

**MIDDLEBURG MUNICIPAL AUTHORITY**

**October 13, 2015**

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**MEMBERS PRESENT:** Charles Zechman-Chairman, Dwayne Hackenberg-Vice Chairman,  
Doug Hassinger, Tim Folk, Raymond Colestock, Scott Brouse, Mike Rhodes

**OTHERS PRESENT:** Dustin Zechman-Borough Foreman, Dave Walters-Engineer,  
Virginia Zeiber-Borough Administrator, Judy Varner, Brian Lauver,  
Robert Slivinski-Solicitor

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Meeting was called to order at 6:02 P.M.

Dwayne Hackenberg motioned to approve the agenda. Doug Hassinger seconded and MOTION UNANIMOUSLY CARRIED.

Raymond Colestock motioned to approve the September minutes. Tim Folk seconded and MOTION UNANIMOUSLY CARRIED.

Ventrac equipment accessories purchase-Dustin Zechman, Borough Foreman, informed the Authority that the Borough Council had decided they would only pay 1/3 of the cost of the equipment. At last months Authority meeting, the Authority had decided, they would only pay for one half of the total cost, versus one third out of water and one third out of sewer.

Raymond Colestock questioned Dustin if the Borough equipment is used for the bridges, is the Borough responsible if the bridges are not theirs. Dustin explained that the Borough is under an agility agreement with PennDot. They and the Borough trade services. These services include some mowing, snow removal and Penn Dot does some snow removal, cindering and will be doing mowing for the Borough along Railroad Avenue.

Raymond also remembered that at a previous meeting it had been reported the Authority owns three fourths of the equipment. Ginny stated that it is actually two thirds. Raymond felt that unless the paperwork was actually present, there is an inconsistency as to who owns what. Dustin reminded the Authority that the cost of the equipment he wants to purchase is about \$15,000 so the request was for the Borough, Water and Sewer Account to contribute \$5000 each.

Raymond also asked if the Borough is under OSHA, which the Borough is not but if something were to happen, they still would become involved. Dwayne stated that OSHA guidelines must be followed. Raymond also wanted to know if an inspection of equipment is followed on a daily basis and recorded. Dustin said there is not a check list per say but there is a routine check that is followed by the employees. This information is in Dustin's service records. That information also shows who is using what piece of equipment, the time frame it is used and if the equipment is being used for water, sewer or borough.

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Mike Rhodes stated in the time he has been on the Authority, it seems the Borough leans on the Authority more and more for money for capital expenditures. The Authority is asked to pay two thirds for equipment that is used more like half and half rather than seventy-thirty, and he feels that needs to stop. Raymond agreed because the Authority will need to do the well construction project, which will cost a lot and the Authority cannot keep being the cash cow.

Dustin asked Raymond if there was something he or someone else did or overlooked that was not safe and that is why he was bringing the OSHA item up. Raymond stated if that would be the case, he would go directly to Dustin.

After discussion and even though he does not agree with the one third instead of one half of the cost, Tim Folk motioned to purchase the Ventrac accessories with one third of the cost coming from the sewer fund and one third from the water fund. Scott Brouse seconded and MOTION UNANIMOUSLY CARRIED. Dustin needs to check if a cab is available so that may or may not be part of the cost,. The company needs a certain number of orders for the cab, before it will construct and supply them.

Tim Folk stated that from what he is hearing, the water and sewer has taken a beating over the years when it comes to purchases and the majority of the benefits are going toward the Borough. He said he will be bringing this item up in the future and if need be, he will start voting "no".

**Generator donation**-The fire company has donated a generator on a trailer and a number of flood lights to the Borough. Their generosity is very much appreciated.

**Fire company new construction**-A decision was made, with the construction of the new ambulance building, to extend the water main off Route 522 onto Station Street and Reliance Avenue. A two inch service will be installed into that building but the main is now a six inch line. It needed to be changed because the three fourth inch service at that site would not service the sprinkler system which will be part of the construction. That work has been done and the fire company wants to turn it over to the Authority to operate and maintain, as it is within a Borough street. Dustin also explained that the line had been split so the apartments are separate from the new construction, should they need to be turned off.

Mike Rhodes questioned if this new construction will be treated as all other entities. The fire company will now be billed for the new building and the two apartments, which constitutes three EDU's. Dustin has inspected the line and has an up to date drawing of the water line, which will be put on file.

Tim Folk motioned to accept the water line. Doug Hassinger seconded and MOTION UNANIMOUSLY CARRIED.

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**Management agreement**-Solicitor Slivinski circulated a list of most everything that needs done for the management agreement for the Authority but the last page, which is administrative items concerning sewer and water. He would like some input. Tim questioned if this is basically the contract between the Borough and sewer and water, which it is only a list to be considered.

There was question on the payroll matter. It was explained that employees are hired by the Borough put paid by either water, sewer or general funds. It depends on what work they are doing. A spreadsheet of their time is kept and then water, sewer and/or Borough accounts are charged according to what type of work they were doing.

There was question as to the Authority approving the water and sewer expenditures, which they do not do presently. Ginny questioned if that is part of the management agreement and the responsibility of the Council or if it is the Authority's responsibility. At present, there is uncertainty on this issue and the Council is approving the water and sewer expenditures. The Authority believes they should be able to approve for water and sewer accounts. Solicitor Slivinski alluded to that being something that could be part of the management agreement. Some bills are paid beforehand but had been approved at a prior meeting. Council had given approval to Ginny to pay bills beforehand so that interest or penalty could be avoided.

Mike Rhodes was concerned because he remembered when the Borough bought a \$15,000 or \$18,000 used pickup truck without Authority knowledge or approval and the Authority put out two thirds of the cost of the vehicle. Ginny reminded the Authority that back a number of years ago, the Authority was not as active. The Borough just went ahead and made purchases, etc. but now the Authority is given information on expenditures etc, because it is now a more active Authority. Dwayne explained that the board members want to have some authority, if they are going to serve as members of the Municipal Authority.

Bev explained that things can be done two ways. You can either have a management agreement or do as Beavertown does. The Authority is a separate entity. They are run out of separate offices and do their own administrative work. The only thing they share is the payroll. The Borough employees keep their work separate and the Authority reimburses the Borough for their part of the payroll. It is like, how separately or together do you want things done?

Solicitor Slivinski felt the question is if there is only the Authority and the Borough, why is the Authority considered two thirds? Ginny said it is like three companies, Water, Sewer and Borough. Dustin used the example of rubber gloves. The employees go through a lot of them and the sewer account pays for them. If they would be paid in halves, the water company would be paying for gloves they never use. The system will never be perfect and things have been done as they have in the past, but the Authority is responsible for water and sewer but it does not mean that it is to be shared with Borough. Raymond wondered if the well project cost is going to be shared with the general fund? That will not happen.

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Ginny explained that other municipalities are run the way Middleburg is. This item will be addressed at the next meeting after Authority members have gotten time to read over the agreement. Solicitor Slivinski told Authority members they should have the ability to say no and it can be written into the agreement.

**Developers Agreement**-A Developers Agreement is an agreement with anyone who would come into the service area or the Borough to do a project. The Authority and/or Borough should not incur the cost to review their plans. Typically, there is an escrow established where the developer pays up front and the funds are taken out of the escrow. At present, the developer is billed but there is no agreement in place. Jeremiah recommended drawing up an agreement. It will give the developer and the Authority and/or Borough clear direction as to who is doing what, who is paying for what, what the projected costs are and if the Authority/Borough will be taking it over upon completion. Dave and Solicitor Slivinski have samples of Developers Agreements and will come up with one for the Authority to review at the next meeting.

**Monetary donation for heating the Borough building in 2016**-The Authority is being asked to give \$800 each from the water fund and the sewer fund for 2016 for heating the Borough building. Ginny stated that \$10,000 is budgeted and usually the heating per year is a bit over that. They are just asking the Authority for a total of \$1600 to help with the heating costs for the Borough building. Tim Folk motioned to contribute \$800 each from both the water and sewer fund to help with heating costs for 2016. Dwayne Hackenberg seconded and MOTION UNANIMOUSLY CARRIED.

Ginny had been in contact about doing an energy audit. The person suggested things that are looked at when doing an audit. Ginny told him about the work that was being done and he said that is what he would suggest so he could come back after those items are addressed, if an audit is still desired.

**Replacement on Authority for Mike Rhodes**-Mike Rhodes has sold his home and moved out of the service area, so a new Authority member will be needed for 2016. Donald Romig was suggested but no one has talked to him yet.

### LDG REPORT

**Well Project**-The SWIP testing continues and there have been no issues at this point. The testing ends around November 25<sup>th</sup>. Larson will be submitting the Public Water Supply Permit in November. The project is to be advertised for bid on November 11 and bids received on December 8. The Water Supply Permit will not be in hand at the time bids are received. There is a risk involved

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with that, should DEP find an issue with the plans. A change order would then need to be negotiated. Based on the timing, Larson recommends moving ahead.

**Well testing at the water plant**-Dave explained that Larson will put together a plan for testing the dormant wells at the water plant, in order to determine if they will be able to be used in the future.

**Nutrient credits**-There is no need to purchase phosphorus credits but there is a need for nitrogen credits to be purchased. Larson is estimating between 500 and 1500 nitrogen credits will need to be purchased. Gregg Township Municipal Authority is offering them for \$1.50 each. They meet on October 14th and are requesting a letter from the Authority stating the Authority is willing to purchase at \$1.50 per credit. \$1.50 appears to be the going price. Dave explained there had been an issue at the treatment plant in August. The NPDES permit tells what your plant is allowed as far as nitrogen and phosphorus discharge. We went over that and so credits need to be purchased. It is being turned into a concentration limit instead of a mass load and that will make credits expensive.

Dustin believes that clogged sewer at the school created the issue in August due to lack of use over the summer. Dave reminded everyone times like that are not the time to be taking samples because it creates inconsistency in the test samples. The Authority is exceeding the amount of nitrogen allowed so they need to purchase from another entity. Dwayne Hackenberg motioned to purchase nitrogen credits from Gregg Township at \$1.50 per credit. Scott Brouse seconded and MOTION UNANIMOUSLY CARRIED.

**Budgetary items**-Tim Folk explained what the budget committee had come up with as a projected budget for 2016. The sewer budget shows about \$12,000 to the good. The water budget is the more difficult one. They started out about \$62,000 in the red. Adjustments were made but the big item is the Market Street waterline loan. The payments are about \$35,700 per year. The payoff is about \$105,000. Tim recommends paying that off because there will be a saving of about \$6000 in interest. That would bring the amount in the red to \$14,500. Tim suggesting using timber fund money to pay off the Market Street loan. The budget could then be balanced by taking \$14,500 from the timber fund also.

Ginny explained the Authority will need to take a loan out for the completion of the well project because we have not been able to request CDBG funding for 2016. Dave is projecting the well project to cost approximately \$250,000. Just to be safe, Ginny has been checking into a loan for \$300,000. She has been in touch with Northumberland and Swineford banks. The rates at Northumberland are 2.98% and is that good that the person at Swineford told her if the Authority could get that good of a rate, to use Northumberland because Swineford could not come close. This loan will be needed the beginning of 2016. There are some remaining CDBG funds available but the project cost should be available if a loan is obtained.

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Ginny was looking for a way to refinance the RUS loan which is a 3.25% rate and terms in 2039. She was hoping to save money by refinancing at a lower term and interest rate but none of the payment periods fits into the budget. If the RUS loan is refinanced at the same time as the cost of the well project, Northumberland Bank will give a 2.98% fixed rate. If the well project is financed only, the rate will be 3.15%. By refinancing the RUS loan, it would free up \$59,000, which was required by RUS to be held until the loan was paid off. Northumberland Bank does not require funds to be held. Mike Rhodes felt it important to shorten terms in order to save on interest, if it is possible to do so.

Dwayne Hackenberg motioned to pay off the West Market Street water loan out of the PLGIT timber fund. Doug Hassinger seconded and MOTION UNANIMOUSLY CARRIED.

The budget will be further discussed at the next meeting.

Motion was made by Dwayne Hackenberg to adjourn at 7:34 P.M. Doug Hassinger seconded and MOTION UNANIMOUSLY CARRIED.

Beverly Inch  
Municipal Secretary