

**BELLEFONTE BOROUGH  
AUTHORITY  
MEETING MINUTES  
April 3, 2018, 2018 - 6:00 p. m.  
236 West Lamb Street, Bellefonte, PA 16823  
[www.bellefonte.net](http://www.bellefonte.net)**

**CALL TO ORDER:**

The meeting of the April 3, 2018, Bellefonte Borough Authority was called to order in the Bellefonte Borough Municipal Building at 6:00 p. m.

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

**AUTHORITY MEMBERS PRESENT:**

**PRESENT:** Mr. Frank (Buddy) Halderman  
Mr. Brian Walker  
Mr. Joe Falcone  
Mr. Mike Schmidt  
Mr. Doug Johnson

**EXCUSED:** Mr. Joe Beigle  
Mr. Greg Brown

**STAFF:** Mr. Ralph Stewart  
Mr. Matt Auman  
Mr. Bob Cook  
Mr. Bob Decker, Nittany Engineering  
Mr. Eric Lundy, Nittany Engineering

**CITIZENS:** Denny Meleshenko

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**MINUTES:**

**Mr. Falcone moved to approve the March 6, 2018 meeting minutes;  
Mr. Schmidt seconded the motion;  
Motion carried.**

**ORAL:**

Denny Meleshenko , 1208 Sherwood Court spoke before the Authority regarding his rental property on South Thomas Street. Centre Region Code told him that he needs to have two accesses to his two third floor apartments. He had some plans drawn up for a third-floor ingress/egress. He stated Code said he could put in sprinklers as they did not approve his plans for the egress. It is a duplex. Hazel Plumbing quoted him \$19,000 to install the sprinkler system. They did that pricing on the assumption that there is a four-inch water line close by. Basically, the four-inch line does not go to his property. He wanted to know if there was a way to get the four inch line to his property (200 feet or less) so that he can provide for the sprinkler system. He was not sure if this was even feasible to do. Hazel figured out a plan for \$44,000 but he was going to do both sides of the house. Since there are two parcels and two water lines going in, he planned on doing each side separate instead of one sprinkler system for the entire house. Hazel said that he may only need a 2-inch line if he did the project separately. He inquired whether it would be possible or feasible to dig up the 200 feet on South Thomas to put a four-inch line in.

Mr. Stewart offered that the Authority is familiar with the need for more pressure and volume and the lines are what they are. The line on Thomas Street is not on the radar as far as a plan to replace it. Given that, it is not scheduled to be replaced and there are no complaints about low pressure and low volume for the regular residential customers in that area. Stewart doesn't believe the pressure would change with a larger line although the volume would increase. Mr. Auman agreed.

Mr. Stewart also explained that the Property Maintenance Code was changed to require either a sprinkler system or a fire escape above the second floor. Code is just enforcing the code of the Borough for safety purposes. With all the big building fires that occurred, Council did change the ordinances. Mr. Meleshenko stated that the Code would not approve his fire escape plan. Mr. Stewart advised the property owner that there is an appeals board. HARB approved the fire escape. Borough Council approved it and Code did not. Mr. Stewart told him to consider appealing this denial by Code.

There is a hydrant at the location that does not receive proper water supplied to it and Mr. Johnson stated that it is the Borough's responsibility to supply water and make it fully functional. Mr. Stewart stated that many of the hydrants through town have undersized lines. Mr. Johnson raised the question of how the Borough can require people to install sprinkler systems when there is not adequate water volume. The fire fighters typically know that the town has deficient lines and will bring tankers in for a fire event.

Mr. Stewart also explained that a variance can also be sought for the fire escape close to the property line. He offered that the property owner is trying to meet the intent of the ordinance. He asked Mr. Meleshenko to exhaust the other options and then perhaps the Borough could get some estimates on the water line replacement and get it on the radar.

**COMMUNICATIONS - WRITTEN:**

Memo from R. Stewart re: PA Rural Water Conference

Notes from M. Schmidt re: PA Rural Water Conference

**FINANCE COMMITTEE REPORT:**

Water and Sewer Funds

Mr. Falcone reported on the budget funds. Two statements for the end of March reflect actual verses budget – is running in accordance with what was planned; expenses seem to be in line. Pump maintenance and repair is over. Sewer fund v. budget is a bit more complicated than water fund. Line 364904 Capital Improvements contains the project as revenue and he thinks that needs to be refined. Health insurance expenses were commented on at the last meeting. It may just be costing more on the sewer side than was budgeted. The rest of the expenses are in line except for legal expenses.

**ENGINEER'S REPORT – WATER:**

Engineer's Water Report April 2018 –

Mr. Lundy reported that Kenlee Drive Development plans were reviewed and comments were provided back in February. He has not received any revised plan.

The Dale Summit meter and back flow requirements were discussed. A draft letter was prepared that outlined what needs to happen at the meter pit to provide proper backflow prevention and the letter spells everything out. That was given to Mr. Auman and it was passed off to Mr. Stewart. Mr. Stewart will finish reviewing the letter. There is a time frame in the letter of 60-days.

Burnham Farm Estates land development plan is being worked out and they needed staff's input on how they can redo the waterline extension through that lot. They are awaiting final design plans for review. This was a plan that was approved in 2007.

**ENGINEER'S REPORT – SEWER:**

Engineer's Sewer Report April 2018

Notice of bid award has been issued for the Treatment Plant Project to McCrossin and Lepley. Agreements have been executed since the last meeting. A pre-construction meeting was scheduled for March 13. Things are moving along. There is a schedule for the project. The date of completion does not match with the contract yet and they are

back on some equipment delays and that will be reviewed. It is a detailed schedule and takes all into account.

Spring Benner Walker asked for a bid set and a copy of the drawings and contract documents. They were given to them end of February.

The gravity belt thickener project was completed, and it is working good at this point.

The date of completion of the WWTP project was discussed briefly. This needs to be kept on the radar to assure that costs are kept in check. There is a construction meeting scheduled for April 4 at 10 a.m. There will be regular meetings.

Water Report – March 2018 – Matt Auman

March 5-9 the new 6-inch water main install on Benner Avenue began. The 12-13<sup>th</sup> the install of 500 feet was finished. On the 13<sup>th</sup> pump No. 2 motor was installed at Corning pump house. It was under warranty. March 15<sup>th</sup> – new water line on Benner Avenue samples passed. The 16<sup>th</sup> water meter training through LB Water occurred. March 19 service line at 215 E. Pike was replaced. March 20-23 Rural Water Conference was attended. March 26 the service line was replaced at 615 E. Howard. March 27-29 five new service lines were installed on Benner Avenue. On March 31 a leak was repaired on the main on Benner Avenue (the old two inch). There are still two more services to connect and the new line will be looped.

### **OLD BUSINESS:**

Additional Finance for WWTP Project – Mr. Falcone

Mr. Falcone provided a written analysis for the Authority meeting relative to the options for capital expenditures to cover the overage on this project. Three options were discussed.

Option One would borrow \$700,000 at 3.5% but after ten years that rate could change. That was compared against a blended interest rate Money Market over the next ten years. MM rates now are very low. He assumed \$10,000 for legal and docs. \$710,000 would be borrowed but \$700,000 could be kept in savings. The loan interest that would be paid over the first ten years to Northwest Bank would be \$200,536. The projected interest paid to the Authority for the money kept in the MM account is \$80,745. This gives a project cost over the 10-year lock period of \$119,791. After ten years it would be anyone's guess. He did not attempt to try to analyze this as the interest rates are unknown.

Option Two is split. Borrow half and pay for half. This assumes truth in Option One. Borrow \$360,000 to cover closing costs and \$350,000 would remain in savings. Interest paid on the reduce loan would be \$98, 856 and interest earned on the \$350,000 in the

MM would be \$40,370. That is offset by the interest lost. The interest the bank would have to pay the Authority on half the payment would go directly back to the MM account.

\$13,904 would be picked up in interest because the payments go in over ten years over a staggered period. The cost would be \$84,952 lower than if the entire amount was borrowed.

Option Three shows the Authority using cash on hand in the MM account to fund the project and acquires a \$250,000 line of credit to provide periodic emergency liquidity. In that situation nothing is borrowed, and nothing is saved. There is no loan interest, no MM interest and no cost on the top line. The interest lost is a factor and that income lost would be the same as in Option One as that gained of \$80,745. Over ten years the interest on payments to the MM account would be \$27,423. There is a cost to maintain the LOC facility and that is assumed \$2,500 for ten years. If the payments go back to the MM religiously, \$494,125.00 would have been recouped of the \$700,000 laid out over the first ten years.

It was confirmed that these analyses are considering only Bellefonte's fees. There is still about \$700,000 in reserve if the \$700,000 is taken out. Mr. Walker liked Option Three. An emergency line of credit would need to be secured. Mr. Falcone explained that with Option Two there would still be money saved with no line of credit needed. Option One had the least risk involved.

Mr. Halderman asked how long it took to get the \$700,000 in the account. Mr. Stewart said it took quite a while. Some was through savings. Mr. Halderman used the analogy of buying a car – using cash saved versus taking out a loan. It takes a long time to save money. He looks at the scenarios both ways – it is nice to have the money in the event of an emergency, but it is also nice to not have to borrow money. Mr. Stewart stated that in the event of an emergency, there would still be money there. It would have to be a tremendous emergency to get in any trouble. As an option, the line of credit was considered as a “just in case.” After this big project is over, there is nothing foreseen. Mr. Falcone interjected that normal operating expenses would have to exceed revenue consistently to erode current savings.

Mr. Stewart offered that the Authority would be in pretty good position if it were to use \$700,000. It has taken a while to save it, but he does not see a need for it for a long period of time. In ten years, \$500,000 would be put back. Mr. Falcone said the biggest risk for Option Three is discipline to pay the money back to the MM. It would need to be put back faithfully. He stressed that this is a legitimate risk to Option Three. The Authority oversees the water and waste water fund and sets the rules and rates and policies. The Authority can direct staff to assure that those payments are made into the capital reserves for the plant. Mr. Falcone stated that if this direction is chosen and it works out well for the Authority, it could be a good indicator for future funding.

Mr. Stewart will also pursue the line of credit and get details on that. He is waiting on figures. A motion could be contingent.

Mr. Halderman called for a motion to approve Option Three for the project for the additional money. Mr. Stewart will continue to investigate the details on a line of credit.

**Mr. Walker moved to consider Option Three with the Authority using cash on hand in the money market account to fund the WWTP project.  
Mr. Johnson seconded the motion;  
Motion carried.**

Mr. Stewart discussed the PA Rural Water conference again and stated that he was involved in classes pertaining to emergency planning and that is something that needs to be looked at with the Authority. Plans are required, and it has been a while since they have been updated and went through any practice of those plans. Sometime soon, this needs to be done.

Maps have been updated and put into GIS format. Centre County Government has been assisting with a lot of the mapping so far. That will be ongoing.

Hydrants need to be identified and critical components and what condition they are in. Life expectancy of those assets needs to be determined.

### **NEW BUSINESS:**

There has been controversy with the neighboring water system selling bottled water. Clearwater Conservancy will have a Watershed Forum meeting at the CPI facility on April 18 at 6:30 p.m. Some professors from the law school at PSU will be there to discuss water sales, availability, etc.

Price per gallon of bulk water was briefly discussed. Bulk water sales are not the same as the Herlocher funds. That income is not shown in the water fund and is a separate bulk water fund. The fund was created and is overseen by Borough Council. It is used for capital or matching grant funds for projects that would benefit the community as a whole.

### **ADJOURNMENT:**

**Mr. Falcone moved to adjourn;  
Mr. Johnson seconded;  
Motion carried.**

**Meeting adjourned at 7:07 p.m.**

**Executive Session – Legal**