

**Industrial Development Authority
May 11, 2016**

The regular meeting of the IDA (Industrial Development Authority) was held on Wednesday, May 11, 2016, beginning at 6:00 p.m. in the Borough Building. Mr. Hill called the meeting to order.

Present: Paul Badger; Frank Halderman; Ray Fisher; Greg Wendt; Matt Hill;
Don Holderman, Secretary; Rod Beard, Solicitor;

Excused:

Borough Staff: Ralph Stewart, Borough Manager

Visitors:

Approval of Minutes:

- Mr. Badger made a motion to approve the minutes of the IDA meeting of April 13, 2016. Mr. Fisher seconded the motion. A voice vote was unanimous to approve the minutes as presented.

Public Comments:

- None

Financial Reports:

- Mr. Holderman provided the Financial Report. He provided a follow-up to Mr. Badger's comments from the last meeting. He feels it got off base when there was an invoice by miscommunication to Lori. The invoice wasn't approved and then it came back and was approved for less than what it was. It wasn't initially approved because there was some stone that wasn't delivered yet and that was in that invoice. That has been corrected so if you look at the construction at the bottom the expenditures currently are \$2,055,409.00, which matches up with all the invoices less the one that was approved last month for approximately \$342,000.00.

The expenditures for the month amounted to \$351,366.00 with the majority of that being the Hawbaker invoice. The interest is creeping up. It had been \$6,000.00 and it is up to about \$8,000.00. Mr. Holderman said if you look at the Act II, Buchart Horn, \$133,772.00 was paid to date. Last month \$5,587.00 was paid. There are two invoices in the packet for this month. When you combine everything Mr. Holderman feels it is down to a \$9,100.00 balance on the Environmental Clearance. Right now it would be sitting at \$2,398,114.00 for the Hawbaker. That is leaving approximately \$1,051,886.00. Take off approximately \$100,000.00 that will be gotten on credit at the end when the credit is given for the topsoil that they are going to deliver. Mr. Holderman said the \$3.5 million loan was maxed out. At one point Lori started to pay it back. She paid \$127,360.00 on it. The reality of it is that the loan is sitting at a balance of \$3,372,000.00. Mr. Holderman is projected for the RCAP Grant that \$244,317.00 would be paid

in interest. That is one of the things to consider when selling the property because the longer it goes without selling, the IDA will continue to pay approximately \$8K per month in interest, which ultimately will impact the bottom line at the end of the project. Mr. Holderman is guessing approximately \$300K will be paid as opposed to the original estimate. The other thing is when you begin to see some payments from the Office of Budget...Mr. Holderman did contact Kathy Kyle 1 ½ weeks ago and asked her for a status update. She hasn't gotten back to him yet and he will follow up with that in the next few days. He feels it is important to keep the incidentals to a minimum over the next couple months. They are not anticipating any more change orders with Hawbaker. Once the topsoil credit is finalized, we should see where things stand. Mr. Holderman thinks it will be approximately in the \$3,450,000.00 range. With that and the other loan that was taken out for \$2.5 million he thinks all but somewhere between \$500,000.00 and \$600,000.00 dollars of that will be left over at the end of the project. There might be a total approximate dollar figure of \$5.6 million to pay back. He wanted to say that he thinks if the IDA can maximize the RCAP's full \$3 million and then get \$2.5 or approximate in the ball park for selling the property, based on the formula for what the IDA is allowed to sell it for, they will be pretty close to breaking even. Mr. Holderman is waiting to hear from the Office of Budget how much they are going to accept of the payments that were made thus far. The goal is maximizing as much as possible to get the full \$3 million dollar match.

- Mr. Wendt made a motion to approve payment of the following Buchart Horn invoices: #20 in the amount of \$3,390.00; #21 in the amount of \$8,540.89; and #32 in the amount of \$13,147.50. Mr. Badger seconded the motion. A voice vote was unanimous.

Old Business:

1. Waterfront Property -

a. Update –Construction Report dated April 26, 2016 – Chuck reported there was a construction conference today. Everything is moving along pretty well. All the lights are in except the three in the wall that the parts haven't been received yet. There is one on the site lighting poles that needs to be installed. The railing/fencing is all in with the exception of along the stairway at High Street. Most of the fill is in. They still need to get the topsoil and seed. They started on the revised work on Dunlop Street. They are expecting to be done in early June. The exception will be the sidewalk because they don't have all the brick pavers yet. They expect them on the 23rd and it will take two to three weeks to install once they are received. Hawbaker's crew suggested on the Lamb Street end that they put topsoil right along the new sidewalk and then they would put temporary fence along there to keep people off the dirt part of the site and be able to open the walk along the stream for use. There will be plants along the sidewalk by the stream that hopefully will keep people out of the stream. There is concern about someone falling into the stream. Mr. Holderman said when they went to Sunbury the mix of wildflowers was pretty thick and was 12" – 18" high. He recalls it being very, very hardy. Mr. Halderman suggested finding something to make it harder for the kids to get on top of the wall.

b. Change Order #7 & #8 Approved – Chuck said the change orders have been signed by him and the contractor. Mr. Holderman would like to review those. This was a situation where he and Mr. Stewart made the decision working with Chuck and the contractor to go ahead and do them. Change order #7 is a storm drain. DJ said because the Borough owns the one part of the Gamble Mill and on the front of it there are two garage doors. Because of the new slope he was worried about the run-off and possibly some water getting in there so he

suggested a storm drain and they would slope it because the other storm drain is probably behind. That will help with the water run-off.

Change order #8 was the area where the raceway comes down and the fencing...they thought this was an opportunity to clean it up, especially if there is going to be a new buyer for the Gamble Mill. The second change order is to put a black powder coated fence around the area where the raceway comes down. That was a \$26,000.00 change order, but the thought was this was the time to do that. The sub-contractors will come in and take it down, the Borough staff will clean it up and then the new fence will be put back in.

The question was raised if the IDA isn't sure if the area where they are unsure whether they own it or the restaurant wouldn't it be better to install soil and grass rather than blacktop. Mr. Halderman said the Borough would maintain it until there is an actual buyer there. He said they could be instructed to install soil and seed it and let it go at that until the new owner wants to do anything. In front of the two garage doors it is asphalt. Once you get past the Gamble Mill the brick walk will be installed.

- Mr. Halderman made a motion to officially approve Change Orders #7 and #8. Mr. Fisher seconded the motion. A voice vote was unanimous. They will be instructed to use asphalt.

c. Letter dated April 21, 2016 – CO 1 & 4 – Labor Cost Review – Chuck said reviewed the change order and it showed a labor charge of \$90.00 an hour. It was revisited using the wage rates that are paid according to certified payrolls. They provided a detailed report on those things. The wage rates in the contract are minimum prevailing wage rates so the contractor has to make at least what is in the book, but he can pay more. Hawbaker's do pay a little bit more than what the prevailing wage rate in the contract are. Their fringe benefits are a little bit more. They provided the details. All those things are audited annually by PennDOT. It's pretty appropriate for Pennsylvania wage rates. The contract provides that the contractor can increase his costs by 10% to cover overhead and profit and it also defines his costs as the wage rates, the fringe benefits and what different people refer to as payroll burden. According to this for change order #1 they recomputed it and Hawbaker's would owe a credit of \$5,274.56 for the reduction from the \$90.00. For change order #4 it would be a credit of \$4,704.58. The total credit would be \$9,979.14.

- Mr. Badger made a motion to approve Change Order #1 and Change Order #4 based on the revisions resulting in Hawbaker's giving a credit of \$9,979.14. Mr. Halderman seconded the motion. A voice vote was unanimous.

d. Letter dated April 20, 2016 – Contractor Delay Claim – This was the claim for the three-week delay on being able to start construction of the wall. It is detailed pretty extensively in the report. On July 16th they called and said they were excavating to begin the wall foundation and the design plans showed bedrock at a depth of three to four feet. They were down over 11' and hadn't hit it. They then went downstream a little ways, dug another test hole to see if there was rock there, which there wasn't. They went further again and had the same results. Then they were at the section where all the building and building foundations were and they couldn't work yet because the buildings still being there. That same day Church did go down to Lamb Street and they came back behind part of the wall that had been excavated by the demolition contractor and did a test. They were behind the still in place retaining wall along the stream. They dug down and didn't hit bedrock until 8' to 9' in that location. Their firm, ARM, the Geotech consultant was looking in to what kind of modifications need to be made to the

foundation design to be able to get them placed in those locations. That took coordination with the precast Redi-Rock and their design consultant who ultimately had to approve and see all the revised design of the wall. Going back and forth over three weeks and finally in August the demolition contractor had removed the wall down to the footing at the Lamb Street end of the project and Hawbaker's called and said they thought they could use the existing wall footing as the basis for it and it turned out the Geotech people confirmed that it would be satisfactory. While he was there John Maslin from ARM decided to have Hawbaker's put some rock into the excavations at each end of the existing concrete footer and see how solid they could make it by pounding the rock down into the subsurface. That worked out so on that same day they started pouring a leveling slab on top of the footer and got confirmation from Redi-Rock's engineer that he thought putting the stone down in to fill in the excess excavated area would be satisfactory. That was the official end of the three-week delay. Chuck is satisfied that they couldn't do any work anywhere else during that time mostly because there wasn't an alternative design from Redi-Rocks or approval of the suggested alternative at the time. As far as the cost of that delay they relate it to the fact that they had the coffer dam in place and the requirements of their agreement with Porta-Dam is once it is dewatered behind the porta-dam they have to keep it dewatered because it relies on the water pressure on the front of the slope and the surface to hold those frames in place and if they filled it in with water that pressure would be negated and they could essentially lose the porta-dam so they had costs for pump rentals for those three weeks; fuel for the pumps; and a couple of the pumps were electric and one was powered by a generator that they had because it was a three phase pump and couldn't be operated off of what West Penn had in there. Their other costs is they did have power supply from the temporary project powered from West Penn that they utilized during that time. It was reviewed in house and it is felt that the costs listed for each of those items is reasonable and the three-week delay was a necessary delay because they couldn't work on the wall anywhere else.

Mr. Halderman has no doubt that there were costs expended there but he thinks this comes under the engineers because they didn't design the foundation right to start with. They should have checked and core drilled before it even got that far. His problem is when they got the contract he reviewed it and it said anytime they make a mistake or miss something or whatever the Borough has to pay for it. Mr. Halderman said he wasn't going to sign a contract that says that because basically the engineer wouldn't be responsible for anything. Don said there was a meeting prior to signing that contract and he didn't get to look at the contract to see if it was taken out or not.

Mr. Beard hasn't gone back and looked at the contract yet. If action needs to be taken tonight on approval of payment for the delay claim he would recommend that the action be taken without waiver of any right to pursue the ultimate responsible party. He hasn't looked at ARM's contract. Mr. Halderman said the IDA doesn't have a contract with ARM. Mr. Halderman does not feel responsible for a three-week delay when the IDA didn't cause it. The amount being discussed is \$58,124.00. Mr. Beard said his actual recommendation is to not pay it until it is determined who is responsible, but it needs to be resolved as quickly as possible. He said he is somewhat surprised because with most construction deals construction would have halted if the contract was not agreed upon.

Mr. Hill said to clarify this delay what they are saying is that the project would have been completed three weeks earlier if this delay did not occur. That is his understanding of this, that the porta-dam would not have needed to be in until September 26th, it would only have needed to be in until the end of August. In their bid proposal did they bid the porta-dam being put in in April and removed the end of September? Were their prices determined on having that porta-dam in there that period of time? If they did they would be crediting the IDA money...would there be a three week credit coming back to the IDA if the project was completed sooner?

Chuck said the porta-dam was in until the end. Mr. Holderman said the metal was in until October 1st, but the Fish & Boat Commission was okay with that. It was suggested to look at the work schedule and if the porta-dam was put in and taken out on schedule then there shouldn't be a credit. Mr. Holderman said they needed to bring in additional equipment to get back on schedule. Mr. Holderman said the IDA needed to remember that they had the electrical pole that was taken out of the contract and became the IDA's responsibility and they weren't aware of it until the last minute and that would have created a problem because it took a couple weeks to get that pole moved back out of the construction area (was located in the middle of the sidewalk)

Mr. Holderman suggested holding off one more month and give Rodney one hour to make a determination. That will hold up Change Order #5. Chuck said #5 was just for credit. It was where the IDA eliminated the Lamb Street portion of the project. Change Order #1 was the three week delay cost change order. Change Order #5 has not been approved and the delay cost is moved into that one.

e. Furniture Elements for Waterfront Sidewalk – Benches/Garbage Containers – Mr. Holderman put this on the agenda to see if the IDA wants the Borough to order them or wait until donations are received before they are ordered. Mr. Hill doesn't think it has been advertised that the IDA is seeking donations. Something needs to be put out to the citizens of Bellefonte or Centre County that they are looking for donations/memorials from companies, individuals, or families that would like to donate \$1,400.00 - \$1,600.00 towards a bench with a plaque on it with their name. It needs to be determined how many benches will be needed. The benches will have to be strategically placed so they don't block the lights. In the meantime something could be put on the website stating there are a limited number of benches.

f. Historical Signage – Mr. Holderman said Megan Tooker sent Scott Russell an email yesterday. Mr. Russell had been asking for it and was going to go back to the Army Corp. Hopefully it will be acceptable. Megan said the committee is made up of five people. They are working hard to make sure the signs will be consistent with other signage currently existing in Bellefonte and with signage planned for the future. They are also getting quotes from sign manufacturers for signs and materials. They have two years to get the signage completed. They could get something temporary for a ribbon-cutting ceremony.

New Business:

a. Date For Dedication – They are expecting to have the project completed the middle of June. The IDA will tentatively have the dedication towards the middle or end of July.

b. Flood Plain Map – The new draft flood plain map is up on the board. There were letters sent out to individuals from the Honorable Thomas Wilson. The IDA received from FEMA the Conditional Letter of Mapping Request (CLOMR). Mr. Holderman said the CLOMR is here and reading it there is going to be some additional costs to pursue the LOMR and this is the next step. However, this is really good news. To get to the point to get the letter today a couple weeks ago FEMA also said what the revised flood mapping would look like and letters had to go out to approximately 25 residents that are affected by this area. Mr. Holderman said the only building that is really impacted is the Borough Building because the flood plain comes in a few more feet. Out of the 25 letters sent out Mr. Holderman only had two people respond.

Adjourn:

- Mr. Wendt made a motion to adjourn the May 11, 2016 meeting of the Industrial Development Authority at **7:13** p.m. Mr. Halderman seconded the motion. A voice vote was unanimous.