

September 17, 2019

POTTSTOWN BOROUGH AUTHORITY

CALL TO ORDER

Chairman Chomnuk called the meeting to order at 7:00 p.m. Present were Jeff Chomnuk, Aram Ecker, Mike Benner and David Renn. Also in attendance were Solicitor Vincent Pompo, Authority Manager Justin Keller, Public Works Director Doug Yerger, Engineer Josh Fox, Utilities Director Brent Wagner, Budget Analyst Gerry Keszczyk, Bookkeeper Janice Lee and Borough Secretary Virginia Takach. Secretary Tom Carroll was absent.

PUBLIC COMMENT

None

APPROVAL OF MINUTES

Mr. Benner moved to approve the July 16, 2019 meeting minutes as presented. Mr. Renn seconded the motion and it passed unanimously.

COMMITTEE REPORTS

Planning & Capital

Mr. Renn noted that the items will be reviewed under the Engineer's report.

Dryer Update

Solicitor Pompo advised that a dryer discussion will be held in Executive Session.

Authority-Townships Meeting Report

Mr. Keller reported that the potential metering system was a topic of discussion and additional discussion will be provided with the Engineer's Report.

AUTHORITY MANAGER'S REPORT

Manager Keller reminded the Board that the October meeting will be held on Wednesday, October 16th due to the Columbus Day holiday. He also advised that the AFSCME contract has been ratified for a three-year contract with significant health care and pension provisions for new hires. Mr. Keller introduced John Jenkins, the new Construction Project Manager.

Mr. Jenkins noted that he previously worked with PennDOT and is a member of the National Guard.

Mr. Keller announced that Brent Wagner has received a distinguished service award from the Pennsylvania Municipal Authorities Association and the official award will be delivered at a later date.

September 17, 2019

SOLICITOR'S REPORT

Attorney Pompo referred to the written report distributed with no significant matters to address at this time.

ENGINEER'S REPORT

Mr. Fox referred to the written report and provided an update on the 2019 Water and Sewer Replacement project with a job conference scheduled for September 18th. He also reported that the Waste-to-Energy Feasibility Study is underway. He is also working with Mr. Wagner for the PAC and sulfuric acid addition that is required to be submitted to the DEP and will provide a compliance schedule for the Enhanced Surface Water Rule Feasibility Study and a draft Consent Order by the first week in October.

Mr. Fox noted that several additional items are listed on the agenda.

UTILITES DIRECTOR'S REPORT

Mr. Wagner reported that DEP continues to investigate the diesel fuel leak at the Goodman Tank property and Old Reading Pike to the creek. He also referred to the Distribution System and the chlorine matter and appreciated the assistance from the Public Works Department in flushing the system.

Mr. Wagner provided information on the recent odor reports from the Wastewater Treatment Plant and will be changing operations to mitigate the two sources. Mr. Wagner also reported that there will be an exceedance of the Total Dissolved Solids during the month of August and will be reporting to DVRPC regarding the permit status.

Mr. Fox added that these issues cannot be planned for and will be working with the DVRPC and the DEP.

Mr. Wagner advised that he has been talking to consultants regarding the natural gas and energy systems and it has been determined to remain status quo and will evaluate in the future with natural gas and electricity.

PUBLIC WORKS DIRECTOR'S REPORT

Mr. Yerger reported that work continues to get cell towers reattached as a result of the painting at the K-Mart Tank. He also advised that a few issues are being addressed at the Washington Street project and the reverse flow has been corrected. Mr. Yerger noted that the Frames and Lids Contract is closed out and completed.

FINANCE REPORT

Ms. Lee distributed the analysis for the refinancing of the 2007 and 2012 water bonds. She advised that Borough Council adopted an ordinance approving the refinancing at its September 9th meeting and requested that the Authority adopt a resolution approving the refinancing. Ms. Lee advised that the savings would net approximately \$250,000 and the bond maturity would remain at 2027.

September 17, 2019

Ms. Lee also distributed the preliminary 2020 budget and requested that the Board review and have listed on the October agenda.

Mr. Keszczyk reported that the water fund revenues are at 70% and expenses at 59% and the sewer fund revenues are at 77% and expenses at 68%, adding that all funds are on target. He also noted that the bulk fund for the last three months was over \$1 million.

OLD BUSINESS

Sprinkler Charges

Chairman Chomnuk addressed the audience of Spring Valley Farms residents, who initially presented at the May 2019 meeting and were requested to return to the September meeting.

Mr. Keszczyk provided an analysis of the rate system for sprinklers, along with the various size of the meter. He added that he contacted approximately six other municipalities during his analysis efforts. His determination and recommendation is to lower the rates for sprinklers as they have not been adjusted for quite some time.

Mr. Keller confirmed that it does cost the Borough approximately \$40 per quarter to produce the capacity of water and also to comply with the flushing requirements. He referred to the Sprinkler analysis Summary recommending the reduction in charges for a 5/8" line to be changed from \$21.40 to \$20, a 3/4" line from \$21.40 to \$20 and a 1" line from \$40.58 to \$25, etc. Mr. Keller also advised and recommended that residents allow a single water line to service each the potable and sprinkler use as recommended by the Fire Chief and the Lower Pottsgrove Township Codes Inspector, adding that there should not be one line feeding two services.

Several comments were issued by the audience noting they didn't have a chance to review and comment on this matter during the public comment period and suggested the residents may be due a refund for previous charges.

Solicitor Pompo stated that if the Board decides to reduce the rate, it becomes effective for the next billing and the rate changes are not retroactive but prospective.

Ms. Lee confirmed that she will correspond with the new home owners explaining the sprinkler bill.

Mr. Renn moved to accept the proposed sprinkler rate changes as presented in the Sprinkler Analysis Summary of September 17, 2019. Mr. Benner seconded the motion and it passed unanimously.

New Utility Bill

Mr. Keller referred to the draft revised utility bill dated August 7, 2019 and explained that another column was added for the total charges, along with the cubic feet consumed and the rate charges.

Chairman Chomnuk noted that no action is required by the Board and authorized Staff to move forward on the new bills.

September 17, 2019

Close Out – Contract 158, Structural Mechanical, Dryer Replacement

Mr. Fox referred to the Close Out documents for Contract 158, the Structural and Mechanical Work associated with the dryer project and advised that all items have been satisfied.

Mr. Benner moved to accept the Close out documents for Contract No 158, Structural and Mechanical Work for the Dryer Replacement Project for a total contract price of \$2,176,493.47 as recommended by BCM Engineers. Mr. Renn seconded the motion and it passed unanimously.

Spring Valley Farms – Phase III

Attorney Pompo referred to the Financial Security Agreement and the Water Main Extension Agreement associated with the Spring Valley Farms – Phase III development, in the amount of \$678,907.

Mr. Fox explained that Phase I is within the 18-month maintenance period and Phase II is under discussion with BCM and contractor Allan Myers awaiting a close-out request.

Mr. Yerger also reviewed the outstanding issues with curb boxes, alignment and freezing issues and continues to work with the contractor.

After a brief discussion, it was the consensus of the Board to not move forward with the Phase III agreements until Phase I and Phase II outstanding issues are resolved. This matter will be revisited at the October meeting.

Spring Valley Farms – Arbitration Services Proposal (Carroll Engineering)

Attorney Pompo explained the proposal received from Carroll Engineering to provide arbitration services associated with the Spring Valley Farms and the cost of an inspection and engineering dispute under Phase I and Phase II of the project. Under the Authority's Act, it provides for a procedure for disputes such as this and wherein the developer may request an arbitrator.

Attorney Pompo also explained the fee schedule depending on the arbitrator's decision. Attorney Pompo is recommending John Swenson with Carroll Engineering as the qualified and experienced engineer to review the work and fees charged and to provide an honest assessment. Attorney Pompo referred to the proposal with an estimated cost of \$5,000.

Mr. Renn moved to authorize the Solicitor to sign the proposal presented by Carroll Engineering Corporation to provide Arbitration Services associated with the 1934 Bleim Road Partners, LP, in an amount not to exceed \$5,000. Mr. Benner seconded the motion and it passed unanimously.

NEW BUSINESS

Flow Monitoring Study

Mr. Fox referred to the September 11, 2019 Flow Monitoring Plan to identify base flow, wet weather flow, infiltration and requested approval to move forward with focusing on the 31 meters and provide a review in 6 months.

September 17, 2019

Ms. Lee confirmed that this will come under Operations and Maintenance, not capital and therefore the Pottsgroves will be paying their share and some revenue will come back.

Mr. Ecker moved to authorize HRG to proceed with the Flow Monitoring Study of September 11, 2019 to provide data for 31 meters for a 6-month duration, to begin February 2020, at a cost not to exceed \$150,660. Mr. Benner seconded the motion and it passed unanimously.

Approval for Payment No. 1 to N. Abbonizio – Contract 2019-1 Water & Sewer Replacement

Mr. Fox requested approval of Payment No. 1 for the Water and Sewer Replacement project in the amount of \$89,077.50 for work completed through August 1, 2019.

Mr. Benner moved to authorize Payment No. 1 for Contract No. 2019-1, Water and Sewer Replacement project to N. Abbonizio Contractors, Inc. in the amount of \$89,077.50. Mr. Renn seconded the motion and it passed unanimously.

Change Order No. 2 – Replace Tapping Sleeve and Valve – Wilson Street

Mr. Fox provided an explanation as to the different forms, notably a change order form and a change directive form. The change order is used for a cost already incurred and doesn't fall within the existing unit prices or to establish a new unit price. A Change Directive is used for replacement items, for example to replace 45 ft of 12" diameter sewer main, outside of the High School, which became necessary when the pipe was sloped the wrong way.

Mr. Benner moved to approve Change Order No. 2 – Replace Tapping Sleeve and Valve – Wilson Street, establishing a unit price for Item No. 42A in the amount of \$10,485. Mr. Ecker seconded the motion and it passed unanimously.

Work Change Directive No. 2 – Replace PVC Sanitary Sewer

Mr. Benner moved to approve a Work Change Directive to remove and replace 45' of existing 12" PVC sanitary sewer main starting at manhole MH-SW008 to MH-SW004D, to replace pipe sections with negative slope, in the amount of \$22,270 and existing time for three additional days. Mr. Ecker seconded the motion and it passed unanimously.

T-Mobile – First Amendment (K-Mart Tank)

Attorney Pompo referred to the proposal requesting an extension of the existing agreement for 5 additional 5-year terms at approximately \$27,000 per year and a one-time signing bonus of \$10,000 payable within 30 days of execution. He also provided details for service and maintenance provisions such as painting the tanks.

Mr. Renn moved to authorize the execution of the First Amendment of the T-Mobile Lease Agreement for the K-Mart Tank. Mr. Benner seconded the motion and it passed unanimously.

September 17, 2019

Resolution – Guaranteed Water Revenue Bonds 2007 and 2012

Mr. Benner moved to adopt the Resolution directing the issuance of the Pottstown Borough Authority for the water revenue bonds for Series of 2007 and Series of 2019 as recommended by the Finance Department. Mr. Renn seconded the motion and it passed unanimously.

RESOLUTION NO. 2 – 2019

AUTHORIZING AND DIRECTING THE ISSUANCE OF POTTSTOWN BOROUGH AUTHORITY GUARANTEED WATER REVENUE BONDS, SERIES OF 2017 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$9,000,000 FOR THE PURPOSE OF FINANCING (1) THE REFUNDING OF THE AUTHORITY'S GUARANTEED WATER REVENUE BOND, SERIES OF 2007; (2) THE REFUNDING OF THE AUTHORITY'S GUARANTEED WATER REVENUE BONDS, SERIES OF 2012 and (3) PAYING THE COSTS OF ISSUING THE BONDS (THE "2019 PROJECT"); AUTHORIZING THE EXECUTION AND DELIVERY OF A NINTH SUPPLEMENTAL TRUST INDENTURE SECURING SAID BONDS WITH U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE; AUTHORIZING THE EXECUTION AND DELIVERY OF A GUARANTY AGREEMENT BY THE BOROUGH OF POTTSTOWN; AUTHORIZING THE SALE AND DELIVERY OF THE BONDS TO THE PURCHASER THEREOF; AUTHORIZING THE PLEDGE OF THE RECEIPTS AND REVENUES FROM THE WATER SYSTEM, AUTHORIZING THE PREPARATION OF AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF THE BONDS; PROVIDING FOR THE CURRENT REFUNDING OF THE AUTHORITY'S 2007 BOND AND 2012 BONDS; AND AUTHORIZING OTHER NECESSARY ACTION WITH REGARD TO THE BONDS.

Upper Pottsgrove Township, 1505 Kummerer Road

Mr. Keller explained the request for additional capacity for the Kummerer road development for 39,000 gpd. He confirmed that Upper Pottsgrove Township has capacity unused as the result of failed developments.

Mr. Fox added that he confirmed the unused capacity on the books, however Upper Pottsgrove does not want to utilize it for this development. Mr. Fox also explained that the cost involved with using the existing unused capacity would not be cost effective due to open space and the Act 537 Plan requirement. He noted that they wish to reconcile the difference. Mr. Fox advised that this would be carried in the Chapter 94 report for 5 years. He added that 3,900 gallons equated to approximately 145 EDU's and this is growth related.

Attorney Pompo commented that Upper Pottsgrove needs the Authority's approval that the proposed project s in compliance with the Chapter 94 Capacity and Flow Allocation regulations and Sewage planning modules with DEP. Mr. Pompo also advised that he received a letter from the Township's Solicitor requesting that the existing agreement be extended by 36 months, the agreement of which has expired in April 2019.

After addition discussion, Mr. Renn moved to authorize the Solicitor to prepare an agreement that would extend the existing agreement by an additional 36 months, which has expired April 6, 2019

September 17, 2019

and to authorize the Engineer to provide the appropriate calculations. Mr. Benner seconded the motion. The motion carried: 3 ayes, 1 nay. Mr. Ecker cast the negative vote.

Air Scour

Mr. Wagner requested that an instrumentation under the air scour funds be approved for the purchase of necessary equipment at a cost of \$166,00 under the Capital Plan.

Mr. Keszczyk confirmed that the money is available in the capital fund.

Mr. Renn moved to authorize the expenditure of equipment under the Air Scour Capital Fund in the amount not to exceed \$166,000. Mr. Benner seconded the motion and it passed unanimously.

Lower Pottsgrove Township Additional Capacity

Mr. Fox explained the request of Lower Pottsgrove Township to include the Authority and the other associated Townships to participate in the cost for a study regarding capital improvement projects, as it may be a benefit to all parties. He added that this would be to improve and evaluate flows at the Wastewater Treatment Plant.

After a brief discussion, it was the consensus of the Board to authorize the Engineer to respond to Lower Pottsgrove Township that the Authority has no interest in participating in this study and no action was taken by the Board.

EXECUTIVE SESSION

Chairman Chomnuk recessed the meeting to executive session at 8:50 p.m. for an item of potential litigation.

ADJOURNMENT

The meeting adjourned at 9:30 p.m. on motion by Mr. Benner.

Submitted by,

Virginia L. Takach, Borough Secretary
For Thomas Carroll, Secretary