

WELLSBORO MUNICIPAL AUTHORITY

NOVEMBER 16, 2010

MINUTES

The meeting of the Wellsboro Municipal Authority was called to order by Chairman Robert DeCamp, in the Council Room of the John E Dugan Fire Station/Municipal Building on November 16, 2010. The Pledge of Allegiance was said by all present.

ATTENDANCE: Wellsboro Authority Members: Robert DeCamp. Grant Cavanaugh, Ed Owlett, Denny Young, Tom Reindl. Borough Council Member: Joan Hart. Superintendent Mark Dieffenbach. Borough Secretary/Treasurer: Susan Keck. Solicitor Bob Cox. Media: Natalie Kennedy, Water & Sewer Clerk: Teresa Marshall.

MINUTES: The minutes from October 19, 2010 were approved as written. Grant Cavanaugh made the motion to approve and Denny Young 2nd. Passed.

BOB COX: Bob will be attending a meeting with DEP on Friday along with Bob DeCamp, Joan Hart and Scott Bray. Bob received a list of things that will be talked about at the meeting concerning the slow sand filter. Scott and he have talked about the language of the permit.

BOB DECAMP: Bob gave a copy of the letter he received from DEP to Bob that was in the 2004 document regarding the sand filter.

BOB COX: They will be going down to listen and then get the appropriate documents together.

We received three hydrogeologist proposals that will be presented by the committee to Council at the November 22, 2010 meeting on their recommendation. The Authority should approve the recommendation of the Committee. The committee will consist of two members from the Authority, two Council members, Scott Bray and Bob Cox.

Bob went over the list of topics that will presented at the DEP meeting. Some of these were:

1. Maintenance and communication on the levels of sand in the filter.
2. What will Wellsboro do for future maintenance to make sure that they will be properly maintained.
3. When was it discovered that the sand levels were too low, how was it communicated to management, to whom it was communicated, and what was then done.
4. What was being done to keep track of the sand, how is it reported, and how it is decided when to purchase sand.

compliance date back in coordination with the development of groundwater sources. In order to do so, the new sources would need to be on-line within two years and we would need groundwater data to indicate that copper levels are significantly lower. They would need those assurances upfront before an application could be accepted. Two years is more aggressive than the preliminary timeline provided by the Hydro's and specific well-sites & groundwater data won't be available for sometime. The application fee for the major modification would be \$5000.

5. How are the records kept and who maintains them.
6. A penalty assessment will also be discussed.

TOM REINDLE: He has dealt with DEP many times. Showing them the records on what procedures were kept to keep track of the sand doesn't mean measuring the sand with a yardstick.

SCOTT BRAY: It is hard to correlate the levels of sand. Once the water is in, sand is compacted, making it difficult to determine what the level of sand is. Next year when the sand filter is drained, you will be surprised at how much the sand has compacted. They have put 36 inches in the first filter and 40 inches in the second filter. When resanding is done, the old sand is taken out, the new sand put in, the old sand replaced and leveled out. This is not an exact science.

MARK DIEFFENBACH: If there wasn't enough sand in there, they would have to start over again.(taking the old sand out to the new level of sand, adding more and then adding the old sand back again and go through all of the process again).

JOAN HART: We need to find new ground water alternatives.

MARK DIEFFENBACH: He would like to have a meeting to go over information before the meeting with DEP. This was set up for Wednesday at 9:00.

SCOTT BRAY: We will need the records put together on the logs, draining and scraping of the filters and the notification to DEP.

BOB DECAMP: Bob talks about the letter he received from DEP. One line he read was concerning the 30 inches to which Bob Cox stated that it wasn't clearly spelled out.

SCOTT BRAY: This letter was not attached to their consent form. It may have been with the original form, he would have to check. Scott also asked if the picking of the hydrogeologist could be done at the Wednesday meeting also. Council members are Joan Hart and Rudy Scharf, WMA members will be Bob Decamp and Tim Reindle. Sue has all three proposals.

Slow Sand Filter # 2 is done and is now ripening. The Boil Order has been lifted.

Scott has met with East Resources on the locations of their proposed pads and our existing water facilities. They also looked at the mapping descriptions. They won't be fracking these locations but are putting in vertical wells. They will also be slowing their process due to our water situation. They will continue to keep in touch with Mark and Dan.

He has had discussions with East Resources on the progress being made on securing permission to use the effluent water. They need a letter of intent that matches their name

on the application form. This may change again after the first of the year. Bob Cox stated that Scott from East resources had the document and he could change the name.

BOB DECAMP: The use of using effluent is happening in many places. State College is going to be doing it.

SUE KECK. She asked the Authority if they would consider paying out \$2,925.06 out of the water account to cover some of the expenses incurred by the slow sand filter other than the sand. Some of these items were Reeses Welding, the trackhoe delivery, plywood.

BOB COX: Your line of credit language is broad enough to take it out of there.

SUE KECK: We have a total invested of \$248,000, this would bring it down to \$245,000. The Borough has already invested \$48,000.00 in sand and paid some of the equipment charges. This would save the bank from writing a lot of small checks. We have around \$63,000.00 in the water checking account.

ED OWLETT: Is the \$63,000.00 earmarked for anything else?

SUE KECK: It was part of the timber sale money that was also for woodlot management. It is the last of the money the WMA has in Savings or Checking for Water.

DENNY YOUNG: Would it hobble us if we took it out of that?

SUE KECK: She doesn't know what the Authority's plans are for next year. The Woodlot management fees will be due within the next few years. This was from Timber Sales.

TOM REINDLE: His first reaction, would be, to keep as much of the sand issues on that pile and keep as much money as possible in our accounts.

DENNY YOUNG: It would be putting small bills into long term debt.

BOB COX: If we get Penn Vest Grant / Loan – we want to make sure that we could put the \$2,925.06 in the application.

SCOTT BRAY: It would be an eligible cost and could be included in the project. We have been approved for a letter of no prejudice that made it retroactive for the entire project.

SUE KECK: So any money that has been spent by the Borough from the sand savings account and the line of credit could be included? Bob Cox thought it could.

BOB DECAMP: Is it the Authority's wish that these funds come from an area that the Penn Vest monies come from instead of the Woodlot fund. It was agreed that they would not be paying the \$2,925.06 out of the Woodlot fund.

BILLS: Scott Bray \$812.50

Ed Owlett made the motion to pay the bill and Denny Young 2nd. Passed.

BOB DECAMP: Where do we get our money from to pay the bill in case of a penalty.

BOB COX: This is complicated because we have a lease back Authority instead of an operating Authority. Most of the Authorities are an Operating Authority. They own the system, set the rates, collect the money and pay the bills. They may enter into a management contract with borough employees to manage the system on behalf on the Authority. We are a lease back Authority. The Authority owns the system and leases to the Borough, who sets the rates by ordinance, collects the money, and pays lease rental debt back to the Authority so that they can pay their loans. The Borough also pays the overhead expense of running the system. So, who will DEP fine? They will probably fine both of us. The reason being the Borough manages the system and the Authority owns the system. As to the question of where the money comes from – It may come from the general fund or water accounts. The Authority doesn't really have any money. Sue responded that the Borough pays the debt. No money goes to the WMA; it is directly paid to the debt. Bob then asked if the Authority wants to change and become an operating authority. An operating Authority – all the headaches, operational aspects and problems become the Authority's problems. He commented that 90% of the Authorities are operational. DEP has one guy whose only job is to implement a fine formula. He doesn't want to pay a big fine but we probably will get fined. This may wake people up that we can't just have bandage solutions.

BOB DECAMP: He stated that it was his understanding that the Borough doesn't pay the Authority any money. Sue stated that the Authority gets the money from the tap in fees. They are \$600.00 for water and \$650.00 for sewer. Bob Cox sated that the only money the Authority has is from the Timber Sale. The bills that are approved for payment are bills that are "recommended to be paid by the Borough?"

SUE KECK: The bills are paid through the Authority's water and sewer checking accounts that had money transferred from the Timber Sale Account or from monies that were the remainder of a financing project.

BOB COX: That shouldn't be. Sue stated that the Authority approved for the money to be transferred from the Timber Sales Account to the checking account. The Borough should be paying over to the Authority enough water and sewer payments quarterly for the Authority to pay the bills. The Borough transfers money to pay the Penn Vest Payment and the Authority pays the loan. Then Sue was asked about the audit.

SUE KECK: Parente Randolph does both audits – the Borough and the Authority and didn't have any problems. In order to pay Moody's bill, we transferred money from the Timber Account to pay off some of the last bills because no one wanted to go into debt to pay bills.

BOB COX: Was there any understanding that we would be reimbursed. Sue stated that she would look at the minutes.

SUE KECK: Sue reported that she had given them an account list showing where the money was coming from. Scott's bill and the legal bill were paid through this.

ED OWLETT: Once this money is exhausted, do we go to Borough Council to have them pay more money and not just the debt override?"

BOB COX: He thought when a capital asset was sold, he didn't think the lease agreement would allow the proceeds to be used for operational expenses. This would have to be researched.

SCOTT BRAY: Scott has a file on the sand filter. He did not have the paper that was given to Bob DeCamp attached to the 2004 consent order. Tatman & Lee drew up the original permit. It may have been attached to that. The consent order said that within a certain period of time you had to apply for permits. It set forth penalties and so forth, it did not reflect on the state of the sand.

SUE KECK: We have a good chance of getting grant money from Penn Vest for the sand. The worse case scenario would be a 1% interest rate and we would not lose anything in moving forward. Maybe we should strike while the iron is hot. They have come up here and seen the situation and have gone to bat for us. Consider, it takes a long time to put together a Penn Vest loan.

SCOTT BRAY: The options are apply for the Penn Vest money, finance the money for what we have done, or do nothing at all. We can't bundle anything else in it. This is what the letter of no prejudice is for. Anything else would have to be pre-approved and it couldn't be done before deadline.

SUE KECK; We can apply again for other projects, as many times as we want. We can apply again if we look at another well or running a line.

SCOTT BRAY: We have a better chance of getting money now because of our situation. Your line of credit only is good for one year. They would finance it at the bank.

JOAN HART: The bank financing is 4% interest.

SUE KECK: She has talked with the DBE today and they have everything they need to approval for the Penn Vest to issue a letter of no prejudice.

ED OWLETT: We should go ahead and apply. Bob Cox asked if we have finished spending money. Sue responded "yes".

BOB DECAMP: We need a resolution to apply. We had borrowed \$500,000.00. We have used \$250,000 in sand plus the \$43,000.00 that the Borough had put in.

SUE KECK: We had savings for the sand in the amount of \$40,000.00. We have so far spent about \$250,000 for sand.

BOB COX: We need to adopt a motion that authorizes the filing of application with the documentation that is requested by Penn Vest. We also need to authorize the appropriate officers to sign supporting documentation that is set forth in the letter. A motion was made by Ed Owlett and 2nd by Tom Reindl. Passed.

Bob Cox also thought that Scott from East resources said that they would pay for the hydrogeologist.

SCOTT BRAY: He was in contact with them on where we are. Scott from East resources was surprised that one company did not apply. They need to help us find water. We need to approve the hydrogeologist.

A motion was made to approve the hydrogeologist that the joint committee of Council and Authority recommend to the Borough Council. Ed Owlett made the motion and Grant Cavanaugh 2nd. Passed.

MARK DIEFFENBACH: We have sold about \$40,000.00 in water this year. Do we want to get into it again. Our filters are back up to snuff. Bob Decamp asked where the money goes. It goes into the Water revenue. Bob stated that it was a great time to sell water. We sell it for \$16.00/1,000.

SCOTT BRAY: We have an agreement to sell water for dust control. Canton is the one who set the \$16.00. We can't sell to anyone who is fracking. The water is taken out of the hydrant. If we sell potable water it would be a different agreement so take the liability away from us.

ADJOURN: The meeting was adjourned at 5:05 pm.

The minutes were prepared by Teresa Marshall