

Mount Joy Borough Authority  
Pre-Authority  
September 20, 2016  
Minutes

The Mount Joy Borough Authority held its Pre-Authority meeting on this date in Council Chambers of the Borough Offices Building. Present were Chairman Rebman, Mr. Derr, Mr. Golicher, Mr. Hamm and Mr. Metzler. Also present were Angie Fenicle, John Leaman, Joe Ardini, Matt Warfel from ARRO Consulting, Mike Davis and Sean Frederick from Barley Snyder and Stephen Flaherty from RBC Capital Markets. Chairman Rebman called the meeting to order at 4:00 P.M.

**Public Input Period.**

There was no one present from the public.

**RBC Capital Markets on the Bond Rating and Scheduling for the New Water Plant Borrowing.**

Mr. Stephen Flaherty and Mr. Sean Frederick were present to discuss the bond rating and scheduling of the new water plant borrowing. Mr. Flaherty provided an overview of the bond rating interview and stated that the Authority's rating is AA-/Stable. Mr. Flaherty continued by saying that there will not be a need for a surety bond and no additional funds will be needed for the debt service reserve fund as these funds were previously established through the 2010 water bonds. Mr. Flaherty stated that the bond sale will take place during the day of October 3<sup>rd</sup>. Mr. Flaherty stated that he will then contact Mr. Frederick to provide him with the final numbers for the resolution that will need to be adopted at the special Authority meeting on October 3<sup>rd</sup> at 6:30 PM followed by Borough Council approval at their meeting at 7 PM. Mr. Frederick stated that he will bring the documents that need to be signed to the meeting on October 3<sup>rd</sup>. Mr. Leaman stated that staff will submit the advertisement of the meeting at least one week prior to the meeting.

**Consulting Engineer Report.**

Mr. Matt Warfel provided updates on the following projects and developments:

Pump Station 2 – ARRO continues to work with the contractor to get the final closeout documents. The emergency generator needs to be registered with PA DEP. Mr. Leaman followed up by saying the Mr. Dale Kopp from ARRO is in contact with PA DEP as it may now not be required to register the generator.

Well 3 & New Water Treatment Plant – ARRO is continuing to move ahead with final design of electrical, structural and HVAC. ARRO received additional review comments from PA DEP that have been addressed and resubmitted. ARRO and Authority staff met with PA DEP to discuss LT2 testing and options. Mr. Warfel stated that LT2 testing will need to be completed prior to the water plant going on line. Mr. Warfel continued by saying even though the Authority received a letter in 2014 stating that sampling can begin when the well becomes operational, PA DEP made a recent change in their position and policy on this issue and testing is now required to be completed prior to operation of any new source. Mr. Warfel did express that PA DEP recognized the significant complication and burden this put on the Authority and expressed that PA DEP would consider working with the Authority to address the issue. Mr. Warfel supplied several options for addressing this requirement. Mr. Warfel stressed that an option has to be chosen as the Authority needs to submit a sampling LT2 testing plan to PA DEP. Mr. Warfel stated that there is currently no pump in Well 3 which the Authority would need to utilize a pump service company on a monthly basis for the two year duration which could cost approximately \$120,000 to \$140,000. Mr. Warfel continued by stating that the UV System will cost approximately \$150,000 and some piping changes will need to be revamped in the building design. Mr. Golicher asked if this was the last hurdle the Authority needs to address. Mr. Warfel replied yes. Mr. Hamm asked if the Authority moves forward with the UV System, will this prepare the Authority for Well 4. Mr. Leaman replied yes. Mr. Derr asked if the Authority is the first entity to get caught up in this issue. Mr. Warfel replied no, this is a recent change. Mr. Leaman asked if these changes will add additional cost for ARRO or WATEK. Mr. Warfel replied not to his knowledge; however he will need to check with WATEK to be sure. Mr. Warfel stated that ARRO Consulting recommends option 3 to be the best option for the Authority which states; Option 3: Incorporate an ultraviolet disinfection system (in addition to the chlorine disinfection) into

the treatment process, which, in conjunction with the microfiltration process, would provide adequate levels of treatment (removal and inactivation) of Cryptosporidium. PA DEP has a list of approved manufacturers and models of UV systems that they indicated they'd forward immediately to the design team. If implemented, the two years of LT2 testing would not be required, but would still be recommended after the system is put into operation to reduce the long-term monitoring burden on the treatment system.

A **MOTION** was made by Mr. Golicher and a second by Mr. Derr to approved option three provided by ARRO Consulting's letter dated September 19, 2016 as presented above; motion carried.

Air Scour System at Carmany Road – ARRO provided Authority staff with a memo outlining recommendations and associated costs from the study on September 16<sup>th</sup>. Mr. Leaman commented that staff would like to meet and review their recommendations before presenting the recommendations to the Board for approval. Mr. Derr asked if this was budgeted or a capital expense. Mr. Leaman replied it is a capital expense, however was not included on the ten year capital plan.

Well 1 & 2 Allocation Changes – PA DEP requested additional information concerning the treatment capabilities. The comment letter was addressed and submitted.

Donegal Square – There was a discussion and a walkthrough was scheduled for dedication of the water and sewer facilities. The walkthrough was later canceled and is planned for spring 2017.

Farmview Properties – The basic installation construction and water system testing is completed. When final grading is completed, final sanitary sewer manhole testing will be completed.

Elm Tree Properties – A plan for water and sewer improvements for Phase 4B was submitted, reviewed and a comment letter was provided to the design team.

### **Authority Manager Report.**

Mr. Leaman provided an update on the SRBC Well 3 Pass-by: Mr. Leaman stated that the required forms, docket modification letter and the letter requesting to partner with SRBC's monitoring station was sent to SRBC by ARRO Consulting on September 8<sup>th</sup>. Mr. Leaman stated the he received an email from SRBC notifying the Authority that they are in receipt of the letter.

Mr. Leaman provided an update on PA DEP Well 2 amendment application: Mr. Leaman stated that the Authority received a letter from PA DEP with one comment which needs to be addressed in order for them to complete their technical review. ARRO Consulting and Authority staff prepared a response letter and submitted back to PA DEP.

Mr. Leaman provided an update on the South Jacob Street Water Plant (New Water Plant):

- Mr. Ardini met with Mr. Bruce Sherman to review the radio and antenna equipment upgrade that the Authority will need to install for the new water plant to communicate with Carmany Road water plant. Mr. Ardini did contact Lancaster County Communications and they have offered to help with the upgrades.
- RBC Capital, Barley Snyder and staff will be attending the Borough Council meeting on October 3<sup>rd</sup> for the guarantee approval.
- Special advertised meeting for Authority to sign documents prior to the Council meeting on October 3<sup>rd</sup>.
- ARRO and Authority staff met with PA DEP to discuss LT2 sampling requirements for Well 3 as previously present by ARRO.
- The Authority had the bond rating phone interview last week with S&P Global. The results were received with a rating of AA-/Stable which is consistent with the previous ratings.
- The Authority will need to consider if the bid specs will include the softener upgrade as an alternate. Mr. Leaman stated that the nitrate system will be excluded as the Authority is submitting for that upgrade through the PA Small Water and Sewer Program. Mr. Leaman asked Mr. Warfel approximately how long it will take to design the specs for the softeners. Mr. Warfel replied one to two months. Mr. Leaman stated that the Authority is intending to secure the bond in October. The Board elected to move forward with the bidding specs for the new plant at this time.
- Consideration to purchase Stackable Barriers for Well 3 to keep potential flooding out of the building. Mr. Leaman stated in case of another flood event, this will help prevent damage to the building and the well

and will block up to 3 feet of water. The cost of the barriers will cost approximately \$6,500. The Board unanimously approved to purchase the barriers.

Mr. Leaman informed the Board that staff met with Mr. Stacy Heistand from Asset Strategy to discuss the Authority's pension plan account. Mr. Leaman noted that Mr. Heistand stated the pension forecast is based upon a 7% funding status and future market projections are estimated to be at 6% and noted that this will be a challenge going forward. Mr. Leaman also mentioned that the Department of Labor will put in effect a "Conflict of Interest" rule change starting April 2017 which necessitates that advisors work in a fiduciary capacity without any conflicts of interest. Mr. Leaman stated that Asset Strategy already meets the majority of the new regulations.

Mr. Leaman informed the Board that the 2013 Sewer Revenue Note is approaching its three year amortization period on October 8<sup>th</sup>. Mr. Leaman stated that after that date, the Authority would not be able to draw down on the note. Mr. Leaman discussed the option of closing out the note by paying the full amount from the Sewer BRI account and not continue with the principal and interest payments. A **MOTION** was made by Mr. Derr and a second by Mr. Golicher to authorize staff to proceed with the closing of the 2013 Sewer Revenue Note; motion carried.

Mr. Leaman stated that he followed up with a question that was raised in regards to taxation on employer's contributions to the employee's HSA Health account. Mr. Leaman stated that Employer contributions will not impact the employee's taxes. Mr. Leaman also mentioned that there will be a companywide meeting on the new changes to the health care plan on November 1<sup>st</sup>.

Mr. Leaman informed the Board that the dehumidification system in the softening room at the Carmany Road Water Plant has broken-down. Mr. Leaman stated that the unit is 21 years old and is now obsolete to get parts to repair the unit. Mr. Leaman stated he reached out to three companies to receive quotes out of which two responded and one did not because the company wanted to lease the equipment not sell. Mr. Leaman stated the most reasonable quote came from McClure Corporation in the amount of \$14,033.00. Mr. Leaman stressed that the unit needs to be replaced as soon as possible as staff has noticed condensation issues. Mr. Derr asked what funds will this need to be paid from. Mr. Leaman replied the Water BRI as this is an upgrade and qualifies as a capital project. A **MOTION** was made by Mr. Hamm and a second by Mr. Golicher to authorize staff to purchase the new dehumidification system from McClure Corporation as presented; motion carried.

Mr. Leaman stated that he reached out to the intern at Thaddeus Stevens College and will meet with her next Monday.

Mr. Leaman asked the Board approval to carry over two to three vacation days past his anniversary date. The Authority Board unanimously approved.

### **Assistant Authority Manager Report**

Mr. Ardini stated that staff is working on cleaning the facilities that will be utilized for the open house this coming Saturday. All of the employees will be present for the function.

Mr. Ardini informed the Board that an equipment failure occurred with the methane boiler for the primary digesters. Staff determined that the flame control module was not working. Staff ordered and replaced the new fire eye and the processing cards. The cost of the repairs will be approximately \$1,933 without shipping.

Mr. Ardini stated that Fluid Pinpointing Services continues to perform the leak detection survey. There were three minor leaks found, of which two of them were fire hydrants and one service line. Mr. Ardini stated that the company will be on Main Street from Barbara to Jacob Street this evening which should complete the leak survey.

Mr. Ardini informed the Board that B.R. Kreider has started the water and sewer lateral installation on the three building lots for LCCTC. Authority staff has been inspecting the installation and this project should be complete by tomorrow.

Mr. Ardini made the Board aware that the Wastewater Treatment Plant is close to exceeding the total nitrogen allocation. Mr. Ardini stated that the test are completed every week and take approximately 2 ½ weeks for the results. Mr. Ardini stated that there is 800lbs left for the month. Mr. Ardini stated that the phosphorous loadings will be below the allocation amount.

Mr. Ardini informed the Board that the letter was sent to Oak Tree Development in regards to their EDU transfer request that was presented at the last Board meeting. Mr. Ardini stated that he has not received any feedback.

### **Business Manager Report.**

Mrs. Fenicle informed the Board that staff sent 103 owner occupied termination notices for accounts that have a balance of \$300.00 or more and are not already on payment plans in August. These terminations totaled \$45,400 of which \$33,600 was collected and the remaining will be collected through payment plans. There was one property terminated, this property was vacant. Mrs. Fenicle stated that as of today, 50 more owner occupied termination notices were sent that have a balance of \$250.00 or more totaling \$15,500 and 28 rental termination notices totaling \$11,200.

Mrs. Fenicle informed the Board that Fulton Bank completed the Bi-Annual transfers that the trustee is expected to complete per the trust indentures to prepare for the payments that will take place on November 1<sup>st</sup>. After the calculations, there was \$200,000 transferred to the Water Bond Redemption and Improvement Fund.

Mrs. Fenicle made the Board aware that the Authority did receive the check from the insurance company for Pump Station 6. The Authority has a \$1,000 deductible and therefore received \$2,420.03.

### **Minutes of the Previous Meeting.**

A **MOTION** was made by Mr. Derr and a second by Mr. Golicher to approve the August 16, 2016 meeting minutes; motion carried.

### **Unfinished Business.**

There was no unfinished business to discuss.

### **New Business.**

A **MOTION** was made by Mr. Golicher and a second by Mr. Hamm to approve the 2017 Minimum Municipal Obligation for the Authority's Pension Plan. It was also stated, that even though this may serve as the minimum amount required, the Authority Board would like to move forward and continue to use the 10% strategy to fund more than what is required; motion carried.

### **Any Other Matter Proper to Come before the Authority.**

Mr. Leaman asked Mr. Davis if he has heard anything from LCCTC regarding The Cove property. Mr. Davis responded he did not but will reach out to them tomorrow.

Mr. Rebman asked if there was an update on Melhorn Trucking allocation. Mr. Leaman replied that he reached out by email and received a reply stating they are waiting on a plumber to install their meter after the Authority's meter. Mr. Ardini commented that he contacted the supplier of the meter that is currently installed at their property and it was stated that the supplier has no reason to believe that the meter would be at fault.

### **Authorization to Pay Bills.**

A **MOTION** was made by Mr. Derr and a second by Mr. Hamm to approve the attached Requisition No. 10 as follows: \$47,152.71 from the Water Operating Fund and \$58,293.91 from the Sewer Operating Fund; motion carried.

A **MOTION** was made by Mr. Golicher and a second by Mr. Hamm to approve the attached Requisition No. WBRI 16-17 in the amount of \$58,234.28 from the Water Bond Redemption Improvement Fund; motion carried.

A **MOTION** was made by Mr. Golicher and a second by Mr. Hamm to approve the attached Requisition No. SBRI 16-11 in the amount of \$1,241.78 from the Sewer Bond Redemption Improvement Fund; motion carried.

**Adjournment.**

There being no further business, a **MOTION** was made by Mr. Derr and seconded by Mr. Golicher to adjourn. Motion carried and the meeting adjourned at 5:46 PM.

Respectfully submitted,

Robert R. Golicher  
Secretary