

**EPHRATA AREA JOINT AUTHORITY  
MINUTES – JUNE 20, 2013**

The Ephrata Area Joint Authority met on Thursday, June 20, 2013 at 7:00 PM in the Conference Room of Ephrata Borough Hall, 124 South State Street.

In attendance were members Clark Stauffer, Chairman; Justin Harnish, Vice Chairman; Steve Sawyer, Treasurer; Dale Hertzog, Assistant Treasurer; Greg Schmuck, Assistant Secretary; and Member Steve Doster. Also attending were Gail Bare, Secretary; Robert Thompson, Borough Manager; Tom Natarian, Director of Operations; Paul Swangren, Superintendent of Public Works & Water; Scott Hughes, Gannett Fleming; Attorney Gary Krafft; and Kathy Holzinger, Recorder.

**Visitor Present** - Mike Garman

**Call to Order** – Chairman Stauffer

**Approval of Minutes – April 18, 2013**

Motion by Mr. Sawyer, seconded by Mr. Schmuck, and unanimously passed to approve the minutes of April 18, 2013.

**Financial Report – April/May 2013**

Mrs. Bare said looking at the end of May sales year-to-date are under about \$48,000; overall operating revenues are under \$52,000. Operating expenses at the end of May were also under \$33,000 year to date. Looking at what we are paying tonight for the month of June we will come in under budget for expenses for the year.

**Payment of Bills – May/June 2013**

There were six check disbursements. Check runs were on May 2 for \$32,363.45; one on May 6 for \$39,510.29; and one on May 16 for \$59,306.18. Check runs were also on June 6 for \$29,321.34; one on June 20 for \$192,393.18; and one on June 20 for \$31,169.57 for a total of \$384,064.01.

Motion to receive and file the financial report and pay the bills of \$384,064.01 was passed unanimously by roll call vote.

**2013/2014 Proposed Budget and Program of Services**

Mrs. Bare commended staff for putting together a budget that increased the expenses very little with the same level of service.

Mrs. Bare discussed the debt service which is on page 4 of the budget document. In 2013/2014 and 2014/2015 we are still paying in the range of 550,000 on the Emmaus bond and \$80,000 in interest on the 2006 bond. After that it drops significantly to the tune of about \$200,000 each year for the remainder of the 06 bond through 2021. Mrs. Bare said her goal in putting together the budget was to not have a rate increase to cover the debt service.

Mrs. Bare said she decided to pull \$50,000 out of the operating budget of debt service and pay it from reserves rather than pay it as part of the operating budget; that is why you will see it as a

separate line item on page 2. That will get us through this coming year then we have one more year where debt service is significant.

Mrs. Bare said there is not a lot of operating things to talk about.

Mrs. Bare said we do have a significant capital plan in place and are planning on funding these projects in three ways – some from operating reserve, some from supply reserve fund. Mrs. Bare said it is anticipated that sometime in this EAJA year we will have to take out some debt, about \$600,000. We will probably wrap this with the remaining 2006 debt.

Mr. Swangren reviewed the capital program starting on page 15 of the budget book.

The last capital project discussed was the Old Mill Road Leak Repair. Mr. Swangren said when the system wide leak detection was performed we found a leak underneath the creek on Old Mill Road between the Library and Friendship Community. Mr. Swangren said his crews were unable to get to the leak and repair it so they installed a valve on the library side and isolated that piece so it is shut off now.

Mr. Thompson said first we need to identify where the leak is before we bring PennDOT in; Mr. Thompson said when the system started to experience significant water loss is within the construction period. The \$160,000 was the least expensive alternative of the three alternatives offered for complete replacement of the pipe.

Mr. Thompson said Mr. Swangren identified a leak in the fall and when they valved it off the system recovered about 400,000 gpd. Mr. Krafft said typically you want to be able to be within 6 months of the time of discovery. Mr. Thompson said Public works needed to do more exploration.

Mr. Krafft said we can work together and put something together to give PennDOT notice.

Mr. Sawyer said it makes sense to put PennDOT on notice especially if there is a chance to recover some of the money to repair the leak.

Motion by Mr. Hertzog, seconded by Mr. Schmuck, to approve the 2013/2014 Proposed Budget and Program of Services. Motion passed unanimously by roll call vote.

### **Audit Proposals**

Mrs. Bare said Reinsel, Kuntz Leshner has been doing the Authority audit for about 15 years. Over the last five years, Mrs. Bare has had a few issues with them. The last few years they have not been submitting our audit to the DCED on time, and we have been receiving notices.

It was decided to put out an RFP and see who else was out there. This year we paid \$7,900 for the audit with Reinsel and we budgeted \$8,000 for next year. A tabulation sheet was included in the packet; of the five RFPs sent out we received four responses. The lowest proposal was from Maher Duessel for \$7,450.00. Staff would recommend accepting the lowest proposal we received; this is the same firm we use for the Borough of Ephrata and the Borough Authority. We have been satisfied with their services.

Motion by Mr. Hertzog, seconded by Mr. Harnish to approve Maher Duessel as auditor for fiscal year 2013/2014. Motion passed unanimously.

### **Visitor Comment**

Mike Garman from Garman Builders is developing the Gerhart zoo on Akron Road. In the process of replacing the culvert there was an exposed water main that was within four inches of the bottom of the culvert. Mr. Garman said his issue is with the cost associated with the water main and the replacement of the water main. This morning Mr. Garman met with Messrs. Swangren, Burkholder and Coulson. Mr. Garman said he understands it's the developers burden to replace that main, but Mr. Garman is questioning if it is really the developer's burden as per the Municipal Authorities code. Mr. Garman is asking for help to replace the water main. LGH's Jim Martin said it's about \$2,500 to lower the water main. Mr. Garman said he has a two-week road closure permit; there is a sewer line replacement that needs to be done on Akron Road.

Mr. Garman said this morning he was given a provisional agreement to sign. Mr. Garman said he is under the impression if he signs the agreement they will replace the water line tomorrow morning so LGH can keep moving. The provisional agreement asks Garman to go back redraw the plans, submit new plans and refile a new cost opinion and rebond or repost a letter of credit for the additional money.

Mr. Garman asked if he has to repost an additional letter of credit and redo the cost opinion and can he get any help on the issue from the Authority?

Mr. Thompson said he was advised of this yesterday afternoon, and the objective was to try to keep the project moving. Mr. Thompson said if this was recognized during the review of the land development plan we would require the developer to include the cost of the water main replacement in the improvement agreement which would increase the cost opinion and increase the amount of money required to escrow. Mr. Thompson said the revision of the cost opinion was so we didn't lose tract at the end of the project how much money they needed to post for the 15% warranty period. Mr. Burkholder told Mr. Garman this morning that the Authority would waive the requirement of the additional financial security. Mr. Thompson said there was an existing culvert there and when that was removed the new culvert now appears to be on top of the main where previously there were 4 inches.

Mr. Thompson said staff recommendation is the Authority has no liability, but we did demonstrate our willingness and flexibility to work with Mr. Garman to keep the project moving.

Mr. Thompson said the agreement Mr. Garman referred to was cut and pasted standard language from improvement agreements to get something from Garman in writing so they are committing to doing what it is they said we asked for them to do.

Mr. Harnish said he thinks staff did well with the situation and appreciates knowing that the Authority is responsive to tough situations like this for the developer.

**Ratification of Willow Creek Development Financial Reduction**

Mr. Thompson said this action was done via e-mail and telephone since there was not a meeting last month. That was releasing the remaining financial security of \$16,927.20.

Motion by Mr. Schmuck, seconded by Mr. Harnish to ratify the Willow Creek Development financial reduction in the amount of \$16,927.20. Motion passed unanimously.

**H&F Tire Service – Request to Reduce Financial Security**

Mr. Thompson said H&F Tire is requesting their draw down to the 15% and staff is recommending a reduction of their letter of credit by \$22,797.00 leaving a balance of \$3,449.00 which represents 15% and that will be held for eighteen months from the time they offer and the Authority accepts dedication.

Motion by Mr. Harnish, seconded by Mr. Sawyer to approve the request for the reduction of financial security for H&F Tire Service in the amount of \$22,797.00. Motion passed unanimously.

**Improvement Agreement – Autumn Hills – Phase 2**

Mr. Thompson said Autumn Hills, Phase 2 is the residential development on North State Street between Irene Avenue and Mohler Church Road. Phase 2 is to install approximately 2,400 feet of 8” ductile iron pipe, four fire hydrants, etc. The amount of the agreement is \$184,388.60. Staff is recommending approval of the agreement.

Motion by Mr. Hertzog, seconded by Mr. Sawyer to approve the Improvement Agreement for Autumn Hills, Phase 2 in the amount of \$184,388.60. Motion passed unanimously.

**Borough of Akron Notice of Application**

Mr. Thompson said Akron Borough is finding themselves in the same situation that EAJA was a few years ago with Well 1. Akron is permitting Wells 5a, 6, and 8. There is a public notification requirement for adjacent municipalities. Akron is looking to permit Wells 5a, 6 and 8 for 396,000 gallons per day, 166,000 gallons per day and 187,000 gallons per day respectively. Those are existing wells, and Akron is asking for the same amount of withdrawal and allocation as previously.

Akron has three other wells and a spring. Akron’s demand per day is less than 400,000 gallons.

**2012 Annual Drinking Water Quality Report**

Included in the packet is a copy of the Authority’s 2012 drinking water quality report. As noted about a year ago there was no violation but there was an acknowledgement that the laboratory that does our testing did sampling in the second quarter but did not record it until the third quarter. That was one of the items we needed to recognize in the annual report, but we did not exceed any water quality standards for the year.

Mr. Thompson said this year DEP changed their requirement. Previously we had to deliver the report by mail. A notice was included in the utility bill that identified the link customers could go to retrieve the report. If a customer wanted a hard copy they could contact us and we would mail one out. The Authority saved money on printing and mailing.

### **Groundwater Monitoring Plan for SRBC**

Mr. Thompson said about a year ago, June 13, 2012, the Authority submitted to SRBC our response to the conditions they imposed on our Well #1 permit. One of the issues they were concerned about was in 2011 where we had high nitrates in the creek so we couldn't withdraw; Well #4 had the well pump problem from dissimilar metals so Well 4 was not available and Well 1 was providing our entire system and it was nearing that 30-day system average withdrawal. The condition they put in the letter is what is EAJA going to do about that situation.

Mr. Thompson said the plan we provided to them said we would evaluate the nitrates in the creek and if we could find a couple point sources that we could take corrective action on that would be our least expensive, and we would do that. If we didn't do that, we would look into getting a cost of what we would need to provide a nitrate removal system. Looking at the frequency of use, it's likely the cost would outweigh the value.

Item 2 says we would look at sharing water supply sources and that was talking to East Cocalico and Akron, which we have had conversations with.

If Items 1 and 2 did not bear fruit, we would look at doing a water supply development of a new water supply source.

Mr. Thompson said we have not done anything yet. We submitted this plan to SRBC in June 2012 and in March we received their response. The letter says EAJA should conduct Items 1 and 2 through 2013 and by March 2014 tell SRBC what EAJA will do.

In the supplemental packet is a proposal from Groundwater Sciences dated June 14, 2013, and they have proposed to do a study of the creek, follow up on data that the Water Treatment Plant Operators had and look to see if they can identify any sources.

Groundwater Sciences will provide available information on the Indian Run investigation conducted by EAJA staff regarding the high nitrates resulting in interviewing the personnel that conducted the investigation. EAJA will provide the data, and they will evaluate the information.

Groundwater Sciences is recommending Task 1 which is the nitrate remediation investigation estimated at \$8,900; evaluate the possibility of augmenting the creek for \$5,000; provide input as far as discussions with Akron and East Cocalico for \$3,000; and drill and install a new well (their efforts to move forward and do some development work going in that direction about \$4,000).

Their estimated cost for professional services to assist in making the response to SRBC is \$20,656.75.

Mr. Thompson said \$50,000 was budgeted in the water supply and this is where we would recommend taking it from.

Mr. Harnish said the situation Mr. Thompson described is an isolated, emergency situation where a lot of factors played into a tough situation but it was short-term.

Mr. Harnish said he would like to think you could go to your neighbors in this type of situation and ask them to help us out short-term. We can't foresee every type of emergency.

Mr. Thompson said SRBC is saying EAJA needs to make sure we have enough water to address the circumstances we encountered. It would be great if we could remove the nitrates from the well water.

Mr. Thompson said the big issue with us is the loss of the water filter plant because of the nitrates. That is not a situation that will go away during low flows.

Mr. Thompson said we are in agreement that it's likely that discussion with our neighbors might be the most viable alternative but because of the plan we submitted we at least have to rule out the items that we said and tell them which direction we are going to go.

Mr. Thompson said we have to be prepared if discussions with our neighbors don't bear fruit that we have until the end of the year to do item 1.

The deadline is the end of 2013 for EAJA to conduct our evaluations and then by March 14, 2014 we have to advise SRBC which of the three options we are going to pursue.

Mr. Thompson said we could go back to SRBC and tell them we are entertaining discussions with Akron, and we don't know where they are going to go but it sounds like it may go somewhere. We would like to pursue those talks and should they fall apart we would go back and do item 1, nitrate evaluation. SRBC might look more favorably at that.

Mr. Hughes said that puts off spending the \$20,000 until sometime when you see if the Akron negotiations are going anywhere.

### **Akron Water System Status**

Mr. Thompson said Akron may be a little ambitious in their expectations. Akron told staff that they have over 800,000 gallons per day allocated from SRBC today; they use around 300,000 gallons per day on a daily basis and don't ever remember using more than 400,000 at any one time. They are allocated for twice as much as their peak.

Akron believes SRBC will issue their permits at the same withdrawal rate as they currently have.

Mr. Thompson reviewed discussions with the board that he, Mr. Sawyer and Mrs. Bare had with Messrs. Guers and Shirk.

Mr. Thompson distributed to the board a list of Akron/EAJA Water Options that staff put together for the board's consideration dated June 18, 2013.

Mr. Harnish said SRBC is not telling us to do this study; they are asking us what's our plan. Mr. Harnish said all of the options presented are going to require a lot of research.

Mr. Thompson said having dialogue with SRBC would be prudent to find out what they would require of us to demonstrate that we are actively pursuing that direction. Mr. Hertzog said he would like to see a commitment on Akron's part.

Mr. Thompson said in discussions with Mr. Hughes it would cost approximately \$565,000 for a nitrate removal system at the plant that we would use less than a half dozen times a year. That's not really a good investment. Mr. Thompson said SRBC doesn't really care how many times a year you need it, they want to make sure you have it.

Mr. Thompson said it would be prudent to go back to Akron and say we identified a number of options for the board to consider and there did not appear to be any objections to having further discussions; however, the board would like to know before it spends any more time on it that Akron Borough Council is supporting these discussions.

Mr. Thompson will talk to Mr. Guers.

### **A.B. Martin Roofing Easements**

Mr. Thompson said when Wickes and Bradford Supply owned the property EAJA acquired a 30 foot wide utility easement inside the fence line from Garden Spot Road to the land owned by the borough off of Springhouse Road for the sole purpose of an interconnect.

A.B. Martin is looking to put an on-lot disposal system on their property. Exhibit B was included in the packet, and Mr. Thompson identified the area being affected. It is being proposed that EAJA abandon the triangle that the disposal system encroaches into and they offer to us the hatch triangle. If EAJA were to do an interconnect this easement would still be suitable. There were two documents in the supplemental packet one being the Termination of existing Easement between EAJA and A.B. Martin (LNR Property, LP) and the second one is an Easement Agreement between EAJA and Rufus and Anna Mary Martin.

Mr. Krafft has reviewed the documents.

Mr. Krafft said when he contacted their attorney he asked they give to EAJA a letter regarding the title saying there are no encumbrances on the property. Mr. Krafft has not seen anything yet.

Motion by Mr. Hertzog, seconded by Mr. Schmuck authorizing the Officers to execute the documents for A.B. Martin subject to the solicitor's final approval and receipt of the subordination agreement or title letter indicating there are no encumbrances. Motion passed unanimously.

### **Engineering Report**

There was nothing to report.

**Next Meeting Date – July 18, 2013**  
**Adjournment**

The meeting was duly adjourned at 9:20 PM.

Respectfully submitted,

Gail M. Bare  
Secretary