman who took her place forgot to bring it up. Mr. Butkus stated the money was already paid out. The money is already out of the account. Here we have money going out before Council has any say on it. Mrs. Shade stated another \$75,000.00 also went out that week. Mr. Butkus stated there was no slip in there on that. Mrs. Shade stated that was because it happened after the end of last month. Mr. Butkus stated he thought after our last meeting when we had the discussion about non utility bills or reoccurring bills being paid without Council's approval that was not to happen. He stated how hard would it be to advise Council this was going to happen? Mrs. Shade stated she believed she had sent out an e-mail advising Council of this. Mr. Wenrich stated she had sent one to Mr. Fitzpatrick, Mr. Zerr and himself first and then all of Council did get it. Ms. Sloan questioned if it isn't proper protocol that all of Council must be notified before checks like that are signed. Mr. Fitzpatrick stated this is a transfer from the sewer account to the general account; this is not the paying of a bill. Mr. Butkus stated this is money going out of the account. Mr. Fitzpatrick stated it is but it is not an expenditure however he was not at the meeting on 2/5/09 but he thought there was an authorization to borrow money from the sewer. Mr. Butkus stated that was true but that was only \$250,000. This is above and beyond that; we are now up to \$375,000.00. Mr. Fitzpatrick stated this goes back to if this money is used to pay bills that need to be paid. The transfer is not an expenditure. He does not know what the money was used for; however if this money was used to pay those bills and they are typical bills then it would legitimate to transfer

APPROVAL OF BILLS (cont'd):

that money. You need to pay bills and that is the only source of money. Mr. Butkus requested that from now could they be notified. Mr. Butkus stated this would need a separate motion to which Mr. Fitzpatrick stated that was true. He continued there is no choice in this matter though; there is no money and you must pay the bills. Ms. Sloan stated we should be notified before this is done. Mrs. Shade stated an e-mail had been sent out. (Later in the meeting Mr. Butkus stated he did find the e-mail dated Monday, March 2nd at 8:38 a.m. informing everyone of this.) Ms. Sloan stated that in these hard economic times people should not forget to do these types of things. Mr. Wenrich questioned Ms. Sloan what she suggests we do to pay the bills. She said she is only asking for notification to which Mr. Wenrich stated she did receive notification. She stated it was afterwards. Mr. Wenrich stated here are the bills; you see them every month. If there is a problem we correct it. Until the tax money starts coming in we need to do what we must do. Mr. Wenrich stated since January 1st of this year the Borough has taken some very hard licks. Ms. Sloan stated she is just trying to be fiscally responsible. Mr. Butkus made the motion to pay cover the \$50,000 and the \$75,000 from the sewer revenue account and to repay the sewer revenue account once the tax money begins coming in; seconded by Mrs. Kutz. AYES – 7, NAYS – 0; motion carried.

Mrs. Kutz made a motion to pay the bills; seconded by Mr. Schmidt. AYES -7, NAYS – 0; motion carried.

REVITALIZATION PROJECT:

Mr. Jim Pachuillo stated at their last meeting they entertained the idea of asking Council to appoint a permanent committee just as the Borough has for sewer, library, rec those types of things. They are starting to get more momentum, the communication will be much better, and Council will be better informed. Mr. Wenrich appointed Mr. Butkus, Mr. Schmidt, and Mr. Zerr to the committee. Mr. Butkus questioned when they meet. Mr. Pachuillo stated the regular meetings are the third Thursday and the committee meetings are the first Tuesday all at 7:00 p.m. All three (3) do not have to attend the meeting but if one (1) can't make it someone will be there. Mr. Ludgate asked for a meeting with those three (3) Councilmen to go over the LUPTAP Grant and what is needed for the contract. It is quite complex. Mr. Pachuillo introduced Mr. Ken Pick with the Berks County Redevelopment Authority. Mr. Pick thanked Council. On behalf of the residents of Berks County that travel up and down the Rt. 422 corridor, he thanked Council for stepping up to the plate and revitalizing the community and while they are at it, fixing some real bad intersections. He wanted to talk about one (1) way they might be able to finance a little bit of this project. It is Tax Incremental Financing (TIF). It looks at the existing tax base. You have some development coming in that is going to raise the tax base and you use the incremental taxes between the existing and the new to either pay for a portion of or pay for some type of public improvement related to the development. You can take all or a portion of those taxes. It uses the tax increase to either reimburse for a project or pay for a project. The property owner still pays the full share of the taxes. The three (3) taxing bodies decide what they want to put in; all of the taxes, a little of the new taxes, some type of proportion of the new taxes to pay for the improvements. He had a handout. It takes up three (3) taxing bodies. It would be the Borough, the County, and the school district. How much is contributed will get figured out later on. He stated the amount which will be determined; we can support using that cash stream over a twenty (20) year period (that is the maximum) or less what we

REVITALIZATION PROJECT (cont'd):

can borrow. There are a few variables in this. There is some risk here. We don't really know what the assessed value will be. Some good guesses will be taken. The County has used this to pay for some public improvements related to a development. It was used in West Reading at the Penn View Hotel site and down in Exeter Township at the new shopping center for portion to Rt. 422. In Hamburg they will use it to extend one (1) of their streets to Rt. 61. You can borrow the money up front but that is a bit of a risk. It is better when a developer is in place and the land development is approved. We have had that in Berks County so far. There are some administrative items. A member must be signed to the TIP Committee as well as one (1) from the County and the school district. He explained how the money is generated. There is a bit of unknown for a while till things get built. This is a very effective way for building or getting reimbursed for a project. There was a discussion on some of the different type of scenarios. Mr. Schmidt stated there are risks; we would have to sit down and decide how far we would want to go. Mr. Schmidt questioned based on Mr. Pick's experience with this has there been a failure rate on this. Mr. Pick responded that he was not aware of any in Pennsylvania however there might be. There are three in Berks County currently going on. Fleetwood had one a (1) a few years ago; however it has since been retired. Mr. Fitzpatrick is familiar with this program as well. Ms. Sloan questioned if he was aware of any federal monies that might be coming down that would help us with this. Mr. Pick stated there was a little bit from the stimulus. There are a lot of criteria that is tied to that though like you must be "shovel ready". Mr. Ludgate stated he had participated in a telephone seminar that afternoon and the thought is that there will be a second stimulus package in the latter half of 2010 that will probably aid this project more.

MILLER ENVIRONMENTAL:

Mr. Peter Juzyk gave the report for February, 2009. They televised the storm sewer and sanitary sewer lines on Diane Avenue in the vicinity of the sinkhole. No damage was observed in the storm sewer line. In the sanitary sewer line there was a twenty (20) foot sag. It was $\frac{1}{2}$ to $\frac{3}{4}$ full of water. He was not sure if it was there prior to the most recent sinkhole activity or not. Going back to January, the return activated sludge pumps have lost prime several times during the month. The cause is unknown. Efforts to identify the cause and prevent this occurrence continue. They have completed twenty one (21) plant maintenance work orders. One (1) worth noting is the Lower Heidelberg chart recorder repaired by W.G. Walden. The timing device failed and was repaired. He was notified again just that day that it has failed again. He placed a call to them again. Mr. Butkus questioned if it was getting an energy surge. Mr. Juzyk stated he was told it is a timing gear. Two (2) fourth quarter 2008 invoices remain unpaid, Liberty Fire Company and the other is Dairy Queen. The China King 2007 fourth quarter invoice was paid by the building owner. Mr. Juzyk has spoken with Deb Lutz, owner of Dairy Queen. In response to the 4th quarter NOV for BOD and phosphorus, she had M. J. Reider Laboratory resample. Ms. Lutz said that Reider informed her that a composite sample is better than a grab sample. She has proposed that all future samples of her facility be composite samples. She also requests relief from her charges. Mr. Butkus stated prior to Mr. Juzyk's report, he stated that he had several people make inquires and he and the sewer committee will try to hash out written procedure. Everyone will need to do it the same way. A brief discussion ensued as to how this might happen on the sampling. A check for the light pole was received from Zurich Insurance. Since the check was made payable to Miller Environmental West it was returned with a request that a check be issued payable to the Borough of Sinking Spring

MILLER ENVIRONMENTAL (cont'd):

Spring. The total monthly flow was 14,671,000 gallons. The average daily flow was 524,000 gallons; the minimum daily flow was 474,000 gallons; and the maximum daily flow was 608,000 gallons. The contribution by each municipality is: Sinking Spring – 66.3%, Lower Heidelberg – 25.7%, and South Heidelberg – 8.0%.

Mr. Butkus stated another item we need to hash out with our neighbors is that they need to police the people hooked up to their system. Mr. Wenrich agreed.

REPORTS OF COMMITTEES AND OFFICES:**POLICE CHIEF – JAMES OXENREIDER:**

Chief Oxenreider gave his monthly report. There were 149 calls. They issued 83 citations, 1 parking ticket and 11 warnings were issued. The Mayor mentioned that Officer Moyer was released from the hospital for a heart ailment and he should be returning the following day.

LIBRARY/TASK FORCE MERGER – ELIZABETH SLOAN:

Ms. Sloan deferred to Mr. Fitzpatrick in regards to the numbers from Brian Clements. A revised document was received. Mr. Fitzpatrick stated one (1) of the directions he received from Council was to find out about if the merged company was going to finance the debt that we currently have so we would be relieved of the debt being counted against our borrowing ability. The response he received so far was that he (Mr. Clements) felt they would not be refinancing. They would assume the obligation and basically indemnify us, but we would not be taken off the hook so therefore that money would still be placed on our borrowing capability. This is a setback. There were two (2) other questions raised by other municipalities just that afternoon so he feels we don't have a final document. The Solicitor for Lower Heidelberg Township rose the question of what are the total of the assets that the various municipalities were contributing as well as the debt and cash as it is not set forth anywhere. At one point, Mr. Fitzpatrick stated it must have changed as he did see something in regards to this. This is ongoing. He stated that there really isn't too much to discuss as there is no finished product as it keeps changing. Ms. Sloan stated perhaps we could establish a workshop meeting to hammer out some of these issues if that is what Council so chooses. Mr. Wenrich wanted to table any further discussions on this till our Solicitor has more information to advise them on which way to proceed. Ms. Sloan questioned if we are we trying to hold to the April 2nd deadline. Mr. Fitzpatrick stated if we wait till the workshop there is no way we will be able to make the April 2nd date. Ms. Sloan stated if everything comes together we could to which both Mr. Zerr and Mr. Butkus stated we would not have enough time to advertise the Ordinance. Mr. Fitzpatrick feels it was a very aggressive schedule that was put out anyway. The matter was tabled.

RECREATION – BARBARA KUTZ:

Mrs. Kutz stated she went to the Library Board meeting this past month for Ms. Sloan. They were wondering if Brookfield Manor gets a newsletter to which Mrs. Shade said yes. The Board was wondering if they got their 3.5% raise to which she said yes. Mrs. Kutz questioned if

RECREATION – BARBARA KUTZ cont'd:

they do performance evaluations of their people. Mrs. Shade stated she did not know that as their rules and regulations come from the County. Mr. Wenrich stated they should check with the County on that. Mr. Butkus stated we pay them do we not. Mrs. Shade stated we do however their money comes not only from us but from the County as well as the State. Mr. Butkus stated that was right. December meeting was posted wrong in the paper; that will need to be corrected.

ADMINISTRATION – JAMES ZERR:

Mr. Zerr stated he received a phone call earlier that evening from Chief Ron Wentzel. The City of Reading is having a major haz mat incident going on there right now so he will be unable to make the meeting. In addition, some of the other officers are unable to make it as well as they are at school that evening. Mr. Wentzel did want to thank Council for moving forward with repairing the truck.

SEWER COMMITTEE – GEORGE BUTKUS:

Mr. Butkus stated the only thing he had was that everyone did receive a copy of the proposal from ARRO Consulting for a retainer of \$1,400.00 for Mr. Schlott to attend meetings and some phone calls. Mr. Butkus made a motion that approve the retainer; seconded by Ms. Sloan. AYES – 7, NAYS -0; motion carried.

SEWER ENGINEER – DAVID SCHLOTT, JR.

Mr. Schlott stated again that the H2O Grant as well as PENNVEST Grants/Loans has been submitted. We have received the documents that we were waiting for. Mr. Schlott stated they recommend that this project go out for bid. They would like to have bid openings Thursday, April 16th. We would advertise this coming week. Mr. Schlott feels we need to advertise for bids as the term “shovel ready” is important for both grants. We need to be underway by the end of the summer. If you advertise and open bids, it is clear in the advertising that this bid can be held open for 60 days and if we are trying to obtain financing the bids can be held for 120 days. They can be held longer but at that point you must get permission from the low bidder. Mr. Butkus made a motion to advertise for bids for this project; seconded by Mrs. Kutz. AYES – 6, NAYS – 0; motion carried. Ms. Sloan stated the minutes should reflect that one Councilperson had left the room. (Mr. Light had left the Council table temporarily).

PUBLIC WORKS DIRECTOR – MICHAEL HART:

Mr. Hart had one item. In the past we had always hired an outside firm to come in and do a weed and feed Borough areas. Usually the bill is under \$1,000. However this year he would like to incorporate Brookfield Manor Playground. He continued that will require a lot of work. The cost will be around \$1,600.00. Ms. Sloan and Mr. Butkus questioned if we could just do Brookfield Manor and not the other areas. Mr. Hart said then we will have weeds and other issues. Mrs. Kutz stated we will have twice as much the following year. Mr. Schmidt made a motion to move forward with incorporating Brookfield Manor Playground as well; seconded by Mrs. Kutz. AYES – 5,

PUBLIC WORKS DIRECTOR – MICHAEL HART (cont'd):

NAYS - 2 (Mr. Butkus and Ms. Sloan); motion carried. Mr. Schmidt stated perhaps if there is going to be nay votes a roll call vote should be taken. Mr. Butkus stated he does not need it noted however it is at the President's discretion. Mr. Schmidt stated if there are some nays, the people should know who voted the nay vote.

BROOKFIELD MANOR:

Mr. Schmidt stated he thought it was mentioned at our last meeting we were requesting a meeting with Pete Eisenbrown to discuss what some of the costs with the completion of this project would be so that we could discuss this with our Solicitor to see if we had enough money in our escrow accounts. Mr. Ludgate believed e-mails were sent. Adding the repair costs the amount would be in the area of around \$800,000.00. Mr. Fitzpatrick stated that he should have something in writing and someone from Ludgate's office should accompany Mr. Fitzpatrick to that meeting. We have the right to demand additional monies and securities. Mr. Wenrich questioned if the developer was to provide nice green grass and trees over at Brookfield Manor. Mr. Hart was not sure exactly what was to happen but he knows the Borough signed off on what he gave us so we assumed it the way it was. Ms. Sloan thought we were going to televise to which Mr. Hart stated we have. We have a plan on what needs repair. The contractor also got a copy and he does not agree with some of Mr. Hart's findings. He continued that a meeting is trying to be set up between himself, Mr. Eisenbrown, and the contractor to view the tapes together and come up with a game plan. Mr. Wenrich wants a thorough study of that area before we take dedication of it; he does not want another Maria and Diane area.

ROUTE 422 CORRIDOR MEETING:

Mr. Zerr reminded Mr. Schmidt as well as Mr. Hart there will be a Rt. 422 Corridor Study meeting on Tuesday, March 10th at 8:30 a.m. at our Borough Hall.

FIRE TRUCK:

Ms. Sloan questioned how we made out with the damage to the fire truck. Mr. Zerr stated that a few moments prior he apologized for Mr. Wentzel not being there and thanking Council for moving ahead with the repairs to the truck. The estimated time back into the Borough will be about two (2) weeks. Mr. Zerr made a motion to authorize the repairs of the engine at a cost of not to exceed \$18,000.00; seconded by Mr. Light. AYES – 7, NAYS – 0; motion carried.

UNFINISHED BUSINESS:

The first item on unfinished business was financing. Mr. Setley was there to speak on this matter. He was there to respond to questions for both shortfall/revitalization questions along with financing for our sewer plant expansion.

Mr. Fitzpatrick stated the first issue is actually the sewer plant financing. We should received bids sometime in April with awarding at a further date. Where Mr. Fitzpatrick would like

UNFINISHED BUSINESS (cont'd):

him to address the issue of where we would get money should we have a shortfall between the obligations and the grant or other public source of money. With respect to the sewer plant typically we would finance them with a short term line of credit to begin with the engineering phase and/or perhaps to the beginning of construction. He cautioned that we need to be careful that we don't put permanent financing into place lest we ruin our opportunity for PENNVEST or an H2O Grant. There is no track record with the H2O Grant however with PENNVEST we do have history. If we put into place permanent financing we know we cannot get PENNVEST funding unless we get a letter of no prejudice and they are not giving them out right now. Mr. Setley feels we can get interim financing in the form of a line of credit for both engineering and beginning construction but he again warns about putting in permanent financing. This does not commit us to spending any certain amount of money. Mr. Schmidt questioned if we are allowed to have lines of credit. Mr. Fitzpatrick stated we will need to borrow a set amount and then drawdown on it as needed. It is technically not a line of credit it is a drawdown loan. Mr. Butkus questioned how would we go about getting long term financing once the grants are awarded and any PENNVEST loan money is received? Mr. Setley stated it will depend on the how much we get from the grants and or loans. He said we really can't put anything into place at this time. Mr. Butkus stated that there would be a lean against the sewer assets. Mr. Fitzpatrick stated it is not a lean against assets it would be against revenue. Mr. Setley stated it is very possible that the Borough would have to guarantee it. Mr. Schmidt questioned if this will go against our debt limit to which Mr. Setley stated it will not. It is a self liquidating debt and that does not count against our powering capability. Mr. Butkus made a motion to authorize Mr. Setley to work with Mr. Fitzpatrick to get the interim financing we need for the sewer upgrade/expansion; seconded by Ms. Sloan. Mr. Wenrich requested a roll call vote. AYES – 7, NAYS – 0; motion carried.

Mr. Fitzpatrick explained to Mr. Setley that we had to borrow from the Sewer Revenue Fund to the General Fund for payment of bills due to the fact that we have a shortfall in revenues at this point. Mr. Fitzpatrick had requested from Mrs. Shade a form stating how much money we might need to replenish both the sewer fund and to cover extraordinary expenses. We were concerned about a fire truck; we have had some unusual expenses. This total is in the area of \$542,000.00. Mr. Fitzpatrick is very concerned in this economy that we will have a shortfall in revenues this year. The budgeted amounts did not reflect the changes we are experiencing. Mr. Fitzpatrick feels we might have to make an adjustment in our thinking to the collection of these revenues. He asked Mrs. Shade to consider that we might receive up to 15% less than the amounts that were budgeted. If that was the case, to provide for that shortfall we would need to borrow in the area of \$235,000.00. This would also be a drawdown type of loan also. We may never need that; hopefully we never need it. In addition, there is a possibility that a project was undertaken in 2005 that was paid out of our Liquid Fuels Account and we might not have received proper authorization for this project. We are arguing with the Auditor General at this point that there were discussions with PENNDOT on it; this might be sufficient or it might not. We must still plan that we might need to pay back the Liquid Fuels account, \$107,000.00. All of this would add up to somewhere around \$778,000.00 to cover all the above. At this point we would like to have Mr. Setley's thoughts on this. Mr. Fitzpatrick feels that bank financing would be in line for this type of thing. Mr. Setley feels that is the easy part; we would want bank financing at this point as opposed to bond financing. We are talking about actually two (2) different items. One (1) is capital item and the other is cash flow shortfalls. Under PA borrowing laws these types of things are treated differently.

UNFINISHED BUSINESS (cont'd):

Mr. Setley feels we can find financing that will cover the Borough needs. Mr. Setley would like to sit down with Mr. Fitzpatrick, and Mrs. Shade and anyone else that might be appropriate so we can structure this the right way. We could go out to the same banks that we go out to for the sewer drawdown loan. Mr. Fitzpatrick stated that we had some informal discussions at this point that could require some additional debt; that should be discussed with Mr. Setley as well; it is for a capital project. The sewer piece could become a bond issue depending on how much is funded by the grant and the State Loan program. These other two (2) due to their size will probably be a bank loan. Mr. Fitzpatrick agreed and felt that Mr. Setley needs to know the revenue picture as well. Mr. Butkus questioned that some of the stuff was capital in nature but the cash flow problem that should just be short term borrowing. Mr. Fitzpatrick thinks that is correct. Mrs. Shade stated that we were \$177,000.00 less in expenses then what was budgeted for in 2008. The shortage is coming from the revenues. He continued we need to start watching and being careful on what we are spending too. Mr. Schmidt questioned if there will be fees in going to the DCED. Mr. Setley stated yes. Mr. Setley stated the fee for establishing the debt is based on the size of the loan. It is not a big number. Mr. Schmidt stated we will do this twice; once for this loan and then again for the sewer loan. Mr. Setley stated it is not a fee per se. It is actually a percentage of what you are going to borrow. Mr. Fitzpatrick believes that Mr. Schmidt is not necessarily talking about the fee to the DCED but the cost of his fees as well as Mr. Setley's fee. These are two separate approvals we will need. Mr. Setley stated the goal is not to cut this into pieces to expand the fees. The more of this we can do together is better for everyone's sake. The sewer will be separate; the second loan will be for the capital projects that have gone unfunded and/or the Revitalization Project. He is hoping to get it down to two (2) loans. Ms. Sloan questioned since the economy is the way it is are the fees negotiable. Mr. Setley stated they are good loans. He said unfortunately banks hate to lend money now. However he is not suggesting that the Borough won't get a loan. He believes we can. We are not going to negotiate from just one (1); we are going to get proposals from as many as we can. But to think since times are tough it will be easier to deal with banks that is just not true; it is more difficult. Ms. Sloan questioned does that mean the likelihood is not good. Mr. Wenrich stated if we go out to five (5) banks they will need to be competitive. Mr. Setley stated that was correct. Too be honest if this would have been nine (9) months ago, we would received proposals from a dozen banks, now it will be probably four (4) or five (5) as there are less players in the game. Mr. Setley wanted to assure Council he will make us look good; he stated if we look good, he looks good. Mr. Wenrich requested that Mr. Fitzpatrick, Mr. Setley, Mrs. Shade, and Mr. Schlott get together on this issue. He thanked Council. Mr. Bernard Campbell questioned if one (1) of these pieces is the revitalization effort to which the answer was partially.

The Easter Egg Hunt will be Saturday, April 4th at 10:00 a.m. at the Fire Company. It will be held rain or shine.

Bulk trash pickup is Wednesday, April 15th. Mr. Butkus went through the list of things that will be picked up. The County website has information on where to dispose of items that you might have questions about. The County has a number where you can take paint and also sites for tube and compact fluorescent bulbs as well as other hazardous items. All batteries can be taken to anyplace that sells car batteries. Mr. Butkus reminded everyone not to throw your fluorescent bulbs in the trash; they contain mercury and our much more hazardous than the regular bulbs.

NEW BUSINESS:

There was no new business.

PUBLIC COMMENT:

No Public Comment.

TREASURER'S REPORT:General Account

Opening Balance – February 28, 2009		\$ 24,981.34
PLGIT		9,037.89
Invest	Recreation	49,477.36
	General Invest	4,232.94
	To be Paid	<u>60,097.74</u>
	Total Acct Funds	\$472,207.30

Sewer Account

Opening Balance – February 28, 2009		\$ 92,666.68
PLGIT		60,867.96
Invest	Sewer Revenue	195,699.59
	To be Paid	<u>87,865.82</u>
	Total Acct Funds	\$261,368.41

Mr. Butkus questioned if the amount shown in the account reflects that the money was borrowed from the sewer to which Mrs. Shade stated it. Mr. Butkus said so once the money is paid back it will say \$375,000.00 higher. Mr. Butkus questioned on page four (4) of the report if the bills listed, the loan from sewer revenue account. Mrs. Shade stated the \$55,632.30 reflects the \$50,000.00 we borrowed plus the reimbursement of the payroll.

Mr. Butkus stated he found the e-mail which was talked about earlier. The e-mail went out the previous Monday morning advising Council of the borrowing of the \$75,000.00. Mrs. Shade stated she thought she did send out the e-mail informing Council of that.

Mr. Zerr made a motion to accept the Treasurer's Report; seconded by Mr. Schmidt.
AYES – 7, NAYS – 0; motion carried.

ADJOURNMENT:

The meeting was adjourned at 9:30 p.m.

Respectfully submitted,

Regina M. Shade
Borough Secretary/Treasurer