

**LOWER PAXTON TOWNSHIP
AUTHORITY MEETING**

Minutes of Township Authority Meeting held November 26, 2013

The regular quarterly 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 A. Crissman, and David B. Blain. Also in attendance were George Wolfe, Township Manager; William Weaver, Authority Director, Mark Hilson, Authority Engineer, Jim Wetzell, Operations; Jeff Wendle, Kevin Shannon, 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 November 19, 2013 Authority meeting minutes. Mr. Blain seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Public Comment

No public comment was presented.

Board Members' Comment

No comments were provided by Board members.

Old Business

There was no old business to conduct.

New Business

Review of proposed 2014 Authority Budget

Mr. Weaver explained the Board reviewed the budget during the August meeting and he has more complete information to provide at this time. He stated that he would go over the changes from the August draft budget. He explained that Mr. Wendle has prepared two rate projections, the first which has no increase which was used to prepare the budget and the second one has a \$5 a quarter increase.

Mr. Weaver noted that there were no changes made in revenues from the last presentation and it remains at \$13,311,000 but the amount for the tapping fees was left blank until Mr. Wendle completed the calculations. He noted that the amount of revenues was previously \$190,000 and he kept that amount to be conservative for this year. He explained that tapping fees will be discussed with the resolution later in the agenda, but basically it is the same.

Mr. Hawk noted that \$28,500 was budgeted for fines in 2013, but he questioned if that is pretty consistent or should it be reduced since the Township is doing so much remediation for the three basins. Mr. Weaver answered that he has seen a significant decrease in the overflows in the last five years. He noted that he hopes that it will be less than what was budgeted for 2013. Mr. Hawk noted that there was \$180,000 in legal fees and questioned if that is for collections that the Authority pays. Mr. Weaver answered that it is a combination of collection costs and delinquencies which is netted out to the revenue side when the debt is collected from the property owner. He noted that Mr. Stine's costs are included in that line item for all the work he has been doing with DEP as well as special counsel, Saltzman and Hughes, who has been working on the City of Harrisburg issue.

Mr. Hawk suggested that we should get a break next year for advertising now that the legislature has passed that the Township can now advertise on the web site. Mr. Weaver noted that staff has been using The Paxton Herald since their advertising rates are less expensive. Mr. Hawk noted that the website does not cost anything. Mr. Hawk noted that you don't have to advertise in the print media anymore.

Mr. Weaver noted that there are no changes in revenue, however, for expenditures; there is a small increase for engineering services due to the additional work that they provide in the administrative area. He noted that the only increase for operations facility is the purchase of major equipment. He explained that he had to replace two vehicles, one for the engineer and one

for an inspector. He explained that staff never bought a truck for the inspector that was hired in 2012, and that he has been using a Township fleet vehicle since he was hired. He explained that he was short two vehicles and Mr. Wetzel recommends that three trucks be replaced due to the age of the vehicle.

Mr. Weaver noted that the biggest cost is the transmission and treatment and he now has hard numbers from the City of Harrisburg. Mr. Hawk noted that it is over \$3 million. He explained that the Swatara Township Authority (STA) provides their budget numbers much earlier to LPTA as he received it a month ago but the agreement with the City of Harrisburg provides for a December 1st notification date. He suggested that the number that he is stating is very close to what it will be.

Mr. Hawk noted that Harrisburg costs are almost twice the cost of STA. Mr. Weaver noted for Swatara it is \$1,388,000. He noted that STA based their budget on the quarterly available EDU's as they don't get quarterly reports from the Authority for actual use. He noted that it is based on the previous year with an increase based upon connections. He noted that STA adjusts the rate in the first quarter of the next year and bases the actual costs for the new year on the costs of the treatment plant. He noted that this year the Authority was reimbursed \$320,000 and the net projection for the end of this year was \$1 million. He noted after some discussion with Mr. Wolfe and the Auditors, it was suggested that we should not bank on that occurring all the time so you still have to put a good number in the budget. He noted that that provided the number of \$1,460,000, so he increased it a little bit.

Mr. Weaver explained that STA had a problem with their dryer and the manufacturer is not cooperating. He noted that the dryer was a lemon as the shaft was faulty. He explained that STA used to have an incinerator that dried the sludge, noting that you can either land apply it or incinerator it. He noted if the dryer works properly you save on land fill costs. He questioned Mr. Wendle why the Authority received a \$300,000 rebate and Mr. Wendle determined that it is from the savings of the loss of the landfill and power costs. He noted that STA is very conservative in their budgeting. He noted that the dryer is not working now and it is an unknown at this time as we may have a large expense with the dryer. He noted that Swatara is going to file some litigation papers with the dryer manufacturer, but the manufacturer may be going out of business. He expects to get more information from STA for what they are doing with the dryer situation.

Mr. Wendle noted that it is drying but it can't take the design loading and it is operating at less than the design was supposed to be but they are able to operate it successfully to get rid of the sludge that they have as they have people who will take it to use for soil amendments. He noted, at some point it will be a problem and the difficulty is getting a new shaft made. Mr. Crissman questioned at what stage is STA in filing the litigation. Mr. Weaver noted that they are very forthright in the process and STA has provided some good input. He suggested if the dryer doesn't work STA could haul the material to Derry Township as they have a dryer that functioning below its capacity. He explained that he was told that Derry Township is interested in looking into this as they could make some money on it. He noted that he will keep the Board up to date on this issue.

Mr. Weaver noted that Attorney Scott Wyland will be scheduling a meeting with the Board to go over the City of Harrisburg rate negotiations. He noted that staff has been working with Mr. Wyland in getting information back from the City of Harrisburg and it looks like the City will settle on a rate, so it has been established in the budget, noting that he used \$3 per gallon, which relates to \$48 per EDU based upon 12,500 EDU, plus the commercial usage, the charge will be \$3 million. He noted that he has more built into it noting that it was initially more than \$3 per gallon. He recommends that the Board approve the rate at \$3,328,000 with some fluff in it. Mr. Hawk noted for revenues over expenses, we are still ahead. Mr. Weaver noted that it is \$667,000. He noted that it could be close to \$1 million if the City and STA come in where we think they will.

Mr. Seeds questioned what does \$528,000 for BNR credit purchase for 2014 mean. Mr. Weaver noted that the City of Harrisburg has a plan to do the upgrade, the expansion for the BNR treatment facility, but until they do that, the State requires that the City applies for the permit and they must purchase credits to comply. He noted that they are buying credits to comply with the permit for next year. Mr. Seeds questioned if the Authority will be credited for the \$528,000. Mr. Weaver answered that it is built into the \$3 per gallon rate. He noted that he highlighted that to show what the large ticket items were. He noted that the credit purchase will go down considerable in 2015. He noted if the treatment plants complies and works great then they won't have to buy any credits, but we don't know that yet as it may not even work. Mr. Seeds noted that we have to pay \$900,000 annually for how long. Mr. Weaver answered at this time we are only planning on doing it for next year. Mr. Wendle noted that this is based upon what we estimated before on what the operating costs would be, the debt service for Harrisburg,

and all those kinds of things, and the fact that we would have to pay for 25% of credits that they have to purchase, coming up with the \$3,328,000. He noted that with the numbers that the City of Harrisburg is talking about now, this should cover it. He noted that he is trying to explain to the Board members what those things are that are causing the increase from prior years. He noted when the City comes through with their budget; it will include whatever they have to do to purchase credits, although they are trying to negotiate the credit purchases down. He noted that the City of Harrisburg had \$2.4 million to purchase 800,000 pounds of credits but they are trying to negotiate it down with Department of Environmental Protection (DEP). Mr. Weaver noted that they only have to purchase 650,000 pounds of credit, but it won't be final until next Monday. Mr. Crissman noted that this is the highest amount and the Authority is covered but it could be less.

Mr. Weaver distributed information that he received on Monday from the City of Harrisburg's engineer. He noted that they opened bids and they are very happy with the bids as they came in at \$36 million, \$ 5 million less than the engineer's estimate. Mr. Seeds noted that no one is happy with the process that the City of Harrisburg is doing. Mr. Weaver explained that it will be discussed later in the meeting.

Mr. Weaver noted that The City plans to award the bid on December 18th, but he still can't figure out how they can award a contract if they don't have any money in the bank. Mr. Seeds noted if the cost is \$36 million, the Authority's share is... Mr. Weaver noted that it is \$900,000, the debt service of 22% for one year. Mr. Wendle noted that was an old number as it was based upon the old debt service. Mr. Weaver suggested that it is be lower as it was related to the \$3 per gallon rate. He noted that Mr. Wendle based the \$900,000 on the bid coming in \$5 million higher. Mr. Wendle suggested that the Board should ignore this as these are the numbers that he tried to put together knowing what was going on; however, the Board should get a budget on Monday showing the cost of operations and debt service and then staff will be able to look at the line items that the Authority has. Mr. Seeds noted if it is \$35 or \$40 million in improvements, the Township will be paying a fourth of it. Mr. Weaver noted that that Authority's portion is 22% over 20 years. Mr. Wendle noted that it will probably increase every time because the Township will develop more than other municipalities and The City's charge is based upon the annual EDU's.

Mr. Weaver noted for the debt service, when he and Ms. Knoll prepared the budget he did not have the final bond reissuance from the advisor. He noted when he received the new

debt service he reviewed it with Mr. Wendle and he has built it into his rate analysis but the dip in the debt service that he described in August does not occur. He noted that he initially stated that it was \$5.2 million but it is now \$5.6 million so there was no dip. He noted that the bad news is when you review the rate schedule; it is not level debt entirely. He noted that there is a 22% increase in debt service in 2019 from \$4.9 million to \$5.9 million and it will last for two or three years. He noted as the Authority does refundings the Board can speak to Mr. Wenger about smoothing them out. He noted that the debt service continues to keep the Authority in the black so the total debt service of \$5.6 million with the total Authority expenditures of \$12,643,996 will provide a positive of \$667,000. He explained that describes his changes for expenses.

Mr. Seeds noted that we lost \$854,000 in the sequestration. Mr. Weaver noted that we will still get it but it went down noting that the IRS reduced the amount. Mr. Wendle noted that the total was \$938,000. Mr. Weaver explained that it went down about \$80,000. Mr. Wolfe noted that there is a chance that it will go down again. He noted if across the board cuts continue the rebate will be reduced. Mr. Seeds questioned what the subsidy amounts to, \$4,794,503. Mr. Weaver explained that it is the subtraction of the reimbursement; he noted that the actual debt service cost net was \$4,794,503. Mr. Seeds questioned if that is over the term of the bond. Mr. Weaver noted that is the debt service for 2014. Mr. Wolfe explained if you take the \$854,000 out of the \$5.6 million you get \$4.8 million.

Mr. Crissman questioned if we will revisit the debt service issue at a future point. Mr. Weaver answered that we can do that now, noting that the next part of the budget will discuss borrowing money soon.

Mr. Weaver noted that the only change from the previous budget in August is that Mr. Hilson recommended that we add a replacement project under the 800 accounts for Beaver Creek, noting that we added Trunk G replacement for \$500,000 because it runs through the Shadebrook Development and it will be replaced in time as staff moves through the Beaver Creek system. He noted that it doesn't go over well when someone builds a development and then you later build sewer in it. He noted that the owner in the Willshire Estates Development was not very happy when we plowed through the new development so we are basically moving ahead with Trunk G. Mr. Hornung questioned what is wrong with it. Mr. Weaver answered that it is 50 years old and made of asbestos cement. Mr. Wolfe noted that our policy is to replace it. Mr. Weaver noted that it is a lot easier to deal with it when there is nothing there, but once you have the improvements built out it makes it more difficult for the contractor to get in and out.

Mr. Weaver noted that he added in the Beaver Creek station modification noting that he will discuss this more in the Township Report section of the meeting, however, he met with Ronca and the pump manufacturer and they provided an estimate of \$100,000 to retrofit the pumping station to get rid of the big pump and install a smaller pump.

Mr. Weaver noted that the total for capital improvements is \$1,157,000 with a capital budget for I & I total fund of \$14,699,500. He noted that Mr. Wendle will go over this during his rate analysis presentation but the Authority has \$17.2 million left in bond money. He noted with \$15 million to spend next year it won't take long to use it up.

Mr. Seeds noted that for line item 900.42422, there is a \$20,000 error in that account. Mr. Weaver questioned if it is in the description of the narrative as compared to what the total amount is. Mr. Seeds suggested if you add it all up it would be \$1,162,000 instead of \$1,142,000. Mr. Weaver noted that we put the large ticket items in the narrative but the narrative amount, unlike the Township, doesn't always match the line item. He noted that he has so much in expenditures, it is impossible to list the entire dollar amount, but in this case it should match.

Mr. Seeds noted that the management agreement states that you will add one mechanic and one inspector for six months. He questioned if Mr. Weaver would be hiring two people or will GHD supply the personnel. Mr. Weaver answered that he has an inspector that will probably retire in 2014, and if he goes Mr. Brallier may also retire. He noted that he wants to get someone in for the six months to be trained especially with the metering work that Mr. Brallier does. He noted that is the intent with this line item. He explained that he would be hiring another inspector from GHD as well as we have a lot of work for another year or two and then it will slow down.

Mr. Seeds questioned if we will talk about the rate projection. Mr. Weaver noted that Mr. Wendle will cover that now.

Mr. Wendle noted that he did two alternatives rate projections, noting that he made some corrections to the one posted on Friday. He noted that Exhibit 1 shows a ten year projection but there are a number of unknowns at this time. He noted that the first issue is with the City of Harrisburg and the \$4.2 million in the sewer fund that was supposed to come back to the suburban municipalities, noting that the Authority should receive its share of that. He noted that there is a \$4.5 million payment that is required to be paid back, about \$15 million that they owe the suburban municipalities with the City making the paybacks over a period of 12 years. He noted that the first payment of \$4.5 million is due next spring. He explained that he did not include that in this spreadsheet. He noted that trying to project out 20 to 30 years for this

discussion, noting that it is more important to look at five years and then maybe ten years. Mr. Seeds noted that you are not including that and we would have to approve that final settlement agreement if we would settle on the amount that has been discussed. Mr. Wolfe noted that the Commonwealth Court Order would not require us to settle as they will approve the plan by the City of Harrisburg. Mr. Crissman suggested that the court order will dictate it. Mr. Wolfe noted that the Authority has been in negotiations about the amount as a party to the settlement as they are all parties to the overall settlement plan, and the Authorities issues have been presented and addressed. Mr. Weaver noted that they will ask the Board to act on the annual rate for the budget and that is one of the main reasons why Mr. Wyland wants to talk to the Board to ensure that the Board is okay with the negotiated rate for 2014, with the understanding that they had no rate discussion for 2015. He noted that the City is willing to reduce the rate with the option that we will have to look at it again in 2015. He noted that he had no problem with that.

Mr. Seeds questioned when Mr. Wyland was coming to speak with the Board. Mr. Weaver answered pretty soon. Mr. Seeds questioned if he will address the Sewer Authority or the Board of Supervisors. Mr. Weaver answered that he would like to have a joint meeting of all the Boards. Mr. Crissman noted that he is making the assumption that Mr. Weaver already has the numbers that he needs based on some preliminary discussion that he has had, but the Board needs to hear it directly from Mr. Wyland. Mr. Wolfe noted that Mr. Wyland will have a number that he approved that he recommends. Mr. Wolfe explained that staff finds the number to be acceptable. Mr. Weaver recommended that Mr. Wyland attend an executive session especially if the Board members do not want to attend a larger meeting with the other Boards. Mr. Crissman noted that Mr. Wyland needs to meet with the Authority to get its approval.

Mr. Wendle noted that there is about \$17 million in the PLGIT fund but the capital expenditures will be around \$15 million, with \$14 million of capital expenditures for next year, noting that the LPTA has to have all of that under contract by the end of 2014 as per the bond requirements. He noted that the schedule shows that the LPTA will have the funds under contract but not all spent at that point. He explained that he projected, based on the next few year's expenditures, what that balance would be with the objective to have a reserve fund of between \$4.5 million and \$6 million. He noted that for the next ten years he tried to maintain that amount as a minimum and to provide for a gradual increase in rates noting that the other rule was that the rate would never increase more than \$10 a quarter. He explained that is how the rates were set. He explained that you get to the same place but in terms of rate, we are already ahead

of what we originally projected. He noted he had projected by 2019 that we would be at a rate of \$170, but he thinks that the LPTA can be at \$150 a quarter and still make it work. He noted that he is not increasing the rates as fast as previously projected. He explained that he is right on the money for the projection for 2011 but is down for what was projected in 2010 and 2009.

Mr. Weaver explained that he projected to spend the \$42 million on Beaver Creek Improvements at the plant that was delayed three years by having to do the sewer replacements. Mr. Weaver noted by spreading it out over time, LPTA can increase the rates much more slowly. He noted that Exhibit 1 would keep the \$120 rate for the next two years and then increase it by \$5 in 2016, 2017, and after that, \$10 per quarter out through 2023 if every thing stayed the way it is. He noted that Mr. Crissman had mentioned the debt service but if you look at the yellow line, he projected by the end of next year you would need to borrow money and three years after that. He noted that there was a jump, as it assumes that LPTA would be adding debt service as it will need to borrow. He noted, in the past year, the Board refinanced causing a change; therefore if the Board wants to establish level debt service when there are future bond refinance, Mr. Wenger could rework it, but he doesn't know how to do that in terms of what you can pay in interest only for a while and then have larger principal amounts. He noted that he has shown it as increasing, so in 2015, a debt service payment starts for borrowing at the end of 2014 to finance the next three years of projects and then another three years after that. He noted that he showed three years at a time in accordance with the schedule and projected numbers. He noted that the next borrowing will occur in the end of 2017 with 2018 showing additional debt service. Mr. Crissman noted that the increase in debt service occurs in 2016. Mr. Weaver noted that it is 2019.

Mr. Crissman noted that LPTA can maintain level debt service until it borrows again, noting as LPTA raises the increments of \$5 and \$10, then we need to borrow and to have continued level debt service. He explained that he never wanted a sudden burst to increase the rate by \$35 just to cover increase in debt service. Mr. Wendle noted the way he has it projected, the LPTA will never do that. He noted that \$10 a quarter and taking on debt every three years for the next ten years, LPTA will continue to do it after that, but basically it would be matching it with increases of \$5 and \$10. Mr. Crissman noted that we are okay until 2019. Mr. Weaver explained that it only goes up for two years.

Mr. Seeds noted that we have had this discussion for years whether to increase it \$5 or let it go for a couple of years and raise it \$10. He noted that if we give the people a break for a

couple of years then in two or three years we would have to increase it \$10, so the question is do you want to want to raise it even though you don't need it next year so you won't have to go with a \$10 increase the year after. Mr. Weaver explained that he tried to get some guidance from the Board a couple of years ago as most of the Board was happy with \$5 million in the reserve fund. He noted that it is a good guide to see what is surplus. Mr. Seeds noted that we don't need it now but under this scenario in a couple of years we will have to raise the rate by \$10.

Mr. Wendle noted that this scenario shows two years at \$120 but you could get away with keeping it as is for the next two years or you could raise it \$5 next year and then you could get away with \$5 increments all the way out until 2021 until you would have to implement a \$10 increase. He noted that there is a compromise if you start at \$120 for one more year and then go to \$125 in 2015 then you would be able to keep the \$5 increment further out than this would allow you to.

Mr. Hawk noted that you generally frown on anything other than level debt service unless you have impressive documentation to increase it. Mr. Blain questioned what interest rate Mr. Wendle used. Mr. Wendle answered that he used 25 years of 4.25%, 4.5%, 5%, and 5.5%. Mr. Blain noted that Mr. Wendle increase the interest rate as time moved on. He noted that he did not want to assume that it would stay at the low rate that it is at now forever. He hoped that he did not use too low a rate. Mr. Blain explained that a thousand basis point swing could have a significant impact; using 5.5% if it would be 6.5% would have a significant impact to the budget. Mr. Weaver noted if you look at the debt service, it is almost 47% of the total budget.

Mr. Seeds noted in regards to the storm sewer authority, if we made it part of the sewer authority and decided to charge so much per EDU, if we wait to do that in a couple of years when we are already raising the sewer rate by \$10, we might say that we need funds for storm sewer so we might add another \$5 or \$10 and then we would have a huge jump for the residents if we would go the authority route. Mr. Weaver noted that the good news is that he keeps an eye on the national average for sewer rates and the Authority is still well below the medium. He noted by not raising rates for the past three years using Mr. Wendle's projections if you look ten years out we will continue to be below the medium and that is good. Mr. Seeds noted that the gentleman from DEP stated that the Authorities problem is that its rates are not high enough.

Mr. Hornung questioned, at what point does Mr. Wendle perceive that the LPTA would be down to a maintenance level as compared to a rehabilitation level. Mr. Weaver suggested that it may be 15 years from now. Mr. Hornung questioned if it would be wise to try to start getting a

little further ahead by raising the rates. Mr. Weaver answered that he would have to defer to the financial manager on that. He noted that you really need to go out in time noting that he has to do one sewer replacement a year at a cost of two or three million for the next 20 years after the 15 years and then look at rates for that. Mr. Hornung noted in the debt service there is one year where it jumps two million. Mr. Weaver noted that the current debt service goes up a million in 2018. Mr. Wendle noted that it goes up two million in 2018 because we are taking on \$1.35 million as an additional line item and there is also the existing new debt. Mr. Hornung questioned if it is a new borrowing. Mr. Weaver noted that you have the existing debt that already has a 20% jump that Mr. Crissman wants to get rid of.

Mr. Hornung questioned what a \$5 increase in the rate brings in. Mr. Wendle noted that it is about \$100,000 per quarter. He noted if you look at Exhibit Two, you get the feel for that as in 2014 he projects a \$522,000 increase for a \$5 increase plus there are additional new customers projected. Mr. Hornung noted if we know we will have a surge two years out we should start paying for it now in a rate increase by raising the rates by \$5 for the next three years.

Mr. Blain noted the next analysis gets to what you want to do because if you look at cash flow and if you raise the rate \$5 per year until 2021, it actually generates a higher cash flow into the out years so the cash estimates at the end of 2018 and 2019 are \$5 million or \$6 million but on the other spreadsheet it will be \$10 million. He noted that it builds up the cash that Mr. Hornung is talking about so you have the cash available in the out years to do the projects that you want to do and it also maintains some level structure with rate increases. Mr. Hornung noted that people talk to him about how the LPTA raises the rates by \$5 but they have gotten used to it. Mr. Weaver noted that the last increase in rates was three years ago. Mr. Seeds noted that people kind of expect it and then after two or three years we all of a sudden we raise the rates by \$10... Mr. Hornung noted that he would rather keep the rate at the \$5 increase and maintain it rather than raise it by \$10. Mr. Blain noted as the economy strengthens you will not be able to bid out projects and get the prices that we are currently getting. He noted that you will have less contractors bidding and projects will be bid at a higher price so having excess cash up front could offset that in the future.

Mr. Wendle noted if you look at 2024, the cash on hand by both scenarios ends up at the same spot but what Mr. Blain is saying is if you front-end load this a little bit and build up cash instead of trying to maintain cash by jumping \$10 a quarter after 2017, that way you maintain cash plus you earn additional interest. Mr. Blain noted as the market recovers, you will see two

things, interest rate on debt rise and interest rate in your bank account rise as well. Mr. Wendle noted with the projections of \$10 or \$11 million on hand we are looking at budgeting \$78,000 to \$83,000 a year for interest that LPTA would earn up front. Mr. Seeds noted that he is hearing that we should raise the rates for 2014 to \$125. Mr. Blain agreed that you are better off doing the \$5 increments every year because \$5 on a \$120 a quarter is 3%. Mr. Wolfe noted that the Board is looking at option two, which shows a projected rate of \$125 in 2014. Mr. Hawk suggested if you keep it at \$5, you will get less of a squawk, but if all of a sudden it is raised to \$10, then the Board will hear more of a roar. Mr. Crissman agreed.

Mr. Weaver noted that he would caution the Board about a rate increase next year especially if LPTA settles with the City of Harrisburg in December as it could get some negative feedback from the public. Mr. Crissman noted that he understands that as well. Mr. Wendle noted if you got 22% of the \$4.2 million, it would be close to a million dollars noting that it is the first payment of a series of payments over 12 years and then there is the sewer fund that they are arguing about. He noted that supposedly there was \$4.2 million in the fund that it overpaid over the last couple of years that we are supposed to get something back from.

Mr. Hornung noted that those funds could be used the year after. Mr. Wolfe noted that staff is making the Board aware that you could get this money next year. Mr. Crissman noted that he would rather be sure that we get the money. Mr. Wendle noted that you could postpone borrowing for projects. Mr. Weaver suggested that the Board wait until the end of December to approve the budget noting that we should have a better idea when Mr. Wyland comes to address the board members.

Mr. Hornung noted that we keep just pushing the debt further out and that is why he wants to raise the rate. Mr. Weaver noted that we are getting good results. Mr. Hornung noted that they are excellent. Mr. Hornung questioned how far ahead the Authority is for its DEP consent decree projects. Mr. Weaver answered that LPTA is right on schedule for Paxton Creek and for Beaver Creek it is a year and a half ahead of schedule. Mr. Hornung noted that we have a cushion if we had to slow down. Mr. Wendle noted that we have a one-year projected slow down in 2016.

Mr. Seeds questioned what percent of the I&I in the Township is corrected. Mr. Weaver noted that we are just getting started. He noted for Beaver Creek, staff is in the first two years of a 20 year program. He noted that it is six years in the Paxton Creek sewer replacement project.

Mr. Hornung questioned Mr. Wendle what he sees being spent for I&I removal until it is over, how much money do you think we will have to borrow, and what will be the maximum debt at some point that we will have. Mr. Wendle noted that he has that information but he does not have it with him. Mr. Hornung noted that he has a concern that we reach a level of debt that he does not want to do. Mr. Weaver suggested that Mr. Wendle thinks that the debt will level off around \$210 per quarter. Mr. Hornung noted that he wants to know how much total debt we are talking about. Mr. Weaver answered that it would be \$180 million in 20 years. Mr. Hornung questioned at what point the highest debt would occur that the Authority will have as a result of these projects. Mr. Wendle explained that some debt would be retired. Mr. Weaver noted that he needs to meet with Mr. Wenger to discuss borrowing. Mr. Crissman noted where those bonds drop off the others fit in to keep the level debt going. He noted that we need someone to work out that program.

Mr. Wendle noted that he took it out to the end assuming that we will continue to do mini-basin replacements, but at some point the Authority should consider storage because we are shrinking the peak flow down substantially. He noted that we need to look at storage to slow down the other work. He explained that LPTA had to do that in 2022 for Paxton Creek and 2033 in Beaver Creek.

Mr. Hornung questioned how many other municipalities are doing this kind of work. Mr. Wolfe questioned to this extent in Pennsylvania. Mr. Weaver noted that we were one of the first five in the country to do full scale private sewer replacements and when we first started this we were doing papers nationally and big cities weren't even doing it as they were afraid to go behind the curve. He noted that 90% of the presentations that we saw at collection system conferences were going behind the curve. He noted that is the secret for getting the numbers that we do. He noted that in 15 years for BC 6, Mr. Hilson has a multiple section to do and he has been getting some really good information as we will have one sub basin done, and will be able to provide a better answer about the costs and storage.

Mr. Hornung questioned what percentage of other townships or are we a minority group as far as the amount of money that we are spending on rehab. Mr. Hilson answered that we are way out ahead of the others as most townships do one sewer project at a time. He noted that we have a program... Mr. Wolfe noted that we have four or five projects starting in any one year. Mr. Seeds noted that Susquehanna Township is doing some. Mr. Wolfe noted not to this extent. Mr. Wendle noted that they are on a 20 year program as well but it will ramp up now as DEP is

making them do a consent order and agreement. Mr. Seeds noted that we were the favorite son as DEP kind of picked on us first but now they are going all over the State so others will be following us. Mr. Wendle noted that the Township is unique in that DEP use to tell people that they had to correct their problem in five years; however, the Township told DEP that it could not get the work done within five years and we were the first that got a 20-year corrective action plan and were allowed to have more connections. He noted that we have the problem of sending the waste water to someone else who is restricting how much waste water we can send them. He noted that East Pennsboro Township just expanded their waste water treatment plant and their average daily flow is about 3.5 gpd but they designed the plant to take and treat 27 mgd this past week and treated it. He noted that they have a huge peaking factor like the Township but they have the option of building a treatment plant that can handle it and go through secondary treatment. He noted that the problem with Lower Paxton Township and satellite communities that have a restriction on how much you can send is that here is no choice for the Township other than to get it out as opposed to treatment. He noted that is why the Township is unique among many of the municipalities that have their own treatment plant. Mr. Seeds noted that even though others can build a bigger plant, you still need the pipes to get your waste there. Mr. Wendle noting that building big pipes is a lot cheaper than replacing entire basins. He noted that replacing sewers is the most expensive way to deal with it.

Mr. Hornung questioned for Beaver Creek, the Township does not have the option of going to Swatara as they have a small footprint. Mr. Wolfe answered that STA is about as big as they can get with the recent upgrade. Mr. Wendle noted that they refused to provide more for the Township. He noted that we have a much bigger capacity now on a monthly basis. Mr. Hawk noted that we are a large Township and with a large Township comes a lot more problems. He noted that he has close friends in Clinton County and they only have 846 people so their sewer problem is significant but no where near the magnitude.

Mr. Hornung questioned as the monetary demand goes up, in the private sector what happens when there is more demand for problem solving someone comes up with a new invention. He stated that he goes back to the Actiflo but is there anything that that would allow the LPTA to go down this road. Mr. Weaver answered yes, noting that he got an email from John Hall and they are ready to talk about Actiflo. He noted that they won a big case and lost a big case for the Chesapeake Bay where the EPA assigned limits to the Bay and it was challenged and they lost but they won another case with treatment plants being able to bypass and mix flows

together and they somehow believe that we are related to that. He stated that he does not think that we are but Mr. Wendle has ideas about combining with the city Actiflo but he does not think we will ever get to the point where they will allow us to build a satellite system because it is another discharge and you are not removing the source. He suggested that they will never go along with it. He noted that the worst decision that DEP ever made was not allowing the Township to do Actiflo because it would provide the same result as all the overflows would have been treated by now. He noted that we provided them a better plan to improve the environment.

Mr. Blain noted that they may want to talk about Actiflo as it was 15 years ago when we had these first discussions about it. He noted that the technology and data is behind it as well as its success. He noted that they might want to talk about it again.

Mr. Weaver noted that the technology gets better but the regulations get worse.

Mr. Wolfe questioned what you want to do with the budget tonight. Mr. Crissman suggested that we wait until we get the last piece of information. Mr. Seeds questioned if Mr. Weaver is recommending that we wait. Mr. Weaver answered yes as the City is in the paper everyday and people are calling him and if they see that we are going to get \$4 million back in two years and we are raising rates, he suggested that it will not look good. He noted that he wants to make sure the Board is aware of everything. Mr. Crissman noted that we need to do our due diligence and the other piece of information so it is good to wait. He noted if Mr. Wendle can provide us with figures for how much we will get back and if we take that money and reduce the borrowing; he is not always concerned about doing the politically correct thing. Mr. Weaver noted that it is a low percentage of calls, but we do get them and the Board needs a plan to respond to the public as it will get some negative impact. Mr. Hornung noted that the right thing to do is to increase it by \$5 and level out the debt service more to help save for the \$2 million increase or take the money and buy down the debt. He noted that both are good solutions.

Mr. Blain questioned if the settlement was factored into the budget. Mr. Wendle answered no. Mr. Blain answered that he agreed with Mr. Hornung that we should use the refund to work down the debt service.

Mr. Seeds questioned if that is why Mr. Weaver suggested waiting to approve the budget. Mr. Weaver answered yes but if you look at the rate increase and the refund from the City they net to zero. He noted that the City is raising the rates to pay back the Authority. Mr. Crissman agreed that it would be good to wait as he needs all the data to make a better decision. Mr.

Hornung noted that he would like to wait as well. Mr. Wolfe noted that he will advertise the Authority meeting for December 17th to act on the budget.

Mr. Weaver noted that he could have Mr. Wendle redo the tables to show the increase for next year with the new information and he can meet with Mr. Wenger to project the rates out even longer. Mr. Crissman noted that he wants level debt service. Mr. Wendle noted on one hand it is impossible to have level debt from today all the way until 2039 as we will be borrowing more money. He questioned if he really wanted to have level rate increases. Mr. Crissman answered that he wants level debt service as he knows some debts drop off normally, but as soon as you borrow it drastically increases it so what he is looking for is that we keep the debt service level without having a huge increase because when that occurs it has a direct impact on the tax payer for how much we will have to raise the rates just to accommodate the debt service. He noted that he wants someone to look at where the old debt drop off as it would pull it down knowing that we need to borrow in the future to provide for a level debt service. Mr. Wendle noted if you are borrowing every three years to finance three years of projects, there is nothing dropping off. He noted that he increased the rates to prevent this problem. Mr. Crissman noted that he supports the \$5 increase, a little at a time, so as the debt service goes up and down the rate increase will help to compensate for the increase in debt service. Mr. Hawk suggested that we will not have that problem. Mr. Crissman noted that he will ensure that it doesn't occur. Mr. Hawk noted that the Securities Exchange Commission won't allow that to happen. Mr. Crissman noted that he will make sure it doesn't occur as it is his job to do that.

Action on Resolution 13-15; establishing new tapping fees

Mr. Weaver recommended tabling this action as it is part of the budget. Mr. Wolfe suggested that Mr. Wendle could make his presentation at this time but he will put it on the agenda for the December 17th meeting. Mr. Hornung questioned if it would be better to approve it now so you would know what to include in the budget. Mr. Weaver answered if you change the budget you will establish a resolution for a new rate. Mr. Wendle noted that the budget will not affect the tapping fees that you are allowed to charge. Mr. Weaver suggested that it is a net zero.

Mr. Wendle noted that the average tapping fee income for next year is \$100 less than the current tapping fees as it is currently \$19. He noted next year if you average between \$1,540 in Paxton Creek and \$2,090 for Beaver Creek it works out to be equal number of EUD's at \$1,800. He noted that he is not counting anything in Spring Creek or Asylum Run basins.

Mr. Wendle noted in 2005, he compiled projections using the 1957 Tapping Fee Law, based upon the original Gannett Fleming Report. He noted that it is based off of those numbers but in the last year since the Board raised the tapping fees there have been increases in the construction index which allows the Board to raise it by that amount. He noted, at the same time, he has removed capacity facilities out of service and Swatara Township redid their Treatment Plant. He noted that LPTA changed the tapping fee in 2005 to be special purpose part for all the capacity related facilities in each basin divided by the number of EDU's projected for ultimate build out. He noted that it gives a better tapping fee for now then if you would divide it by gallons. He noted that you have to stop charging that tapping fee at some point when you have achieved build out for all of the EDU's that you charged the tapping fee for. He noted in Asylum Run it was reduced a little since LPTA replaced a section of the interceptor under I-83, so he took out the old value, by back calculating it, starting for what it is today, went back to 1958, backed it out of the original tapping fee, and now you have debt associated with that and since LPTA can't chart for debt so we had to subtract the debt out. He noted that the most detailed cost was provided by ARRO for Beaver Creek where they basically provided a line-by-line item of all the things that they kept from the original plant and what their values were and the new value. He noted that the Authorities value from Swatara's Plant is around \$18 million with a \$14 million debt. He noted that the Authorities value is about \$6 million which is a little less than what it had available from the old plant since they replace a bunch of things. He noted that these are the numbers that he came up with as the maximum allowable tapping fees to charge. He noted that they are not very different from the prior years.

Mr. Weaver noted that it is complicated as he tried to figure out how to take out something that you used for its existing whole life of 50 years and now you are putting something new in, but in the end, the rates stay low for a while and then go up as LPTA pays the debt down. Mr. Wendle noted that the debt is almost 100% so for future tapping fees you can increase it by the construction costs index every year as it gives you the inflation value above what you originally paid for. He noted for next year, since we will have started to pay down debt it will put some tables in place that allow the Board to look at how much debt it is paying down on the principal each year over the next 20 years so that each year it will gain value for both inflation for the construction cost index but also the reduction of debt. He explained that it is shown 100% as debt.

Mr. Seeds questioned if Mr. Wendle calculated this out of a sense of fairness or is there some state regulation. Mr. Wendle answered that this is a requirement by State Law. Mr. Weaver noted that it is a state law but the developers had major lobbying efforts for it. Mr. Wolfe suggested that it is ten years old. Mr. Weaver noted that the Board could act on this resolution.

Mr. Blain made a motion to approve Resolution 13-15 establishing new tapping fees. Mr. Crissman seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Action on Exhibit A-13 to the Engineering Services Agreement

Mr. Seeds questioned why this Exhibit is called A-13. Mr. Wendle explained that since the original agreement in 1999, there have been 13 amendments to the agreement noting that the last one was in 2011.

Mr. Weaver noted that he initially had three inspectors and added one more noting that Mr. Wendle was kind enough to provide a low overhead rate for these inspectors. He noted that it is cheaper for the Authority to hire these inspectors through GHD during this very intensive construction period than to hire its own people based upon the costs at the Authority level. He noted that Mr. Wendle has provided this exhibit to hire a new person who will be added to the Township's projects.

Mr. Wendle noted that GHD had an agreement with the Authority last year that provided for three inspectors that he would pay for all their time off that they normally have and the Township would pay for their full-time salaries for the year including the Township's holidays. He noted if the Authority doesn't work and the contractor works, then his people work. He noted that it is equivalent to being \$50 an hour on a 228 day basis if the Authority had to hire someone. He noted that it is competitive with what the authority's salaries are if it had to hire someone full-time. He noted at the end of the projects he has to figure out what to do with that employee. He noted that it adds a fourth employee and the rate for each person discounted to an average, noting that he has not gone outside the range of rates provided over a year ago. He noted that the employee's normal rate is \$75 per hour so he discounted it back to \$66 to get an average for all the range of experiences for the employees. He explained that he will pay the difference for his holidays and paid time off. He noted that the employees report to Mr. Wetzel and Mr. Wetzel and Mr. Hilson assigned their work. Mr. Weaver explained that they continue to be GHD employees. Mr. Blain questioned why the paper work stated CET. Mr. Wendle noted that he will make the corrections and provide another form for the Board to sign.

Mr. Seeds questioned if this is only for the inspectors and not the general agreement between the Authority and GHD. Mr. Wendle explained that it is an amendment to the existing agreement that allows those employees to work as inspectors. Mr. Seeds questioned when the other agreement will be discussed. Mr. Wendle answered that it will be part of the February meeting. Mr. Weaver noted that the current agreement only provides for three people. He noted that the Board wants to reorganize the Authority after the Township had its reorganization meetings.

Mr. Weaver recommended that the Board take action on Exhibit A for GHD agreement. Mr. Blain noted that as long as it reflects the correct name of the company. Mr. Crissman made a motion to approve Exhibit A-13 to the Engineering Services Agreement. Mr. Blain seconded the motion. Mr. Seeds called for a voice vote and a unanimous vote followed.

Township Reports

Review of the cost/gallon of I&I removal

Mr. Wendle noted that Mr. Hornung requested this information during a previous meeting. He noted that he does not have the new information as the metering season is just starting, but the information is current to February 2013. Mr. Weaver noted that the initial cost is between \$2 and \$2.25 but with inflation it brings it up to around \$3. He noted that he will update this information every year when he does the annual report; GHD does an analysis for the Department on the removal per EDU. He noted that Mr. Wendle's target is 1,000 gallons per day per EDU. He noted that he does an analysis for flow removal for each basin but he doesn't do the cost per gallon, so he has asked GHD to do that for the annual report.

Mr. Seeds noted for PC1A, how you came up with the gallons of EDU removed. He questioned if it was for the entire basin. Mr. Weaver noted that it is the total per EDU, noting that it is the average. Mr. Wendle noted for PC 1A, he found some sump pumps in the last storm. Mr. Shannon noted that there were some other wet weather events that occurred. Mr. Weaver noted that we experience the floods, and they are good for something but it is not great for this as we need a normal reading time. Mr. Seeds noted when you do the EDU total, would you take the 334 by 205. Mr. Wendle noted that you take 334 times 3900 that would give you the total gallons that we projected to be removed from PC1A and divide it as it is I&I removal, providing

\$1,302,600 and divide it into the dollars spent to do it provides a cost of \$1.01 per gallon per day removed.

Mr. Weaver noted that the Authority gets better pricing for the bigger jobs. Mr. Wolfe noted that this body made that decision years ago to start combining projects. He noted that you are now putting jobs on the street that are \$7 or \$8 million jobs. Mr. Shannon noted that PC1A and IC was done as one project. He noted it is the same for 4B and 6C as it was an \$8 million job. Mr. Hornung questioned what happened with SC1E. Mr. Hilson noted that it was a small one but included a trunk line in 1G and the restrictor removal and a lot of main that was a building sewer that went to the school so it was not a good one to hang your hat on.

Mr. Hornung noted that they are nice numbers. Mr. Weaver noted that the costs are really low as it was \$16,500 per EDU and that is lower than we have seen in four or five years. Mr. Hilson noted that the bidding environment is just fantastic at this time. He noted that there was nothing out there for anyone to bid on when he bid the last project so the contractors were really hungry. Mr. Weaver explained that he wants to combine two jobs for next year with one estimate being \$3.9 million and the other one being \$4.9, representing a \$9 million job. He explained that he has to be under contract by November 1, 2014 and if there was a permit delay for one of the projects it would provide too much of a risk to combine them now and not make the November 1st deadline.

Mr. Hornung noted that you have to be careful that a contractor does not go under. Mr. Blain noted that they must be bonded. He noted that one bad job for a contractor can send them under as they are bidding at such a low margin and that is why it is important to ensure that the Authority has the proper bonding.

DEP Letter & Review of data collected from recent flood event

Mr. Weaver noted that the Authority received an exemption for a recent flood event as he blamed the event on the City and DEP agreed as the City had flooding in Cameron Street and it backed up. He noted that PC1A and 6C are the only two mini-basins that staff got bad results from. He noted that they had a great reduction and then it went back up and he was blaming it on the meters. He noted that they have major issues in that area as staff went out during the last flood and found that it is related to how people take care of their property and the ground water issues in the area. He noted that staff found sump pumps and basements leaking into floor drains. Mr. Wentzel noted that he found many different problems such as a sump pump that was

adding 32,000 gallons of flow per day. He noted that he found another property that water was leaking through the wall, running across the floor into their floor drain, adding 28,000 gallons per day. He explained that he had to meet with the property owners to get these fixed. He noted that he found five different under slabs issues that contributed to this situation.

Mr. Hornung questioned how they were found. Mr. Wetzel answered by doing physical inspections of the observations T's in the system. He noted that they are estimated flows; starting at the low end where he put a weir in the pipe and it measures the flow and if we find a significant amount we chase it upstream to see where it is coming from. He noted that it is a fairly accurate number going to each property within a certain section that we find the flow and we start popping the observation T's that were installed in the replacement project and that is how we can determine where the flow is coming from for each property. Mr. Crissman noted that you mentioned a crack in a foundation, how did you find it. Mr. Wetzel noted that we will knock on the door and conducted a visual inspection. Mr. Weaver noted that we planned for the future by installing the observation T's as we are one of the first ones to start using them. He noted when you put a flashlight down it you can see if there is water. Mr. Hilson noted that you pick the downstream manhole carefully and you weir that and there is not much flow in it you don't follow it upstream and you pick another one to check. He noted that you follow it upstream and isolate the run and then you can start pulling the T's and then isolate it to the house.

Mr. Hornung noted since we have had all these floods, there is a greater propensity for people to get the water away from the foundations as they are putting the water into the sewer. He noted that they can't do that but the people tell him that they have no other choice so what many are doing is adding a second sump pump and putting that into the sewer. He questioned if the Authority was starting to see that. Mr. Wetzel answered when we see an abnormal flow coming from a property we pull the house inspection report noting that they may not have had a sump pump originally so we will check to see what is occurring. Mr. Weaver explained that the bad news is all these mini-basins will all have problems that will magnify issues as within the next 15 years 20 million gallons of water will be removed out of the sewer, and it has to go somewhere and it is going into people's basements. He noted that the storms seem to be more intense and he doesn't know where it will go but it will get worse. He noted that it is very unique in terms of where we are finding them, not every mini-basin, with the ones in red being high priority that there are a couple people who are taking all the water. He stated for Quail Hollow, a

new development, he thinks there are major sump pumps in that location as he is getting 125,000 gallons of water from a small section that is not all PVC that was built in 1980.

Mr. Hornung questioned if we should be getting credits from DEP for keeping the ground water from going into the sewer lines and into the Chesapeake Bay.

Mr. Weaver noted PC-1A is pretty much completed, but there is a lot of work to do in the PC 6 basin, noting that the storms are intense and by the time you get out, the water has peaked and you can't get it all. He noted in the area of Irene Drive, they did a lot of work but for Curvin Drive, they still have to do all the stuff that is in the bottom of PC 6. He explained that he will go back and finish that.

Mr. Hornung questioned if the Township needs to put out information regarding sump pumps. Mr. Hilson answered that people don't understand the magnitude of pumping ground water into the sewer compared to what a normal house would have for sewage use. He noted that they think they can install a little pump and no one will notice as it is not a big deal. He noted that 32,000 gallons is a huge deal but people don't make that connection.

Mr. Seeds requested Mr. Wolfe to put something in the newsletter on this topic. He suggested that it be put on the website and the TV Channel as well.

Mr. Weaver noted for ARA, the information was sent to DEP that we had a 700,000 peak so we are right at the 1,000 gallon day per EDU for that mini-basin.

Updated on elimination of wet weather grinder pumps

Mr. Weaver distributed an updated memo regarding grinder pumps. He noted that there are eight grinder units and he wants to get rid of the ones that he can as soon as possible because it requires a lot of work by staff to maintain them. He noted that Mr. Whittle updated the grinder pump that is located at the Beauford Manor Apartments, and the last three which are the two at Coventry Road and one at Devonshire Road. He noted that it showed that the last flood was one of the largest events that the Authority had on record, and it could still have some surcharging but it was ten inches of flow in a 15 inch pipe. He noted that the Valley Road work was done five years ago and we are starting Coventry Road, 5D/5E in January, so in eight months we will have that entire system redone and the Valley Road interceptor will be improved. He noted that he is confident that staff will be able to remove four of the eight grinder pumps. He suggested that Mr. Wendle will not have to model it as the Paxton Creek Interceptor is so much lower than Valley Road that it would never back up even with the City of Harrisburg problems. He noted that he

will do the other mini-basin and wait to see the meter results before going to the four owners to have the pumps removed. He noted that they have been in for 20 years, installed in 1994, and the people in Coventry Road were the original owners and they went through the initial basement backups, even though staff will inform them that there is no problem and nothing to worry about. He noted that they have told us that they are keeping the pump. He stated that he will come back later with an agreement to show to the Board at a future meeting.

Mr. Crissman questioned what would you do with a 20 year old grinder pump. Mr. Weaver noted that we would not reuse them. Mr. Crissman questioned why we would not let the pumps where they are. Mr. Weaver answered, if we leave them there, it will be the homeowner's responsibility to maintain them since the Authority removed the overflow. Mr. Wolfe noted that the pumps will break down and the people will expect the Authority to fix them. Mr. Weaver noted that the owners are paying the electric bills. Mr. Wetzel noted that we do maintenance twice a year. Mr. Seeds questioned if there has been a lot of problems with the pumps. Mr. Wetzel answered no. He noted that the majority of them work well, but now they are 20 years old so they will require more maintenance.

Mr. Crissman noted if we tell the people that they are responsible should we do this in writing as Mr. Wolfe noted if the people keep the pumps and something breaks down they will call us to come and fix them. He noted if we let them there we should have an agreement where they will sign off accepting full responsibility for the machinery and any repairs. Mr. Weaver noted that Mr. Stine is going to draft an agreement and he will have it for the Board at its next meeting. Mr. Seeds questioned if there are eight or four pumps. Mr. Weaver answered that there are eight pumps but only four that staff is ready to remove at the end of next year. He noted that the other four will take some time. Mr. Crissman questioned if the Beaufort Manor Apartment owners are ready to get rid of the pumps. Mr. Weaver answered that they want to meet with Mr. Wendle to get more information.

Beaver Creek Pumping Station Wet Weather Pump

Mr. Weaver noted that the Beaver Creek Pump Station was designed for the wet weather treatment plant and was designed as a wet weather pump station but because staff is doing the Beaver Creek Corrective Action Plan for replacements he had Mr. Wendle relook at the pump station as the big pump was causing a lot of headaches. He noted that Mr. Wendle concurred with staff's recommendation to get rid of the big pump and put in a equal size smaller pump and

run it as a normal pump station and rotate the pumps. Mr. Seeds questioned if this is in the budget. Mr. Weaver answered yes.

Mr. Wendle explained that it was designed for the wet weather treatment plant; however the large pump does not cycle enough as we are not pumping 8 mgd, and staff would like to remove it. He noted that it is out now and we could sell it but if we put in a third pump to match the existing two, they would all be set to rotate and two pumps would have enough capacity to serve the station. He noted at some point, there is an existing force main that pumps up the hill to the Nyes Road Interceptor, noting that originally he was going to reroute the force main and go downstream, but when you put the third pump in, in order to pump what will be there in the future, you will have to build a second force main to provide enough capacity for the station. He noted that the pumps as they are right now will not pump to full capability because of the force main restriction. He noted that originally he was planning on upgrading the force main and sending it out up under the street and under the power lines and down to avoid having to replace a 20 foot deep interceptor along Nyes Road.

Mr. Wendle noted there will be two alternatives; one is to build a second force main up as the existing force main is old and needs to be replaced. He noted if we would build up the same place as the existing force main is, we build a parallel force main, use it as the normal force main or rotate them but we would always have a spare and we have the valves to pump into two force mains to be able to pump the full capacity that is required for that pumping station. He noted that the only question that remains and he proposes to present this at the next meeting is if we pump 6 mgd which is the ultimate need for that station up to Nyes Road we will have to replace those interceptors that we are trying to avoid replacing but it will be less expensive to reroute the force main as we originally intended for the 8 mgd. He noted that the third pump will provide the appropriate capacity; therefore matching those two existing pumps would be appropriate. He noted that we could proceed with that once the budget is approved and sell the existing larger pump.

Mr. Seeds questioned if there is money in the budget for the new force main. Mr. Wendle answered no. Mr. Weaver explained that we can't do the force main alignments now as you would be transferring the overflow from the station to someplace else and we haven't reached the removal levels yet. He noted that the BC Pump Station is overflowing and we will eliminate the overflows with the basins that we are doing now. He noted that we are doing BC 4A, 4B, BC3A and have finished BC1. Mr. Seeds noted that it may be another year before you can add

the force main. Mr. Weaver answered at least. He noted that staff pulled the big pump out. Mr. Seeds questioned if you will be able to sell it. Mr. Weaver answered that he hopes so as it only has a couple of hours on it. He noted that he will sell it back to the manufacturer. He suggested that it is worth \$50,000. Mr. Wendle noted that the problem with the bigger pump is that it wasn't being cycled in with the normal other pumps and it needed to be exercised manually and after sitting for awhile it didn't pump correctly. Mr. Weaver noted that the pump was brand new and the seals failed. He noted that he never saw anything like that. He explained that these pumps are supposed to be the Cadillac's of the pumping community. He noted that Mr. Wendle had to do a completely different analysis as the original one was to pump all this water to the treatment plant but now we are taking all this water out, but we still have to get it from point A to point B and he wants to make sure that it will not be cheaper to run the force main all the way down or build a bigger pipe based on the removals as we never looked at removing all this water. He noted that it is included in the budget to do this reengineering for about \$30,000.

CET/GHD Review of Harrisburg BNR process

Mr. Weaver noted that this was brought up by the legal counsel that the new process that Harrisburg had designed may not work. He noted that the Authority never hired Mr. Wendle to do a second party review of the engineering for that process; he decided that it was very important to do this for a \$40 million project. He noted that the bids have already been opened and the City will award the project on December 18th. He noted that the City could always do a change order so it is Mr. Wendle's recommendation to authorize him to communicate to the City of Harrisburg his opinion.

Mr. Wendle noted that he does not understand the process. He noted in August there was a question of whether or not this process was viable and it was given to him and he stated that he never looked at the process at all. He explained that he was approached to provide an opinion. He stated that he did not know what good it would do to provide this to the City of Harrisburg at this point other than warn them that there are issues that need to be in place and he provided a response to what he believed was a request from the Authority. Mr. Wolfe noted that it was the Authorities idea to do this.

Mr. Wendle questioned if the process that is being proposed in Harrisburg is a process that has been used and proven at other places. He noted that the short answer is no. He noted that he had a GHD person take a look at the process noting that it has been used in

Czechoslovakia and cold climates but the Harrisburg Treatment Plant is constrained by two things, one a pure oxygen system that is a normal activated sludge system with the site having low sludge ages which you need for nitrification in order to remove nitrogen He explained that you have to convert ammoniac to nitrate and then denitrify it. He noted that Harrisburg had a problem converting the ammonia to nitrate. He noted that the site is very much constrained. He noted that AD COM is a World Class engineering firm that has done this but they thought the way to do this was a side stream treatment where you concentrate nitrifying organisms and feed them into the treatment process. He noted that the conclusions that he came to are in his cover letter in the back and there was certain information that was not provided in the engineers report. He suggested that one of the things that were noticeable with this is the current plants average design flow is 37.5 million gallons per day and currently the flows are at 22 mgd and they will probably decrease as the Authority removes more flows from its system. He noted that the nutrient flow loading is based upon 37.5 mgd; but the design is only for 24.5mgd so they are reducing the annual capacity in the plant from the current 37.5 to 24.5 mgd. He noted that based upon 250 gallons per day per EDU that left them enough room for about 11,000 EDU of which 7,300 are planned for Susquehanna and Lower Paxton Townships. He noted that the biggest issue is that they are carbon limited, and they will have to add methanol at certain times of the year and what will happen is they can't just add it and turn it off. He noted that the bacteria has to always have a carbon source so you will have to add methanol almost all year long, and make very long periods of adjustments which will cause the process to be fairly expensive as methanol is not inexpensive. He noted that being able to control the process is going to be a difficult challenge for the City and there is no place where it is used exactly as it is being used in Harrisburg. He noted that similar processes have been used in cold climates and in theory they believe it will work, but it will be a real challenge to operate.

Mr. Hawk questioned who would loan the money to Harrisburg. Mr. Wolfe noted that it is very similar to the issue that we have with STA in that they have a sludge dryer that doesn't work and we are on the hook for our share of that sludge dryer and we would be on the hook for our share of the City project. He noted that we have no decision rights in the process. Mr. Weaver noted that STA came to the Authority months in advance and they meet with us and take general comments, but when we met with the City they stated that they are way behind and the next thing the bids are to open on the 18th. He noted without Susquehanna and Lower Paxton Township, no one in their right mind would lend that kind of money to the City of Harrisburg.

Mr. Weaver noted that they plan on awarding bids on December 18th and he has no idea of how they will do it.

Mr. Weaver recommended paying GHD to do the study as we are married to Harrisburg, paying 22% of the bill regardless. He suggested that Mr. Wendle should provide an opinion to the City of Harrisburg. Mr. Crissman agreed. Mr. Seeds noted that Mr. Wendle has already done the work. Mr. Wolfe noted that he is looking for the Board's permission to give this information to the City of Harrisburg. Mr. Crissman noted that we should give it to the City of Harrisburg. Mr. Weaver noted that the project has already been bid. Mr. Crissman noted that it is important to get this to the City of Harrisburg. Mr. Weaver noted that it is not like the old system where you are dealing with activated sludge, with nitrifies, they either work or they don't work and most operators can handle it but there are a lot of plants who are in violation as they don't nitrify. He noted you either get it or you get nothing. He noted that is his concern with this plant and they will either get it all the way and it will work or it won't.

Mr. Seeds questioned what happens if it doesn't work, do they start over and spend another \$30 million. He noted they will probably call in a lot of experts to try to get it to work since they invested all the capital. He noted that it will be like another incinerator. Mr. Crissman noted that all parties involved need to be sent a copy of the letter. He noted that he is not above sending one to the press as he wants to be on public notice that the Township is opposed to this process.

Mr. Weaver noted that the good news is that The Harrisburg Authority is taking over the sewer operations and Shannon Williams is really sharp. He noted that he has more confidence in that now as the old city staff was not that skilled and they cut the labor in half. He noted that they will need talented people to run this thing. Mr. Wendle stated that he did not say that it will not work. Mr. Crissman noted that we need to be on public record for what we have found and that the City should take this under advisement before awarding the bids.

Mr. Hornung noted that DEP had to approve the plan. Mr. Weaver answered yes. Mr. Hornung noted that they won't approve Actiflo. Mr. Hornung noted that he wants staff to send DEP a copy of that letter as well. Mr. Weaver noted that Mr. Wendle is stating that there are things that he would like to see done, for the operations. Mr. Seeds questioned if you would ask them not to award the bids. Mr. Weaver noted that he is asking them to meet with him and staff to address the comments in the letter. Mr. Crissman noted that staff is advising them of the information before they do anything. Mr. Weaver noted that Ms. Williams stated that she will

have transparency but they just threw this at the Township and stated that they open the bids and here they are. Mr. Crissman noted for that amount of money it needs to be investigated. Mr. Weaver noted that it would have been nice if they provided a copy of the engineer's plan asking for comments. Mr. Wendle noted that they showed drawings and specifications, but we had never looked at the process and hadn't been directed to look at it. He noted that we knew that the City was moving ahead and there was no questioned until Mr. Weaver stated that the process was not tested and would not work. He noted that he did not see the value in reviewing construction plans unless he was told to do it. He noted that the engineer that GHD has does all kinds of stuff like this. He noted that there was no reason up until this last August to think that something would be approved that might not work. Mr. Weaver noted that we won't know until the thing is up and running.

Review of the Act 537 Plan Update

Mr. Weaver noted that he is required to do this update and have it submitted by December 18th as part of the consent decree. He noted that he had 90 days after the court approval to submit it and it was approved September 18th. He explained that he will have a resolution for the Board of Supervisors for the December 17th meeting after receiving comments from Dauphin County and Lower Paxton Township Planning Commissions. He noted that the Township Planning Commission (PC) has no comments. Mr. Crissman noted that it will be on the agenda for approval.

Mr. Weaver noted that the PC has some interesting discussion in regards to Mr. Wendle's ultimate growth and how many EDU's are planned. He noted that Mr. Lighty asked if there is any guide for zoning requests and how do we know if it is okay to rezone something. He noted that Mr. Wendle recommended if that occurs that they contact Mr. Wendle and Mr. Weaver's staff to look at it. He noted that much of the Plan is based upon I&I removals and end growth and how it is proceeding. He noted that Mr. Wendle provided an update for Beaver Creek only since he removed the treatment plant.

Mr. Wolfe noted that the plan has been approved but it is only an update to the plan. Mr. Weaver noted that since the Township will be asked to approve this plan on December 17th he wanted that Board to have a chance to see the plan now. Mr. Wendle noted that DEP required this because of the fact that the current plan states that the Authority is going to build a wet weather treatment plant, and now we are doing a corrective action plan, DEP required the

Township to amend the plan to reflect what it is doing. He noted that it removes the wet weather treatment plant and adds the corrective active plan approved by DEP and the Township.

Status report on current mini-basin construction projects

Mr. Hilson noted that the important thing to know is that he had six projects under contract, three are in some stage of completion, two are starting in January and one is 50% complete.

Engineer's Report

Mr. Kevin Shannon noted that it has been a very busy quarter noting that there were some projects that finished up this quarter. He noted that SC1E was completed. He noted that he continued to receive bids on PC-5D and 5 E this period and awarded the Gale Drive area. He noted that the Authority was not awarded a grant from the Commonwealth Finance Agency last week. He noted that he is doing permitting on the BC-4 project, Springford Village Treatment Plant is being decommissioned, and he is getting ready to bid the BC3A project next month. He noted that there has been some development activity as well.

Mr. Seeds noted on page 1.6, Asylum Run ARA, it stated this it is 900 gpd per EDU. Mr. Shannon noted that Mr. Weaver displayed a slide of that during the storm on October 11, 2013, and the graph summarized it. He noted even during that storm, we had less than 1,000 gpd per EDU. Mr. Seeds questioned how it could get that low. Mr. Shannon answered that it isn't as residential as you think as you have the Colonial Park Mall and apartments in that area. Mr. Wendle noted that you are below the allocation for the agreement for Susquehanna Township which is great. Mr. Shannon noted that DEP was really concerned that when we didn't pipe burst under I-83 and bore a different pipe as we settled for lining, that the pipe under the highway would not be able to carry the peak flows and we had to prove that we were not backing up. He noted that the graph and photos that Mr. Wetzel took that were sent to DEP has helped to get them off our back for this.

Mr. Seeds noted that we did not get the grant. Mr. Weaver answered that no one in Dauphin County was awarded a grant. Mr. Weaver noted that there were 156 applicants and the project could not be started until the grants were awarded.

Mr. Seeds noted on page 2.12 GHD was providing a full time observer. He questioned if it was not a Township employee working that project. Mr. Hilson noted that there was a member from GHD present as well. Mr. Weaver noted that we have one Township inspector and one

GHD inspector on the large projects. Mr. Hilson noted that there are some projects that are overlooked by just GHD.

Mr. Seeds noted that PennDOT owes us money and we owe them money. Mr. Weaver noted that Mr. Stine advised him that our hands are tied and we can't remove the jobs since it was a contract. Mr. Weaver noted that we have six or seven projects that need to be closed down. He noted that GHD is working on two of them. Mr. Shannon noted that PennDOT is anxious to get a couple projects closed out with the new ones, but they have forgotten the older ones. Mr. Seeds questioned if anyone on the Board wants to do anything about it. Mr. Hornung answered no, not if we own them money. Mr. Weaver noted that it is a net loss for the Authority as we would owe money. He suggested that we remove them from the report knowing that we can't close them. Mr. Seeds noted that it bothers him not to complete the process. Mr. Weaver noted that it is PennDOT's responsibility to do this.

Mr. Weaver noted that he had flood damage down the street on a property and the property owner will be submitting a claim but the engineers are in agreement between Mr. Hilson and GHD and staff that we have to change our policy on sending out agreements to people and providing an opportunity for a clay dam. He noted that we give choices and it can divert flow to another property as some people are not getting them. He noted that the inspectors are making judgments in the field as water was moving in the trench away from the property and they felt that it could do some damage by putting in a clay dam in so they didn't put it in. He noted that this property got flood damage and we have no idea what caused it but to prevent it from happening again, his recommendation is that everyone should get a clay dam and they be advised to waterproof their basement. Mr. Hilson noted outside the house there is a clay dam that is put into the trench and it interrupts the stone bedding around the pipe and acts as a dam for ground water moving toward the house or moving away from the house. He noted that it would just be put in for the sewer line. Mr. Weaver noted that he would provide more information at the next meeting. He noted that he wants to change the policy since he is having a public meeting in January and wants to make sure that the Board is okay with this policy. He noted that he would bring something to the next meeting with the recommended changes.

Mr. Wendle noted that he wants to highlight in his report the public program to make people aware of sump pumps. He noted that we really need to do that on an ongoing basis in the newsletter, website and television station. He noted that we are paying millions to get rid of excess flow and others are adding to it with their sump pumps.

Adjournment

Mr. Crissman made a motion to adjourn the meeting. Mr. Blain seconded the motion, and the meeting adjourned at 8:30 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by,

William L. Hornung
Authority Secretary