

The regularly scheduled monthly meeting of the Municipal Authority of the Borough of Sinking Spring was opened on Tuesday, June 10, 2008, at 7:00 p.m., at the Sinking Spring Borough Hall, by Mr. Francis Butkus. The following Authority members were present:

Francis Butkus
Dennis Leiby
Brenda Messina
Jeffrey Mohn (Absent)
Kandis Moser

Others present were: Mr. David Schlott Jr., ARRO Consulting, Municipal Authority Engineer; Mr. John Hoffert, Authority Solicitor; and Ms. Elizabeth White, Authority Secretary/Treasurer who recorded the minutes of the proceedings. Council Representatives included; Mr. George Butkus.

Mr. Butkus welcomed Mrs. Kandis Moser to the Authority.

APPROVAL OF MEETING MINUTES:

Mr. Butkus asked if everyone had a chance to look over last months meeting minutes and if there were any errors or corrections. Mr. Leiby made a motion to approve the May 13, 2008 minutes; seconded by Mr. Butkus. Motion carried.

Mr. Butkus asked if everyone had a chance to look over the Joint Council/Authority minutes from May 28, 2008. Everyone took a few minutes to review them as they had just received them this evening. Mr. Leiby requested that Mrs. Moser's name be added to Authority members present since Council appointed her that evening and she was involved in the voting. Mr. Leiby also asked for clarification on whose engineer we were waiting for information from on page 5. We were waiting for information from Spring Townships' engineer not ours. Mr. Leiby made a motion to approve the Joint meeting minutes from May 28, 2008 with the corrections; seconded by Ms. Messina. Motion carried

ENGINEERS REPORT:

Mr. Schlott presented the Engineers Report dated June 10, 2008. Copy attached.

Sewer System Infiltration and Inflow Project:

Mr. Schlott stated that NEPCCO has provided a deduct change order in the amount of \$4,865.64. He mentioned that they have not gotten their final paperwork to us for their final payment application which will be \$6,072.59. Mr. Schlott stated that ARRO recommends approval of the deduct change order and approval of the final payment conditional upon

ENGINEERS REPORT: (Cont.)

receiving the final close out documentation from NEPCCO. Ms. Messina made a motion to approve the deduct change order and to approve the final payment conditioned upon receiving the close out documents; seconded by Mr. Leiby. Motion carried.

Mr. Schlott stated that Wexcon, Inc. has provided a deduct change order in the amount of \$750.00 and Final Payment Application in the amount of \$1,000.00 and all close out documentation. He stated that ARRO recommends approval of the deduct change order, Substantial Completion, and Final Payment Application to close out Contract Two. Mr. Leiby made the motion; seconded by Ms. Messina. Motion carried.

Mountain Home Road Sanitary System Additions Project:

Mr. Schlott stated that the check valve was switched out today and that they had a second start up. He stated that the contractor informed him that everything is up and running at this point and that it is ready to accept waste water. He stated that there are no connections as this point. Mr. Schlott mentioned that there is a change order from E. Kuser Inc. that requires action. He stated that the change order will cover two issues; One being a thirty day time extension because things took a lot longer dealing with the vendors and the other is for additional paving that is needed around the pump station to keep water run off away from it and to provide a paved area for the generator. Ms. Messina asked what the cost is. Mr. Schlott stated that the additional paving would cost \$5,520.00. Discussion ensued.

Ms. Messina made a motion to approve the change order; seconded by Mr. Leiby. Motion carried.

Wastewater Treatment Plant Project:

Mr. Schlott mentioned that a letter was submitted to PaDEP in lieu of Act 537 planning for the proposed upgrade and minor expansion. He also mentioned that the contributing municipalities were copied on the letter. Mr. Schlott stated that PaDEP did approve the corrective action plan which indicates how the overload issues will be addressed at the treatment plant.

Spring Township:

Mr. Schlott mentioned that at the joint meeting Mr. Vaughn presented a letter to Council and the Authority regarding willingness to sit and discuss the possibility of a regional facility. He stated that at that meeting it was also discussed as far as giving some type of response to them in thirty days. Mr. Schlott suggested that it be discussed amongst the Authority and that the Authority provide a letter to Borough Council regarding their feelings on the matter.

ENGINEERS REPORT: (Cont.)

Mr. Butkus stated that he would be willing to talk with them on the condition that we proceed with our plans and do not hold anything up since we are under mandate from the state to follow the corrective action plan. He stated that if Spring would so desire to throw in with us, and drain their entire Southwest section of the Township and all that which would by gravity come to us, he would be willing to listen. He stated that our plant would be the logical one to go to. Ms. Messina agreed that we should talk to them. Mr. Hoffert stated that in the minutes from the Joint Meeting it states that we should discuss it and then at the end it states that we would discuss it jointly at the June 25th meeting. Mr. Hoffert stated that it would be a good idea to go on record and send Council a letter stating that we would be willing to sit and listen and see what Spring has to say, but by no means should we defer the action which has already been approved to proceed. Mr. Butkus asked Mr. Hoffert if he would put that in writing and send it to Borough Council. Mr. Hoffert stated that he would take care of it.

Discussion ensued.

Traditions at Sinking Spring Development:

Mr. Schlott stated that ARRO prepared a review of the recently submitted plans. He stated that they divided the project into two phases. He mentioned that a copy of ARRO's review letter is attached to this engineers report. He stated that the original was sent to the Authority but has not yet been submitted to the developer's engineer. He mentioned that the plan was approved by Borough Council last Thursday and that it was contingent upon satisfying the Authority engineer's comments.

Infiltration and Inflow Study:

Mr. Schlott mentioned that due to the incorrect information given to us by ADS, ARRO has concluded that deduct change order in the amount of \$11,255.37 should be prepared and sent to ADS. He mentioned that with the deduct change order the final payment that would be due to ADS would be \$83,939.29. Mr. Hoffert mentioned that when the check is prepared it should state in the memo that it is for full satisfaction of the contract. He stated that way if they accept it and cash it they can not come back and state that they do not agree and that they want more money. Mr. Schlott mentioned that ADS would have to sign off on the deduct change order before they even received the check. Mr. Butkus asked for a motion to send ADS the deduct change order and pending receipt of the change order send them a check for that final amount including the verbiage in the memo. Ms. Messina made the motion; seconded by Mrs. Moser. Motion carried.

ENGINEERS REPORT: (Cont.)NPDES Discharge Permit:

Mr. Schlott stated that they are working on the NPDES Permit renewal which has to be submitted 180 days in advance. He stated that Mr. Juzyk of Miller Environmental has already started doing the wet testing associated with that. He stated that four wet tests results have to be submitted as well as a number of other tests results.

GIS Mapping:

Mr. Schlott stated that they have initiated updating the Authority's GIS (Geographic Information System) Map. He stated that they are taking the information that they have (paper copies) of the collection systems that flow into the Sinking Spring Wastewater Treatment Plant. He stated that they are now at a point where they can send letters out to the tributary municipalities and ask for the stuff that we are missing. He mentioned that we had done this back in 2003 when they were working on that original GIS map but at that point they were just looking at the point of connection and not the entire collection system that flows to us.

Consulting Engineer's Report for 2007:

Mr. Schlott stated that as part of the Trust Indenture ARRO prepares a Consulting Engineer's Report which everyone received a copy. Mr. Butkus suggested that everyone take it home and if there are any questions they can be addressed at the next meeting. Mr. Butkus stated that there is a lot of good information in the report.

Availability of Grants for WWTP Project:

Mr. Schlott stated that the Authority had asked ARRO to look into the availability of grants for the WWTP Project. He stated that they have some ideas on some possible opportunities and once they have them further refined they will send a letter to the Authority with their findings.

Letters:

Mr. Schlott mentioned that various letters went out during the month concerning the treatment plant, the Traditions review, and various construction projects that are currently in progress.

ENGINEERS REPORT: (Cont.)**Lateral Repair Draft Letter:**

Mr. Schlott mentioned that there is a draft letter attached to the back of the report. The letter concerns lateral repairs that need to be addressed by the property owners on Broad Street. Mr. Schlott suggested that a copy of the letter also go to the Borough for their review and approval. Mr. Butkus agreed that the Borough should approve the letter. Mr. Hoffert stated that he would get a copy to Mr. Fitzpatrick for his input.

Mr. Schlott explained that we lined the ten inch main on Broad Street and also dug up and repaired some of the laterals that were leaking. After the repairs were done they went back and televised it again. The repairs were successful in the street but the video showed that clear water was still entering the system via the laterals on the individual properties which is the property owner's responsibility. Mr. Schlott explained that it could be a broken pipe, a sump pump, rain leaders, or a floor drain in a basement. He stated that we need to do further investigation to figure out where the water is coming from.

Mr. Butkus mentioned that the letter from DEP accepting our Corrective Action Plan addresses the fact that our municipality and the surrounding municipalities should have municipal ordinances which prohibit connections of sump pumps, floor drains in basements, rain gutters etc. to the sanitary sewer system. Mr. Schlott mentioned that it is in our Sewer Use Ordinance.

Discussion ensued.

Brookfield Manor:

Mr. Schlott mentioned that Wright Elliott has contacted them and indicated that they want to dedicate the sewer lines. He stated that he provided them with the information they are going to need as far as what has to be on the as built plans and the record drawings. He also informed them that they have to televise and flush the lines. He also mentioned that ARRO has to do a final inspection and generate a punch list to make sure everything is done.

Discussion ensued concerning the Traditions review letter.

JOHN HOFFERT:

Mr. Hoffert asked everyone to turn to page eight of the May 28, 2008 Joint Meeting Minutes. He stated that he wanted to address the questions that Mr. Zerr raised and get every ones input so that he can put something together in an authoritative manor so that we are in a posture to give him an answer at the June 25, 2008 Joint Meeting.

Operating Authority Discussion (Cont):

Mr. Hoffert mentioned that clearly we should keep Ms. White on board and make sure that she stays part of the Authority because she has the history and is always efficient in getting the reports to us which he thinks is an imperative thing. He mentioned that the Authority would need to decide were they wanted to have their office, at the plant, or here at the Borough Hall. He mentioned financing and the fact that we had already spoken to Mr. Setley of Concord Financial concerning financing for the upgrade and expansion and that we have worked with him before. He mentioned that these are just suggestions and that we have to put answers on the table, like yes we want to use the Borough building for our meetings, we would like to use Ms. White and are willing, as part of our budget, to reimburse the Borough for what ever the cost may be, that type of thing is how we have to address that. He stated that the financing we can say that we plan to seek the aid and assistance of Concord Financial or who ever we want.

Mr. George Butkus mentioned that the current sewer bills also include the quarterly Borough trash bill, so that is also something that would need to be addressed.

Mr. Butkus stated that the first question would be is Ms. White interested in coming with us? Ms. White stated that she did not want to lose anything that she now has with the Borough, like salary and benefits. Ms. Messina asked if we would need a full time secretary. Mr. Hoffert stated that you cannot expect Ms. White to leave her benefits or take anything less than what she now has. Mr. Hoffert stated that her job as an operating authority is going to be very important and will take a lot of time.

Mr. George Butkus mentioned that the Sewer Revenue Fund, that would transfer over to the Authority, currently covers half of Ms. White's salary and benefits, half of Mrs. Bohn's salary and benefits and a quarter of Mrs. Shade salary and benefits. Ms. White stated that the salaries do come out of the Sewer Revenue Fund but none of the health insurance or life insurance comes out, they are all paid from the general fund.

Mr. Butkus asked if we would employ her or could we contract her from the Borough. Mr. Hoffert suggested that we give it to them in the alternative. Tell them that we want to use Ms. White as the Operating Authority Secretary and we will either employ her directly or we will sub-contract her from the Borough and ask them how they would prefer it. Ms. Messina stated that then the Borough could come back to us with a contract to employ her. Mr. Butkus asked Ms. White if she would be comfortable with that. Ms. White stated yes. She stated that she did not want to leave the Borough and would prefer to work out of the same office.

Ms. Messina asked where we get the money to survive as an Operating Authority. Mr. Butkus stated that we would get it from the Sewer Revenue Account and the incoming funds from the quarterly sewer payments. Ms. Messina stated that we have to look at that and see if that income is enough for the Operating Authority to survive. Is it enough to employ Ms. White and Miller Environmental to run the plant, engineering fees, attorney fees, etc? Mr. George Butkus mentioned that all of that is currently being paid for out of the Sewer Revenue Fund.

Operating Authority Discussion (Cont):

Mr. Hoffert stated that we would have to reimburse the Borough for utilizing their facility and that it would be part of the agreement with the Borough. Mr. Butkus stated that it is all part of the operational costs which is supposed to be reflected in the rates. Mr. George Butkus mentioned that ARRO has been working on a rate study. Mr. Schlott stated that they have the data into the system and now they have to play with the numbers in the program to see what the rates should be. He stated that there should be an increase in the rates which is obvious with what is going on. He stated that what could happen as a result of this, once the rate study is done, if there are other variables that go into it, it would just be a matter of tweaking it to what those have to be increased to.

Ms. Messina asked if the financial people that we are talking about would be the ones that would look at that for us. Mr. Hoffert stated yes that they will help look. Mr. Butkus mentioned that the last time we did the bond issue Mr. Setley set it all up and the bond council did their thing. He stated that the one thing that is in there is they tell you what your rates must be. Mr. Schlott explained what the current rates are. Discussion ensued concerning rates.

Mrs. Moser asked if we could get figures from Council showing where all the money goes. She stated that when you start up a business you look at what money you have or what you are borrowing but right now just look at what income we have and how we are going to operate on that money. Mrs. Moser stated that to answer their questions, and she thinks what they have to say is legitimate, they want to know what our plan is, so we just have to say this is what the revenue is, this is what we are planning on doing. Then we have to ask them if they have an area that we can accept bills or are they willing to let the bills still be accepted where they are now and what kind of compensation do they want for this.

Mr. Butkus stated that if they sub-contract Ms. White from the Borough then that would preclude us from having a personnel manual and having to provide benefits for a single employee. Mrs. Moser asked Ms. White what kind of time she spends per day on sewer stuff. Ms. White stated that it depends on the time of the month since we only bill quarterly. Mrs. Moser stated that as it is now, if Ms. White needs a hand she has Mrs. Shade and Mrs. Bohn to help out and then when she is not busy she helps out with Borough work. She stated that we would have to come up with a more definitive line, not that there isn't always give and take. She stated that we need to look at either by the week or by the month how many hours we would need to compensate for if they want to do that. Then we would have to compare that to the budget. Mr. Butkus asked Ms. White if she would be able to handle the whole sewer job by herself if she had to. Ms. White stated yes. Mr. Butkus mentioned that the only problem with that would be that the auditors don't like one person doing everything because there are no check and balances. Ms. White agreed.

Mr. Hoffert stated that we should get a copy of the budget and take a look at it so that we can see what the current expenses look like. Mr. Hoffert mentioned that he is currently active with other operating authorities and has a pretty good feel for what we will need. He stated that

Operating Authority Discussion (Cont):

he will get some information together for us to look at. He also mentioned that he can meet with Mr. Setley and get a rough draft of what is needed to begin. He stated that way we are taking an active stand in beginning to calculate what is necessary. He stated that we have options with Ms. White and would like to work with the Borough and not against them. Mr. Hoffert stated that when you take over a business the thing that you don't do is fire the existing employees because they are the ones that know what is going on. So, you want to utilize Ms. White, if she is willing, and you want to keep Miller Environmental on board at the plant, your consultants and your engineers because they know what is going on. He stated that it is just a matter of transferring a portion of what the Borough is now doing and is responsible for to the Authority as an Operating Authority. Mr. Hoffert stated that he is going to meet with Mr. Fitzpatrick next week and he also wants to meet with Mr. Setley next week. He stated that he will try to get a packet together for everyone so that we can talk intelligently when people throw questions at us. Mr. Butkus stated that all of the questions were aimed at him and he does not want to do all the talking or speak for everybody.

Mr. Butkus asked if it would be in everybody's best interest, should this come about, that before we accept the money in the Sewer Revenue Account, that we have a forensic audit. Mr. Hoffert stated that there should be an audit.

Mrs. Moser asked Ms. White if she could give the Authority the amount of time spent on sewer related issues either by week or by month. She stated that we would have to give them how many hours would be compensated for. Mr. Schlott mentioned that on top of those hours there would probably be some more responsibilities with the Operating Authority. He stated that if there are issues with the collection system, right now Miller takes care of that, but if there are extenuating circumstances then Miller may have to contact her and she would have to make contact with ARRO.

Mrs. Moser questioned who owned the billing software. Ms. White stated that we have to buy a new package because the one the Borough is using now must be replaced. She stated that the Borough had looked into a few packages and picked one but that Council decided to hold off on purchasing it. Mr. George Butkus stated that they decided to hold off because Miller wanted to do the billing for the Borough but the problem with that was that residents would not be able to stop and drop off payments, they would have to mail everything.

Mrs. Moser stated that we have to talk about computers and getting a software package. She stated that there should be a dedicated computer just for the Sewer Authority especially for financials. She stated that the right software package can save a lot of time.

Discussion ensued concerning Miller's contract and what the Borough employee's may do back at the WWTP or for the sewer lines. Mrs. Moser stated that we need to look at Miller's normal contract and what additionally was needed.

Operating Authority Discussion (Cont):

Mr. George Butkus gave a copy of last month's Borough Council Treasurers report to Mrs. Moser to review. Mrs. Moser and Ms. Messina questioned some of the payments made. Mr. Leiby mentioned that the sewer budget is listed in ARRO's Consulting Engineers Report for 2007 which everyone received a copy of this evening.

APPROVAL OF BILLS:

Mr. Butkus stated that we have a bill from Aquaticlab, Inc. for \$1,400.00 for the NPDES Permit testing. Mr. Leiby made a motion to approve payment to Aquaticlab, Inc. for \$1,400.00; seconded by Ms. Messina. Motion carried.

Mr. Butkus stated that we have a bill from Mr. Hoffert for \$500.00 for services rendered through June 10, 2008. Mr. Leiby made a motion to pay Mr. Hoffert's bill in the amount of \$500.00; seconded by Ms. Messina. Motion carried.

Mr. Butkus stated that we have a bill from Ms. White in the amount of \$260.00 for services rendered for May 2008. Motion was made by Mr. Leiby to pay Ms. White's bill in the amount of \$260.00; seconded by Ms. Messina. Motion carried.

MR. GEORGE BUTKUS:

Mr. George Butkus mentioned that after the transition is complete he would recommend that the Authority look at the wording of the Sewer Use Ordinance as it applies to businesses in the borough. He also recommended that they look at the testing that is done and instead of looking solely at the concentration of the certain items you also look at total loading. Mr. Schlott explained the surcharge and penalties for strong waste. Discussion ensued.

TREASURER'S REPORT:

Mr. Butkus asked if everyone had received a copy of the Treasurer's Report dated June 10, 2008 and if anyone had any questions. Motion was made by Mr. Leiby to accept the Treasurer's Report; seconded by Ms. Messina. Motion carried.

MR. FRANCIS BUTKUS:

Mr. Butkus mentioned the PMAA Convention is at the Hershey Lodge and he believes that with the topics they are going to discuss and what is happening here he thinks it would behoove us to go. He mentioned that you had to register by August 15th.

MR. FRANCIS BUTKUS (Cont):

Mr. Butkus also mentioned giving the new members a tour of the plant so that they know what is being talked about.

Mrs. Moser questioned the wording in the Joint Meeting Minutes from May 28, 2008. On page 7, third line down it states 'Mr. Morrison stated without the clarifier it would be a 1.25 upgrade which would not get us out of the projected overload'. Mr. Schlott stated that the clarifier is needed to go to 1.25mgd and that it should say that without the clarifier it would not be a 1.25 upgrade.

Ms. White mentioned that it was just brought to her attention that when they built the new Dunkin Donuts they connected the old house behind it to the sewer but they never paid a tapping fee.

ADJOURNMENT:

Mr. Butkus asked if there was anything else for the good of the order and asked for a motion to adjourn.

Ms. Messina made a motion to adjourn; seconded by Mr. Leiby. Motion carried.

Respectfully Submitted,

Elizabeth White
Municipal Authority Secretary/Treasurer