

# WAYNESBORO BOROUGH AUTHORITY

APRIL 17, 2007

## MINUTES

Authority Chairman Jon Fleagle called the regularly scheduled meeting of the Waynesboro Borough Authority to order at 7:30 p.m. with the following in attendance:

Borough Authority Members – S. Allen Stine, Jon Fleagle, Christopher Snively, William Pflager and Lee Layman

Borough Staff – S. Leiter Pryor, Director of Borough Utilities  
D. Lloyd Reichard, II, Authority Solicitor  
Scott Crum, Draftsman-Inspector

Others – Representatives of Quincy United Methodist Home (Richard Michael from Eckert Seamans, Jeffrey Davis from Presbyterian Homes, Inc. and an un-identified QUMC Board Member)

**APPROVE MINUTES:** Christopher Snively made a motion to approve the minutes of the March 20, 2007 regular meeting and the April 3, 2007 special meeting, as written. William Pflager seconded; the motion passed unanimously.

**QUINCY UNITED METHODIST HOME RE-FINANCING:** Representatives of Quincy United Methodist Home (listed above) were present. Mr. Michael noted that Quincy Home is requesting the WBA's assistance in refinancing three (3) loans, in the total amount of \$8 million. (WBA had assisted them also in 1993). The matter has been discussed with the Authority's solicitor (in particular, regarding bank-qualified loans). In addition, there was some concern on the Authority's part regarding any impact this may have on their upcoming utility project for which they will need to pursue financing.

Mr. Michael noted that approximately \$2.7 million is still outstanding from the 1993 financing, which is designated as bank-qualified and would not count against the \$10 million borrowing limit imposed on the WBA. Approximately \$5.3 million of Quincy Home's re-financing would count toward the limit; and, based on discussions with Leiter Pryor, the residual would be sufficient for WBA's PENNVEST loan.

Solicitor Reichard acknowledged that this would certainly benefit Quincy Home, but questioned how it would benefit the WBA. Mr. Davis noted that there are some fees/costs involved in financing projects, and those costs would be reimbursed to the WBA. Many authorities assist because it is of benefit to the community. Quincy Home employs 200+ employees, and over \$1 million worth of charity care was carried out at the facility last year. The refinancing would save Quincy Home approximately \$150,000/year, which would allow them to do much-needed improvements and upgrades in nursing and assisted living facilities.

Lee Layman questioned how long this financing project would impact the WBA's borrowing capacity. Mr. Michael noted this would only impact them for one (1) year – financing in 2008 (and in the future) would not be affected. Jon Fleagle noted that any financing necessary beyond PENNVEST funds would probably not be needed until 2008 anyway.

It was noted that, if the Authority decides to participate, an authorizing resolution and public hearing would be required. (A Notice of Public Hearing would need to be advertised 14 days prior to the

hearing.) The WBA would then need to meet to adopt the appropriate documents. If they decide to proceed, a public hearing could be held and the resolution approved at their next meeting.

Lloyd Reichard voiced concern about the WBA (a public authority) engaging in a partisan endeavor. Mr. Davis explained that Quincy Home's mission statement is of Christian compassion, but they serve all people of faith and unfaith with compassion. Mr. Michael noted that he has done many financing projects for 501(c)3's, and there have been no problems noted on that basis. He will, however, review case law and discuss the matter further with Mr. Reichard (if necessary).

That aside, Chairman Jon Fleagle asked if Authority members had any objections to proceeding – none were voiced. Mr. Fleagle stated that, as Quincy Home is an establishment within the community (and serving the community), the WBA would be amenable to assisting in this project, provided that any incurred expenses are covered. They agreed to hold a public hearing regarding the matter at their next regularly scheduled meeting. In addition, Quincy Home representatives were asked to ensure that “all bases are covered” with Solicitor Reichard.

**SOURCE DEVELOPMENT UPDATE/EXECUTION OF PENNVEST DOCUMENTS:** Leiter Pryor presented the following proposed documents for execution, pursuant to discussion by Daryl Ackerman and Tim Glessner at the Authority's last meeting:

1. Letter of Responsibility
2. Certificate of Resolution
3. Reimbursement Resolution for Project Costs

Solicitor Reichard has reviewed and approved the proposed documents for submission to PENNVEST. Lee Layman made a motion to approve execution of the documents, as presented. William Pflager seconded; the motion passed unanimously.

**AUTHORIZATION OF FINAL DESIGN FOR MCCLEAF WELL:** Leiter Pryor noted that he requested a breakdown of engineering costs for final design of the McCleaf Well facilities from Gannett Fleming – those were included in the Authority's meeting packets. Mr. Pryor reviewed and explained the breakdown submitted, noting that Gannett Fleming is requesting approval to complete the Phase 2 and Phase 3 scope of services as outlined. Christopher Snively made a motion to authorize completion of the Phase 2 and Phase 3 scope of engineering services, at a total cost not-to-exceed \$133,600. William Pflager seconded; the motion passed unanimously. Leiter Pryor was instructed to keep a tally (spreadsheet) of running costs for the project. Mr. Fleagle also requested that Mr. Pryor and Mr. Crum prepare a recommendation on mixing and introducing water from this source into the existing system.

Mr. Pryor reported that VOC testing has been conducted at the Hess well – the results were basically “non-detected”. It was noted that grab samples were utilized for the testing (which should be the worst-case scenario). Accordingly, no problems are anticipated at this location with regard to the contaminants discovered in Quincy Township.

**FRICK COMPANY REQUEST FOR FIRE SERVICE UPGRADE:** Jon Fleagle noted that the Authority discussed this request at their last meeting, and the staff was requested to review the matter and provide a recommendation. Mr. Pryor reported that he spoke with Daryl Ackerman, who feels that this is “not a good idea”, as the distribution system is not designed to support fire pumps without a detrimental effect to customers. The WBA is in the business to supply potable water to residential customers. Although they also have a responsibility to protect public safety with fire protection, that service is provided with hydrants. A fire service line can be provided for Frick Company, but the flow they are requesting cannot be provided without an adverse effect (in both water quality and pressure) on other customers. He added that problems will occur every year when the pump is tested – many

customers will experience dirty water and, in some cases, a disruption of service for a period of time. Scott Crum also noted that the main line in Main Street will have an extremely high head loss; and as this is an older line, it is possible that the line may fail.

Chairman Fleagle instructed Mr. Pryor to inform Frick Company that the matter was discussed by the WBA, and it was their consensus not to permit fire pumps to be connected directly to the distribution system.

Allen Stine then expressed concern about the leak in Frick Company's tank, and questioned when they plan to fix it. Mr. Pryor was also instructed to request a time line for replacement of the tank due to the leakage rate at the onset of the upcoming summer season.

**T-MOBILE LEASE TERMS:** Leiter Pryor presented correspondence from T-Mobile regarding terms of their proposed lease agreement, which were reviewed at the Authority's last meeting. They are offering a payment of \$100.00 for granting T-Mobile an initial option term of 12 months; with an extension for an additional 12 months upon written notice by T-Mobile. The proposed lease term will be five (5) years, plus four (4) consecutive options to renew for five (5) years each, for a total potential of twenty-five (25) years, at the rate of \$1,500/month (with a 2% per year escalator). Mr. Pryor corresponded by e-mail, informing them of the WBA's tentative agreement to the option term. He also requested assurances that there will be no interference with the AT&T equipment currently installed on-site. A draft lease agreement is being prepared by T-Mobile, and will be forwarded to the Authority members immediately upon receipt.

William Pflager made a motion to approve the option term with T-Mobile, as presented. It was noted that T-Mobile should be advised that any work (modifications to the tank) will need to be approved by the Borough staff. Allen Stine seconded; the motion passed unanimously.

**ENTERPRISE AVENUE PUMP STATION BID AWARD:** Leiter Pryor reviewed the bid results for all three (3) contracts for the upgrade project at the Enterprise Avenue Pump Station. Gannett Fleming has reviewed the qualifications of the contractors, and is recommending awarding the bids to the apparent low bidders, as follows:

Contract #1 (General) - 4-M Construction Services Company - \$282,000\*

Contract #3 (Electrical) - D & M Electrical and Automation, Inc. - \$113,900

\*Mr. Pryor mentioned that the contractor is recommending the use of a different pump than was specified. Accordingly, if the pump is qualified to be comparable, the contract amount will be less.

He also noted that one of the bids for Contract #2 was received a few minutes late, but was opened on the recommendation of Mark Malarich. The bids received were as follows:

PSI Pumping Solutions, Inc. - \$53,570 (received late)

Johnston Construction Company - \$62,588

Johnston Construction Company has filed a protest, and the matter has been reviewed by Gannett Fleming and the Authority's Solicitor. The bids can either be rejected and re-bid (with additional costs being incurred), or PSI's bid can be rejected and the bids awarded to Johnston. Lloyd Reichard noted that the late bid should not have been opened; but, as it was, he recommended that the bid be awarded to Johnston.

Christopher Snively made a motion to award Contract #1 to 4-M Construction Services Company, Contract #2 to Johnston Construction Company, and Contract #3 to D & M Electrical and Automation, Inc. Lee Layman seconded; the motion passed unanimously.

**WTMA REQUEST - MODIFICATION OF SEWER TRANSPORTATION AGREEMENT:** Leiter Pryor reported that he received correspondence from Gene Barnhart (WTMA) regarding a request to increase the exchange volumes in the Sewage Transportation Agreement from 200,000 to 300,000 gpd. Concern was noted that, even though we would be giving WTMA 100,000 gpd, we would also be taking that additional amount and increasing our hydraulic capacity into the plant during those times of balancing. Mr. Pryor stated that the plant's capacity will already be close to 80% with the new proposed developments they have agreed to serve; and with the additional flow, they may be close to the maximum permitted limits at times. In addition, he is unsure what impact the Chesapeake Bay legislation will have on the WBA (which could, in turn, affect this request). He feels that the operators should be able to keep the plant flows in balance on a more frequent basis, but a significant amount of additional effort would be involved.

Authority members agreed to consider the request, but requested a copy of the current Sewage Transportation Agreement to review. Mr. Pryor noted he would also like to discuss the matter with Mark Malarich. Allen Stine asked Leiter Pryor to prepare a chart/graph indicating the developments which have been approved for water, as well as the status of each.

The matter will be discussed further at the Authority's next meeting.

**APPROVE 2006 WATER AND SEWER AUDITS;** Authority members received copies of the completed 2006 Water and Sewer Fund audits, prepared by Smith Elliott Kearns and Company. Leiter Pryor reviewed correspondence from the auditors regarding certain deficiencies, and explained how those occurred and/or will be corrected.

Mr. Pryor suggested that, in the future, a representative of Smith Elliott be requested to attend a meeting to review the audits. Authority members concurred, adding that (perhaps) they could also attend the June meeting of this year.

Lee Layman made a motion to accept the 2006 Water and Sewer Fund audits, as prepared and submitted by Smith Elliott Kearns and Company. Allen Stine seconded; the motion passed unanimously.

**WATER SERVICE REQUEST (DUVINAGE CORPORATION):** Leiter Pryor reviewed information he received regarding site development plans for Lots 6A and 6B on Zane Miller Drive in the Wharf Road Industrial Park. Mitchell Machine Shop (a wholly owned subsidiary of Duvinage Corporation) will own Lot 6A, for which a 1" line will be required. Duvinage Corporation will occupy 44,000 s.f. on Lot 6B, but there is some uncertainty regarding their projected requirements at this time.

WTMA is requesting WBA's comments on fees, but the WBA will not be able to comment on those until they are sure of the requirements for Lot 6B. It was noted that such fees will be determined at the time when the actual lines are sized.

Christopher Snively made a motion to reply to WTMA's request that water service is available for Lots 6A and 6B of the Wharf Road Industrial Park. William Pflager seconded; the motion passed unanimously.

**LICENSE AND MAINTENANCE AGREEMENT - HOMETOWN HOMES/SOUTH END VILLAS:** Leiter Pryor reported that he has received the proposed agreements from Clint Barkdoll for Hometown Homes/South End Villas. Those have been reviewed and approved by Lloyd Reichard. Lloyd Reichard added that, upon final execution, the agreements should be recorded at the Courthouse by Mr. Barkdoll (and proof of recording provided for the WBA's files). Lee Layman made a motion to approve

the License and Maintenance Agreement for Hometown Homes/South End Villas, as presented. Allen Stine seconded; the motion passed unanimously.

**WATER MAIN EXTENSION AGREEMENT FOR WAYNESBORO HIGH SCHOOL PROJECT:** Mr. Pryor presented a Water Main Extension Agreement for an 8" water line on Second Street (from Enterprise to Virginia Avenues) for the Waynesboro High School's expansion project. He was informed by Kevin Grubbs that a right-of-way agreement is being negotiated for the 2" line to be utilized as an irrigation source for the athletic fields.

Christopher Snively made a motion to approve the Water Main Extension Agreement for the 8" line on E. Second Street, as presented. William Pflager seconded; the motion passed unanimously. It was clarified that no tap fees are associated with this request, but engineering and inspection costs will be assessed to the WASD.

**UPDATE OF PROJECTS:** Jon Fleagle asked the status of several pending projects – Inflow and Infiltration (I & I) Study, new billing software and security measures for the front desk. These will be discussed with Borough Manager Lloyd Hamberger.

**PAY BILLS:** Allen Stine made a motion to approve the payment of the following requisitions –

Sewer Revenue Fund Requisition #SA-35 - Borough of Waynesboro - \$222,820.50 - 2<sup>nd</sup> Quarter Sewer Allocation

Sewer Revenue Fund Requisition #SA-36 - Reichard Law Offices, LLC - \$1,501.19 - Professional services for January, February and March, 2007

Sewer Requisition #881 - DSI, Inc. - \$19,680.00 - Repair of Envirodyne Model RD-2 AG

Sewer Requisition #882 - Smith Elliott Kearns & Company, LLC - \$1,180.00 - Audit of financial statements and preparation and presentation of report thereon as of December 31, 2006 (less progress billing paid previously)

Source Development Fund (Water Requisition) #SD-147 - Gannett Fleming Companies - \$169.94 - Preliminary design of Well No. 2 membrane facilities to support permitting approvals for the period of February 3, 2007 through March 2, 2007

Water Requisition #07-07 - Gannett Fleming Companies - \$1,477.20 - Annual services of the Authority's consulting engineer as authorized under the Annual Services Agreement for the period February 3, 2007 through March 2, 2007

Water Requisition #07-08 - Borough of Waynesboro - \$357,358.00 - 2<sup>nd</sup> Quarter Water Allocation

Water Requisition #07-09 - Ray A. Eyer, Paving Contractor - \$5,222.00 - Replacement of damaged concrete at AMP

Water Requisition #07-10 - Smith Elliott Kearns & Company, LLC - \$1,070.00 - Audit of financial statements and preparation and presentation of report thereon as of December 31, 2006 (less progress billing paid previously)

William Pflager seconded; the motion passed unanimously.

Having no further business to discuss, the meeting adjourned at 9:38 p.m. on a Pflager/Stine motion which passed unanimously.

Respectfully Submitted,

Melinda S. Knott  
Administrative Assistant