

**PETERS TOWNSHIP
SANITARY AUTHORITY**

111 BELL DRIVE
McMURRAY, PA 15317-3415
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James J. Miskis, Manager
Mark A. Chucuddy, Asst. Manager
Gary A. Parks, Special Projects Manager
Patricia L. Mowry, Financial Controller
Diane L. Gregor, Admin. Assistant

AGENDA

REGULAR MEETING

May 13, 2014

ROLL CALL:

REVIEW OF MINUTES FOR APPROVAL: Minutes of April 8, 2014

VISITORS:

1. Michael McCaig, Managing Director, Janney Capital Markets regarding Public Finance services

SOLICITOR'S REPORT:

ENGINEER'S REPORT:

MANAGER'S REPORT:

ASSISTANT MANAGER'S REPORT:

SPECIAL PROJECTS MANAGER REPORT:

CORRESPONDENCE FOR THE BOARD'S INFORMATION:

FINANCIAL CONTROLLER'S REPORT:

FINANCIAL STATEMENT REVIEW: Month ending April 30, 2014

PAYMENT OF BILLS & REQUISITIONS:

OTHER BUSINESS:

1. 2009 Series Bond Arbitrage Refund payment
2. Executive Session regarding personnel matters.
3. Consulting Engineering Agreement with KLH Engineers, Inc.
4. KLH Engineer's proposal for the Donaldson's Crossroads Sewer System Interceptor Improvements Design and Permitting Phase.
5. KLH Engineer's proposal for hydraulic modeling of the Stonehenge Trunk Sewer for a not-to-exceed amount of \$6,000.00.
6. Execute Right of Way Agreement with William and Karen Congelio for the proposed Nair Sewer Extension.

ADJOURNMENT:

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REGULAR MEETING

May 13, 2014

ROLL CALL:

The regularly scheduled meeting of the Peters Township Sanitary Authority was called to order at 7:00 p.m. by the Chairman. Board members present were David G. Blazek, Terrence G. Byrne, Rebecca Kaminsky, Eric S. Grimm and Michael P. Crall. Also present were Keith Bassi, Solicitor, Chad Hanley, KLH Engineering, Inc., James J. Miskis, Manager, Mark A. Chucuddy, Assistant Manager and Patricia Mowry, Financial Controller.

APPROVAL OF MINUTES:

A Motion was made by Mr. Crall and seconded by Mrs. Kaminsky to approve the minutes of April 8, 2014 as prepared by Patricia L. Mowry. The Motion carried unanimously.

VISITORS:

1. Michael McCaig, Managing Director from Janney Montgomery Scott LLC.
RE: Public Finance Services

Mr. McCaig was previously appointed annually by the Board as the Authority's Investment Advisor, however due the changes in the banking regulations effective July 1st, by which Mr. McCaig is required to adhere to, he is unable to be appointed in that capacity. Mr. McCaig requested to be appointed as the Authority's non-binding underwriter under one of the three exemptions of the new banking regulations. In that role he would be able to advise the Authority, to assist, administrate and handle all matters within their competences related to the Authority's debt financings, both outstanding and as may be proposed in connection with new capital improvement projects. There are no fees associated with this appointment or service. The Board will consider Mr. McCaig's request to appoint Janney Montgomery Scott as the Authority's non-binding bond underwriter.

Mr. McCaig discussed the arbitrage rebate on the Series 2009 Bond Issue. Mr. McCaig indicated with the 1993 Bond Issue a security was purchased in the debt service reserve fund with a term of 1994-2013 at the rate of 5.39%. As future refunding's occurring the issue sizes and the arbitrage yields for each of the newer issues decreased while interest earnings on the security remained at the 5.39%. By keeping the security with the 2009 Bond Issue and refunding back earnings above the arbitrage limits the Authority is still ahead by approximately \$90,000. Management distributed a detailed memo regarding the Series 2009 Bond Arbitrage calculation and requirements. The Authority owes a rebate to the IRS for the 2009 Bond Issue's 5-year required calculation in the amount of \$20,800, and will request penalties to be waived. The security with the high interest rate matured in 2013 and the projected final arbitrage when the debt is retired is anticipated to be approximately \$2,000.

As requested by Management Mr. McCaig presented several synopsis of obtaining a \$20.8 million bond issue for the Donaldson's Crossroads upgrade and expansion project. Under the scenarios analyzed by Mr. McCaig, a \$20.8 million sewer revenue bond issue at 25-years would have an average annual debt

service of \$1,404,650, and a 30-year would be \$1,293,800. It is planned that the existing debt will be retired prior to the new plant borrowing. Management's preliminary user rate analysis based on the \$20.8 million estimates and all funded through a bond issue a user rate increase of approximately 31% will be required. The Authority will be applying for grants and Pennvest low interest loan for this project.

SOLICITOR'S REPORT: Copy on File.

Mr. Bassi negotiated the final version of the Consulting Engineering Contract with KLH Engineers, Inc. Mr. Bassi and Management recommended execution of the contract.

A Motion was made by Mrs. Kaminsky and seconded by Mr. Grimm to execute the Consulting Engineering Contract with KLH Engineers, Inc. The Motion carried unanimously.

A Motion was made by Mrs. Kaminsky and seconded by Mr. Byrne to enter into Executive session at 7:35 p.m. to discuss personnel matters and litigation. The Motion carried unanimously.

Executive Session ended at 8:05 p.m.

ENGINEER'S REPORT: Copy on File.

Mr. Hanley reported on the installation of the sanitary sewers for the Tuscany Plan. The on-site sewers are essentially completed and testing is progressing for the sewers and the manholes. The construction of the off-site sewers has not begun. Mr. Hanley requested and Mr. Miskis recommended an increase in the service order for the inspection services by \$18,000 for resident observation services for a total budget of \$36,000. Mr. Miskis recommended approval of the service order and indicated there are sufficient funds in the Developer Escrow account.

A Motion was made by Mr. Grimm and seconded by Mrs. Kaminsky to approve KLH Engineers Inc. increase of \$18,000 to Service Order 264-86(Revision 1) for inspection services for an amount not to exceed amount of \$36,000. The Motion carried unanimously.

Mr. Hanley reported the Nair Sewer extension review letter was sent to the Developer. The Developer's engineer will need to address the concerns and re-submit the plans. Mr. Miskis recommended execution of the right of way agreement with property owners Congelio for the Nair's sewer extension.

A Motion was made by Mr. Byrne and seconded by Mrs. Kaminsky to execute the Right of Way Agreement with William and Karen Congelio for the proposed Nair Sewer Extension. The Motion carried unanimously.

Mr. Hanley reported on the status Stratford Manor Pump Station Force Main Replacement. The field survey was completed and design has begun. Mr. Hanley assisted with the grant application which has been submitted.

Mr. Hanley provided a cost proposal for the Donaldson's Crossroads Sewer System Interceptor Improvements. This project consists of the design for upgrading the capacity the two interceptors tributary to the DC WPCP. This includes a portion of the Oakwood Road and Giant Oaks Interceptor. Mr. Miskis reported this augmentation project is identified in the Act 537 Plan and in the current 10-year capital plan. Management requested a proposal from KLH for a study phase to review and evaluate the findings recommended by the LSSE recommendations for the Interceptors, basic design and permitting, and financial services regarding Pennvest low-interest loans. Mr. Miskis recommended approve the service order for all services as presented in KLH's response to the Authority's request for proposal.

A Motion was made by Mr. Grimm and seconded by Mrs. Kaminsky to approve KLH Engineers Inc. Service Order 264-96 for the Donaldson's Crossroads Sewer System Interceptor Improvements for the following tasks; 1) Study Phase not to exceed \$12,000, 2) Permitting Phase not to exceed \$11,000, 3) Design Phase not to exceed \$63,000, 4) Easement drawings preparation unit price \$450 each, 5) Financial Services not to exceed \$6,000, 6) Bid Phase Services not to exceed \$4,000. The Motion carried with a vote 4:1 with Mr. Byrne casting the dissenting vote.

Mr. Hanley reported Management requested his assistance in developing a plan to identify the source of dye being discharged into the collection system at both treatment plants. Mr. Miskis reported this problem has occurred periodically and recommended approval of service order 264-98 for KLH's assistance.

A Motion was made by Mrs. Kaminsky and seconded by Mr. Grimm to approve KLH Engineers Inc. Service Order 264-98 for Source Identification Plan for Dye for an amount not to exceed \$3,000. The Motion carried unanimously.

MANAGER'S REPORT: Copy on file.

Mr. Miskis reported the status of the 2014 Sewer Rehabilitation Project. The majority of the project is completed, however now that the sewer main is sealed there are a number of manholes now leaking at the junction of the manhole base wall which was expected because of the process "chasing the water". Our Staff will be sealing the manholes. In addition there have been an unusually high number of root blockages this year. As reported previously the revised response to root intrusion is to cut the roots and then utilize a trenchless liner to future retard root. Mr. Miskis reported the work to complete all the sewer repairs that are considered urgent will exceed the operating sewer maintenance budget. Therefore Management requested the transfer of \$50,000 from the budgeted Equipment Replacement Allowance which was budgeted at \$594,000.

A Motion was made by Mrs. Kaminsky and seconded by Mr. Byrne to authorize the 2014 Operating Budget transfer of \$50,000 from the Equipment Replacement Allowance account to the Sewer Maintenance and Repair account. The Motion carried unanimously.

Mr. Miskis reported the application for the PA Small Water and Sewer Grant for the Stratford Manor force main replacement was submitted for an amount of \$60,000 towards the estimated project costs of \$92,400 which includes engineering.

Mr. Miskis reported the bond indenture requires every May the transfer of surplus funds from operating account and funds accumulated in the tap and assessment account. The operating surplus is \$245,000 and the tap account accumulation is \$170,000, for a total transfer to the capital improvements in the amount of \$415,000.

Mr. Miskis reported on the status of the DC WPCP Replacement project. The project budget is on target with GHD's 2nd opinion review of \$20.8 million. The review estimates did account for the increased cost projected to accommodate the Township re-zoning to higher densities which is estimated about \$900,000. Additionally, the new garage and interceptor augmentations were not included either. The 60% design review will be presented by GHD at the July 8, 2014 Board meeting.

Mr. Miskis reported the Peters Township Planning Commission approved the site plan with only routine conditions as recommended by the planning staff.

Mr. Miskis reported GHD submitted the April's monthly progress report. The project is on budget with approximately 38% of the budget expended. Mr. Miskis recommended approval of payment of April's invoices for a total of \$108,488.36, as presented on the CIRF requisition.

Mr. Miskis reported the design of the new garage located on the existing site at existing elevations was included in GHD's contract. However, in order for GHD to investigate other cost effective alternatives including flood proofing in place of locating the floor above the 100-year flood level and to provide the required flood-proofing certification GHD requested an amendment to their contract for an additional amount of \$7,000. The garage will be bid as an alternative when the construction bids are requested.

A Motion was made by Mr. Byrne and seconded by Mrs. Kaminsky to authorize an increase to GHD's contract for the DC WPCP Replacement project to proceed with flood proofing for an amount not to exceed \$7,000. The Motion carried unanimously.

ASSISTANT MANAGER'S REPORT: Copy on File.

Mr. Chucuddy reported all deficiencies resulting from the lab accreditation audit have been resolved. All staff underwent additional training for making corrections to the lab records. Mr. Chucuddy reported the registration for the Vactor truck to enter into the landfill will be submitted to the PA Commonwealth.

Mr. Chucuddy reported the remaining punch list item for the 2013 Sewer Rehabilitation project has been completed. The 2014 Sewer Rehabilitation project is nearing completion and recommended payment of pay request #1 as presented on the Operating bill register.

SPECIAL PROJECTS MANAGER'S REPORT: Copy on File

CORRESPONDENCE FOR THE BOARD'S INFORMATION: Copy on File

FINANCIAL CONTROLLER'S REPORT:

FINANCIAL STATEMENT REVIEW: Month ending April 30, 2014.

PAYMENT OF BILLS & REQUISITIONS: Copy on File

A Motion was made by Mr. Byrne and seconded by Mrs. Kaminsky to approve disbursements in the amount of \$802,333.22 from the following funds:

Fund	Disbursement	Total
Operating	Checks: 22417 through 22514	\$158,897.98
Payroll	Transfer from Operating to Payroll fund	\$60,000.00
Charleroi Loan	Valley View Sewer Ext. 2012 Debt Payment	\$4,438.13
Charleroi T&A	Transfer to CIRF per trust Indenture	\$170,000.00
Developer	Transfer to Operating	\$8,836.64
Operating	Transfer to CIRF per Trust Indenture	\$245,000.00

CIRF	Requisition No. 133-14	\$152,960.54
CIRF	Penn Vest – Ivy Lane – 2003 Debt Payment	\$2,199.93

The Motion carried unanimously.

OTHER BUSINESS:

A Motion was made by Mrs. Kaminsky and seconded by Mr. Byrne to adjourn the meeting at 8:59 p.m.
The Motion carried unanimously.

Respectfully Submitted,

Patricia Mowry

MOTIONS SUMMARY

MOTION NO.	Moved	SECOND	MOTION SUMMARY TABLE	VOTE
1	Crall	Kaminsky	Approve Minutes of April 8, 2014	Approved
2	Kaminsky	Grimm	Execute the Consulting Engineering Contract with KLH Engineers, Inc.	Approved
3	Kaminsky	Byrne	Enter into Executive session at 7:35 p.m. to discuss personnel matters and litigation.	Approved
4	Grimm	Kaminsky	Approve increase of \$18,000.00 to KLH Engineers, Inc. Service Order 264-86 (Revision 1) for inspection services for an amount not to exceed amount of \$36,000.	Approved
5	Byrne	Kaminsky	Execute the Right of Way Agreement with William and Karen Congelio for the proposed Nair Sewer System.	Approved
6	Grimm	Kaminsky	Approve KLH Engineers, Inc. Service Order 264-96 for the Donaldson's Crossroads Sewer System Interceptor Improvements for the following tasks; 1) Study Phase not to exceed 12,000, 2) Permitting Phase not to exceed \$11,000, 3) Design Phase no to exceed \$63,000, 4) Easement drawings preparation unit price \$450 each 5) Financial Services not to exceed \$6,000 6) Bid Phase Services not to exceed \$4,000.	Approved
7	Kaminsky	Grimm	Approve KLH Engineers, Inc. Service Order 264-98 for Source Identification Plan for Dye for an amount not to exceed \$3,000.	Approved
8	Kaminsky	Byrne	Authorize the 2014 Operating Budget transfer of \$50,000 from the Equipment Replacement Allowance account to the Sewer Maintenance and Repair Account.	Approved
9	Byrne	Kaminsky	Authorize an increase to GHD's contract for the DC WPCP Replacement project to proceed with flood proofing for an amount not to exceed \$7,000.	Approved
10	Byrne	Kaminsky	Approve disbursements in the amount of \$802,333.22	Approved
11	Kaminsky	Byrne	Adjourn the Meeting at 8:59 p.m.	Approved