

MIDDLEBURG MUNICIPAL AUTHORITY

July 12, 2016

Page 1 of 4

MEMBERS PRESENT: Dwayne Hackenberg-Vice Chairman, Ray Colestock,
Tim Folk, Scott Brouse

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

Meeting was called to order at 6:00 P.M. by Vice Chairman Dwayne Hackenberg.

Tim Folk motioned to approve the agenda with an addition of a letter from Northway Industries. Ray Colestock seconded and MOTION UNANIMOUSLY CARRIED.

Motion was made by Scott Brouse to approve the June minutes. Tim Folk seconded and MOTION UNANIMOUSLY CARRIED.

LDG REPORT

Loan for well project-A loan for \$300,000 was taken out for the well project. Dave had recommended that amount be increased by \$250,000 to cover the anticipated costs for the well project. The term of the \$300,000 loan was 15 years at 2.98%. The payment was \$2069 per month or approximately \$25,000 per year. The bank is willing to increase the amount of the loan but one of the things they suggested was a 20 year term rather than a 15 year term. That would add another \$976 per month to the payment or approximately \$35,000 per year. In the rate analysis which Dave did, he included an additional \$17,500 in the budget to pay that loan amount for a 15 year term. After discussion, Ray Colestock motioned to keep the loan for the well project at a 15 year term. Tim Folk seconded and MOTION UNANIMOUSLY CARRIED.

Water rate increase-Dave did a rate analysis with options for the Authority to consider, when contemplating a water rate increase. Based on the 2015 information, if everyone would use the same amount of water, the Authority would generate \$327,000. Included in the budget is \$20,000 for water system operation maintenance costs and \$20,000 for water system improvements. Several system improvements were identified, along with meter replacement, at about \$15,000. The Authority is looking at anywhere from \$335,000 to \$415,000 in capital improvements which should be made to the system over time.

The estimated budget for 2017 is \$302,500. Dave looked at some scenarios for increasing the water rates. Option #1 was to put some money in the budget for anticipated expenses in the amount of \$15,000. \$30,000 was added for capital improvements. \$347,500 was needed for the budget. The estimated income was \$327,000 so there is a shortage of \$20,500 for the budget. In order to make that up, one must add \$.81 to the consumptive cost of \$4.65. Option 2 contains \$75,000 for capital improvements. Adding \$1.80 to the consumptive amount of \$4.65 would

MIDDLEBURG MUNICIPAL AUTHORITY

July 12, 2016

Page 2 of 4

be needed to meet the budget Option 3 contains \$100,000 for capital improvements. Adding \$2.80 to the consumptive amount of \$4.65 would be needed to meet the budget. Ginny reminded everyone that in order to work with the loan increase approval, the Bank wants to know that the Authority has enough revenue to cover the added loan debt. After discussion, Ray Colestock motioned to increase the consumptive rate for water by \$1.80 per thousand gallons for the first quarter of 2017. Tim Folk seconded and MOTION UNANIMOUSLY CARRIED.

There was discussion about the money in the PLGIT fund. It can be used but the problem is that when improvements are not done on a regular basis, the Authority is then bombarded with projects and funds are needed to do them. A system for building up capital is needed and then projects can be implemented.

Problems incurred in the system in the last few days-Dustin reported that in the last few days there have been issues that have led him to believe the water line on Paxtonville Road should be replaced. The valve at the intersection of Route 104 and Paxtonville Road had to be turned off when PennDot hit the water main. That valve is leaking. He believes from what he has heard that Route 104 will be paved next year so prior to that would be the time to do this work. Also, when the Furnace Road line was shut down in order for the check valve to be inserted, the customers west of Furnace Road did not have water. Water was being reverted through the Paxtonville Road line but it was not enough to supply the people west of Furnace Road and that is not what Dustin was expecting. He expected low water pressure but not customers without water. Tim Folk feels that it would make good sense to start at the source and work from there. Dave also believes the reservoir improvements would help that problem.

There is presently a six inch line coming out of the reservoir and a ten or twelve inch is being considered. The line coming over the golf course and down Paxtonville Road to Route 522 is a six inch and is an old cast iron main. It was installed in 1903 and it is not lined and with time is now probably a three or four inch pipe. Increasing the size of the line on Paxtonville Road may be a solution because it feeds into that side of town as well, from Coonhunter to Grand Street. This item could be put on the improvements list also. The Authority felt the valve on Route 104 which is leaking should be replaced. Dustin thinks it should be incorporated with replacing that line before paving is done in that area next year. Dave will get further information on addressing some of the problems in the system and bring it to the next Authority meeting.

Possibility of billing monthly-Solicitor Slivinski suggested the Borough may want to bill monthly so that customers are not hit with a large bill all at once. Several municipalities are doing monthly billings. Brian Lauver suggested having the rates on the actual billings so that customers have it in front of them. Bev will check into the matter. Dave suggested publishing what capital improvements are needed because customers need to understand why rates are being raised. Informing the customers is usually done in the newspaper.

MIDDLEBURG MUNICIPAL AUTHORITY

July 12, 2016

Page 3 of 4

Mid-State pay request-Mid-State submitted Pay Request #4 in the amount of \$36,545.32 for work completed in the month of June. LDG recommended approval. Tim Folk motioned to approve payment of Pay Request #4 in the amount of \$36,545.32 to Mid-State. Ray Colestock seconded and MOTION CARRIED UNANIMOUSLY.

The project is about 62% complete and LDG is pushing Mid-State to get it done so they meet the substantial completion deadline of August 3rd. Tim Folk questioned holding payment to get Mid-State to move faster. There are no legal reasons to justify withholding the payment at this time, but if Mid-State does not meet the deadline of August 3rd, there will be significant penalties.

TRA Electric pay request-TRA Electric submitted Pay Request #4 in the amount of \$6,601.95. LDG recommends payment in that amount. Scott Brouse motioned to approve payment of Pay Request #4 in the amount of \$6,601.95 to TRA Electric. Tim Folk seconded and MOTION UNANIMOUSLY CARRIED.

Source meter-The source meter has arrived but has not been installed.

Water Allocation permit requirements-LDG has received a letter from DEP approving all of the steps being taken to meter the water system.

Kissimmee tapping fees-Around 2005, the tap fees were recalculated based on Act 203. There is criteria in that document that explains how tap fees are to be calculated. The original tap fees were \$1500 but when LDG followed the requirements for recalculation, they were brought down to \$665. A customer in Kissimmee has complained about new connections to the system costing less than the original connections. Dave has researched the Municipal Authorities Act and found a statement that says if the tap fee is calculated for a new system, serving all new customers, one does not have to follow the procedure for recalculation of tap fees. Dave recommends going back to the original tap fee of \$1500 or having him go back to the regulations and calculate the tap fee at today's dollar. Dave called PMAA to see if they were in agreement with the Municipal Authorities Act recalculation and they are supportive of it. Dave will get more concrete figures for the August Authority meeting.

Mary Lauver water pressure issue- Brian Lauver approached the Authority to discuss the air pressure issues in the line that serves his mother, Mary Lauver. This problem had been discussed in the past. He showed everyone a video of what his mother experiences. She cannot take a decent shower because of the problem. Dishes can be knocked out of her hand when washing them. This issue started after the water tower was removed. The pipes bang and the meter spins when there is air in the line. He questions how much water she is really using.

Dwayne Hackenberg asked if there was a way to put a relief valve in her line. Brian said he had spoken to professionals and there is a commercial unit for air problems but he did not know if it

MIDDLEBURG MUNICIPAL AUTHORITY

July 12, 2013

Page 4 of 4

could be used in this situation. Brian stated that he checked and a municipality is required to provide a minimum of 25 lbs of pressure and Mary's pressure at her property is about 20 lbs. Dave has been directed to look into the situation and report back to the Authority. Dustin reported that if there is a big use of water in the system, his area of town experiences some air in the line issues also.

Brian felt that it is not fair that his mother is paying the same as other customers and has such poor water quality because of poor water pressure. Ray Colestock motioned to rescind billing Mary Lauver until the situation is addressed. Tim Folk seconded and MOTION UNANIMOUSLY CARRIED.

Northway request to have penalty amount on water bill credited-A letter from Northway Industries was read which requested the penalty amount on their water bill be credited. The letter stated there was an oversight on their part. They felt that it is a shame that a company dedicated to helping the community would be penalized 20% for an oversight. After discussion, it was decided the Authority would be setting a precedent so the penalty would stand. Bev is to write a letter to Northway.

Blowers for Kissimmee-Dustin Zechman reported that the blowers for the Kissimmee WWTP have been ordered and should be delivered by mid August.

Paving on Paxtonville Road-Dustin spent about \$3800 on manhole risers, thinking that was all that was needed. Now he has to get others because of changes in the paving project. He has a meeting with Randy Kerstetter, Assistant Manager for PENNDOT, to see if money may be available to cover new risers. The ones that we recently got or are still on order can be used elsewhere but the older manholes in town are the 23 ½ inches in diameter. These are 26 inches in diameter. If any municipality would need the risers, Dustin was directed to sell them.

Motion was made by Ray Colestock to adjourn at 7:30 P.M. Tim Folk seconded and MOTION UNANIMOUSLY CARRIED.

Beverly Inch
Municipal Secretary

Note: Due to the carnival, the August Authority meeting will be held on August 16th at 6:00 P.M.