

The regularly scheduled monthly meeting of the Municipal Authority of the Borough of Sinking Spring was opened on Tuesday, July 8, 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
Kandis Moser

*Council members present for Joint Meeting to follow Authority Meeting.

Stewart Wenrich
Bruce Light
George Butkus
Lawrence Schmidt
Jim Zerr

Others present were: Mr. Alex Morrison, ARRO Consulting, Municipal Authority Engineer; Mr. John Hoffert, Authority Solicitor; and Ms. Elizabeth White, Authority Secretary/Treasurer who recorded the minutes of the proceedings; Mr. Charles Fitzpatrick, Borough Solicitor; Mayor Clarence Noecker, Michael Hart, Public Works Director; Regina Shade, Borough Secretary/Treasurer.

APPROVAL OF MEETING MINUTES:

Mr. Butkus asked if everyone had a chance to look over last month's meeting minutes and if there were any errors or corrections. Mrs. Moser mentioned that the minutes list Mr. Mohn as making the motion to adjourn and that he was not at that meeting. Ms. White stated that she caught that after she sent out the e-mail and that it has been corrected. Mr. Mohn mentioned that under the bills there are two different amounts for Ms. White's bill. Ms. White stated that she would correct it and that the \$260.00 was the correct amount. Ms. Messina made a motion to approve the June 10, 2008 minutes with the corrections; seconded by Mrs. Moser. Motion carried.

ENGINEERS REPORT:

Mr. Morrison presented the Engineers Report dated July 8, 2008. Copy attached.

Sewer System Infiltration and Inflow Project:

Mr. Morrison stated that this project has been completed and is closed out.

ENGINEERS REPORT: (Cont.)**Mountain Home Road Sanitary System Additions Project:**

Mr. Morrison mentioned that the paving that was approved as a change order was scheduled to occur on July 7, 2008 and that he believes that it did take place. He stated that substantial completion is expected in the near future. Mr. Butkus asked when we would be able to allow people to begin hooking up to the system. Mr. Morrison stated that it is his understanding that they had one more sewer line to test and that they may already have done that. He stated that once the testing is done it will be ready for hook ups.

Ms. Messina stated that she had a question on the first item. She asked if this is the one that we did the deduct change order for. Mr. Morrison stated that it was not. He stated that was ADS. He explained that we hired Severn Trent to do the study portion of the I & I project and that ADS bought them. He mentioned that since the rehabilitation work has been completed we were able to determine the value of the extra cost that ADS caused by their misinformation. He stated that the extra cost was turned into a deduct change order which was sent to ADS with close out documentation. He stated that we have not yet received anything back from ADS.

Wastewater Treatment Plant Project:

Mr. Morrison mentioned that the "Special Study" as part of the Corrective Action Plan (CAP) has been sent to PaDEP. He stated that they are in receipt of it but they have not yet approved it. He stated that the CAP was accepted by DEP but not approved. He mentioned that in response to a letter from Lower Heidelberg questioning the CAP, we responded with a June 26, 2008 letter (attached). He stated that unfortunately Lower Heidelberg decided to appeal the CAP to the Environmental Hearing Board. He stated that we will wait and see where that leads us. He stated that there is not much that we can do until we hear from the Environmental Hearing Board. He stated that PaDEP did note that no further planning is required.

Mr. Morrison mentioned that the WQM Part II permit, if things move forward as anticipated, would be submitted in July 2008. He stated that we do however need to have the planning approval to move forward with that. He stated that an NPDES permit amendment would be required. He stated that the permit renewal they have been working on is for 1.0 MGD. If the plant moves forward to 1.25 MGD there will need to be an amendment. He mentioned that in addition there would have to be a submittal to the Delaware River Basin Commission (DRBC).

Mr. Morrison mentioned that they did have a discussion with a representative of PaDEP and one new item has come up which warrants some discussion. He stated that we have never had a phosphorous limit before. He stated that with some of the limitations on the Cacoosing Creek and down steam PaDEP is planning to issue us a phosphorous limit of 2 mg/L at 1 MGD and 1.65 mg/L at 1.25 MGD. He stated that the limit will require some additional facilities be added to allow for some chemical addition to remove the phosphorous. He stated that we will

ENGINEERS REPORT: (Cont.)

also have to reanalyze the aerobic digester system as it is designed. He stated that we are using it as bioaugmentation but it does increase the solids load on the digestion facility. He stated that ARRO will look at alternatives and come back to the Authority on how to handle this phosphorous limit. He stated that there are possibilities of potentially trying to use the equipment that was put in for the sodium hypo chloride if we are not actually using it for the return activated sludge or installing new equipment, but it will take some chemical addition to handle it.

Mr. Morrison mentioned that the PaDEP representative will also look into the status of the Wilson School District Module approval. He stated that the approval was contingent on the CAP moving forward, and he is not sure how the appeal might affect it.

Mr. Morrison mentioned that there are various permit application fees that are required. He stated that a \$500.00 fee payable to the Commonwealth of Pennsylvania is required, but the check may not be more than 10 days old. He stated ARRO recommends the Authority authorize this check be written at the time of submission. Mr. Leiby made the motion to issue the check for \$500.00 to the Commonwealth of Pennsylvania when the application is ready for submission; seconded by Mr. Mohn. Motion carried.

Mr. Morrison mentioned that as they moved forward there was also an \$850.00 check required, payable to the Berks County Conservation District for the Erosion and Sediment Control Plan review. He stated that it has already been sent and that it should be ratified. Mr. Leiby made the motion to approve the payment of \$850.00 to the Berks County Conservation District for the E & S Plan; seconded by Mrs. Moser. Motion carried.

Mr. Morrison mentioned that there is a check needed for the submission to the Delaware River Basin Commission. He stated that it should not exceed \$9,000.00 and that it is based on a percentage of the estimated construction cost. Mr. Morrison recommended that the Authority authorize a check, not to exceed \$9,000.00, to the DRBC be written at the time submission. Mr. Leiby made that motion to issue the check, not to exceed \$9,000.00 to the DRBC at the time of submission; seconded by Mrs. Moser. Motion carried.

Spring Township:

Mr. Morrison stated that at the last meeting we decided to send a letter to the Borough regarding the Authority's feelings on the matter. Mr. Hoffert stated that the letter was sent on June 12, 2008.

Traditions at Sinking Spring Development:

Mr. Morrison mentioned that no revisions were submitted this month.

ENGINEERS REPORT: (Cont.)**Infiltration and Inflow Study:**

Mr. Morrison mentioned, as discussed earlier, that ARRO has sent ADS the deduct change order and we are awaiting their return of the final documentation.

NPDES Discharge Permit:

Mr. Morrison stated that the renewal application was submitted to PaDEP and that it was deemed administratively complete. He stated that there was a \$500.00 application fee, made payable to the Commonwealth of Pennsylvania that was required for that submission. He mentioned that the check has also been written and sent and that the Authority should ratify that action by motion. Mr. Leiby made the motion to approve the \$500.00 payment to the Commonwealth of Pennsylvania for the NPDES Permit renewal; seconded by Mr. Mohn. Motion carried.

GIS Mapping:

Mr. Morrison mentioned that we are in discussion with the neighboring municipalities. He stated that Mr. Schlott is going to write them a letter requesting additional information that we do not presently have.

Availability of Grants for WWTP Project:

Mr. Morrison stated that the Authority had requested that ARRO look in to the possibility of getting grants. He stated that ARRO has provided a brief letter dated July 8, 2008. Mr. Morrison went over the letter. He stated that the one that has been most effective for many of their clients is just making a request of their Senators or Representatives. Mr. Morrison suggested that the Authority prepare a letter explaining the project that we are going to undertake and requesting any potential funds, or the possibility of them assisting with any of these other grants listed on the letter.

Mr. Butkus mentioned that in the Governors new budget there is about \$680,000,000.00 in grants for water and sewer projects. Mr. Morrison stated that it may go through the Growing Greener Grant and boost that \$2,000,000.00.

Mr. Butkus asked if we could ask Mr. Hoffert to write a letter to the Representative. Mr. Hoffert stated that he could. Ms. Messina made the motion to have Mr. Hoffert write a letter to our state representative requesting grant money for the project; seconded by Mr. Mohn. Motion carried.

Mr. Fitzpatrick mentioned that in Hamburg they got a Penn Works loan with a very low interest rate. He stated that they got it basically because of the Industrial Development project

ENGINEERS REPORT: (Cont.)

in Tilden Township. He stated that it must relate, for Penn Works to give this loan, to industrial development. Mr. Butkus thanked Mr. Fitzpatrick for the information.

Supplement to the Corrective Action Plan:

Mr. Morrison stated that the Supplement to the CAP is dated June 26, 2008 and was in response to a June 4, 2008 letter from Lower Heidelberg Township. He stated that their letter was questioning scheduling and available capacity for their needs. Mr. Morrison went over the letter. (Copy attached)

Ms. Messina asked why Lower Heidelberg needed this information. Mr. Morrison stated that he was not sure what motivated them to question the CAP, but they did send a letter to the state, copied us on it. Mrs. Moser asked if we had a copy of the letter from Lower Heidelberg. Mr. Hoffert stated that he had a copy with him and shared it with Mrs. Moser.

Mr. Wenrich asked if our CAP wasn't already approved. Mr. Fitzpatrick mentioned that earlier it was explained that the letter from PaDEP stated that it was accepted but was not approved as of yet. Mr. Wenrich asked what the difference was between accepted and approved. Mr. Fitzpatrick stated that it could just mean that received it. Mr. Morrison stated that there is a time line of thirty days for appeals.

Ms. Messina asked for clarification. She stated that we submitted our CAP, and after we submitted it we received a letter from Lower Heidelberg. Mr. Morrison stated we were copied on a letter dated June 4, 2008 that Lower Heidelberg sent to PaDEP expressing their concerns about our CAP. He stated that on June 26, 2008 ARRO sent the Supplement to the CAP to Lower Heidelberg Township in an attempt to address their concerns and avoid the appeal. Mr. Morrison stated that Lower Heidelberg submitted their appeal to the Environmental Hearing Board dated June 30, 2008. He stated that the Hearing Board now has to decide if they are going to hear it or not and if there is substance to the appeal. Mr. Hoffert stated that he is correct. Mr. Wenrich asked what the time frame is on the appeal. Mr. Morrison stated that he doesn't believe they limit themselves. He mentioned that they had a discussion with DEP representatives, and when they asked them how long this process takes, they said that their hope is that it would not be long. He stated that they would not commit to a time frame only that it would not be long. Mr. Butkus asked if this would put a stop to any of the planning. Mr. Morrison stated that without an approved study, which is the planning portion, if we submitted the WQM Part II Permit for the job it would be tabled as administratively incomplete or just returned.

Ms. Messina asked if ARRO will keep on top of them or if they would notify ARRO. Mr. Morrison stated that they have been in communication with PaDEP regularly and send them e-mails with questions to which they provide responses. He stated that in PaDEP's opinion no further planning is needed but we have to work through this to see if the CAP withstands the Appeal.

ENGINEERS REPORT: (Cont.)

Ms. Messina asked if we know where this is coming from with Lower Heidelberg. Mr. Morrison stated that he does not understand the motivation for it because their letter was questioning scheduling, and would it be done in time and is there enough capacity for their needs. He stated that he thought ARRO's summary adequately addressed that. Mr. Hoffert stated that their motivation appears to be counterproductive because it is adverse to the school that is anxiously awaiting the capacity to proceed.

Mr. Morrison went over Table 4 which is part of the supplement to the CAP and covers the past and projected treatment plant loadings. Mrs. Moser asked how much flow Traditions will add to this. Mr. Morrison stated that Traditions and the new school were taken into consideration in the projected loadings.

Mrs. Moser asked about what is not flowing. She stated that she knows that there is about 149,000 gpd that is not flowing from Lower Heidelberg that can flow from Lower Heidelberg. Mr. Morrison stated that you historically look back five years and you see how they've been added. He mentioned that the previous page of the Supplement shows the population projections. Mr. Butkus asked if that answered her question. Mr. Morrison stated that if she had any questions at any time that she could call him. Mrs. Moser asked by South Heidelberg's went down. Mr. Morrison stated that a portion of Sough Heidelberg's flow is going to Spring Township.

Mr. Wenrich asked Mrs. Moser who holds the cards on that open flow in Lower Heidelberg. Mrs. Moser stated that the developers who own it. Mr. Wenrich wanted to know what would happen if the developer came in here next month with a plan and stated that he was going to build within the next two years and use that 149,000 gpd, how are we going to do it. Mr. Morrison stated that they would have to submit a module at that point and what we did with Traditions was we approved the module with the condition that the CAP be put in place. He stated that if someone came in with a 149,000 gpd proposal tomorrow, we would have to review it with DEP. He stated that we are in a projected overload not in an overload now. He stated that DEP would approve it or they would approve some modified version of it that it would have to be phased. Mr. Wenrich stated that if it was all ready committed aren't we obligated to honor that commitment. Mr. Morrison stated that if they have 149,000 gpd of capacity which we owe to Lower Heidelberg you are obligated. He stated that is part of the reason that we are moving to 1.25 MGD. Mr. Wenrich stated that unless his math is wrong, at 1.25 MGD if they kick that in we are in trouble. Mr. Butkus stated that there is one caveat that Mr. Wenrich is not taking into consideration. He stated that we still have 75,000 gpd that we can send to Spring's plant that we are not using and that must emanate within the Borough. Mr. Wenrich stated that it would alleviate some of it. Mr. Morrison mentioned that we are not at 1 MGD now. Mr. Wenrich stated that we can look at all the projections we want, but we first need to look at what we have committed. He stated that if we have 149,000 gpd out there he doesn't want to hear that it is projected that it will break in over time. He stated that we better have a game plan in place to

ENGINEERS REPORT: (Cont.)

accept that because we are the ones that will be held liable. He mentioned that this is probably why Lower Heidelberg is raising the flag.

Mrs. Moser asked if we know what everybody has in the way of capacity. Mr. Butkus stated that we do. Mrs. Moser asked if we can break it out to see if there is anybody else that has anything that is going to be, or the possibility of flowing to us. Mr. Butkus stated that Mr. Fitzpatrick has figured this out a number of times. Mr. Fitzpatrick stated that we don't have Spring Township's because they discharge at a number of different locations that don't have meters. Mrs. Moser asked if we can make them have meters. Mr. Fitzpatrick stated that we are entering into an agreement with them to meter some of their discharge, maybe all of it. He stated that it is not clear yet if there is sufficient volume to meter all of it. He stated that if we do move towards that agreement we will be surrendering the 75,000 gpd. He stated that all of this agreement with Spring, where spring is going to take a portion of South Heidelberg, that they are already treating, and they are going to give up any demands from us because we have received the money and they have been treating the sewage. He stated that part of that agreement was that the Taj Mahal goes away and the 75,000 gpd goes away. Mr. Butkus stated that he was not aware of that. Mr. Fitzpatrick stated that is the way it is projected at this point, but, nobody has signed the agreement yet.

Mr. Fitzpatrick stated that the other thing he wanted to address was that he doesn't believe that Lower Heidelberg has 149,000 gpd left. He stated that it varies from month to month. He stated that we get reports every month from Miller Environmental saying what percentage of the capacity at the plant is used by each Municipality. He stated that he believes that Lower Heidelberg only has about 100,000 to 120,000 gpd that they are not using. Mrs. Moser stated that there are meters that measure the volume coming into Sinking Spring from Lower Heidelberg so we should not have to use percentages, we should know exactly how many gpd is coming in. Mr. George Butkus stated that Miller Environmental has that information and that is how they figure out the percentage but he does not have those numbers with him.

Mr. Fitzpatrick stated that the other point he wanted to make is that if this agreement with South Heidelberg is ultimately negotiated, and there are some things that are open that he wants to talk to Mr. Morrison and Mr. Schlott about, their capacity would be reduced to 129,026 gpd. He stated that currently they are around 245,000 gpd. Mr. Fitzpatrick stated that in the Borough we have about 530,000 gpd of the 1 MGD. Mr. Morrison stated that if we get the 250,000 gpd on top of that we will be in a better situation.

Mr. Morrison mentioned that what these numbers do not take into account is the I & I abatement project that we did. He stated that we addressed over 100,000 gpd of I & I. Unfortunately we just finished that project so that will not be reflected in flows for awhile. He stated that he believes the Borough and the Authority are both committed to reducing their I & I.

ENGINEERS REPORT: (Cont.)

Mr. Fitzpatrick mentioned that he and Mr. Hoffert have received a copy of a proposed agreement with South Heidelberg Township from Heidi Masano. He stated that they are not at a point to accept that this evening or maybe even in the next month or so. He stated that there are so many issues that are still outstanding. He stated that one of the issues is that their discharge is so much stronger than ours. He wanted to know, in this agreement, are we charging them for that stronger discharge since it costs more to treat. Mr. Morrison stated that he did not know the answer to that. Mr. Fitzpatrick stated that we should check on that before we get into this agreement. Mr. Morrison stated that typically you would base it on flow and an average strength waste and then if it is above the average go for additional costs.

Mr. Butkus mentioned that it is a shame that Mr. Wenrich had to leave because he missed that clarification.

JOHN HOFFERT:

Mr. Hoffert stated that, in accordance with the Authority's direction, he sent several letters to Mrs. Shade. One was the reworking of ARRO's letter to the Borough residents relative to the I & I issue, which was sent on June 16, 2008. The other was a letter concerning the Authority's willingness to meet with Spring Township concerning a regional sewer facility, provided however that it does not hold up or delay in any fashion the current agreed upon plan to upgrade our existing facility to 1.25 MGD.

Mr. Hoffert stated that he and Mr. Fitzpatrick did meet on June 24, 2008 and discussed the various ramifications of making the Authority an Operating Authority and assuming a lot of the obligations that currently is with the Borough. He stated that as a result of that meeting he wrote a letter to Mr. Setley, who is the originator of the previous contracts, requesting that he investigate and report back as to what documents need to be prepared in the event this effectuates. Mrs. Moser stated that we had not settled on using Mr. Setley. Mr. Hoffert stated that was for the bond issue and we are not talking about the financing. He stated that since Mr. Setley himself was instrumental in the preparation of the previous documents we want him to review and give us an update on what he believes is necessary for us to do. Mrs. Moser asked if that wasn't Mr. Hoffert's job as the Authority Solicitor. Mr. Hoffert stated that it is his job and Mr. Fitzpatrick's job to investigate and give to the Authority and the Borough their options. He stated that one of those things would be the easiest and most simplistic way of making the change and amending the documents that are already prepared. Mrs. Moser stated that she doesn't understand why Mr. Setley has to be involved in it. Mr. Hoffert stated that he is involved because he is more knowledgeable having been the author of the original documents. Mr. Fitzpatrick stated that Mr. Setley has been through three of these, and instead of Mr. Fitzpatrick and Mr. Hoffert reinventing the wheel; they now have documents that Mr. Setley created for other Municipalities that we can use as a guideline. Mrs. Moser asked then if Mr. Setley was just being brought in as a consultant. Mr. Fitzpatrick stated yes and mentioned that Mr. Setley is not

JOHN HOFFERT: (Cont.)

being retained. He stated that Mr. Setley may be doing this in hopes of being asked to represent the Authority in the event of refinancing. Mrs. Moser stated that she wanted it understood that was not by any means decided upon. Mr. Fitzpatrick stated that Mr. Setley fully understands that and mentioned that Mr. Setley has been very helpful to him and Mr. Hoffert, and ultimately to the Authority and the Borough because now they do not have to draft things from scratch.

APPROVAL OF BILLS:

Mr. Butkus stated that we have two sets of bills from ARRO. The first set covers thru May 16, 2008. There are five bills totaling \$19,699.67. Mr. Leiby made a motion to approve payment to ARRO in the amount of \$19,699.67; seconded by Mr. Mohn. Motion carried.

The second set of bills from ARRO includes four bills and covers thru June 13, 2008 in the amount of \$19,552.46. Mr. Leiby made a motion to approve payment to ARRO in the amount of \$19,552.46; seconded by Mr. Mohn. Motion carried.

Mr. Schmidt questioned ARRO's bills and why the Wilson School District is on two different bills and if we were being billed twice. Mr. Morrison explained that they worked on the WSD Planning Module within both time periods. Mr. Schmidt asked how much the cost is for that item. Mr. Morrison stated that it is not broken out specifically for that item. Mr. Zerr asked why not. Mr. Morrison stated that is typically how they do their billing.

Mr. Zerr asked Mr. Morrison why Lancaster Municipal Authority released ARRO from their contract. Mr. Morrison stated that he did not know. Mr. Zerr wanted to know why he did not know if he was a Vice President of ARRO. Mr. Morrison explained that he works out of the Reading office which has certain clients. He stated that Lancaster Municipal Authority would have been worked out of their Lancaster office and was not one of his clients that he is responsible for.

Mr. Schmidt stated that a better billing explanation would be in order. Mr. Morrison stated that he does not have the breakdown with him but will make sure that going forward it is broken out better on the bills. Mr. Wenrich wanted to know why the bills were so high when we don't have any major projects going on. Mr. Morrison stated that they are in the middle of the design for the treatment plant and that is a large part of it. Mr. Wenrich wanted to know how you can design something when we don't even know what we even need. He said that the CAP program already says that. He said that it was just accepted, it was not approved and now we find out that we are possibly going to need more stuff for the phosphorous discharge. Mr. Wenrich wanted to know when the Phosphorous limit was brought out because this is the first he is hearing of it. Mr. Morrison stated that it was just brought up tonight. Mr. Wenrich stated that he wanted to know when it became a law. Mr. Morrison tried to explain that it is a limit, not a law and that we only found out when DEP received the renewal package.

APPROVAL OF BILLS: (Cont.)

Mr. Morrison stated that when we applied for the NPDES permit renewal, PaDEP has the opportunity to open your permit and include additional limitations. He stated that with this new NPDES permit renewal we have been informed that a new limit will be 2 mg/L of Phosphorous at 1 MGD and 1.65 mg/L at 1.25 MGD. Mrs. Moser asked if we know what our Phosphorous level is now and is there a reason why they did this. He stated that DEP has classified the Cacoosing Creek as a stream that is in duress and because of that they have added this new limit. He mentioned that when they were the testing for the NPDES permit renewal about 7 or 8 mg/L of Phosphorous is coming into the plant and about 3 or 4 mg/L is going out.

Ms. Messina asked when we did the renewal for NPDES Permit. Mr. Morrison stated that we had to have it to PaDEP by July 3, 2008. He stated that they have received it and that it is administratively complete. Ms. Messina asked as of what date we received that information. Mr. Morrison stated that he would have to find out. She asked if it was in the last couple of weeks. Mr. Morrison stated that it was. She asked then if that was when we were notified of the Phosphorous limit. Mr. Morrison stated yes. Ms. Messina asked if that answered their questions. Mr. Wenrich wanted to know as of what date DEP determined that the Cacoosing Creek was a distressed waterway. Mr. Morrison stated that DEP did that with the NPDES permit renewal process which was just in the last couple weeks. Mr. Wenrich stated in other words DEP, within the last few weeks, has come out with new regulations in regards to the Cacoosing Creek. Mr. Morrison stated that DEP came out with new effluent limits for our NPDES permit. Discussion ensued.

Mr. Butkus stated that we have a bill from Mr. Hoffert in the amount of \$600.00 for services rendered through July 8, 2008. Ms. Messina made a motion to pay Mr. Hoffert's bill in the amount of \$600.00; seconded by Mr. Leiby. Motion carried.

Mr. Butkus stated that we have a bill from Ms. White in the amount of \$255.15 for services rendered for June 2008. Motion was made by Mr. Leiby to pay Ms. White's bill in the amount of \$255.15; seconded by Ms. Messina. Motion carried.

TREASURER'S REPORT:

Mr. Butkus asked if everyone had received a copy of the Treasurer's Report dated July 8, 2008 and if anyone had any questions. Motion was made by Mr. Leiby to accept the Treasurer's Report; seconded by Mr. Mohn. Motion carried.

ADJOURNMENT OF AUTHORITY MEETING:

Mr. Butkus asked for a motion to adjourn before we begin the Joint Meeting.

Ms. Messina made a motion to adjourn at 8:20 p.m.; seconded by Mr. Leiby. Motion carried.

JOINT MEETING:

Mr. Hoffert mentioned that one of the things that we wanted to discuss tonight was how we want to handle Spring Township's inquiry and whether it is to be a joint venture with a committee. Mr. George Butkus stated that if there is no objection from Council he would like to make a motion that we sit and listen to Spring and what their proposal is and suggested that we have the meeting here; Mr. Schmidt seconded the motion. Mr. Schmidt suggested that since Council is going to meet now that we should discuss it further. He stated that he does agree with the basis of Mr. George Butkus's motion. Mr. Schmidt asked Mr. Wenrich if Council was meeting now. Mr. George Butkus rescinded his motion. Mr. Wenrich stated that we did not officially open the meeting and suggested that we take a ten minute break.

Meeting was officially opened after break.

Mr. Wenrich stated that a motion was made that we entertain Spring to come over and meet with the Authority and Council in a joint meeting. Mr. Wenrich asked for a second to that motion. Mr. Schmidt seconded. Motion carried. Mr. Wenrich asked if the Authority was in favor. The Authority stated yes.

Mr. Wenrich stated that basically a lot of the questions were answered. He stated that he knows that the Authority did some research as far as the grants go, what funding may be out there. He stated that he is going to instruct the Borough staff to find out what could possibly be available on the Borough side to help.

Mr. Wenrich stated that he had to apologize if he seemed a little irate tonight. He stated that it is very frustrating. He stated that we are looking at a six million dollar upgrade, we come to find out that our CAP was accepted but not approved; we now have a Phosphorous limit we have to address which needs to go in with the upgrade. Mr. Wenrich stated that his biggest fear is what capacity is out there that is not flowing yet. Mr. Fitzpatrick stated that we do know and he believes that we have everything accounted for. Mr. Wenrich stated that he would like to see it in writing. He stated that if we have to do the 1.25 MGD that is fine but if we need to go to 1.5 MGD to make sure we are covered, then let's look at it. Not that he wants to spend the taxpayers' dollars, but like Mr. Butkus has already said, if we are tearing into the plant why do we want to tear back into it three years from now. He stated that he doesn't want to build a Taj Mahal to supplement new stuff coming on line, let the new ones come on line pay for it. But we have to know what has been promised so that we can write the note for the obligation and be able to sleep at night knowing we are not going to get blindsided by something else.

Mrs. Shade stated that the agreement that she believes they are referring to is the money she found down in the development that was supposed to flow to the City of Reading. She stated that no new agreement was ever created and Mr. Binder at the one meeting stood up and said it was done with a gentleman's handshake. Mr. George Butkus asked if that was the Lenape Valley development. Mrs. Shade stated yes. She stated that there is no formal agreement. Mrs. Moser asked if it was flowing into Sinking Spring and if we are getting paid for it. Mrs. Shade stated

JOINT MEETING: (Cont.)

yes. Mrs. Moser asked if we received the tapping fees. Mrs. Shade stated that was the money she found. Mr. Wenrich asked if this 234,500 gpd is taking into consideration the school district project and everything else. Mr. Morrison stated that the school is actually part of the requested additional capacity from Lower Heidelberg. He stated that the Authority had put a request out to the neighboring municipalities asking if they wanted any additional flow. He stated that Lower Heidelberg was the only one that responded and that they requested about 30,000 gpd.

Mrs. Shade stated that the other question that she has is concerning the swapping of capacity when Mr. Binder bought capacity in the Sinking Spring Sewer plant and swapped it for capacity in Wernersville-Robesonias plant. Mr. Fitzpatrick stated that he can explain that transaction. He stated that Mr. Binder bought capacity from Sinking Spring and then went to Lower Heidelberg with that and then swapped that for his client Mr. Fisher to be able to have capacity in the Wernersville-Robesonias system. Mr. Butkus mentioned that the signers to that agreement were Lower Heidelberg, South Heidelberg, Wernersville-Robesonias, and this Authority. Mr. Fitzpatrick stated that is correct and stated that it did not add capacity for Lower Heidelberg. Mrs. Shade stated that she has never seen the agreement. Mr. Fitzpatrick stated that the Borough was not a party to it.

Mr. Schmidt stated that he is here representing Council, and that he got some numbers together, and he is just a little bit awed at what our bills are from ARRO. He stated that so far this year the Authority has paid about \$140,000.00 to ARRO and last year at this time we had paid \$55,000.00. He stated that it is quite an increase. He stated that together with what the Borough has paid we have paid ARRO \$175,594.00 which is a tremendous amount of money. He stated that he would like to see what we are getting for that money. He stated that he understands that we are building a plant, but it still seems to him that it is a lot of money that we are spending. He asked that in the future we get a better billing from ARRO describing what it is. Mr. Butkus stated that ARRO bid on the projects and there was a price stipulated. Mr. Schmidt asked if we are keeping tabs on what we have paid against the bid. Mr. Butkus stated that he has not personally. Mr. Morrison stated that it is easily obtainable and all he would need to do is get what is called a job to date on anything that has a specific work order, like the Treatment Plant or Mountain Home Road and he can give us this information. Mr. Morrison stated that it is a lot of money. He explained that ARRO was doing a lot of design work for the Treatment Plant trying to meet the July deadline. He also mentioned that at the same time, unfortunately, the Mt. Home Road Pump Station Project did drag on in that the equipment that was supplied did not work and there was some administrative negotiating between the contractor and the supplier that took extra time to get the equipment replaced. Mrs. Moser wanted to know why the Authority was being billed by ARRO for the delay in time. Mr. Morrison stated that change orders were brought to the table for time extensions and some things had to be added like additional paving. Mrs. Moser stated that the additional paving would have been paid to Kuser, not to ARRO. Mr. Morrison explained that ARRO had to have an inspector on site at all times. Mrs. Moser asked that if she pulls bills out and questions on them if she can get answers. Mr. Morrison stated yes. Further discussion ensued concerning ARRO bills. Mr. Wenrich asked

JOINT MEETING: (Cont.)

Mrs. Shade if she can review the bills and have them ready so that they can discuss them further with the engineer at Council's next meeting.

Mr. Morrison stated that they will improve the detail on the bills and if Council and the Authority are satisfied or if they want more information they should let them know.

Mr. Light wanted to know why the bills are so much higher this year than they were last year. Mr. Morrison explained that we have had a lot of big projects so far this year. He stated that they have been working on the Mt. Home Road Project, the WWTP Upgrade/Expansion Project, and the NPDES Permit Renewal. He stated that some years are just busier than other years.

Mr. Zerr mentioned that he sees a lot of duplication on the Borough and Authority bills. Mr. Morrison explained that he bills for the Authority and Mr. Schlott bills for the Borough and they do not scrutinize each other bills. He stated that with the additional information on the bills it should take care of that.

Mrs. Moser wanted to know why we had two engineers from the same firm. Mr. Morrison stated that they split the effort for a couple of reasons. One being having some separation so that the Authority would feel comfortable talking to their engineer and the Borough would feel comfortable talking to theirs. Mr. Fitzpatrick explained that it is a lease back authority where the Borough operates the system and they have to have engineering advice in regards to operating the system, and the Authority owns the system and needs engineering advice in regards to ownership. He stated that those areas are going to overlap sometimes. Mrs. Moser stated that if we only had one engineer then we would not have the overlap and the one hand would know what the other hand is doing. Mr. Schmidt mentioned that maybe, if we are going to continue in this mode, we should change one of the engineers to avoid this duplication of effort. Mr. Morrison stated that, contrary to Council's belief, they do communicate and hopefully that interjects efficiencies. He stated that if you interject a third party, now you definitely have duplication. Mr. Schmidt stated that he is aware of the problems.

Mr. Morrison stated that they will work on the invoicing and if Council feels that they still want more detail then they should let them know and they will make extra effort to explain exactly what has been done and what letters have been written. He stated that if you look at the Engineers Report for this month you will see that there are about twenty-five letters of communication written just for this month for various items.

Mr. Fitzpatrick asked for clarification as to mechanically how we are going to handle this meeting with Spring Township. He asked if we should give them some dates now since everybody is here instead of having Mrs. Shade and Ms. White communicate to everyone later. Mr. Butkus stated that it would be a good idea and that he thinks it should be at a Council meeting, and have both bodies be here. He believes we would have more input from the public

JOINT MEETING: (Cont.)

at a Council meeting and it would be more out in the open. Mr. Wenrich suggested that we invite Spring Township to the August 7, 2008 Council meeting.

Ms. Messina asked if Borough Council was happy with the progress that the solicitors have made in regards to gathering information on becoming an Operating Authority. She stated that she thought that was what this joint meeting was for. Mr. Schmidt asked Mr. Fitzpatrick, in hearing what Mr. Hoffert said, he guesses that really nothing other than talking to Mr. Setley has really been done because you really have no idea what really should be done. Mr. Fitzpatrick agreed with part of that. He stated that they identified some of the issues, but they don't have solutions for them. He stated that one of the questions that he and Mr. Hoffert had was employees and whether the Authority is going to hire their own employees or enter into a contract with the Borough. He stated that they spoke to Mr. Setley about that and his suggestion was that he would probably recommend entering into a contract with the Borough. He stated that these are things that they can't work on in the form of an agreement until we've actually been able to get Council's feelings. Mr. Schmidt asked why Mr. Setley would say that. Mr. Fitzpatrick stated that Mr. Setley's thought was that the Borough employees are already in place and they know what they are doing. Mr. Schmidt stated that the Borough employees have very little to do with the WWTP. Mr. Hoffert stated that it is a unanimous request that they keep Ms. White as their Secretary and remain an employee of the Authority to the extent that the Authority would have to reimburse the Borough for use of her office. He stated that they were talking in generalities so that the Borough does not lose any money and if in fact the Borough is using their employees in any fashion at the plant, his suggestion is that we don't want to change that at this point but the Authority should be reimbursing the Borough if in fact we are using the Borough employees. Mr. Schmidt stated that is not happening. Mr. Hoffert said that he has not been around long enough to know that and that it was just a general statement. Mr. Butkus stated that at one time the Borough Street Department use to mow part of the right of way. Mr. Juzyk of Miller Environmental stated that it is in their contract and that they take care of that now.

Mr. Hoffert stated that he thinks Borough Council has to make up their mind, initially, and tell Mr. Fitzpatrick if it is their determination that this becomes an Operating Authority. He stated that he doesn't think that they ever made that final determination. He stated that he got the impression that it was discussed but there was no finality to it.

Mr. George Butkus pointed out that since this Authority has met Council has not met as a whole because the Joint Workshop was cancelled. He also pointed out that just from being at the last Authority meeting he believes that what Mr. Hoffert was pointing out is mainly in retrospect to the billing; where are bills going to be received, renting the space and the fact that Ms. White is a Borough employee that would be leased back to the Authority. He stated that the Authority would reimburse the Borough for Ms. White's time, benefits and use of equipment and space.

JOINT MEETING: (Cont.)

Mr. Schmidt stated that perhaps the questions that Mr. Hoffert and Mr. Fitzpatrick have generated should come back to Council for further discussion. Mr. Fitzpatrick stated that they are going to have more questions after they meet with Mr. Setley on Friday.

Mr. Fitzpatrick stated that a couple issues that he has thought of is that the Borough would have to grant right of ways to the Authority for their lines in the Borough. He stated that there are a whole lot of things that have to be done and it isn't going to result in a conclusion after one meeting. Ms. Messina asked if we are still on the fence here as to whether this is going to happen or not? Mr. Fitzpatrick stated that he and Mr. Hoffert are pursuing it with the theory that it is going to happen because that is how they have been instructed at this point. Ms. Messina asked if the Borough Council members feel that way or does there need to be a motion for that to happen.

Mrs. Moser mentioned that one of the discussions was whether or not we could stand on our own as an Operating Authority and we had directed Mr. Hoffert to write a letter to the Borough asking to see the financials. She stated that we need that information so that we can create a plan just as if we were opening a new business. She stated that is what we would have to produce before Council to be able to say this how we are going to function as an Operating Authority. Mr. Hoffert stated that at this point we would have to sit down and have the facts to develop that. Mrs. Moser stated that she thought that the Authority had instructed him to do that at the last meeting and asked Council if they had received a letter requesting the financial information. Council stated no. Mr. Hoffert stated that they had not gotten to that extent yet he stated that it was going to be brought up at the meeting on the June 25, 2008 that Council cancelled. Mr. Fitzpatrick asked Mrs. Shade if they could provide that information. Mrs. Shade stated that she thinks after talking to Mrs. Moser that she wants to see the bills. Mr. George Butkus asked if Council could grant permission for whatever the board needs that Mrs. Shade be authorized to show them. Mr. Wenrich stated that it is public record and does not need Council approval. Mrs. Shade mentioned that at every Council meeting there is a statement of operations is presented along with the financials that tell how much we have which is about \$500,000.00 in the Sewer Revenue Fund. She stated that the Authority can certainly start by looking at that.

Mr. Schmidt asked if the Authority has enough funds to pay their bills currently. Ms. White stated that currently, as in today, yes they have enough to pay today's bills. Mr. Butkus mentioned that the Authority is still waiting for the Borough to reimburse them for some of the projects that the Authority did. Ms. White stated that we have already received those funds or at least whatever the Authority paid out was reimbursed. Mr. Butkus stated that he did not catch that in the report and apologized for the confusion. Mr. Morrison mentioned that the one big bill that he is aware of that is still out there is for the flow study that was done a year ago with Severn Trent/ADS. He stated that ADS never sent the close out documents or the application for payment. He stated that ARRO did determine the deduct change order for the misinformation but have not received anything back yet from ADS. Mr. Schmidt stated that according to the Engineers Report the amount owed to ADS is about \$83,000.00. Mr. Morrison stated that is

JOINT MEETING: (Cont.)

correct and mentioned that we have not received that application for payment yet. He believes we should receive that within the next thirty to sixty days. Mr. Schmidt stated that the Authority does not have the funds to cover that payment so they will have to come to the Borough. Mr. Butkus mentioned that the work could be considered ordinary upkeep and maintenance or extraordinary expense.

Mr. Fitzpatrick stated that he had two more things for Mr. Morrison and asked him to pass this on to Mr. Schlott. He stated that we mentioned earlier, as far as this agreement is concerned, but Mrs. Moser's question raised another issue. He stated that we talked about strength coming from South Heidelberg into our system and are we being treated fairly now with the billing rates under the proposed agreements. He stated the second issue is what impact will these agreements have on the finances. He stated that he has been told that it's probably going to result in less revenues coming in from South, Lower and Spring then we are receiving today. He stated that we need to know what impact this will have on our finances, so if ARRO could produce that before we sign these agreements so we know where we are. Mrs. Moser asked if there was a rate study going on now. Mr. George Butkus stated that it is being held up because until you know how much you are getting in from the surrounding municipalities you don't know exactly how much you need to raise the rates for the Borough. Discussion ensued.

Mr. Wenrich asked Mrs. Shade if she or Ms. White would get in touch with Spring Township. Mrs. Shade asked if we should call them and then follow up with a letter. Mr. Wenrich stated yes. Mrs. Shade stated that she would handle it since Ms. White was going on vacation. Mrs. Shade asked if she should put them on the agenda as the first visitor. Mr. Wenrich stated yes, and asked Mrs. Shade to let them know that they would have thirty to forty-five minutes.

ADJOURNMENT:

Mr. Zerr made a motion to adjourn at 9:35 pm; seconded by Mr. Light. Motion carried

Respectfully Submitted,

Elizabeth White
Municipal Authority Secretary/Treasurer

Regina M. Shade
Borough Secretary/Treasurer