BELLEFONTE BOROUGH AUTHORITY MEETING
October 4, 2016

CALL TO ORDER

The regular meeting of the Bellefonte Borough Authority was called to order at 6:00 p.m. by Authority Vice-Chair Frank Halderman in the Bellefonte Borough Municipal Building.

Pledge of Allegiance:

ROLL CALL

Members Present:	Halderman, Thal, Clark, Walker, Badger, Brown
Members Excused:	Beigle
Staff Present:	Ralph Stewart, Borough Manager Eric Lundy, Nittany Engineering Bob Cook, WWTP Matt Auman, Public Works
Guests:	Russ Brown, Suez John Costas

APPROVAL OF MINUTES

- Mr. Clark made a motion to approve the minutes of September 7, 2016. Mr. Thal seconded the motion. A voice vote was unanimous to accept the minutes as presented.

COMMUNICATIONS

ORAL

- Mr. Russ Brown, Utility Service Co. – Corning Water Tank: Mr. Stewart asked him to address the Authority regarding the Corning Water Storage Tank, which they have been discussing for approximately thirteen to fourteen years. Mr. Brown gave a presentation in 2011. He doesn't have anything new for the Authority, but Mr. Stewart asked him to come in and review what they are proposing from a 30,000 foot level as a business model versus the other options that the Authority has, to answer any questions, and find out what the consensus is of the board to entertain a renewed revised proposal. He will try to keep his presentation as technical and low-key as possible.

Utility Service Company is the largest tank maintenance firm in the United States. Their name will be changing to Suez. They were bought out by Suez Water about eight or nine

years ago and they are finally putting all their holding worldwide under the same logo so they will be known as Suez Water Advance Solutions and operating as Utility Service Company, which is their original name. Up until seven or eight years ago tank maintenance was all they did. It is still the biggest part of their business nationwide, but they have gotten involved in a lot of other asset management types of services that involve other sectors of the water and wastewater industry. In order to demonstrate what he is talking about he will give a broad overview of what their program does. Bellefonte has a couple different options with respect to how they handle their asset management pump and water storage tank. Those two options are the traditional approach, which is basically to have your consulting engineer run specifications. He will generally hire a third party inspector to help him with that. They will put specifications together, advertise them, put them out to bid and award to the lowest paying contractor/repair contractor or however it works. That is pretty much how you are used to doing that. As a municipal authority there is another option, which is the business model that they have implemented, which is essentially about as pure of an asset management service as you can get. Essentially what you do is they provide the engineering services, the inspection services and the paint to repair any physical operational work that would need to happen to the tank to get it up to like new condition. In this particular tank they have actually inspected it over the years probably three or four times. It is not getting any better. Time does not heal all evil. The asset is depreciating. It is deteriorating from corrosion. It needs upgrades of normal OSHA type upgrades. Certain safety features need upgraded like new hatches, repairing ladders – things that affect the immediate health and safety of anybody that has to work on the tank. The engineering component is something that is available and is really an integral part within the company. Those are things like securing permits, minor permit amendments for doing the work, overseeing structural repairs. There is a structural engineer on staff at all times. That does not say they do things independent and in lieu of the existing consulting engineer. They want to be a team player with the Authority as an ongoing service. They want to work with the consulting engineer. If the consulting engineer wanted to be involved in the project they could be paid to secure the permits. They aren't here to displace the current consultant, but to provide a service that isn't available anywhere else and that is taking the tank and putting it into like new condition and then providing the annualized tasks that are necessary such as period inspections, periodic cleanouts, the next paint job outside, the next paint job inside, and management of the revenue generating antennas that are on the tank. They have the capability of providing all those services as an ongoing annually renewable agreement. The customers that have entered into the agreement have made a long-term decision to change the way they are doing their business.

The cost of doing this approach is going to approach $800,000.00 to $900,000.00. When you look at the containment, the removal of the coatings, the disposal of the coatings, the engineer involved, the engineer involved in designing the containment to be sure everything is safe, the blasting, the painting, all the repairs – the cost has really come up over the years and that is mainly due to labor. They would pay the required prevailing wage on the project, but from a financial standpoint what the company is really known for is to take that money, do all the work that needs done in the first year of the agreement, but just spread the cost interest free over three to five years to make it a lot more affordable. Going forward the cost of the next renovation, the cost of all the annualized services, emergency repairs and all the things they do are spread over annual payments. You can pay annually, quarterly or monthly. The annual fee stays pretty flat, although it does increase in small increments every year anywhere from 2% to

3%. In ten to fifteen years when the renovation needs to be done again there will be no more spread. That renovation will already be paid for.

Essentially the Authority would take that risk in maintaining the tank and shift it over to them and basically making them maintain the tank in a proactive way rather than a reactive way. When he talks about shifting with risk he means if you go with the traditional approach to procuring the service to maintain the tank you would be paying consultants and contractors to do all the work that needs done. A painted tank should last 10-12 years. When he talks about risk the old business model is if the Authority will recur all the services and will get a one-year warranty for that work. They are saying the Authority will pay them about the same amount of money over a ten-year maintenance cycle but they will give you a lock, stock and barrel guarantee and warranty on the work they do. If the Authority hires the firm every year to maintain the tank continuously they will continue to do anything and everything that needs to be done to keep the tank protected and keep it looking up to the Authority's expectations. If they come to Russ in four years and say there is paint peeling off the tank they will come back and repaint the tank. Emergency services are covered so there will never be any surprises.

Mr. Halderman asked what the cost would be. Mr. Stewart said there hasn't been a recent estimate. Russ did re-inspect the tank earlier this summer so he can put together another proposal with a standard spread on it. If the Board wants to use this service Russ said they would jump through a lot of financial hoops to get the Board what it wants. Russ will provide the cost of the spread, the first base fee after the spread is finished and he will have a spreadsheet that will be built on some very conservative things. He will show what the full cost of the fifteen year maintenance cycle with both the traditional approach and their approach annually and draw it out with a total on each column of what the cost would be.

Mr. Halderman said the tank is approximately 50-years old.

For this tank in this environment has a turn-around time of doing the work early to mid-summer or late summer to early fall and they could be out of there in 8-10 weeks, possibly less. On the outside they use robotic equipment and sometimes on the inside sidewalls.

The concern over there would be storage and pressure. Russ said if there is reliable mechanical equipment and are going to do VFD's on them they wouldn't need temporary storage. Russ said have the companies that are responding to the RFP demonstrate their capabilities, qualifications, experience, customer list of references in the area and nationwide…make sure you are entering into a long-term agreement with a company that you know will be around and will have the ability to actually provide the services they are promises. That can be done through an RFP.

The tank coating used in Hazelton was made from more modern technologies than Russ typically uses. There are coatings that will be $400 - $500 for a gallon bucket of paint. They generally do last longer from a color and retention standpoint. The manufacturer's warranties are not what they are cracked up to be. From a technological standpoint they take care of approximately 6,200 – 6,500 water towers in 44 states around the country. They have been using polyurethanes and epoxies for thirty+ years. They know how they work. There is a very predictable life cycle and life span on them. It's more than how often you paint it. It's what kind of surface prep needs to be done for the particular coating. In the interior they are using a lot of 100% solids epoxies because of regulatory requirements.

WRITTEN

- A letter to the editor from the Lock Haven Express titled *"Why?"* by Jerome Abbott. It is in relation to the Milesburg biosolids hearing that was held by Mike Hannah.

COMMITTEE REPORTS

Finance Committee –

- Mr. Badger gave the Finance Report. For the Water Fund there was a net income of $240,824.51. The checking cash balance is $284,730.62. The Corning Pump House loan balance is $317,675.85. The Reliance loan balance is $351,298.43. The account is currently 75% through the year.

For the Sewer Fund there was a $71,230.64 net loss. The checking account balance is $644,784.51. The Bond Redemption checking balance is $72,216.31. The Money Market fund is $785,135.56. The Reliance loan balance is $646,957.39. The Penn Works plant upgrade loan is $3,425,605.40. The Northwest Loan had three draws and is $35,758.30; $21,284.49; and $1,300,000.00.

ENGINEER'S REPORT:

Water Report - by Eric Lundy

Corning Pump House - Pump Upgrades

V-systems was in September 14th and everything seems to be working with pump one. It is starting up automatically again.

West Penn Power will be changing the service over Wednesday, October 5th, so Strouse can start the electrical work and VFD installation on the second pump. The HVAC is scheduled for tomorrow as well. Matt feels things should be pretty much completed by the next Authority meeting if things go as planned.

Big Spring Cover Replacement

The cover is on. They submitted a pay application. Matt and A. J. Covalt from NEA did a review and developed a list of punch list items. NEA recommended that the pay estimate be reduced by the amounts listed in the letter provided by A.J. based on that inspection. There was a meeting today on site to go over the items. All the items were resolved, but there is some push back from the contractor on the lighting power for the cleaning system/spray system, which NEA is standing firm on. A.J. is going to contact West Penn Power and get a work order number to keep it moving. Once that is obtained the ball is in their court.

The pay estimate was reviewed with Matt and Ralph. NEA is comfortable with the reductions made. There is basically $17,000.00 being withheld in the contract. That would cover the item that is in question.

Mr. Clark made a motion to approve payment of pay application #1 in the amount of $93,403.29. Mr. Brown seconded the motion. Mr. Stewart said $17,000.00 would be enough to cover the item in question. A voice vote was unanimous.

Sewer Report - by Bob Decker

Sludge (Volute) Press Replacement

Mr. Thal made a motion to approve payment of the pay application for Greenland Construction in the amount of $80,280.00. Mr. Walker seconded the motion. A little bit of money is being held for small items. Mr. Stewart said they have been excellent at sending certified payrolls. He received them every week without having to ask for them. A voice vote was unanimous.

Bob Decker had a question regarding the RAS piping, which has been completed. Everything has been paid from Borough Authority funds at this point. Northwest asked if a pay request was going to be put in for reimbursement for those two projects. If so a pay req. needs to be put together, which would be the first draw on the new Northwest loans. The Authority members decided not to pursue that at this time.

SPECIAL STUDY – The special study was hand delivered to Senator Corman's office on September 30th. They put a cover letter on it and sent it down. On Friday he received a call from DEP. He said they wanted to get confirmation that Benner and Walker Township had the opportunity to comment on the plan. There is documentation that they were invited to the plant and representatives from both townships came. There was a joint meeting where NEA went to SBWJA. Walker and Benner Township were invited to this meeting, but Walker Township did not attend. Benner has already signed off saying yes, they had opportunity. Walker Township has not yet, but they meet tomorrow night. Chuck is able to attend that meeting in case there are any questions. NEA feels it will be okay, but it is unsure what DEP is asking. If they won't sign off, which Bob feels they will sign off, the worst case is the plan would have to be re-advertised and they would need to be given a copy. NEA would want proof that it was done and they would be given thirty days to comment. It would be another thirty-day time period. All this gets is administratively complete and they can begin to review. So it is still at least 90 days away. Through Senator Corman's office DEP said they are going to get it approved and give it priority.

PRETREATMENT PROGRAM

They are assisting Bob Cook on updating the Authority's pretreatment program to maintain compliance with the EPA guidelines.

He has given Bob Cook some assistance on the scales issues at the plant.

NITROGEN & PHOSPHOROUS CREDITS

They are supposed to be worth something this year, but he doesn't know the amount. An executed agreement needs to be in by next month. He feels it will offset in what is paid to maintain the nitrogen credits through the addition of carbon source. The final calculation will be done the middle of this month.

SMALL GRANTS

The small sewer and water grants program came out quickly. They are small projects $30,000 - $500,000. The application is due the end of October. He talked with Ralph, Matt and Bob about potential projects. It has to be shovel ready projects for maintenance. With shovel ready you have to have permits in hand so they won't be doing any projects that require permits. Sewer maintenance and water line maintenance could be projects. The more that can be

identified specifically the better. Matt has some things on the list already. Bob feels the Board will need to take action tonight because there is a resolution that must go with the application. There also must be a 15% match of funds. Mr. Stewart said they were considering the $200,000.00 - $250,000.00 range. Mr. Stewart said in the Chapter 94 report every year DEP notes about I&I and says you have to take steps to reduce that. This helps get that accomplished and helps with the amount of surface water that is going through the plant.

Mr. Clark made a motion to move forward with approval for up to $250,000.00 in a grant application with a resolution and a 15% local match. Mr. Badger seconded the motion. A voice vote was unanimous.

-Consider backup generator. Bob and Ralph were meeting with Ms. Walker and going through the budget. At the WWTP there is no backup power other than the two main feeds. The price to install a generator is substantial. The generator would only run a few critical components. The cost is $410,000.00, but that quote is three years old. It was suggested to get a generator that is mounted high in case of flood. Because of work that was done to the Plant after the flood in 2004, this item will be held for consideration at a later date.

Bob Cook

Bulk water sales for September were 124,000 gallons.

September 10th the truck scale failed. The service technician stated the truck scale needed to be replaced. The scale is 26 years old and was under water during the flood. The service technician explained the scale is basically a steel tub formed with concrete and over the years it has cracked and water gets down there and is trapped and is rusting the steel.

September 15th two scale companies were on site evaluating and providing quotes for the truck scale. One quote for the new scale is $44,000.00.

Volute Press start-up and training took place the week of September 13th.

On September 19th he attended an informational meeting held in Benner Elementary. The guest speakers were Todd Giddings, Mark Stephens, Paul Brandon, Ryan Swistock.

On September 23rd Keystone Scale was on site and provided a temporary fix for the trucks.

Mr. Stewart said there is no way of salvaging the existing scale. The Authority is getting estimates for its replacement.

Matt- Water

September 1st a new sewer cleanout was installed at 246 West Curtin Street.

September 2nd a water service line and a sewer lateral were repaired at 116 East Logan Street.

September 6th the contactor went out on pump 1 at the reservoir. Martz came in and tempered it up until a contactor was received.

September 7th a new water line tap was installed at 151 Kelsey Lane, Nittany Terrace.

September 8th a water main break was repaired at 710 West Lamb Street.

September 8th a service line leak was repaired at 512 Benner Avenue.

September 12th a main break was repaired at Haupt Avenue and Hill Street.

September 13th replaced a service line at 512 Benner Avenue.

September 14th finished a service line repair at 116 East Logan Street.

September 14th V-systems replaced the gasket at the Corning pump house.

September 15th repaired a sewer lateral at 413 East Beaver Street.

September 20th replaced a water service line at 1024 East High Street. Two new laterals were run across the street.

September 21st they finished tracing the service line and disconnected it at the main at 136 South Water Street.

September 22nd repaired a service line at 827 East High Street.

September 23rd installed a new water service at 136 South Water Street.

September 26th repaired a 2" service main on Benner Avenue just below where the service lines were done and replaced another service line.

End of last week the roof drains were installed for the run-off at the Train Station for the Raceway.

The question was raised as to whether it would help to get the Historical data from Matt's list to include with the grants, especially with problem streets. Matt has his monthly reports available that can be used.

OLD BUSINESS

- Letter regarding the Big Spring Cover Replacement Project – Completion Inspection.

NEW BUSINESS

- DEP Cross Connection Backflow Manual - Ralph and Matt were discussing the life of the water meters, which led into a conversation about the backflow preventers that went in at the same time. There is backflow prevention, which is required on all the commercial and industrial meters or location connections. They would like to put it on the radar that this is a mandated program and the DEP policies that go with it. Ralph feels they should think about a program for replacing water meters as they go bad in increments of a certain amount, including backflow preventers. Then in 2017 they would plan to notify the commercial meter customers about getting their backflow preventers tested. A program needs to be developed to enforce the testing. The water meters are now twelve years old. It was discussed previously as customers come online an I-Pearl meter is installed. One philosophy is instead of waiting until you need to do all 3,000 meters begin in 2017 and do a specified amount. The meters have a 10-15 year warranty.

Water Budget – Matt helped Lori model the budget this year. Some money can be transferred over to capital projects. For raises there is a 2 1/2 % raise for the contract. They are actually looking to get someone to help Matt. The budget includes ¼ of a person. Nothing was put in for meter replacements.

Matt said some other things on the budget were pump stations – the Halfmoon Hill pump station. There is an estimate of $15,000.00 to replace the current pumps. The pumps are very outdated and hard to get parts for. There is $15,000.00 to either replace or rebuild one of the pumps that failed in 2014 at the Reservoir. V-systems is going to check one to see if it is salvageable. It would be a back-up on the shelf. Equipment wise Matt has a mini excavator that they do rent from time to time. He thought about sharing the use of it with the various departments. An electric trash pump on the truck is getting old. There are some incidental hand

tool upgrades of $500.00. It includes the normal $40,000.00 for the ten hydrants that are replaced annually. The last item was preventative maintenance on the check-valves, water meters, etc. at pump houses…just incidentals.

Mr. Halderman recommends $.05 per 1,000 gallons.

ADJOURNMENT

- Mr. Clark made a motion to adjourn the October 4, 2016 meeting of the Bellefonte Borough Authority at 7:25 p.m. Mr. Brown seconded the motion. A voice vote was unanimous.

EXECUTIVE SESSION

- Following adjournment the meeting went into Executive Session – Legal issues.