

**LOWER PAXTON TOWNSHIP
AUTHORITY MEETING**

Minutes of Township Authority Meeting held November 24, 2015

A meeting of the Lower Paxton Township Authority (LPTA) was called to order at 6:02 p.m. by Chairman William C. Seeds, Sr., on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Authority members present in addition to Mr. Seeds were: William B. Hawk, William L. Hornung, Gary Crissman, Robin Lindsey, David B. Blain, and Justin Eby. Also in attendance were George Wolfe, Township Manager, Steve Stine, Authority Solicitor, William Weaver, Lower Paxton Township Authority Director; Mark Hilson, Authority Engineer; Jim Wetzel, Operations Manager; Jay Wenger, Susquehanna Financial Group; Kevin Shannon, Melissa Smith, and Alton Whittle, GHD; and Watson Fisher, SWAN.

Pledge of Allegiance

Mr. Blain led in the recitation of the Pledge of Allegiance to the Flag

Approval of Minutes

Mr. Hawk made a motion to approve the August 25, 2015 and October 20, 2015 Authority meeting minutes. Mr. Blain seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Public Comment

No comments were provided.

Board Member Comment

No comments were provided.

Old Business

Updates from Susquehanna Advisors Group on Issuance of 2016 Bonds

Mr. John Hewlett, Susquehanna Advisors Group, explained that he wanted to provide a brief update for where we are with the interest rates since that last time we met as well as a financing update. He noted that he would like to walk through the handout provided to the Board members.

Mr. Hewlett noted that page one shows the long-term interest rate history which was seen by the Board previously. He noted that it shows the 10-Year Treasury Yield which is the benchmark long-term taxable interest rate in the United States as well as the Bond Buyer G.O. Bond Index which is a high grade municipal index for the tax exempt market. He noted page three is the same graph but it only shows the past five years. He noted that the first dotted line is the date that the Authority priced the Series 2014 bonds and the second dotted line is where the rates were when we did the refunding earlier this year in February with the third dotted line being the projected pricing date for the next bond issue in 2016.

Mr. Hewlett noted page three has an overview of the interest rate outlook noting that the Feds will hike interest rates in December by 25 basis points which is a token gesture as they promised that they would do this by the end of the year. He noted that it is assumed to occur on December 15th or 16th. He noted that this hike has been pretty much be priced into the market and we do not anticipate an affect on the Authority's upcoming borrowing based on the 25 basic points increase. He noted that it is an overnight money market borrowing rate that banks charge each other to lend money. He noted that the Authority's bond issue will be a 30-year borrowing so the long-term tax exempt interest rate market will not be affected by this increase. He noted what could affect the long-term borrowing costs are the subsequent rate hikes, but based on a number of issues, we perceive those to be gradual and slow to occur.

Mr. Hewlett noted page four contains the Financing Update for the 2016 bonds; but up until last week we were under the assumption that the proceeds from the 2014 bond issuance would run out by March of 2016; however, we may now have an extra month or two as we may have until May before those proceeds run out. He noted that the schedule that is laid out anticipates a settlement to occur by March 1st. He noted that the estimated project cost is \$25 million and in addition to those funds, the Township is looking to issue \$3 million for stormwater improvement projects. He noted that the authorization of the bond issuance will take place by way of a parameters resolution and Tom Smida, bond counsel from Mette Evans and Woodside is here tonight to discuss that with you. He noted that the bonds would be issued with a not-to-exceed or parameters basis such that the maximum principal amount interest rate and amortization structure, would be issued by the Township on behalf of the Authority to issue bonds but in no way would obligate the Township to do so. He noted that we proposed to approve that ordinance at the next Board meeting on Tuesday, noting page five shows the

detailed schedule with the authorization taking place in early December and bond pricing to incur in mid to late January with a bond settlement in late February in advance of the March 1st deadline. He noted since there is more time we could delay bond pricing if there is any reason to do so but we don't anticipate doing that at this point. He noted that his recommendation is to move forward with the pricing to be in a position to price in January, making a final decision at that point.

Mr. Hewlett noted that page six contains a debt service schedule based on where interest rates are today noting that they had a scale written up by Boenning and Scattergood last week so the schedule on page six is the estimated debt service schedule based on that scale. He noted if you look at the blue line for annual debt service assuming a 30-year level debt service structure financing, it is just under \$1,450,000 annually and it is \$85,000 less than what GHD estimated in their long-term projections amounting to about \$2 million less.

Mr. Hewlett noted page seven shows how it would fit in with the aggregate debt service. He noted that it shows the existing debt service, proposed series of 2016 bonds, with a third column listing the new aggregate debt service.

Mr. Tom Smida, Mette, Evans and Woodside, noted in the past, when the Township and Authority have undertaken these projects, the way we have structured the financing is for the Township to issue the general obligation debt as there are a number of advantages for the Township and its users as it does the trading and is able to secure better borrowing costs. He noted that he is proposing to do the same thing this time and explained that he has a description of the projects that the Sewer Authority is about to embark upon. He noted that we have advertised, as required by law, that there will be a meeting to consider a resolution on December 1st. He noted that it has been advertised and we plan to move forward at that time. He noted that we will also need an Authority meeting as they will have to authorize the project and authorize entering into a subsidy agreement with the Township. He explained while the Township is under the ordinance to repay the debt we enter into a subsidy agreement with the Authority who pledges its revenues from the Authority system to the repayment of that portion of the debt. He noted since we are combining it with the stormwater project he will have to break the debt into two different portions, one subsidized and one stand alone for the Township for \$3 million. He noted that he needs a further description of those projects to drop into the ordinance prior to the Board's consideration.

Mr. Seeds questioned if Mr. Smida wanted to do this next Tuesday. Mr. Smida answered next Tuesday before the Board meeting on December 2nd. Mr. Wolfe questioned if we are doing a debt ordinance or a parameters resolution. Mr. Smida noted that it would be one in the same. He noted that the parameters is another description for the resolution. Mr. Wolfe questioned if we will have an additional resolution, as it is all part of the debt ordinance. Mr. Smida answered no, there is an ordinance for the Township and a resolution for the Authority. He noted that the resolution is sitting on his desk in draft form but he did not send it yet. Mr. Smida noted that we need an Authority meeting for five minutes to approve these projects. Mr. Wolfe questioned on December 1st or 15th. Mr. Weaver noted that we have a meeting schedule for December 15th for the Authority. He questioned if the Authority has to act on the resolution before the Township. Mr. Smida answered no and he could push that back to December 15th. Mr. Wolfe noted that the ability to get the meeting advertised in the Patriot News by Tuesday is cumbersome. Mr. Smida noted that it would be encumbered by the holidays so he could push it back to December 15th. Mr. Seeds noted that we will need both Boards on December 15th as it is our normal meeting night.

Mr. Smida noted on December 1st it is essential that we approved the parameters ordinance as that is the date it was advertised. Mr. Wolfe noted that ordinance is already on the agenda for the December 1st meeting. He questioned what the deadline is for the Board to know the amount for non-Authority borrowing. Mr. Smida answered December 1st at 9 a.m.

Mr. Seeds noted that next Tuesday we do not need the Authority. Mr. Smida noted that there are legalities that must be respected and you can't meet it for that meeting. Mr. Crissman noted that we can take care of the Township piece on December 1st and do the Authority on the December 15th. Mr. Crissman noted that we need to have the other two members here for that meeting and we need to have it legally advertised.

Mr. Seeds noted that we could do it on December 8th if we advertised it if we need to. Mr. Smida answered that you don't need to as we have plenty of time because the filing with the Commonwealth runs independent with the action that the Authority takes.

Mr. Crissman question if the money is already there, why do we have to bifurcate these two issues. Mr. Smida answered that the Authority is subsidizing its portion of the debt, the \$25 million for specific projects that have been identified for Beaver and Paxton Creek Mini-basins. He noted that stormwater is a different project as the Authority is not incurring the debt for that

purpose, the Township is. Mr. Crissman questioned if that is why we need the ordinance for the Township piece. Mr. Smida answered together with the \$25 million piece, as it is all combined in one financing. He noted that you are seeking approval for as much as \$35 million but it won't go that high as \$25 million is for the sewer project and \$3 is earmarked for stormwater project.

Mr. Blain noted that the Board of Supervisors will meet December 1st to move forward with the financing end and on December 15th the Sewer Authority will move forward with the subsidy agreement.

New Business

Review of the proposed 2016 GHD Engineering Services Agreement

Mr. Kevin Shannon of GHD Engineering Services noted that the Authority has a letter from GHD dated November 20, 2015 with a revised Exhibit A-1 to the agreement between the Authority and GHD. He noted that he has presented this for the past 15 or 16 years to authorize the services for the upcoming year. He noted that something new to the exhibit is the actual budgeted engineering fees for 2016. He noted the budget is slightly lower than the one the Authority saw in August of 2015. He explained that he met with Mr. Weaver in the past week and cut a couple of things back. He questioned if anyone has any questions.

Mr. Crissman questioned if the primary reason for the lower rate is because Mr. Shannon sharpened his pencil or did we do a great job negotiating. Mr. Shannon answered that two items were reduced, one was the construction observation. He noted that the budget has three GHD employees listed as fulltime at the discounted rate and the Authority looking ahead to the construction projects for 2016 noting that they hired a new inspector have cut GHD back to two fulltime and one part time employee, only using the one GHD person for half a year. He noted that Alton Whittle cut his metering budget since the new metering person is working out well. Mr. Whittle noted that Mr. Moran is doing a good job and about midway through 2016 he should be able to need less assistance from him.

Mr. Crissman questioned Mr. Weaver if he was satisfied with the proposal for this budget. Mr. Weaver answered that he is as he did something different. He noted that the reason we are showing the engineer's agreement in November instead of February when we appoint the engineer is that it makes more sense for the Board to look at this as part of the budget process.

Mr. Seeds noted that he wanted to compliment Mr. Weaver on this process noting that it is the right thing to do that we get this in November instead of February.

Mr. Seeds noted that there is a little bit of an increase in the hourly rates. Mr. Shannon explained that GHD's calendar is a July through June fiscal year so the raises came back in July with the adjustments. He noted that it is slightly less than 2.5% noting that he looked at all the people in his office that work for the Township and for the most part the rates increased from 1.5% to 2.5%. He noted that there are a few exceptions but most of the people working for the Township are below that average rate.

Mr. Hornung stated that he thinks 2.5% is too much and he will not approve 2.5%. He noted that he is not sure what we are giving our own staff as it may be a little lower than that but he can't approve an engineering firm making 2.5% when staff is not getting that so at this point he is not ready to approve 2.5%. He noted we have in the past gone out to do a RFP and he is not opposed to doing it again. He noted that we spend a lot of money on GHD and he thinks we should be in a position to do a little better.

Mr. Blain questioned Mr. Hornung what his recommendation is. He noted that you are saying that 2.5% is too much but are you saying no increase. Mr. Hornung noted that 2% would be better but he thinks 2.5% is too much. Mr. Blain questioned in real dollars what is a half of a percent. Mr. Hornung noted that sometimes it is not so much the dollars as the percent. He noted that he would hate to see an engineering firm get a larger increase than staff.

Mr. Hornung questioned how much we spent on GHD in 2015. Mr. Weaver suggested that it was \$1.2 million. Mr. Blain noted that a half percent of that would be \$60,000. Mr. Hornung noted that it is still a lot of money. He noted that a 2.5% increase would be about \$150,000 increase in real dollars. He noted that it would be \$275,000 in real dollars going from \$1.2 million to \$1.5 million. He noted that 2.5% on \$1.2 million would only be \$30,000. He noted that half a percent would be \$6,000. Mr. Hornung noted that he would go for something less than 2.5%, but he is only one out of seven votes.

Ms. Lindsey noted that we are happy with what GHD is doing and they have given us quality work.

Mr. Seeds noted that no one can stand next to someone to see how long they actually work, as it is a trust situation but he questioned if Mr. Shannon could speak for GHD. He questioned him if we could negotiate that rate. Mr. Shannon stated that the letter states that the average rate increase was 2.5% for the company as a whole. He noted that the folks that work on the Township's jobs rates were 1.5%, 1.6%, so it ranges depending on who is working. He noted

that Mr. Hornung asked about the discount, noting that there are a few layers where there are discounts. He explained, for the retainer, we are keeping that at \$27,000 and when we look back at the effort that we spent if we had billed at cost, this year it would have been over \$50,000 so for what we are doing for the retainer it is highly discounted and the full time observers that we provide are discounted on the average of 10% with one being 13% and the other 8%. He noted that there is a discount for that committed service to the construction observers. He noted when you look at GHD today and at the rates throughout the nation, the Pennsylvania rates, the target is 75% of the north east rates for existing clients but the fact is that CET rates were always very low. He noted that they are lower than the industry average and GHD recognized that for the clients in Pennsylvania, although we are not at the same rate as the folks in New York or Maryland. He explained that he could take it back to see what they will say.

Mr. Hornung noted that you don't need to as you have six votes that say yes. Mr. Blain noted if Mr. Hornung wants to challenge them on fees or rates, he would challenge on the retainer. Mr. Blain noted that 2.5% is low compared to... Mr. Hornung noted that inflation is 1.7%. Mr. Blain noted if you look at salaries studies they are actually higher than inflation. He noted that it is driven down due to energy costs and other costs that are actually flat. He explained that 2.5% is not a big deal and he would be better to challenge GHD on the retainer fee. Mr. Hornung noted that they already said they discounted that by half. Mr. Blain noted that a retainer is used because you are saying that we want a retainer up front for certain services because you are a new client or a client who has only been around a couple of years and we have a cash flow issue. He noted that they have been a service provider since 1999 and the retainer fee is kind of iffy.

Mr. Seeds noted that the retainer fee has to cover so many meetings and a lot of services. Mr. Crissman questioned Mr. Shannon if he could go back and discuss this with his colleagues and get back to Mr. Weaver to see if there could be any changes in your proposal. Mr. Shannon noted that he would do that.

Mr. Weaver noted that there is a meeting December 15th and we have time. He noted that the Board was looking at a percentage increase but it sounds like Mr. Shannon was indicating that we may be less than 2.5%. He suggested that he could come up with an actual list of the staff people and what their percentage is so it may be a moot point. Mr. Crissman suggested that Mr.

Shannon needs to be creative and he questioned Mr. Shannon if he could come back with another proposal by December 15th. Mr. Shannon answered yes.

Ms. Lindsey noted that last year we had question for the amount of paving going on in 2014 and that we had to hire another firm. She noted that we questioned the other engineering firm for why they were so much higher per hour than GHD was. Mr. Hornung noted that he is not complaining about the inspectors and if there are five or six votes, we only need four votes for the 2.5% then it goes. He noted that he is not saying that GHD does not do a good job, but he is struggling with some of the percentages but if it is \$6,000 it is not the end of the world. He noted that sometimes it is more about the percentages, but come back with what you think is right.

Mr. Seeds noted that he would like a motion to approve it or table it. Mr. Hawk noted that you are better off postponing it. Mr. Crissman noted that you should withdraw it from the agenda. Mr. Blain explained if you take it off the table we don't need a motion. Mr. Crissman noted that we would place it back on the agenda for the December 15th meeting.

Action on the 2016 Authority Budget

Mr. Weaver noted that the final 2016 Authority Budget is ready for your action. He explained that he would like to go over the items that have changed from the August meeting. He noted that there have been no changes in revenues with the total Authority operating revenue of \$15,309,951 based on the sewer rental rate increasing from a \$130 per quarter to a \$139 a quarter. He noted that he also provided Mr. Wendle's table that shows the rate analysis for the next 20 years.

Mr. Crissman questioned if they are conservative numbers on the revenue side. Mr. Weaver answered yes based on the last few years of history with the number of EDU's increasing each year.

Mr. Weaver noted that there were very few changes in expenditures. He noted that computer costs increased as staff participated in an online demonstration of the Logics online bill pay software. He explained that he added \$10,000 in the budget with a current proposal for \$7,000. He noted that he included that proposal in the packet, an online bill paying and inquiry application for each customer to create their own profile and link to their utility account. He noted that it also allows for an email application that provides the customer with an email

announcing that a new bill has been issued. He noted if you pay your bills with other utilities like electric and water and gas most offer this online bill pay. He noted that you can pay your bill and look at your account and get an email bill rather than a paper bill. He noted that you can pay with a credit card or an online check. He suggested that it will bring the Authority up to the industry standard at a very inexpensive cost. He noted that the newest proposal is for only \$6,000 as the Authority had provided many referrals to Susquehanna and Swatara Townships. He noted that the only thing not in the proposal is the third party processing fee, a tiered system as the transaction costs are higher for smaller amounts. He noted at this time, we only have about 600 customers that are using MuniPay at a fee of \$3.50 per transaction. He noted that we have to negotiate the transaction fee noting that they started out at \$4 which is higher so we have to meet with them to talk about that. He noted with 15,900 customers, once they figure out they can pay their bill online and get an email bill we expect it to quadruple in the first year. He noted that it would bring us back to the MuniPay fee level.

Mr. Hornung questioned who pays the processing fee. Mr. Weaver answered that the customer pays it. Mr. Hornung questioned if it would be the same way for the new service. Mr. Weaver answered yes. Mr. Hornung questioned if Susquehanna Township is using it and who else. Mr. Weaver noted that Logics has hundreds of customers using it. Mr. Hornung questioned what Susquehanna Township is paying for it. Mr. Weaver answered that he hasn't got that far yet, but he would check. He noted that we are slated to get this rolling in 2016 noting that everyone wants to pay their bills online.

Mr. Eby questioned if you compared this to the cost savings from postage and paper. Mr. Weaver noted that we will save on postage if half of the customers use email as there is no charge for the email. He noted that \$38,000 is in the budget for postage so we can cut that in half. He noted with MuniPay you get a transaction history that has to go to the bank and it takes about two or three days as we have to do a separate process to put it into our system. He noted with Logics it goes directly into our system so it eliminates a step and we get the money right away.

Mr. Weaver noted in five or ten years we may want to ask the Board if it wants to eat that transaction cost if we could get all customers on it as there is a significant savings. He noted if you go on line to pay your electric bill they don't charge you a fee, the only one that does is the water company. He noted that it would not be a net for us at this time.

Mr. Eby noted he prefers the credit card option as he is hesitant to provide a bank account number. Mr. Weaver explained that Logics told him that everything is encrypted and no numbers are kept by Logics. He noted that there is no risk on our part or liability. He noted if a customer uses the repeat pay system then the number is kept in the Blue pay agency, the merchant provider for that use.

Mr. Weaver noted the next change is in operations under pump station maintenance. He noted they are having issues at the Parkchester Pump Station with grease and high BOD. He noted that GHD provided an engineer's estimate for the cost to reroute the force main at Parkchester and the opposite side where we will be able to reduce the length of the force main at the pump station and tie into a manhole 400 feet away. He noted that currently the manhole is discharging onto Devonshire Road 1,200 feet. He noted it is an additional cost of \$60,000 budgeted next year, but staff and the engineer recommend it because of the significant odors which is a public nuisance and a health threat. He noted that several home owners were going to come to the meeting tonight as it is a significant problem for the people who live on Devonshire Road. He noted that it is a cost to the Authority but at the same time we are confident with relocating the force main that we will eliminate the odors.

Mr. Seeds questioned if Mr. Weaver would do away with the force main. Mr. Weaver answered that we would relocate it but it would still be a force main. He noted instead of pumping into Devonshire Road, we would pump into the Paxton Towne Centre manhole in front of Petco. He noted that there would be no more odors because by shorting the force main noting that the entire situation is caused by the length of the force main. He noted that we had the high BOD waste in there as it sits in the force main. He noted that the check valve opens and pumps and when it shuts the force main is fully loaded and depleted of oxygen and the BOD converts to sulfide and when it turns on under pressure it pumps into the Devonshire Road sewer and the gas is forced out and goes up their vents into resident's homes. He noted that they have been suffering for about a year and it is due to the high BOD waste and the elimination of the I&I, noting that now the lines are so air tight the gas is trapped.

Mr. Hornung questioned if there is an additive that you can put in there to stop it. Mr. Weaver answered that there is. Mr. Hornung questioned if it would be less expensive than the other way to fix it. Mr. Weaver noted that it complicates it as the wet well has grease on the top which we are working to get rid of and once you add the chemical you have to emulsify it and

you have to aerate it and then you have chemical costs. He noted for long term costs, this is the cheaper option. He noted that it is legally the best way to go as we would have less force main to maintain in the future. Mr. Seeds noted that this is in conjunction with the problems that we have with the various restaurants in the area. Mr. Weaver answered yes, noting at first we thought the grease was causing the odors and then we figure out that it was the high BOD's. He noted that it is part and parcel to restaurants as we have no dilution from any other source, as our sewers are tight; therefore, we have this high BOD and the by product is sulfides.

Mr. Seeds noted that this will help with the other problems. Mr. Weaver agreed but we will still have the grease problem that needs to be addressed at another time. Mr. Hornung noted that he feels good that you considered some other options as well.

Ms. Lindsey questioned under the water pump stations, should you remove the Gale Drive one as it was closed. Mr. Weaver noted that he will remove it.

Mr. Seeds noted that there is something to discuss with the other sewer pump along Route 22. Mr. Weaver noted that the Gateway pump station is there. Mr. Seeds questioned if that one will be removed. Mr. Weaver answered that it will be removed after we start to show a reduction in flows in the Beaver Creek drainage basin at Swatara. Mr. Seeds noted that it would be a gravity flow so we can get rid of that pump station.

Mr. Weaver noted for transmissions we have two changes as he received the Swatara budget and that is what is shown in the budget changing from \$1.4 million to \$1,510,426. He noted that Mr. Wolfe had some questions as there is an issue with their budget for the new General Accounting Standard Board (GASB). He noted that there is a special notation in the Swatara Budget listing the off budget effect of the new GASB which went into effect in 2016 for the unfunded pension liability that must be recognized as an expense for the treatment plant. He noted that based on the recent actuarial study they determined that the unfunded liability is \$792,291. He noted that they are dividing that up as a percentage of the flow and included it in their spread sheet for each party's obligation. Mr. Wolfe noted in accordance with PA Act 205, the municipal pension plans have a ten year period to amortize their unfunded liability so you should not be paying for the whole unfunded liability now to make a pension plan whole. He noted that you pay it as part of the MMO which includes the 10% figure to address the unfunded liability to address it over time. Mr. Seeds questioned if it is in the budget for Lower Paxton to do that. Mr. Wolfe answered we have always done that. He noted that there is no requirement to

pay it in one lump sum. He noted that we are required to pay the MMO which includes the prorated portion of the unfunded liability.

Mr. Seeds noted that Mr. Blain warned us about the GASB years ago.

Mr. Wolfe explained, just because we have to recognize it doesn't mean we have to pay for it in one year. Mr. Blain noted that you put the liability on the books but it doesn't mean you have to put the cash out. He noted that sooner or later you have to fund it and you are saying that it needs to be funded over a ten-year period so it provides a chance to amortize the cost within that period. Mr. Weaver noted that they are having us pay it over three years. He noted that they are paying their portion right away but he and Mr. Wolfe are planning to meet with Scott Wyland and Gerry Miller who is the Authority Manger to discuss this. Mr. Seeds questioned if there are additional costs doing it over ten years. Mr. Wolfe answered it is how you are required to do it and it is how they were doing it and how we are doing it.

Mr. Seeds questioned if they are allowed to do it in one lump sum. Mr. Wolfe answered that you can do it but we shouldn't have to pay over and above the requirement of state law.

Mr. Weaver noted that the other change is for Harrisburg as they provided a budget on their webpage and he reached out to Scott Wyland to attend the CRW meeting. He noted that he has not received the official budget that is due by December 1st , but CRW is trying to meet that deadline. He noted that he put in the budget what they approved at their last meeting, \$3,250,000. Mr. Seeds questioned if the GASB payment is included in their budget. Mr. Wolfe answered that everyone has a MMO in their budget and to prepare your MMO you also include a portion of your unfunded liability but what Swatara wants to do is to completely eliminate their unfunded liability in three years and that is not a requirement at the State level. Mr. Seeds noted that he was wondering what Harrisburg is doing. Mr. Weaver answered that we have not seen their budget yet. Mr. Seeds noted that you had a draft copy. Mr. Weaver noted that CRW provided a budget to their board and within their budget they have the set municipality's transmission fees but they have to provide that to us by December 1st. He noted that we have not received it yet but he looked on their webpage and he found the information.

Mr. Weaver noted that we have multiple issues noting that we have been trying to resolve with CRW, especially the older ones. He noted in 2011 we settled with Scott Wyland and received ongoing disbursements based on the receivership. He noted that the issue now is from 2012, 2013, 2014, and 2015 years as there was no agreed upon rate. He noted that there were

some frozen funds that we were looking into and a release that we wanted to receive. He noted that he invited himself to the last meeting and it went well as this has been going on for two years and we need to get the rate done to move forward. He noted that he threw some ideas on the table to try to settle it and he found out that it worked as they are moving ahead. He noted that he expects to have a release from CRW releasing the Township from any past due payments for that last four years. He noted that CRW billed the Authority \$4 million. He noted in exchange for that they are going to release the frozen funds to CRW putting it towards capital improvements. He suggested that things are moving ahead but they haven't finished their rate study as Gary Shambaugh and Jeff Wendle are working on the rate schedule. He noted that we are getting close to settling all the past issues with CRW and agreeing to a new rate.

Mr. Seeds questioned what their unfunded retirement fees are. Mr. Weaver noted that it should be in the budget but we haven't seen it yet.

Mr. Weaver noted that the debt service is unchanged providing the 2016 interest payment at the end, noting that it is based on the information provided by John Hewlett. He noted that the total Authority expenditure is \$15,052,514.

Mr. Hornung noted if you look at the debt service it jumps about a million dollars coming down around 2030 and then it goes down substantially in 2040 assuming we don't borrow any money, which is probably a bad assumption, suggesting that we will continue to borrow money. He questioned if that is where the debt service will always be or do you see us borrowing more money. Mr. Weaver answered that the schedule takes us out to 2035, so that would be the peak and after 2035 you won't have any retired debt because you won't be 30 years out as most of the debt we have now is 30 years, so it will probably be sometime in 2045 that you will be lopping off some of this. Mr. Hornung noted in 2040 we should see a reduction of \$5 million in the debt. Mr. Weaver noted with all the improvements we are doing he hopes not to borrow any more money.

Mr. Hornung questioned when we will need to borrow money next. Mr. Weaver noted it would be in 2019, every three years. Mr. Hornung noted that it is up to \$6 million in 2016. Mr. Crissman noted it is \$7,128,000 at this time. Mr. Weaver noted that the actual cost is less with the subsidy but it doesn't last forever. Mr. Crissman noted that he does not have the debt service in front of him and he does not know what is dropping off, but we have been trying to maintain level debt service and his gut tells him that the \$7,128,000 will continue until 2017 where we

will take another hit and it will increase by virtue of borrowing a new bond issue. Mr. Weaver noted that GHD and Susquehanna Advisors are well aware that you want level debt service. Mr. Crissman noted to maintain level debt service it will push the debt service out beyond 2045.

Mr. Weaver noted that he would like to review the mini-basin rehab program. He noted that this will be funded by the 2014 bond funds for a total of all capital projects of \$9,319,000. He noted that there have been no changes in this other than what Mr. Shannon pointed out earlier that we have reduced the metering budget by \$17,000 because the new meter technician has been working out very well. He noted that he will be ready to take over the metering program on his own by July 1st. Mr. Whittle suggested that it is \$20,000 for this year and significantly more in 2017. Mr. Weaver noted that one of the three inspectors is only scheduled for six month's salary. He noted that we are paying the fully loaded rate for the third inspector since we can't guarantee to pay him daily for a year. He noted that a fully loaded rate at six months is still cheaper than paying for an inspector for a full year. He explained they were the only two changes in the budget for the capital program.

Mr. Seeds noted that we will be spending less next year as we spent \$14 million this year. Mr. Weaver noted that the projected year end for 2015 is \$11,429,000.

Mr. Seeds questioned if we are on schedule for everything as far as the expenditure and the period of time we need to spend it under the bond regulations. Mr. Weaver answered that we are ahead, noting that we spent the money faster than anticipated but one contractor slowed down for the BC-4 project and he provided a revised estimated draw out schedule. He noted that it shows that we will run out of the money in May rather than the end of March because they are two months behind schedule.

Resolution 15-14 increasing sewer rates

Mr. Weaver requested the Board to consider approving the 2016 budget as presented. Mr. Seeds noted that the next item to discuss is the increase in the sewer rate as it ties in with the budget. Mr. Crissman suggested that we need to approve the increase sewer rate so it would be included in the budget when we approve the budget. Mr. Blain noted that the sewer analysis is not any different than what we had before. Mr. Weaver noted that Resolution 15-14 provides for an increase from \$130 to \$139 as presented in the budget; but there is a decrease for the municipal land fill. He noted that Mr. Wendle provided a calculation and the EDU's and the

operations cost have changed from the past year so it dropped their cost from \$3.98 per thousand to \$3.76 per thousand.

Mr. Seeds questioned if the rate for the individuals will be \$139 a quarter, and 16,000 gpd per quarter for commercial. Mr. Weaver answered yes, noting that the \$8.68 per thousand is based upon 16,000 gpd. He noted if someone uses 17,000 gpd then they would be charged another \$8.68.

Mr. Crissman questioned if the budget included the rate increase to \$139 a quarter. Mr. Weaver answered yes.

Mr. Crissman made a motion to approve the Resolution 2015-14 to increase the sewer rate to \$139. Mr. Blain seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Mr. Crissman made a motion to approve the 2016 Authority Budget as presented by Mr. Weaver which includes the increase sewer rates of \$139 per quarter. Mr. Blain seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Resolution 2015-13 establishing attorney fees for collection of
Delinquent Sewer Accounts

Mr. Weaver noted that Resolution 2015-13 established attorney fees for Solicitor Stine in the collection of Delinquent Sewer Accounts. He noted that Board requested staff to meet with Modern Recovery and Solicitor Stine to review the collection procedures for properties that do not have public water for a single family house. He noted that Solicitor Stine review the benefits by collecting the accounts by sheriff's sale for real estate rather than personal property and Modern Recovery agrees that this appears to be the best method involved due to the problems that we experienced with the most recent attempt to sheriff sale personal property. He noted that the Board has seen this at a workshop session but Mr. Blain and Mr. Eby have not. He noted that he followed up from questions from the Board from the last meeting asking where the accounts are and what the amounts are noting that the number of accounts in collection is 215 for \$460,000. He noted that this resolution will attack 110 accounts that are on well, for an amount of \$278,000. He noted that he hopes to get those accounts to Mr. Stine as soon as possible. He made a request that the Board consider approving Resolution 2015-13.

Mr. Eby noted during the last meeting we discussed sheriff's sale and properties, had you looked into that. Mr. Weaver noted that is exactly what we did and he followed up with Mr. Stine and Modern Recovery and it was the conclusion that this could be very effective. He noted that Modern Recovery is happy to work with Mr. Stine and they believe that we can make progress for those cases.

Ms. Lindsey noted when we last met, water was to be shut off on November 23rd. She questioned if any were turned off. Mr. Weaver answered that six properties were turned off today. Mr. Hornung questioned if people were living in the houses. Mr. Weaver answered that he can find out for next Tuesday, but he thought that some were vacant homes and some were inhabited. He noted that once we find out that a home is vacant we should probably give it to Mr. Stine if they are not living in the home and it is vacant.

Mr. Crissman made a motion to approve Resolution 2015-13 that establishes collection procedures for and attorney fees for the collection of delinquent sewer accounts. Mr. Eby seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Township Report

Update on Second Consent Decree Projects

Mr. Weaver noted that we had a public meeting for the PC-4C/4E project and it went very well; however we were disappointed with the attendance. He noted that we usually get from 150 to 200 people but we only had 78 people. He noted that it is a project involving 330 properties and we have received 230 agreements with 100 outstanding. He noted that the project is scheduled to be bid in December and most of the Board saw it on Road Tour. He noted that it involves everything north and south of Jonestown Road which is next to the project that we are currently working on in BC-4. He noted that it starts west of the BC-4 project. He noted that there are some complicated problems with Hoffman Ford, AMP and the church. He noted that a significant amount of cars would have to be moved at Hoffman Ford in order to replace the sewer line. He explained that we have met with their attorney and hope to stay on schedule.

Mr. Eby noted that people have busy schedules and relaying what was discussed at the public meeting and general information for the project should be more transparent. He noted you only had 78 residents and possibly some information on the project could have been provided online to help with the volume of calls. He noted that he will meet with Mr. Wolfe to get a

presentation put on the web page. Mr. Weaver explained that Mr. Eby met with Mr. Wolfe, Ricky from Appalachian Technology and himself to make some suggestions for the Township web page and possibly having an Authority webpage or a link to the Township webpage using Word Press. He noted that it is a software that is very user friendly, Ricky was very supportive, and he will work with Mr. Wolfe to get it loaded on his computer so Mr. Wolfe could play with it a little in order to make a recommendation.

Mr. Eby noted that the Internet is a very powerful tool.

Mr. Mark Hilson noted that construction activities continue with two projects since the last meeting; BC-3A/3B and BC-4A/B/C, the area we commonly refer to as the Blue's. He noted that the contractor finished the main line and they ended up with some really deep sewers around 18 feet. He noted that it was a slow go at the end and they are wrapping up laterals with a full court press on restoration. He noted that we were paving today and there is a lot of different restoration activity ongoing. He noted that they will continue to pave as long as temperatures and weather holds up and the plant stays open. He explained that last year we were able to pave to almost Christmas but that is a little unusual as the weather can change at any point. He noted that we have been very fortunate this year for weather temperatures.

Mr. Hilson noted that BC-4A/B/C is a little behind as Mr. Weaver mentioned but they did complete the second of two bores under Route 22. He noted that because the contractor is a little behind we contemplate keeping them out of the Karn's shopping center due to the time of the year with the holidays and have them work elsewhere. He noted that it created a change in the work zone in the contract so you will see a change order in regards to that and some additional time due to unforeseen circumstances. He noted that they have continued the mainline work completing South Blue Ribbon, South of Route 22 up through the Ollie's Parking Lot, and some cleanup and miscellaneous items in advance of the holidays. He noted that this project is scheduled to go on through August of 2016.

Ms. Lindsey questioned if the sycamore trees were removed. Mr. Hilson noted that they stopped short of that work as it is in a different work zone, working on the north side of Route 22 at Holy Name of Jesus Church, working in areas by the football field and areas of Kinsley Street. He noted that the trenches are getting wide as it is not uncommon with the geology of the soil in the Township. He noted that the ground tends to fall in when you dig east to west; however it is not very deep and this slows down the projects.

Mr. Hornung noted that some of the paving in the Blue's is really nice. Mr. Hilson noted that is B. F. Brown did the work and he will pass that along to them. Mr. Hornung questioned why they did not pave Blue Eagle. He noted pass the area, almost to Blue Ribbon, there is an area 100 yards long and it is not paved and a manhole is sticking up. Mr. Hilson answered that they have not put the final wearing course yet as they tried to get a large area to do at one time so they don't come into a small area like that. Mr. Hornung noted that he hopes that it will be done soon. Mr. Hilson answered that anything that does not get a final wearing course will be winterized. Mr. Seeds questioned if you can't pave it before it snows you put some temporary paving so the plows can go up over the manholes. Mr. Hilson noted that we will do work to protect the manholes and the plows.

Mr. Hornung questioned if you have any preliminary numbers from the Blue's. Mr. Whittle answered not as of yet as we had a slight event the end of October but it was not very big. Mr. Hilson noted that we saw a tremendous amount of flow in the area of Darlington Village that crosses Blue Stone Avenue with the flows being so high in that right-of-way in that we had rain events during the project and had to stop work for two days since the flows were so high. He noted that it is unusual but for this project we have seen water flowing in our sewer and above ground for several days after a rain event, up to Blue Grass Avenue and Blue Stone Avenue. He noted that he is expecting very good results in this area.

Mr. Hornung noted that Darlington Village was torn up. Mr. Hilson noted that we went into that area doing air tests and we fixed everything in there as it was complicated because some of the building sewers came out of the basements. He noted that the pipes went into a fitting so it made it hard to tie in at the basement wall as there was an elbow outside the walls. He noted that we did not find any sump pumps tied into the sewer out there. Mr. Weaver suggested that we could have removed a couple million gallons from that area.

Request from Developer for tapping fee re-imburement

Mr. Weaver noted that he wanted to provide the letter from the developer of Blue Mountain Apartments but there is no action required. He noted that they are proposing to install an interceptor that would tie into the Lower Paxton Township Authority system. He noted they are installing the system at their expense, and when other people tie into it they are entitled to a reimbursement. He noted that we went through this with Donco Construction at the Oakhurst Interceptor. He noted that Bill Brown provided the letter asking that we do this. He noted that

he spoke with Steven Stine and Jeff Wendle and they both agree that it is appropriate to do that. He noted that Mr. Shannon asked that we provide an estimate of what the fee would be and Mr. Wendle noted that is not normal, that you only do that after the construction is over. He noted that he would ask Mr. Wendle to do an estimate but we would not put it in writing in the agreement. He noted that he will have the Board look at the draft agreement in February.

Mr. Seeds noted that it would be appropriate that we do the same thing we did for Donco Construction. Mr. Weaver agreed noting that it will be a small amount of money, but we don't know if it will be developed as Blue Ridge Country Club is the only one who would tie into it. Mr. Seeds questioned even though the Blue Mountain Apartments are in Susquehanna Township they want to tap into Lower Paxton Township's main. Mr. Weaver answered that is correct but the interceptor that they are using would also be used for the Sportsman's Golf Course, if and when it is developed. Mr. Seeds questioned if the interceptor would be large enough. Mr. Weaver answered yes.

Mr. Seeds questioned if the Blue Ridge Country Club was developed, would it be large enough for that. Mr. Weaver answered that GHD looked at the interceptor and they factored it in for the flow. Mr. Seeds questioned if there would be any issues for the EDU's for those properties. Mr. Weaver answered that it depends on what day you talk to Mr. Wendle. He noted that we don't know what the zoning will be. He noted based on the agreement we have with Susquehanna Township for the Oakhurst interceptor, we should be able to convey everything that is there.

Submission of Modeling and Future Mini-Basins in Beaver Creek

Mr. Weaver noted as part of the Engineer's Report there was a model that Mr. Whittle would like to present briefly noting that staff requested GHD to provide a brief presentation because we are at the point where the model is complete and we need to send it to DEP as a part of the consent order requirement.

Mr. Alton Whittle noted that he will go through a power point presentation for this. He noted under the corrective action plan for Beaver Creek, the Authority is required to submit a model for Beaver Creek to project it out for what the long term goal was for that basin. He noted we have this draft to provide to the Board to review and if it is acceptable we will submit it to DEP to fulfill that requirement.

Mr. Whittle noted that there is good and bad news. He noted that the good news is that the program is working as you are getting removal and on target for what was originally planned and it is very good. He noted what is also included is a schedule to complete rehabilitation of all the basins above 1,000 gallons per day per EDU out through the 20 year program which would be completed in 2033. He noted that it shows the projected schedule that staff and GHD had worked up to make a steady pace for rehabilitation.

Mr. Whittle noted that we took the rehabilitation schedule, put it in the model that has previously been created and did an analysis of what was going on. He noted that he would like to go through some of the things on the schedule. He noted if you look at page seven of the report, it is the current efforts being done. He noted that they are pretty much all on schedule and a little ahead of schedule as well. He noted that two of the basins on page 8, BC-3B and BC-4B will be done well ahead of schedule as we have until 2018 to complete those and they are scheduled to be completed in early 2017. He noted page eight shows the remaining ones that are really the low hanging fruit, BC-2, and BC-7. He noted that they are the main sub basins, that by doing work in those you will have effectively removed the majority of overflows in your basin. He noted by 2023, you will have met the majority of your reduction of overflows. He noted what is scheduled from 2023 through 2028 and 2028 through 2033 is really getting your flows down to Swatara and future growth. He noted that this is good news as you are well ahead of schedule for removing overflows as we are already seeing that occurring on a regular basis.

Mr. Whittle noted that it takes a much bigger storm event to experience overflows and they have been significantly reduced.

Mr. Whittle noted page 12 contains the bad news. He noted on page 13, if you look back when we did the initial analysis and the consent decree with DEP, in 2007 we had a peak storm that was about 1.2 million gallons per day in the control basin. He noted that is what we were using historically to design for future rehabilitation and for future upgrades to the system. He noted since then we have had at least six events that have been above that level that have not been treated as an excused event. He noted that DEP is saying that it raised the bar a little. He noted that the following pages explain it from a numerical aspect. He noted from an overflow removal and from a capacity in your interceptor it does not have a huge impact but where you really see the impact is your agreement with Swatara in terms of your peak flows that are expected during these large events. He noted page 15 shows if you currently get the 9,000

EDU's down to your goal removal rate of 1,000 gallons per day per EDU you would be just under your limit to Swatara. He noted with the increased storm events that number has now crept up. He noted that it goes back to the ultimate decision when you get out to 2028 how you will deal with this extra flow that may be above your rehab goals. He noted that you may have to look at additional storage or negotiate for additional peak flow during these storms to Swatara. He noted that we are really only talking about the six events we had over the past ten years so if we can look at addressing these peak flows through some other means or additional capacity for these peak wet weather events or we can negotiate with DEP a cap for what is a designed storm. He noted if we could use our 2007 designed storm we would be right on track. He noted what is not in the consent order is the limitation on the design storm increasing as you get bigger and bigger non-excused events.

Mr. Whittle noted that it is difficult to explain but we are getting more wet weather events on a high level that are not excused due to flooding conditions.

Mr. Whittle noted that we are doing great for capacity and reducing overflows but the issue is looking at the flows that go to Swatara, how often the Authority would exceed those flows, and how you can address it with Swatara and DEP.

Mr. Whittle note that some scenarios for capacity improvements in the interceptor are included in the report. He noted that originally when we had the wet weather treatment plant in place we were going to replace the entire Beaver Creek and Nyes Road Interceptors to get the flow to the treatment plant and possibly upgrades to the trunk line off of those interceptors. He noted that the good news on page eighteen shows that a large majority of the system all of the trunk lines would be at capacity for the future hydraulic green line but not the trunk lines going down Beaver Creek. He noted that the trunk lines that are in green will not need upgrades for the future reduced flows. He noted that a large portion of Beaver Creek for the conveyance interceptor will not need upgrades as well. He noted that we are seeing a reduction in that by reducing the flows.

Mr. Whittle explained what would be left that he would project for the 20 years are upgrades from where the Beaver Creek Pump Station flows into the Nyes Road interceptor down to Swatara's border.

Mr. Hornung questioned when that would have to happen. Mr. Whittle answered that 2028 is the key goal having to have the overflows removed by. He noted by 2028, at this point

you would have to make an option to exceed the flows to Swatara, the 9.49 and remove all overflows or you have to stop any upgrades at manhole 30 which is below Union Deposit that crosses over the interceptor and that would force an overflow at manhole 30 and you would be able to keep your flows consistent with how they are at Swatara.

Mr. Hornung questioned what if we increase it now. Mr. Whittle answered that you would remove all the overflows except for the one at the interceptor. He noted that you would be down to a single overflow at manhole 30. Mr. Hornung questioned what would happen at Swatara. Mr. Whittle answered if you leave the interceptor in place up to manhole 30 it becomes something like a restrictor so already you are maxing out what you can give to Swatara as it is right around 12 million gallons. He noted that they can handle that in their interceptor. Mr. Weaver noted that we have a restriction. Mr. Hornung noted that you only have one manhole overflowing now. Mr. Whittle answered that there would be an overflow there and you would have a couple overflows up in BC2, but we are doing those basins in the next period. He noted that it is a valid question because you could eliminate all your overflows except for one and possibly another until that basin is finished. Mr. Weaver noted that GHD recommends that we do that. Mr. Whittle noted that it is in the report as an option. He noted that you can do that anytime between now and 2023 to provide enough time to have it done by 2028. He noted that they have to be done by 2028 to eliminate those last couple of overflows.

Mr. Whittle noted page 24 summarizes our recommendations which is the rehab work for the next eight years. He noted that it includes maintaining an overflow box at manhole 95 and 30 as they would be the two places for potential overflows. He noted that we suggest you complete the upgrades to the interceptor and look at how to negotiate for additional capacity to Swatara or come up with a better defined design storm with DEP at that point and it would give you from 2023 to 2028 to make a decision for how to handle the last overflow.

Mr. Hornung questioned why they are increasing their level for wet weather excused events. Mr. Weaver answered that it is based upon the governor declaring a flood emergency. He noted if he does not declare a flood emergency then they would have to prove that we had our own emergency in Lower Paxton Township with general flooding. He noted in 2013, we did not have general flooding. Mr. Whittle noted that it comes down to the fact that the Township has been collecting more data for this many years, and up to 2007 we had a spattering of events. Mr. Weaver noted if you looked at that data you would see that the skewed events are very close. He

noted that we need to talk to DEP as GHD is recommending that we do this. He noted that he explained to Mr. Whittle that we needed to present this to the Board as we needed the Board's approval to send it to DEP and Mr. Whittle need to come up with costs for his recommendations. He noted that Mr. Whittle recommended that we discuss this more during the February meeting. Mr. Whittle noted that the DEP report would not include the strong recommendation that we have put at the end; they only need the satisfaction that we have looked at the model and different scenarios throughout to the end of the project. Mr. Weaver noted that GHD will pull those recommendations out of the report and provide some costs for the February meeting.

Mr. Hornung questioned if you have the dollars per gallon report. Mr. Whittle answered that it is in the engineer's report. Mr. Shannon noted that it is on page five.

Mr. Seeds noted that we bought capacity from West Hanover Township. Mr. Weaver noted that we bought it from Swatara Township who bought it from West Hanover Township. Mr. Seeds noted that there was another 400,000 that Hummelstown had. Mr. Weaver noted that we are still studying that. He noted that Mr. Whittle recommends that we look into buying it in 2028 and it could eliminate the need of storage to remove the last overflows. Mr. Seeds questioned if Hummelstown feels they need it. Mr. Weaver answered that they don't believe that they need it, but we have to look at it. Mr. Weaver noted that the bad news from the model is that there was a lack of proper planning done in 1970. He noted when they built the interceptor for Beaver Creek they designed it at a peaking factor of 2.5 at 400 gallons a day which gets you to a 1,000. He noted based upon the peaks when you get down to the joint use interceptor, whenever they decided that Lower Paxton did not get enough capacity in it. He noted that we have a restriction for the joint use interceptor. He noted that we negotiated some extra recently but ultimately in 2033, no matter how successful our program will be, we will have to build storage in Beaver Creek. He noted that we are hoping to get out of it for the Paxton Creek. He noted that it is a forgone conclusion for Beaver Creek because the capacities don't match. He explained that should have been worked out 45 years ago but it wasn't. Mr. Whittle noted that the capacity shortage is almost equivalent to the projected growth, so the needs would only need to be added on as you experience the growth. Mr. Weaver noted that storage may be an option noting that we are getting the low hanging fruit over the next five to ten years in Beaver Creek but when you get down and look at the table the flows get really low. He noted that you are not getting a great bang for your buck but you will have to do storage anyway. He noted that he has

been anti-storage forever, but in Beaver Creek, ten years from now, it may make sense. He noted if you have to do it anyway and you are not getting the bang for the buck for the mini-basin replacement then it could be an issue. Mr. Seeds noted that some are very high for the removal at costs per gallon. Mr. Whittle noted for Beaver Creek, in the next eight years for BC-2 and BC-7 you should be able to get good costs but when you get beyond that point it gets more expensive.

Mr. Hornung noted for the estimate of costs on page two he would like to know the projected cost for Beaver Creek per gallon so he knows where we are. Mr. Whittle explained, in the actual report it is in the appendix. Mr. Shannon noted that it is in the very last page of the report, but it is not included in the power point presentation. Mr. Whittle noted that he can provide that from the report. He noted that the main part of the report is shorter with many attachments for DEP noting that they are very strict on reviewing the model from what we give them.

Mr. Eby noted for the February meeting, could you come back with some other ways to finance these as we are getting rid of affordable housing in the Township noting that in 20 years we will be paying \$100 or \$150 more a quarter. He noted that he is not talking low income, more like fixed income baby boomers. Mr. Weaver noted that there is no other alternative to financing, but he will look. He noted that tapping fees will be reduced in the future. Mr. Whittle noted that looking at future storage options, it may be able to be put into a tapping fee. Mr. Eby noted that we need to look at our continued borrowing and debt service. Mr. Whittle noted that he made a note to look at that.

Engineers Report

Mr. Shannon noted that the three things that we worked on the most for the past quarter were the metering and modeling, the inspection observation services in BC-3, and trying to get PC-4C/4E ready to bid next month.

Adjournment

Mr. Blain made a motion to adjourn the meeting. Mr. Hawk seconded the motion, and the meeting adjourned at 7:56 p.m.

Respectfully submitted,

Approved by

Maureen Heberle
Recording Secretary

William L. Hornung
Authority Secretary