

**MEETING MINUTES OF THE
PLUM CREEK MUNICIPAL AUTHORITY
January 2017**

A regular meeting of the Board of The Plum Creek Municipal Authority was held on January 17, 2017 at the Plum Creek Municipal Authority Business Office Building, South Manheim Township, Schuylkill County, Pennsylvania.

Board members present at the meeting were Tom Nagle, Dennis Scharadin, and Jerry Weiss. Also in attendance were Dave Bright (PCMA Engineer), Joe Zerbe (PCMA Attorney), Jeff Crawford (PCMA Operations Manager – Select Environmental), Nancy Wesner (PCMA Business Office), LW property owner Frank Miller, South Manheim Township Supervisors Jack Brennan & Stanley Noll, Wayne Township Supervisors Stanley Fidler & Ralph Fidler & Chuck Ferguson, and Pat Caulfield (P.E. & Executive Director of the SCMA) & Amy Batdorf, (Assistant Director of the SCMA).

Tom Nagle called the meeting to order at 6:00 p.m.

The PCMA invited the Schuylkill County Municipal Authority (SCMA) to its January Board Meeting for an informal meeting to discuss options concerning the future of the PCMA and its operations. The South Manheim and Wayne Township Supervisors were also invited to be present, and most were in attendance.

Pat Caulfield and Amy Batdorf presented information about the background of the SCMA, the mergers & acquisitions that took place, and the benefits & advantages of being part of the SCMA. Pat said the SCMA has been in existence for 183 years, starting out as the former Pottsville Water Company in 1834. In 1961 it was formed as a Regional County Authority by the Schuylkill County Commissioners, giving the SCMA the ability to serve both water and wastewater needs anywhere in the county. Since then, it has grown considerably, expanding into several townships, areas, and regions.

Pat went on to say that the SCMA was first contacted by Tom Nagle last year when the PCMA was looking for a contract manager to supervise operations. Pat and Tom spoke for some time about the needs of the PCMA and, at that time, Pat said the SCMA wasn't looking to expand contract operations in the future but, if the PCMA ever wanted to consider an acquisition situation, he would speak to the PCMA Board to help it determine if it would be advantageous to the Lake Wynonah Community to pursue that option. Then, earlier this year, Tom spoke to the rest of the Board about setting up a meeting to talk with someone from the

SCMA about future solutions for Plum Creek, and the Board members agreed that a meeting was in order. Tom called Pat and an informal meeting was set to take place at the January PCMA Board Meeting.

As far as an Authority being able to cover future expenses and costly upgrades to treatment plants, wells, and other necessary structures required for operation, Pat said there are only two ways to cover growing demands and expenses – either the user base must be increased or rates must be increased. When the SCMA acquires another Authority, it is increasing the user base, which spreads costs across a greater number of users, resulting in regionalization: combining forces to do a job together to reduce costs for everyone. This minimizes operating costs and keeps user rates more economical.

In respect to the SCMA's work force, it has 42 employees, 17 which are licensed drinking water operators, 7 are licensed wastewater operators, 1 is a licensed professional engineer, 2 are licensed notary professionals, and 2 are licensed CDL drivers. Spreading its staff and operators across its service areas provides more efficiency by reducing operating costs and keeping the budget under control. The SCMA also has 24-hour, 365-days-a-year availability to cover water and sewer issues as they arise, and response time is performed in an efficient manner. They also have the necessary equipment, such as a backhoe that is dispensed where it's needed, and spare parts available when needed. Vendors are established who are available whenever they're needed and they respond quickly, 24/7, to address SCMA needs and repairs with very little down-time and wait-time. It is also a member of a statewide system called PAWARN which allows water authorities and public & private companies to pool equipment and staff to quickly respond to emergencies throughout the state. When an emergency is posted, and necessary equipment or supplies are requested, every member of PAWARN works together to address and resolve the emergency as quickly as possible by providing staff, equipment, and supplies as needed.

Stan Noll asked if the SCMA would expect assistance from the township tax base, and Pat said it would not. PennVest loans are acquired to fund projects and the SCMA would be the one who paid back the loan, not the Townships. Jack Brennan asked, for clarification, that if loans were obtained, would the responsibility for paying back those monies fall to the SCMA and not the Townships, and Pat & Amy said that was correct. Amy added that the SCMA and the financing it receives is not backed by the County or the Townships. She said the only association they have with the County is that the County Commissioners appoint the members of the SCMA Board. Pat said that all the SCMA's liabilities are backed by its

combined water and wastewater rates throughout the systems they own and operate.

The question was asked about what would happen to the Plum Creek Authority if an acquisition would take place. Amy said the Authority would be dissolved and rolled into the SCMA Authority. Pat said it's called an asset obligation agreement – the SCMA would assume all the PCMA's outstanding debt and obligations and, in return, the SCMA would receive all ownership of the PCMA's assets.

Another question was asked about what happens with the current people employed by the PCMA. Pat said each situation is different depending on whether full- or part-time people are employed, but he said the SCMA tries to find positions for the current employees.

A question was asked about the life of the PCMA's sewage plant. Dave Bright said that work is needed but an application was filed for a grant to take care of a lot of the repairs and issues the plant currently has which would extend the life of the plant considerably. He added that the plant is not overworked and not near capacity for the sewage that's hauled to it. Dave said he thinks the life of the plant could be extended to 20 or 25 years with repairs. Without repairs, Dave said he wasn't sure because he wasn't familiar enough with the condition of the sewage plant at the moment. Jeff Crawford said the plant is antiquated even with the repairs that were already done, and he didn't think it would last more than 5 or 10 years unless considerable improvements and repairs were made. Jeff added that the building itself needs a lot of work and is falling apart. He said the sewage storage tanks are definitely an issue. The tanks were recently welded again but welding repairs won't work forever.

Jack Brennan asked Pat, should the SCMA take over Plum Creek, would they have the authority to expand water services into new developments, and Pat said the SCMA does have the authority to do that, but expanding into other areas would depend entirely on a cost analysis.

Stan Fidler asked Pat if the water rates for each municipality are the same or if they're different. Pat said the water rates in all 22 municipalities the SCMA owns are the same but the sewage rates differ by location. Because of applying for grants and PennVest loans, a cost analysis has to be done separately for each municipality regarding sewage, so those rates are variable. Stan said, if the SCMA acquired Plum Creek, it would probably be better to shut the PCMA sewage plant down completely and haul sewage to the SCMA's Deer Lake sewage plant. Jerry asked if the costs would go up drastically if the sewage pumps were hauled to Deer Lake,

and Pat said a cost analysis would have to be done to see if it would be feasible to haul to Deer Lake, but the variable costs such as electric, chemicals, overhead, and maintenance for the plant could be pretty much eliminated. Pat said they always try to come in to a new acquisition without raising rates if possible. Amy added that assessments would be thoroughly investigated to see if changes should or could be made or adjusted before any measures are actually taken.

Jerry also said that the PCMA has a sewage management plan that dictates septic and holding tanks have to be pumped/tested every three years, and he asked Pat if that would roll over. Pat said it would roll over. There are Township Ordinances in place that require periodic pumping, but the Ordinances only apply to the Lake Wynonah development. Tom explained that new construction in the Lake Wynonah development was stopped by the PA DEP some years back because the concentration of homes with on-lot sewage systems was too big, and some assurance was needed that the on-lot sewage systems would be maintained to prevent pollution of the ground and lakes. When the Townships adopted the pumping ordinance that directed the PCMA to write and adopt a sewage management program, new construction was allowed again after the program was initiated. Tom said the management program wasn't extended to outside the Lake Wynonah development because he thinks the Townships require a minimum lot size for new home constructions, and the problem of sewage systems being too close doesn't come into play. Jack Brennan confirmed that a minimum lot size is required. Tom added that some people had holding tanks that were switched over to sand mound systems. Jack Brennan asked how many homes still have holding tanks, and Jen said roughly 170 holding tanks are still utilized, in addition to standard and sand mound systems. Tom said the PCMA is behind with the Sewage Management Program because of all the problems with sewage plant and pump truck breakdowns over the last couple of years, but we're trying to catch up to pumping and testing about a third of the systems each year.

Pat and Amy concluded their presentation by asking the PCMA Board or any of the Township Supervisors to reach out to them if they have any questions or would like additional information. They then excused themselves from the meeting, along with Jack Brennan and Stan Noll.

Stan Fidler, Ralph Fidler, and Charles Ferguson spoke with the PCMA Board a bit longer and Tom recapped what brought the PCMA to the point of talking with the SCMA. He said the biggest issue with continuing on as things are is that, no matter how high the expenses continue to go, the cost always has to be spread among a limited customer base and that means rates will always have to be increased. At some point, the cost of running the PCMA might exceed what the customer base

can realistically afford. Spreading those costs across a much larger customer base will help to keep rates down. In 2016, the PCMA spent \$110,000 more than it received in revenues because of having to perform rehab on the wells to increase water production and to improve water quality. Also, considerable funds were spent on costly repairs for the sewage treatment plant and pump trucks that continue to have issues. There are upcoming major repairs that the PCMA Board is aware of that will require a large amount of money and, hopefully, some of those costs will be covered if the PCMA receives the grant it requested. The PCMA Board decided it was the right time to talk to the Schuylkill County Municipal Authority to see what it might be able to offer as part of a long-term solution for the Lake Wynonah Community. But, ultimately, the final decision as to the best course to take for the future of the PCMA and the Lake Wynonah Community lies with Wayne and South Manheim Townships. Jerry thanked the Wayne Township Supervisors for coming to the meeting, and they left soon after.

The meeting continued with reorganization. Upon motion by Jerry Weiss, seconded by Dennis Scharadin, and carried by all, the PCMA Board officer positions for 2017 are: Jim Ridderhoff – Treasurer & Co-Chairman, Jerry Weiss – Secretary & Co-Chairman, Tom Nagle – Assistant Secretary & Co-Chairman, Dennis Scharadin – Co-Chairman, and Matt Gruber – Co-Chairman.

Upon motion by Jerry Weiss, seconded by Dennis Scharadin, carried by all, the engineering firm of The SSM Group was reappointed for the year 2017.

Upon motion by Jerry Weiss, seconded by Dennis Scharadin, carried by all, the legal firm of Derenzo and Zerbe was reappointed for the year 2017.

Upon motion by Jerry Weiss, seconded by Dennis Scharadin, carried by all, the accounting firm of Jones & Co. was reappointed for the year 2017 to perform the 2016 audit of the Authority.

Upon motion by Jerry Weiss, seconded by Dennis Scharadin, carried by all, Hauptly Insurance was reappointed as the insurance agent for the year 2017.

The minutes of the prior meeting held in November, 2016 were reviewed and accepted by motion of Jerry Weiss, seconded by Tom Nagle, and carried by all. There was no December, 2016 meeting.

The Treasurer's reports for November 2016 and December 2016 were reviewed and accepted by motion of Jerry Weiss, seconded by Dennis Scharadin, carried by all.

Jeff gave the manager's report. In water operations, he reported:

- Normal operations continue. This report combines November, 2016 and December, 2016 operations.
 - On November 1, 2016, Well #3 was placed back online after SubSurface completed the AquaFreed treatment and flushing was completed. The AquaFreed treatment for Well #6 began on December 8th and was completed on December 19th. Periodic flushing was required to bring pH levels to acceptable range. A Pre/Post video of Well #3 was received, and a Pre/Post video is expected for Well #6. Well #3 videos were forwarded to the SSM Group for review.
 - Four leaks were detected by Dave Bonkovich and repaired by Aungst Excavating the second week of December. The precautionary boil-water alert was lifted after two consecutive days' worth of water testing.
 - The Well #1 Entry Point sampling location was excavated and no evidence of previous piping was found. Matt Gruber will continue to excavate to locate detention piping and install a correct sample location per the 4-Log Treatment Report generated by Mike Stewart in 2010.
 - The Booster Station was at 17.1 PSI as of January 17th. Wells #1 and #3 were shut off to avoid overflow at 17.3 PSI.
 - The flow meters at Wells 1, 3, and 8 were calibrated by Moyer Instruments. Well #6 calibration is expected next week.
 - Daily phosphate testing continues at all wells. The PO4 average is at or below 6 ppm. Klenphos 300 is online at all the wells. Lab tests are expected to be performed in the future for Iron and Manganese to correlate proper dosages of the Klenphos 300.
 - 2 LMI chemical feed pumps from Kohl Bros. were received in December. They will replace the Pulsa feeder pumps as they become inoperable.
 - A draft is being prepared for the Annual Consumer Confidence Report and for the DEP Chapter 110 Annual Water Report.
- In sewage operations, Jeff reported that:
- Normal operations continue.

- The PA DEP completed a Sewage Compliance Inspection of the treatment plant in December, 2016 and there were no violations.
- The two large storage tanks at the treatment plant were welded and repaired by Rick Seiler Welding in December, 2016.
- Routine maintenance is currently being performed on Blower #2 at the treatment plant.
- Electrical outlets for the scum pit was replaced and rewired by Axiom in November, 2016.
- A quote was received from BJ Baldwin regarding the Authority's Insurance Adjuster's inspection recommendations regarding the electrical system in the treatment plant. The insurance adjusters are satisfied with the progress made in addressing the items they flagged.
- Both pump trucks are currently operational. Minor repairs were needed on the Western Star pump truck last week – an oil sensor switch was replaced. An increase in septic pumps was reflected recently because two drivers were pumping simultaneously. The sewage storage tank capacity is back to normal again after the repairs were made. A temporary tank to hold sewage is being considered to increase the capacity in the equalization tanks.
- The rear steel platform on the Western Star needs repair, as well as removal and welding of the hose racks on the tank. Quotes are being obtained.
- Both pickup trucks are operational. The snow plow was mounted and tested ok.

Jeff added that the rehab was done on Well #6 rather than Well #8 as planned because the PCMA wouldn't have had enough water for the community if Well #8 was taken offline. Instead, Well #6 was addressed next.

Jeff and Jen talked about how to get the Sewage Management Program caught up without causing a "bottleneck year," meaning a year where an imbalance occurs regarding the amount of septic tank pumps performed. The Sewage Management Program is set up to perform about a third of all the septic tank properties each year. Jen said if the pumps could be increased by just three a week it would help get the Program back on track, and then it could be re-evaluated to see if the pumping could be stepped up to catch up quicker without causing a bottleneck year. Jeff agreed.

In engineering matters, Dave Bright said that the DRBC application submitted back in April, 2016 is still being reviewed. The grant application process required answers to a few questions from the State, and Jamie from SSM has been handling that. Hopefully, the State looking closely at the application and asking questions means the grant is looking favorable, but there's no guarantee. Dave said he thinks a decision will be made by March, 2017.

In legal matters, Joe Zerbe said routine matters were addressed but nothing unusual required attention. Jen told Joe that the office was getting ready to prepare lien letters to send to homeowners that were delinquent with their water and sewage reports.

Tom asked Joe Zerbe what he thought about the SCMA taking over the PCMA and Joe said he was involved with a lot of the acquisitions, but those authorities that the SCMA acquired were at the end of their financial and service lives, so to speak. He worked for one Authority that was in trouble and he did recommend the Board talk to the SCMA about taking over but, although the Board members were convinced it was the right thing to do, they couldn't convince the Borough to do it. The Borough wanted to try to keep the Authority afloat but rates had to be raised significantly to do that and, in the end, the attempt failed. The Borough had to go back to the SCMA again and the SCMA took it over. However, the customers were stuck with a big rate increase by then. Joe said it was a hard lesson to learn. He said he's found that the small Authorities are always only one catastrophe away from bankruptcy at all times. Joe said there's no way for the PCMA to grow its customer base and that means rates will always have to be going up. He said if the SCMA took over Plum Creek there will probably be some things the customers will be happy with and some things they won't. But, the customers feel like that now – happy about some things, unhappy about others. Joe said he really can't make any recommendations one way or another.

The 2017 Budget was prepared by Jim Ridderhoff and distributed to all members prior to the meeting for review and feedback. Upon motion by Dennis Scharadin, seconded by Jerry Weiss, carried by all, the 2017 budget was approved and adopted.

There being no further business, Jerry Weiss motioned for adjournment, Dennis Scharadin seconded the motion, carried by all. The meeting was adjourned by Tom Nagle at 8:02 pm. Meeting minutes were taken, prepared, and submitted by Jennifer Hoy.