

Cecil Township Municipal Authority
Monthly Meeting
November 1, 2007

The Cecil Township Municipal Authority held its' regular monthly meeting on Thursday, November 1, 2007 at the Cecil Township Municipal Building. Chairman Donald Gennuso called the meeting to order at 7:30 PM with Stephanie Lucchino, George Elish, Kenneth Heirendt and Blane Volovich present. Also present was Sean Garen, Gaitens, Tucceri and Nicholas; Scott Rusmisl, Gateway Engineers; Walter O'Shinski P.E. and Dennis Bell, Administrator.

MINUTES OF OCTOBER 3, 2007

The Board on unanimous vote on motion by George Elish and second by Blane Volovich approved the minutes of the regular meeting of October 3, 2007.

FINANCIAL DISCUSSION MILLERS RUN PROJECT

Mr. Scott Shearer, financial advisor with Public Financial Management addressed the Board and discussed the financial scenarios for the Millers Run project. The scenarios provided various rate assumptions and annual rate increases. The number of new users will be increased by 20 per year in years 2010 through 2014, and then move to 30 per year until full capacity is reached. The collection is stated at 80 percent. The Authority contribution is \$2.0M of which, \$1.0M in construction contribution, \$650,000 in a Rate Stabilization & Improvement Fund and \$350,000 to cover debt service payments.

George Elish commented on the Authority committing a portion of the operating surplus to the Millers Run budget to assist in keeping the user rates at the lowest level. He stated it could be a sporadic or ongoing contribution based on the annual budget. Scott Shearer stated that the big uncertainty is how quickly new customers are added to the system.

Donald Gennuso commented on the bottom-line number of \$5.7M, in one of the scenarios discussed, in the Rate Stabilization and Improvement Fund after 40 years. Scott Shearer stated he was most concerned about the annual balance of the "Rate Stabilization and Improvement Fund. He went on to say that the number should be no lower than \$500,000. Scott Shearer also stated that the negative numbers would be a concern as the Authority would be operating in a deficit.

Scott Shearer stated he would rework the financial model, so that the members could work on adding various changes to the scenarios with the goal of determining the best fee structure for the project.

ENGINEER REPORT

UPDATE ON MILLERS RUN PROJECT

Scott Rusmisl discussed his monthly report with the Board. On the interceptor line, he stated that three manholes remain to be tested. Sitarik Contracting has requested Substantial Completion on October 24, 2007. Scott Rusmisl stated that all testing must be completed prior to the issuance of the Certificate of Substantial Completion. He stated that Gateway Engineers would begin the walk-thru on the portions of the contract that have been successfully tested.

On the southwest contract, the Substantial Completion walk-thru and inspection were scheduled for completion during the week of October 29, 2007. The paving at the Cecil Auto Sales parking lot was started on October 25, 2007 and driveway paving on Salvini Lane and the Johnston property have been scheduled. Scott Rusmisl stated that trench settlement occurred on Redwood Drive and Sitarik Contracting has been completed.

On the southeast contract, the Substantial Completion walk-thru and inspection continues and are expected to be completed during the week of October 29, 2007. Scott Rusmisl stated that Sitarik Contracting have been advised of trench settlement on Cecil Elementary Drive that needs repaired.

On the north contract, Gateway Engineers is currently conducting the walk-thru and inspection for Substantial Completion. Scott Rusmisl stated that a meeting was held with Merante Contracting to discuss additional cost claims. Merante provided a breakdown on the estimated costs for these claims and Scott Rusmisl stated Walter O'Shinski and himself would review the listing.

Judy Armstrong addressed the Board for her property located at 723 Wildwood Drive Mc Donald PA. She stated that Sitarik Contracting piled stone at the edge of her property and that potholes are located in the alley. She also stated that her son's property at 713 Wildwood Drive has restoration work that needs to be completed.

David Losko, 708 Redwood Drive, Mc Donald PA stated he needs top soil for his property. He stated he would spread the topsoil. He stated that the sewer connection on his property is not inside the property line. Scott Rusmisl stated he would investigate the issue.

George Cox, 327 Elm Drive, Canonsburg PA inquired on the status of providing the grinder pumps to service the properties at the end of Elm Drive. Donald Gennuso requested a listing be prepared for the December 2007 meeting on the specific responsibilities i.e. Authority and the property owner. At that time, the information would be forwarded to George Cox and the other property owners. Kenneth Heirendt commented on the work needed to connect the Casciola and Windsor Woods systems.

Mike Sherrib presented the KLH Engineers monthly report to the Board. He stated the pump station sites are near Substantial Completion on both the mechanical and electrical contracts. The pumps will be installed once the plant is totally complete thereby delaying the start of the 18-month warranty. He stated the decision was made to delay the installation due to the humidity factors on the mechanical seals and bearings, which could cause a premature failure on the pumps. The pumps would take one day to install and one day to test. He stated that once Substantial Completion is obtained the retainage percentage would fall to 1 1/2 percent from the 5 percent.

The mechanical WWTP contract activities for the month included the installation of the grit building footer, force main piping into the grit tank, concrete floors in the clarifiers, concrete encased force main piping into the grit chamber tank and drain lines, doors and window in the control building, yard piping and process piping in tanks and the UV disinfection chamber. Site grading was started with the tree border around the property planted. The grit building area has been backfilled. The roof system flashing and coping on the control building was installed. The interior painting has been completed.

Mike Sherrib stated the application for service has been completed and forwarded to Columbia Gas Company to extend the service line to the treatment plant site. He stated that once the cost data is received a determination would be made to extend the line or continue with the plans for a propane service at the site.

Mike Sherrib advised the Board on a Change Order made by Kranick Environmental Contractors to provide a 100% crushed stone backfill in the area of the grit building. He stated that KLH Engineers have reviewed the request but do not believe the stone back fill is justified. The cost of the back fill is estimated at \$5,500.00. He stated that additional work to install doweling between the grit building footer and the pre-cast process tanks, which KLH Engineers agreed was not clearly delineated on the construction drawings. KLH is awaiting a price for this additional work and will work closely with Kranick Environmental to resolve the issues.

Mike Sherrib discussed the installation of utility power to the WWTP site from Allegheny Power. Two options were presented to pay for the right-of-way clearing required to extend service to the property. He stated the difference is Allegheny Power willingness to recover the cost of the right-of-way clearing over the first five years of the service through a guaranteed minimum distribution charge. The distribution charge is based on the usage and KLH Engineers estimates reflect that the Authority monthly distribution will be in the range of \$750.00 and \$950.00 per month based on the usage. He stated that KLH Engineers is not recommending signing the service agreement at this time.

The Board on unanimous vote on motion by Stephanie Lucchino and second by Kenneth Heirendt authorized the payments on the following contracts –

Pay Request # 13 to Edward T. Sitarik Contracting Inc. totaling \$63,022.05 for work completed on the interceptor contract.

Pay Request # 13 to Edward T. Sitarik Contracting Inc. totaling \$93,293.79 for work completed on the southeast contract.

Pay Request # 12 to A. Merante Contracting totaling \$259,826.04 for work completed on the north contract.

Pay Request # 11 to Edward T. Sitarik Contracting, Inc. totaling \$73,111.69 for work completed on the southwest contract.

Pay Request # 13 to Kranick Environmental totaling \$182,388.60 for work completed on the treatment plant.

Pay Request # 7 to Wagner Electric totaling \$36,975.60 for work completed on the electrical contract at the treatment plant.

Pay Request # 8 to Lone Pine Construction totaling \$125,484.55 for work completed on the pump station mechanical contract.

Pay Request # 8 to Wagner Electric totaling \$57,104.77 for work completed on the pump station electrical contract.

The Board on unanimous vote on motion by George Elish and second by Kenneth Heirendt authorized paying PA Department of Transportation a sum of \$256.00 for additional charges related to the Highway Occupancy Permit.

AUTHORIZE SIGNING ELECTRICAL SERVICE AGREEMENT WITH ALLEGHENY POWER

KLH Engineers recommended that the signing of the agreement be delayed until the December 2007 meeting.

AUTHORIZE PARTIAL RELEASE FROM LETTER OF CREDIT FOR MAPLE RIDGE PROJECT

Walter O'Shinski stated that most of the work on the Maple Ridge pump station is complete and he recommends to the Board a partial release of \$294,364.50 from a Letter of Credit leaving a balance in the Letter of Credit of \$142,935.47. He stated that the project is between 90 and 95 percent complete.

He stated that Ryan Homes have sold several townhouses. He further stated that until the Board accepts the pumping station and sewer lines, the developer will contract to have the waste pumped until the project is completed and the Board accepts the lines and pump station. He stated all the work should be completed by the December 2007 meeting.

The Board on unanimous vote on motion by Kenneth Heirendt and second by Blane Volovich authorized the release of \$294,364.50 from the Letter of Credit issued for the Maple Ridge project.

SOLICITOR REPORT

Sean Garen presented the monthly report to the Board. Sean Garen stated that he and Walter O'Shinski have discussed the Canonsburg-Houston Joint Authority service agreement and have developed a list of issues that need to be addressed. He stated the next step would be to meet with the North Strabane and Chartiers Township representatives to discuss and compare their issues with ours in an attempt to develop an issues list that can be taken to the various Boards and eventually present the issues to the Canonsburg-Houston Joint Authority.

Donald Gennuso inquired on the status of the personnel handbook. Dennis Bell stated that Christine Seymour presented a first draft of the document and that he reviewed the first draft and forwarded back to Christine Seymour for a rewriting. Donald Gennuso inquired on the status of the Wagner condemnation. Sean Garen stated that Gaitens is waiting for the financial numbers from Gateway Engineers. Walter O'Shinski stated that Romel Nicholas should have the financials to get the condemnation settled. Sean Garen will follow-up with Romel Nicholas on the issue.

BUSINESS MANAGERS REPORT

DISCUSS SEPTEMBER 2007 FINANCIAL REPORT

Dennis Bell discussed the financials for September 2007. The total customers billed were 1874. The user fees billed were \$125,102.50 on usage consumption of 14,693,900 gallons. Collections totaled \$103,917.83. The expenses paid for September 2007 were \$59,875.31. The extraordinary income on the September 2007 financial statement included interest income of \$7,523.04 and quarterly interest income on the certificates of deposit totaled \$46,356.65. Expenses were under budget through September 2007 except in eight accounts totaling an overage in the accounts of \$62,731.25. The income accounts with variances in September 2007 were user fees over budget by \$193,790; interest income over budget by \$59,402.80; tap-in fees under budget by \$7,953; and misc. income under budget by \$435.

DISCUSS LETTER FROM GREENLEE, DERRICO & POSA REQUESTING FORGIVENESS ON SEWER CHARGES

Dennis Bell discussed with the Board a letter received from Jeffrey Derrico for his client with property located at 56 Birch Way, Muse PA. He stated the property owner plans to gift the property to the catholic church and the owner requested forgiveness on a unpaid sewer bill in the amount of \$421.66. George Elish made a motion to forgive the unpaid sewer bill since the property owner is gifting the property to the catholic church. The motion failed due to a lack of a second.

CORRESPONDENCE

The correspondence was reviewed for filing. George Elish commented on the Canonsburg-Houston Joint Authority position as stated in a letter the North Strabane Municipal Authority's solicitor.

PAYING OF EXPENSES/TRANSFER OF FUNDS ETC.

A unanimous vote on motion by George Elish and second by Stephanie Lucchino the Board authorized payment of expenses and transfers as follows.

Brush Run Expense/Transfer MM to Checking
Teodori Expenses/Transfer MM to Checking
Southpointe Expenses/Transfer MM to Checking
CherryBrook Expenses/Transfer MM to Checking
Gilmore Expenses/ACH Debit and PNC Requisition
Employee Time Reports/Payroll
941 E Tax Deposit
Payment of Invoices
Discharge Monitoring Reports were approved for submission to the PA DEP

COMMENTS FROM THE FLOOR

Those in attendance made no additional comments.

EXECUTIVE SESSION

The Board entered into executive session at 9:05 PM to discuss potential litigation. The Board returned to the general session at 9:30 PM.

ADJOURNMENT

There being no other business by unanimous vote on motion by Blane Volovich and second by Kenneth Heirendt meeting was adjourned at 9:35 PM. The next regular meeting is scheduled for Thursday, December 6, 2007 at 7:30 PM.

Secretary