

**Minutes
North Lebanon Township Municipal Authority
November 10, 2004**

The meeting of the North Lebanon Township Municipal Authority was held on Wednesday, November 10, 2004, at 7:00 PM at the North Lebanon Township Municipal Building, 725 Kimmerlings Road Lebanon, PA with the following Board members present:

Thomas Parry	Chairman
Wynanne Demler	Vice-Chairman
Tod Dissinger	Treasurer
Ronald Ensminger	Secretary
Susan Switzer Pierce	Asst. Secretary
Sheila Wartluft	Asst. Mgr.
Fred Wolf	Henry & Beaver
Scott Rights	Steckbeck Engineering

Also in attendance were Wastewater Foreman Mike Kneasel, and 5 Township residents.

At this time, Chairman Parry called for a motion to approve the October minutes.

MOTION: Motion was made and second to approve the October minutes. Motion approved.

Next, Chairman Parry asked for a motion to approve all invoices and requisitions for payment, all which are subject to audit.

MOTION: Motion was made and second to approve the invoices and requisitions for payment all subject to audit. Motion unanimously approved.

COMMENTS FROM THE PUBLIC

There were no comments from the public this evening.

SOLICITORS REPORT

Pertinent Issues

At this time, Sol Wolf said he would like to announce that, Tom Parry, our Chairman of the Authority Board, had contacted him to let him know, as of the end of this year, he will be resigning from the Authority Board. As far as the reason, Tom is selling his home and although he has attempted to relocate within the Township, they have not been able to do so. They are going to be re-locating in South Lebanon Township. The reason for this move is personal and he has shared this reason with Sol Wolf. He would prefer to stay in the Township and on the Authority

Pertinent Issues(cont'd)

Board, but due to the circumstances, he cannot. Sol Wolf said that he has served as the Solicitor for this Authority since day one and last month we talked about a lot of the history of Authority, the tough decisions that the Authority had to make up until this time and Tom has been on this Board and the Board of Supervisors for many years. He has served both Boards with distinction; also trying to do what he felt was best for the Authority and the residents of the Township. For himself, he will say that his leadership and his dedication will be missed greatly, but they will also miss him personally as well. In the case that anyone is questioning if and when he will be paying the tapping fee for the water connection, this will be taken care of at settlement and either, Tom or the new owner will be required to connect to the system. He is hoping that the sale of his property will take place by the end of the year. Sol Wolf thanked Tom for his many years of service to the Township and the Authority and enjoyed working with him.

Proceeding along with the water project, we are almost complete with the construction phase of the project and hopefully, nearing the end of paying the bills. We have been reviewing bills every month as we have gone through the project and last month we reviewed it with the contractor. We had all of his invoices and they have been approved to pay. The Board had also approved a \$5,000 retainer that we keep until everything on the punch list is completed. One of the items of information that he gave to the Authority is the list of invoices that will be paid from the temporary loan from Lebanon Valley Farmers Bank, which will be paid back by tapping fees from the residents and the developers. He has given the Board the requisitions that they are paying at this time, which are reimbursement to the Authority account for expenses that has already been paid before. Those include reimbursement of engineering fees, two contractor invoices and PennDot inspections, along with administration fees. We have estimates 8 and 9, which we did approve at a prior meeting to the contractor. We then have the legal and the right-of-way expenses that we are paying and the payment to bond counsel. The other information that he presented the Authority shows where we are since we are nearing the end of the project and he gave them what they anticipated the project costs to be as we have been going through the construction. We had talked from time to time that the actual construction costs would be above the original estimate. Part of that was because of the addition of 7th Street phase, which had not been anticipated in the beginning. There were some other minor changes that affect the change in costs as well. He tried to set forth to the Authority Board where we are in each of these categories. At the end we will be able to see where we are over and under budget. We will then be able to identify some estimated costs that we will have between now and the time that all of the bills will be paid. We are over the original estimate by \$104,963.41, that does include the \$5,000 for retain age. On right-of-way and condemnation work, we are over by \$381, but he would say that the Authority would recognize that when we started out and set our budget, we weren't anticipating 7th Street and having to do right-of-way and condemnation along 7th Street in order to stay out of the State

Pertinent Issues(cont'd)

highway. Staying within that by \$381 is pretty amazing. We have not spent everything that has been budgeted for permits for the project. We have a balance in that account of \$1,421.41. Going back to the right-of-way and condemnation costs, he is not anticipating any more costs from the contractor. Same thing with the permits, we are at the end of that. We had budgeted \$15,000 for administrative work and to date, have only spent \$3,913.10. It is a shot in the dark trying to estimate what we will run into between now and the end of the project in this area. A lot of this relates to what may or may not have to be done to get everyone connected. We are estimating that we will spend about \$8,000 in this category. We are also under budget in the legal category. We are at \$7,812.50, proceeding to the end, we don't know where we will end up. Hopefully, this balance will carry through to the end of the project. Concerning engineering and inspection work, this includes everything that the engineer did for the project. That balance is at \$71,996.30. Scott has given him another invoice for \$2,000 or so. He is reserving \$30,000 out of that savings for the balance of the project. When you look at the summary sheet, you will see that we have items that are over and under budget, and when you compare the total amount, there is \$105,341.48 over budget, most of which is for the contractor. If you take the other costs we talked about, we are under about \$92,000, so that would take us to \$13,028.30 over budget. He then listed the additional items that we expect we will have to pay between now and the end of the project. This brings us up to \$60,840.80. On the next page, it shows the requisition that he gave this evening to pay from the temporary loan at Lebanon Valley Farmers Bank. But they do have some additional revenues that they have coming in to off set the money that we are borrowing. On the bond issue for the construction account we have \$20,000, so he has requisitioned that out to off set the debt. By agreement that we had with various property owners, we did put in a few vacant lot laterals that we need to be reimbursed for the contractor's costs. We will then have about \$24,000 in revenues. We have already paid the contractor to put those laterals in. We will have about \$44,000 that we are going to receive, \$20,000 from the trust and \$20,000 from vacant lot laterals. Then that will be applied to the debt. We also have to take into consideration the fact that the developers have 5 years in order to pay all of their tapping fees, and then that money will be applied to the debt as well. We do have a shortfall of about \$130,000, meaning that we don't have as many tapping fees coming in that we need to pay off all of what we are borrowing. If we are looking at doing something with either a booster pump or individual pumps, we will then have that expense as well. Scott has given us a rough estimate of \$100,000 for the booster pumps and there may be more than that. During the life of the loan that we have, there is always the possibility with the tracts of land in the Township, there could be more development going in. We are estimating the new tapping fee being between \$2,000 and \$3,000 per edu for any new development coming in. If this booster thing does get done, we need between \$200,000 and \$250,000 to get it done, which translates into about 75 edus that need to be developed. You also have some other vacant lots, where the owners have opted to not install a lateral. So there is also the

Pertinent Issues(cont'd)

possibility of additional connections in the near future. In the event we don't, the temporary borrowing can be extended out like the term of our bond issue. Currently that is about the same rate, between the trustees and the bank. We do have one development that does not have an agreement for tapping fees. If this tract of land does get developed and this new tapping fee gets established, then he estimates their tapping fees based upon what we have now, there would be additional tapping fees from that development. That is basically where we are at this point. We continue to look at what we are doing with the booster pump situation. With that, he will turn this over to Scott to explain about the booster pumps.

Pre-Bid Conference for 8th Avenue Demolition

Sol Wolf reported that we had the pre bid conference this morning for the demolition of the house on North 8th Avenue. They had a very good turn out. They went over everything that is going to be done. As stated last month, the asbestos has been removed from the building and we have the certificate indicating such. There are some things that the Township wanted to salvage like the oil tank and they took that out. They reviewed everything with the bidders and then they went out and looked at the sight. Their bids are due for our next meeting so we can open them and review them on December 9th. If everything is in order, we can then award the bid. There is one wall that the Township wants the stone from, so that was identified to the bidders on sight so they are aware of it. They are to dismantle the wall and the Township will take it away themselves. Any demolition materials have to be taken to the landfill. One of the bidders asked if it can be taken somewhere else, and we told him no. It looks like we should have some people interested and getting them all here for the pre-bid lets them know that there are a fair number of bidders interested. Sheila and Sol Wolf have to follow up on one thing, which is a demolition permit that we may need. He is going to check with County Planning and Sheila is going to see if we need a permit with the GLRA to take the refuse to. We are paying them directly, since hopefully we will get a better price than the contractor would. Tod asked if the only responsibility of the successful bidder would be to tear the house down and take it away? Sol Wolf said that is correct, unless they find something they want to salvage, and then they can have it.

Sol Wolf then turned the meeting over to Scott to go over the construction of the new pump station. Scott showed them a drawing of the old pump station. He then went over the different flows that go into the pump station and the various directions it comes from. The new station is going to be set where the old house sits now. There is one concern that Mike has and that is because the line has to cross the creek that is situated on the property. Scott said there is that possibility that permits may have to be lifted because of environmental issues with the creek.

Pre-Bid Conference for 8th Avenue Demolition(cont'd)

Chairman Parry asked if it would be EPA that would get involved because the direction of the creek would be changed? Scott said that is correct.

Rate Fee Resolutions

Sol Wolf reported that we would be looking at the rate schedule for 2005 at our next meeting. The one rate that we expect to change is the water and sewer-tapping fee. We had discussed earlier that there were new regulations that were adopted recently by the State for calculating the tapping fees. But they grandfathered you if you already had a tapping fee in place at the time it was passed, for a certain length of time. That time is up in June and we don't want to let this slip by us. So we are going to try to get all the information together by the next meeting so it can be reviewed and discussed.

Budget

Sol Wolf said he wants to emphasize one part of the budget that was touched on last meeting. The employees that do the work for the Authority are Township employees and our role in the budget is to set an amount so the Board of Supervisors know what amount of money they have to play with. They make the actual wage changes for the employees. To allow them enough latitude in that matter the budget that we are looking at would allow for a 4% increase, but whether they give that to each employee would be up to them. They will be reviewing that with the Authority with your recommendation. The personnel matters are discussed in executive session because it does involve personal issues, but the Board does want this Boards' input into that matter. He would ask that this Board would meet after this meeting in executive session to see what your feelings are concerning wages. Sheila and Mike would not be part of that executive session since they are employees. The rest of the issues concerning the budget will be discussed in Sheila's part of the meeting.

Tod raised a question last month about shopping around for health insurance and Sol Wolf asked Cheri for when the two boards get together, she be prepared to speak on this issue. She indicated that she had checked around various programs and other Townships concerning the various insurance packages and found out that ours was the least expensive one. The Board, after looking at the information that Sheila had provided felt that we were in a lot better shape than most municipalities.

ENGINEERS REPORT

Booster Pumps

As Sol Wolf previously mentioned, Scott did speak to the City engineer about the possibility of installing a main booster pump station. He went on to show a map that indicated the various pressures in the system. The City did not feel comfortable responding to this; rather they are going to have their consultant look at it. We are elevating the pressures in this area, which he indicated on the map. We have pressures in other parts of the system that are higher. So what we have to do is to reduce those pressures. The primary concern is over at Kimmerlings and Kochenderfer Roads. It is at this point, that we did not have in initially, was looped because the City required. If we come off this line here and the City's existing line goes south on 7th Street to other parts of the system. It also cuts across Kochenderfer Road to other parts of the system. They have storage tanks in that part of the distribution system that is linked in with this tank here across the street from the Township Building. The operating levels of the tanks are the same in all of the tanks. If we are elevating the pressure in this area, we are actually raising the water level in this tank. Now we are taking their system out of balance. In order to bring this back down, we have to install pressure reducing valves to knock it back down to bring it into balance. The City is not for this at all. They have worked many years to get this thing in balance. The bottom line is they are going to take this sketch and give it to Gannett Fleming and have them look at it and get back to us on what they think would be appropriate. They still have no interest in taking over dedication of this thing. In any event, they are continuing to work with us. Scott mentioned that he and Sheila went out and checked pressures on some of the houses in the Townships. Sol Wolf said that possibly, they could go out and check some of the pressures of the houses that just connected to see what their pressures are. This would be better than guessing what they may be. Scott repeated that they have sent a sketch to the City to evaluate it and then they will get back to us with their comments. Sol Wolf asked if anyone in the audience would like their pressure checked, to let us know. One of the public asked how long Scott thinks it will take until the City gets back to him about the sketch that he provided for the booster pump station? Scott said it should be back by the next meeting.

Scott mentioned that they were looking at some more options for the booster station. He has some of the information with him this evening and showed the Board as well as the residents what he has. They had talked last time about the possibility of having some sort of storage tank with these pumps. No one was real keen on that because they are bigger and take up more floor space. Instead of doing that we are looking at using pumps that have variable frequency drives. The bottom line is that we are looking at knocking out the storage tank and going with the variable frequency drive pumps. Chairman Parry asked if the City has a problem with the concept of a pump? He realizes that they do not want to be involved with a booster pump station, but what about individual pumps? Will it affect the rest of the system? Scott said if it does affect the rest of the system, they would have a

Booster Pumps(cont'd)

problem with it. Their initial response was, we don't want the maintenance, but they never really addressed the topic of the individual pumps. Chairman Parry said the City has to be in agreement with what we want to do first before we can do it. We then have to get the system going. Scott said as long as it is not affecting the pressures in the rest of system, then they would most likely not have a problem with it. But if it does, then they may have something to say about it. They are telling us, from their prospective; they are not getting involved with any kind of booster pumps or pump stations. From what they are telling Scott, if this pressure problem would be anywhere else than where it is, they wouldn't even be thinking about it. Tod said we keep talking about this booster pump in order to improve the water pressure to some of these homes. How many people are less than 30 pounds of pressure in this area? Scott said there are about 65 homes that would be under the 30 pounds, with the lowest being 23.4 pounds at the highest fixture point in the home. Most of these numbers would be on the second floor of the home. Chairman Parry asked if that would be the static pressure in the house? Scott said it would. Tod said if they tested his water pressure at his house and it is at 26 pounds, what is the problem. He realizes that with the wells, they may have had better pressure, but why should we be providing pumps when their pressure is better than what he has always had? If you are going to spend \$100,000 to \$150,000 for something that is only going to last 10 years, plus we have to manage it, to him, it doesn't seem right. Even with his pressure of 26, when his washer kicks in and he is taking a shower, it is more than enough pressure, in his opinion. Sol Wolf asked if we have other areas other than this that have pressures less than 30 pounds? Scott said there might be 2 or 3 homes, if they have restrooms on their 2nd or 3rd floors that may have pressures of 28 or 29. Chairman Parry asked Member Ensminger what his pressure is since he connected to the water line? He said it is about the same as before. He knows it hasn't gone down any. Tod asked what the Checket's pressure on Patmar Drive was? Scott said it measured 29 pounds of pressure. Tod said he is having a hard time understanding the big concern about this pressure or lack there of. If you look at the numbers, we have about 61 properties that have pressure between 25-30 and 4 properties that have pressure between 20-25 pounds. Tod then asked if they were on wells before, is there anything that comes from the well water that goes through the pipes and gets to where ever it is needed. Is it possible that it could close part of the nozzle that they are not getting the full pressure? Ron said that is possible because he had to clean out his lines twice because it was getting clogged and the water pressure slowed to a little trickle. With each restriction that you have in the line, you are going to have a lower pressure. Tod said he is having a problem believing that the pressures are that low, when the house across the street has great pressure. Sol Wolf said he thinks it would help us to understand their concerns if we did go inside the home with the gauge and find the answer to that question. Maybe there is something else that can be done besides putting a booster pump on. Ron asked if keeping the filtering systems on a water system would make a difference in pressure? He said he had three different filtering systems on his and he disconnected everything. Chairman Parry said most

Booster Pumps(cont'd)

definitely, since those filters are catching debris and the debris will hold the pressure back. Scott said, even an aerator will reduce the amount of pressure that you will get out of a faucet. Chairman Parry said even going through a water softening unit can cause the pressure to be reduced if the resin bed is clogged. Scott said he would venture to guess that there are some people that just didn't know better and still have the filters hooked up, along with water softeners. Tod said here we are spending your time, our money, the City's time and money for a few people that are not satisfied with their pressure and could be something that could be remedied in another way. Tod said he doesn't think it is right to accommodate someone that wants 60-65 pounds of pressure, when they have pressure that is more than adequate. Tod's suggestion is to visit each of these three people and see what their pressure actually is. Scott said if the Board wants him to go into peoples homes to check pressures, then he has to go to the supply houses to get a gauge that can fit on a faucet. The other option would be to break into a line, which we do not want to do. Chairman Parry asked how much more research do we want to go through and much more money do we want to spend to try and find an answer? Sol Wolf said he suggests visiting the homes to check the pressure and then we know what we are dealing with. Chairman Parry asked if for some reason, everyone on the system was running their water at the same time, what affect would have on the system? Scott said the affect would be very minuscule since it is an 8" main. Scott did mention that the difference in pressure between the storage tank and the homes on Patmar and Marcon Drive is about 1 pound of pressure, under normal conditions. Sol Wolf asked what the pressure would be in the fire hydrants in this area where the pressure seems to be low? Scott said it should be all over 30, since the pressure in the mains is 30. The City's philosophy is that they design for the pressure in the main, not the home, because the pressure in the home can fluctuate based on the design and location of the home. Ron asked if all of these gentleman that were here this evening were hooked up? Sol Wolf said he thought only one of them said they were not hooked up. Also, Chairman Parry said it would also depend on the size of the line going into the house. A $\frac{3}{4}$ " line will have a greater pressure than a 1" line. Do we know the size of the line that these people have? Tod said his thought would be to have a more unified connection, would be to take the screen off the kitchen sink. A lot of these things need to be addressed before we go into people's homes and make the determination of their pressures. Scott also said as a Board, you would want to make this issue black and white how you want to do this. If we go into these homes to determine the pressures, then we need to know what we are delivering to the house, not into the kitchen, or the garage or wherever. What happens internally, is the homeowners problem, not ours. If we go in there and the guy has lousy pressure and it just trickles out, but yet we are showing that the pressure we are delivering from the main is "X" amount of pounds, who is responsible for discovering the reason for the drop in pressure? Tod said he brought up another good point. If we do go into a home and the pressure comes up to 20 pounds or so, then they will say, see we told you we didn't have adequate pressure. Whereas if we check it outside, we are

Booster Pumps(cont'd)

giving them enough pressure per the standards and requirements. Then it has to be something internally and it should be their problem to fix. Chairman Parry then said, OK, a different analogy would be the gas company. If you call the gas company or the electric company and tell them that something does not work, because you do not have enough electricity and they come out and go to the meter and they tell you they are giving you plenty of amps, it's your problem. Tod said we are responsible up to the connection at the house, that's it. Scott said if you as a Board feel that we need to give the residents better pressure, then we can look into it, but keep in the back of your mind, you cannot get caught up with what is going on inside the home. Tod said it is similar to the sewer, we are responsible to the house and that is it. If something goes wrong inside the home, we do not go out to fix it. Not to minimize the issue, but Scott said you have to turn this into black or white and make a decision as to how far you are willing to go to provide what the residents want. Chairman Parry said he thinks we should stick to our promise to look into it, but he doesn't think we ever said we would do anything about it. After that, we need to make the best decision possible. Tod said he doesn't know what the next step is or should be, but he thinks we are spending way too much time and money on something that we should not have to. Parry said he is going to make it a point this weekend to visit some of the neighbors and see what their situation is. Sol Wolf said since these people have come to so many meetings, we owe them some more research. He feels we should go to the homes and see what they are actually dealing with.

8th Avenue Pump Station

Scott said we are pretty much in line with this project and hopefully will be able to get going in the spring with this.

Paving Prices

At the last meeting we discussed getting prices for paving along Maple Street. PennDot wants us to mill out about 2" of stone that is in the shoulder right now and replace it with 2" of BCBC. Pennsy Supply gave us a price of \$7,100 for a 2'x 2' section of paving on the shoulder. If we go with a 3' wide patch, then the price would \$7,300. For the \$200 price difference he feels it is better to go with the 3' wide paving. Scott went back to Marks and got prices from them. He said if we go with the 2'x 2' section, Marks price is \$5,950 and a 3' wide patch is \$6,950. But the one thing that they didn't include is the sealant that Pennsy did between the edge of the existing paving and the new paving. He is not sure since PennDot is to be paving this piece of roadway shortly, if this sealant is really necessary. Chairman Parry asked if PennDot is not requiring the sealant? If not, then why pay to have it done. Scott said it was not an issue that was discussed. Chairman Parry then asked if this would be able to be done this year yet? Scott said that is another thing with Pennsy. They cannot guarantee to have it done this year yet, and Marks said they

Paving Prices(cont'd)

could do it. Tod asked about the sealant machine that the Township owns. Couldn't they seal it after the area is paved? Scott said we worked out a deal with them for down on Miller Street around a hydrant where the water was coming out on the road. We are working together on several different areas in the Township. The bottom line is that we should look at this paving project from a 2 year prospective, because we have to bond it for 2 years. Once it gets beyond the 2-year limit, then it becomes PennDots problem. Tod wanted to confirm the area and the distance of the project to be paved. Scott explained it goes was from Woelfling's property at 601 East Maple Street down to 4th Avenue, a total of 1,100 '. Chairman Parry asked if we want to approve this to be done tonight so that Marks can get to do it this year yet? Sol Wolf said we really need one more quote since it is under \$10,000. The Board directed Scott to get one more quote so that we have the necessary items for the project. Scott said that he could contact Handwerk Contractors since they are a reputable contractor and we have used them before. That way if they come in lower, we can go with them, if no, we go with the lowest bid.

MOTION: Motion was made and second to proceed with the Maple Street paving repairs, going with the lowest of the three bids. If sealing is required by PennDot, the Township would utilize their sealing machine to do this. Also, the project must be completed this year. Motion approved.

PLAN REVIEWS

Ketchum Plan

Scott mentioned that they still have not revised the details as of yet. There are no other plans for review this evening.

Woodlea Phase III

Sheila mentioned that she just gave Scott this plan this evening, so we will review it at a later date.

ASSISTANT MANAGER'S REPORT

Water Project Update

Sheila reported that we have about 70 people that have still not connected to the system. Of these, over half have not responded with any kind of request for extension or communication of any kind. We have about less than 20 people that have not paid their connection fee or made any effort to do so. She did mention that some of these are working with redevelopment and we are working with them. We have reached a point that it is really not going to go anywhere without action on our part. Parry asked her if she is making a recommendation to start

Water Project Update(cont'd)

action against these people? Sol Wolf said he and Sheila have been talking about this. They do have some people that have requested extensions, so they need to get these together so they can make their recommendations to the Board. When they do meet with the Board of Supervisors, we will talk about going to the next step, whatever needs to be done. Since this was under the direction of the Township, they have to enforce the connection ordinance. Sheila also reported that the water bills were sent out, just the debt service portion of the bill to all on the project. Parry asked when the water meters would be read? Ron said his was already read and he was billed for his usage. Sheila said if you were connected before the end of August, your meter was read. She is still waiting on a list from the City showing who and what was billed. As far as the sewer bill goes, the sewer bill that goes out in February of 2005 will reflect the read of the meter. The bill that went out today still reflects the flat 15,000 gallons.

Also, she said that Monday, November 15th, she would be sending out the reminder letters to those residents that chose to take advantage of the 3-payment option. This is to remind them that their second payment is due by January 31, 2005. We ended up having 197 residents using the 3-payment option.

NLT Website

Sheila mentioned that the website for the Township is up and running. We are trying to keep it as current as possible. We have information on the site concerning the water project; it's progress and the like. Chairman Parry asked if we can access the website from here to make changes? Sheila said yes, we could make the changes as the administrator is here in the office. We have some tips from the wastewater department and also some maintenance issues that would be of interest to the residents. The website address is as follows: www.twp.northlebanon.pa.us.

Budget

Chairman Parry said at this time, we would go over the budget. minus the personnel issues in the budget. Sol Wolf said we would go through the budget line item by line item.

The Board's salary should need no explanation. The disability insurance is based on what we expect to spend based on the rates that have been quoted to us. The health insurance escrow is going up again this year. The next item is the health insurance and is with the new rates that have been quoted to us. Everybody now knows that we have checked around and our rates are better than anyone else's'. We try to project high enough so we don't end up with a deficit. Sheila asked to interject. She said we are unique in the fact that our insurance runs April to April, so we have to bump it up a little bit, because we don't know what is going to

Budget(cont'd)

happen in between. Moving on to life insurance, this is the same thing, based on the quotes. The pension is projected for \$14,000 because we have heard that it is going up during the year. Sheila said Cheri does the MMO and this is the number that she gave, although it can change until then. Sol Wolf went on to explain exactly how this works and some of the history of the pension plan. Sheila wanted to let the Board know that when the Auditor was here he found where too much money was taken out of our account and now it shows back in the account for the pension account. We have auditors that come down and audit our pension accounts to make sure that the money are distributed properly.

They then went over some of the minor categories, such as office supplies, FICA, postage, etc. These particular line items vary since you never know what you are going to need at a particular time. Departmental supplies are another thing that vary from year to year. Gasoline is another area where you never what you are going to spend. They then went over many other areas of the budget such as uniforms, vehicle maintenance, etc. Another area that we are never sure about is repairs and maintenance. We budgeted \$18,800 for this year and we are at \$10,512 usage at the end of October.

One area that is usually used up quite fast is the plan review line item. We budgeted \$4,000, but we already spent \$11, 700 this year. One thing to remember is that we get reimbursed for the plan reviews, which is good. Sheila said that is a big number because of the Business Park plan reviews. We have not been reimbursed yet for these plan reviews.

The Auditors fee is basically quoted upon what they charged us this year. Their price is the same for next year, it did not go up.

The Management Consultant category has been in for quite some time, although we do not use it. When we have to go out and get someone else for management consultant, then these fees come out of this category, as well as our Engineer's fees.

The engineering retainer has been kept the same as well. His charges will be the same.

The legal fees and retainer, we spent \$10,000 so far this year, which does not include the water project. About half of this was reimbursed from various other areas or individuals.

The office phones are being billed monthly and we have two more bills to go. We are charged \$53 per month, which reduces the budget by \$700. The same thing with the cell phones. The dialer fees are also billed on a monthly basis, and we kept this same as well for 2005.

Budget(cont'd)

The fees for advertising and printing all depends on what projects we are working on at the time.

There has been no notice of an increase in the treasurers bond.

Sol Wolf asked Sheila to explain the "Ultra Flex" insurance. Sheila said it is the insurance on the pump station, meters, etc.

The auto insurance has been paid for the whole year, so we increased this amount because of the new truck being purchased.

The error and omissions are also paid once a year and this has been paid already for the year. Ron said he feels that this amount is quite high for us. They decided to discuss this with the Supervisors on Monday night.

Sol Wolf asked Ron about the workman's comp portion of the budget. Is this more accurate than the other insurances? Ron said it is. The workman's comp will specify what was used for what department.

Emergency repairs for others were for the Bell of PA accident.

They then went over some of the utility bills and what they are budgeted for the next year. Tod mentioned since we are getting rid of that one pump station, it should lower some of these utilities.

Then they went over some of the "in and out" expenses, such as sewer saddles, water termination fees, etc.

There are no big plans for office equipment or computers for the upcoming year. We are planning on software upgrades, but it is not much. This line item also covers any repairs that have to be made on the computer during the year. Parry asked if we pay any part of the costs of the website? Sheila said no, pretty much of it is being paid by a recycling grant.

The DJ costs are for any well water customers that do not pay and we have to file a civil complaint. This is also a reimbursable expense.

Sol Wolf wanted to go over the PA One Calls. He explained that this is the cost when we get a PA One Call to have the utilities marked. We then get a check back from PA One Call each year as a portion of the amount we pay. We pay a fee based on every call that comes into our office. Chairman Parry asked if we re-bill that person who originally makes the call to PA One Call? Sheila and Mike both said no. It is billed as a free service to anyone who is digging. Chairman Parry said, so there is nothing we can do about re-couping these charges that we are paying? He was told no. Sheila

Budget(cont'd)

said we really encourage people to make these one calls, because if you look at the numbers that actually take advantage of it, it is really a low number. Compare that to an accident where someone may damage a pipe, this cost is relatively low compared to a repair that may be needed.

The South Lebanon transportation fee is another item that is reimbursed by the customer. This is for all of the customers that have sewer that flows through South Lebanon lines in order to reach the treatment plant in the City.

The Trustee expense is for all of the services that our trustee provides, including the debt service fund, transferring funds, journal entries, etc. The number that we have for the trustee is a set fee every year. There are some other expenses that the Auditor includes in the number that we have to pull out and put in the areas that they belong. These are just some of the things we have to closely monitor each year so that we have a more accurate number for the Trustee.

Tod had a question about the budget for this year. He asked why we are over budget in the amount of \$72,000? Sheila said we are not over; we are under \$72,000 for this year. There are some items that are in this category that we are not sure why they are in there. Our Auditor is the one that places these in there. The Trustee pays things that are related to the Bond issue or the water project, so when it is included in the operations and maintenance part of the budget, it is hard to determine what it was really for. Sol Wolf said maybe we should talk to the Auditor and find out exactly what he is doing. Sheila said she would like to see a line item listed as trust transaction in the budget so that it is more simple and easier to understand. What it boils down to is that we should not have expenses thrown in this line item that are not operation and maintenance items. It makes it much harder to determine what we have in that line item when there are a variety of things in there. At this time, Tod said he has a question that he would like to ask. He asked if the Solicitor has any input as to the numbers that are presented as part of the budget? Sol Wolf said he does. Tod complimented him by saying he is very good at what he does and thinks he should be commended for the job he does. Sol Wolf said he has a report that he has to present to the Trustee every year, since they are the bondholders. There are various bits of information that have to be included in this report, such as engineering information, operations and maintenance issues, things that need to be done, such as upgrading the system. They are interested in the same things as this Board is. You set your rates for debt service and O & M, which are set rates and separate and are set at a sufficient amount with your number of customers to pay your operations and maintenance budget which is completely separate from any project costs that you have and also, completely separate from debt service. What it boils down is you cannot have everything in this operations and maintenance category other than, strictly operations and maintenance, because otherwise, how are you going to know what

Budget(cont'd)

you have in that category? We will try to work on this so that it is more understandable to everyone.

At this time, Sheila asked if anyone had any questions about the capital reserve account? It is pretty much what it shows to be. The numbers are up in the capacity line item because the City increased their rate to us. We have had a lot of the developers come in ahead of time, when they heard the rates were going up and paid ahead of time. This is why the numbers are so high in this area.

They then started talking about the fact that they have a \$28,000 shortfall in the operations and maintenance category. Do they now increase the O & M fee or have another shortfall next year? This fee cannot stay \$20 forever. We promised at that meeting several years ago that we would not increase this fee for at least 5 years and we have held to that. It is possible that we can hold it for another year. Sol Wolf said by re-financing, having this fixed interest rate and getting new customers, we are going to have a cushion on what we are collecting in debt service.

SEWER DEPARTMENT REPORT

Mike started by saying the new truck has arrived and we are using it. It is pretty much a copycat of the other one. They are very pleased with it and turned out the way it was supposed to. Chairman Parry asked if it is bigger than the other one? Mike said it is much bigger.

They were cleaning sewer lines down on 7th Street about 2 weeks ago and pulled the roots out of the manhole at Kathy Drive, along 7th Street. There was quite a big root system in there, probably the largest they ever pulled out of a manhole. Chairman Parry asked if they could tell if they were live or dead? Mike said they were live. He said there is an outfit that they have been to get down here that supposedly are able to clean the roots out of the manholes. The company is called "Dukes Root Control". He is trying to get to them to see how they do it.

Mike reported that the fill project out at the Business Park is about 1-1/2' from being complete. They have stopped because they are waiting for the manholes before they continue. When they come back to finish the line, they will finish the top off. Mike said they are doing a nice job, almost the way it looks on the blue print.

He then said they cleaned the line over at Grace Avenue and Twigg Avenue. It was only a 60' line and they couldn't get the jet hose through. He passed some pictures around of the camera demo they had that day. They found they had about 1/2 of pipe full of stone. So they went from the other side and pulled the stone in reverse and cleaned it out. They are not sure where it came from, maybe construction debris or the like after people connected. The one camera was taken down to Narrows Drive, near June Gingrich's house and it crawled up the line, went passed

SEWER DEPARTMENT REPORT(cont'd)

the first lateral, this is where we had put a saddle in. We knew there was a furnco on there and we wanted to see it. This camera crawled in the lateral about 18' and we could see right at the furnco. There were some problems with this particular camera. It was not exactly as the literature indicated. It has a spring loaded head on it and if it into a joint, it was get stuck very easily. Mike was not sure the cost of this camera. He had met these people at a trade show and thought it nice to see it in action.

With no more business for the good of the Authority the meeting was adjourned at 10:10 PM.

Respectfully Submitted,

Tina M. Haser
Recording Secretary