

WESTERN WESTMORELAND MUNICIPAL AUTHORITY

REGULAR MONTHLY MEETING – MARCH 27, 2008

The Board of Directors of the Western Westmoreland Municipal Authority held a regular monthly meeting on Thursday, March 27, 2008 at 7:00 P.M. in the Authority conference room, duly advertised, as required, and with the following persons in attendance:

1. Roll Call:

Board Members in Attendance:

Ms. Pat Altman	Mr. Larry Chrzan	Mr. Dan Hall
Mr. Charles Konkus	Mr. Anthony Marks	Mr. Robert Pioth
Mr. Sam Testa	Mr. Tim Watson	

Absent:

Mr. John Shepherd Mr. Robert Zentner

Others in Attendance:

Mr. John Campfield, Solicitor
Mr. Mark Poole, Consulting Engineer
Mr. Kevin Fisher, General Manager
Mrs. Johanna Wtorkowski, Assistant Secretary-Treasurer/Recording Secretary

2. Mr. Pioth led the Pledge of Allegiance and moment of silence for troops overseas.

3. Public Comments: None – No visitors were in attendance:

4. Communications:

A. CHAR Report: There were no comments.

B. PMAA Newsletter: There were no comments.

C. E-Mail from Attorney James Webster regarding arbitration issue:

Mr. Campfield stated that the Authority has two more years before a calculation is required.

D. 2008 PMAA Spring Management Workshops: There were no comments.

E. Commonwealth of Pennsylvania State Ethics Commission-Statements of Financial Interests: Board members were reminded to submit their statements of financial interests for the year 2007. Mr. Pioth stated that he and Mr. Fisher attended an informative seminar that was sponsored by PMAA and which included this topic.

5. Secretary's Report – Anthony Marks: Mr. Marks presented the minutes of the February 21, 2008 regular meeting for approval. Mr. Hall requested that the minutes be corrected to reflect his comments regarding his disappointment in the General Manager's efforts to obtain auditing proposals, and in the fact that he waited until the last minute to request proposals. Mr. Hall made a motion to approve the minutes of the February 21, 2008 Regular Meeting as amended. Mr. Marks seconded the motion. The motion passed unanimously.

6. Treasurer's Report –

- a. A motion to approve for ratification Revenue Fund Requisition No. 73 dated March 30, 2007, representing last year's transfer for the semi-annual debt service payment in the amount of \$139,707.80 was made by Ms. Altman, and seconded by Mr. Chrzan. The motion passed unanimously.
- b. A motion to approve for payment Revenue Fund Requisition No. 86, in the amount of \$159,884.16 was made by Ms. Altman, and seconded by Mr. Chrzan. The motion passed unanimously.
- c. A motion to approve for payment Revenue Fund Requisition No. 87, in the amount of \$132,792.33, representing the transfer for the semi-annual debt service payment was made by Ms. Altman, and seconded by Mr. Watson. The motion passed unanimously.

7. General Manager's Report – Kevin Fisher:

- A. Mr. Fisher reported that we received a copy of the PaDEP Part II construction permit that was issued to Penn Township Sanitary Authority for the Harrison City Road Interceptor. This is the sewer line that goes from Penn Crossing up to the Fox Run PRD. This will provide a sewer line to the upper portion of Penn Township.
- B. Plant operations were generally in compliance for the month.
- C. Lab Accreditation: We are currently in the process of updating some equipment in the lab. A demonstration will occur soon for the moisture balance.
- D. Siemens Water Technologies: Mr. Fisher requested board ratification of his action to sign the pilot test agreement with Siemens Water Technologies for a demonstration of a centrifuge de-watering system. The demonstration will take place from April 7, 2008 through April 11, 2008. The centrifuge system is a sludge de-watering system that could take place of the belt filter press equipment. The demonstration is provided at no cost to the Authority. Mr. Fisher invited the board members to take a look at the equipment during the demonstration week. Mr. Pioth stated that he felt that is important for all board members to see the equipment. Mr. Fisher explained the benefits of a centrifuge system. A discussion followed, concerning the proposed location and number of centrifuges and /or rotary presses, power requirements, location of a new lab, anaerobic sludge digester covers, mixers and heat exchangers/boilers, headworks screening, and a hypochlorate disinfection system as part of the proposed solid handling project. Mr. Hall questioned the scope of current engineering work. Mr. Poole replied that we would only be looking at floor strength at this time, as part of the feasibility study. Mr. Fisher again asked for ratification of his action to sign the pilot test agreement. A motion was made by Mr. Konkus, and seconded by Mr. Chrzan, to ratify the General Manager's action to sign a pilot test agreement with Siemens Water Technologies for a centrifuge de-watering system. The motion passed unanimously. Mr. Fisher said that, if board members could make it on the same evening, he would arrange for a demonstration to accommodate them.

- E. Mr. Fisher reported that he, Mr. McQuillis, and Mr. Adair attended a seminar for electronic discharge monitoring reporting. He explained that DEP is getting away from paper filings. He explained that, within a few months, he will present to the Board an agreement to enter into an electronic filing program. As of now, the program is voluntary. If we sign the agreement, we can get back out; however, PaDEP will not allow us to switch back and forth between a paper reporting system and the electronic system. Within the next few months, we will evaluate whether we want to be included in the program. With the issuance of our new NPDES Permit in January 2009, we may not have a choice.
- F. Trafford Borough, North Huntingdon Township, and Penn Township issues will be discussed during the executive session.
- G. Plant flow was 4.41 million gallons for February, due to heavy rains.
- H. Sampling that is required for the NPDES Plant Permit renewal should be done this week. Mr. Hall questioned the concentration level of influent BOD for the Chapter 94 information for January and February. Mr. Fisher explained that the flow is a daily average and the influent BOD is also a daily average, of pounds loading.

This concluded Mr. Fisher's report of plant operations. The complete report is attached to these minutes.

Mr. Marks asked if treatment of drilling water as a revenue source would be feasible. A contractor has approached him about the possibility of WWMA's accepting drilling water. Mr. Fisher explained that brine water contains a high amount of chlorides, but frac (fracture water) and pit water is not as bad. He explained that the going rate for treatment is \$.03/gallon for frac and pit water, and \$.05/gallon for brine water. Mr. Pioth stated that, if the Authority is going to consider such a move, the Board act now to find out what it will cost to accept this water. He asked for a poll of the Board. Mr. Marks asked Mr. Poole what he knows about this. Mr. Poole replied that he does not have any clients who treat drilling water. Mr. Hall stated that he does, and that he feels a frac plant would be the way to go. Mr. Konkus asked if it was worth the gamble. Mr. Poole explained that it is definitely an easy revenue source, but the possibility exists of receiving a bad load. He stated that we would have to have an interim permit in place to accept the capacity. He explained that it is similar to treating septic waste, except that septic waste presents more of a problem. Mr. Marks commented that these wells are DEP-permitted. Mr. Campfield stated that permit holders do not have to file anything with DEP until 30 days after they have begun drilling on a well. A motion was made by Mr. Marks, and seconded by Mr. Chrzan to explore the possibility of acceptance of drilling water as a revenue source. The motion passed unanimously.

Mr. Campfield stated that North Huntingdon Township would like to meet with Authority representatives after April 7, 2008. Mr. Pioth stated that his only question is that the Penn Township Sewage Authority's minutes indicate that they are already meeting with North Huntingdon to change the service agreement. Mr. Campfield stated that he had contacted Penn Township's Solicitor, Mr. Schimizzi, because we had received a letter from him after the last meeting. Mr. Schimizzi told Mr. Campfield that he and Mr. McCabe had met, and that he would

be submitting a proposed amendment to the Service Agreement. Mr. Pioth stated that they should have approached us to request discussion on this matter. Mr. Pioth stated that he read in the newspaper Mr. Marks comments, in which he stated that we should have a forum where we meet with Penn Township representatives, yet Penn Township representatives are meeting with North Huntingdon representatives without our knowledge. Mr. Hall asked Mr. Pioth for the source of his information. Mr. Pioth responded that he had obtained a copy of the Penn Township Sewage Authority's minutes of their February 19, 2008 meeting. Mr. Marks stated that he did not know anything about this. Mr. Hall stated that he had attended the Penn Township Sewage Authority's work session meeting prior to this meeting, and that nothing had been brought up. Mr. Hall then read an excerpt from Penn Township Sewage Authority's minutes regarding this issue. Mr. Pioth responded that Penn Township and North Huntingdon Township are being unfair to the other communities, because they never asked the member municipalities for their input. Mr. Hall said that he made a statement at the work session that, in his opinion, it was the general consensus of the Board that, if it was not physically or practically possible to connect to WWMA's system by gravity flow, and if, in the future, development provided the opportunity to service this area, Penn Township should not get themselves into an agreement where we will find ourselves arguing about whose service area it is. Mr. Pioth responded that he is not talking about the feasibility, but rather why the "powers that be" in Penn Township and in North Huntingdon Township do not have the courage to come down here and meet with this Board. Mr. Pioth stated that Mr. Marks was quoted in the paper as saying that we should meet, and he asked why they are not here. Mr. Pioth asked why he reads something like this, when they refuse to meet with us, and he stated that these actions "reek of politics." Mr. Hall explained that he has argued more than once with members of Penn Township about why they complain, yet never attend our meetings. He stated that, during conversations with various Penn Township Sewage Authority representatives, members have told him separately that the problems between WWMA and Penn Township are the Township's problems, and are not the problem of the Sewage Authority. Mr. Marks asked when the Service Agreement was last amended. Mr. Poole replied that it was amended in 1994. Mr. Marks said that he doesn't know where this came from. Mr. Marks explained Penn Township officials wanted him to make the comments that he made immediately upon appointment to the Board, but that he refused to speak immediately, out of respect for WWMA's Board. He went on to say that he agreed completely with Mr. Pioth's statements, because he had heard criticism about "behind the door stuff." Mr. Marks stated that he had asked Penn Township's Board if they had even provided a report to the WWMA Board, telling them that communication is two-fold. He said that there appears to be no communication between the two municipalities, other than foreboding letters between solicitors. Mr. Pioth responded, stating that, while he would never think of taking away a man's freedom of speech, and he referred to a newspaper article which quotes Mr. Marks as saying that, if the WWMA Board refuses to respond at an open meeting, the "silence would be deafening." Mr. Marks replied that he made those same comments at a previous WWMA meeting. Mr. Pioth acknowledged that, and said "my thing was, what gets me was, you come to two meetings and know how to straighten this place out, already. That's the impression that I got. What I'm saying is, your community (Penn Township) and my community (North Huntingdon Township) owe more respect to the rest of these communities than to make a decision like that on their own, and send us a proposal. They should be down here to talk it over with the rest of these communities. Dan says 'Hey, we put in 30% of the inflow here, and pay 44% of the cost of revenues.'" Mr. Hall responded, stating that he was misquoted, and while he did get the numbers wrong, he believes that Penn Township's numbers are even lower. Mr. Pioth responded "My point

is, we are all board members, here. And anything that goes in the newspaper reflects on each and every one of us. I don't know what your feelings were when you came to serve on this Board. But I know I argued with my commissioners, because they said 'Would you take legal action against this township?' Yes, if you put me down here to serve on this Board, I am serving this Board, not commissioners. They appointed me here, but I am now serving this Board." Mr. Marks responded, stating that he never besmirched the Board, but said that there is a growing atmosphere (of confrontation). He also said that he told representatives of Penn Township that they have engaged in counterproductive and detrimental activities. Mr. Marks said that he has spoken in depth with Mr. Fisher, and that he agrees with Mr. Fisher. He said that there appears to be an extremely confrontational situation between Penn Township and WWMA. He asked if Penn Township's meeting occurred before his comments. Mr. Pioth responded that the meeting took place after Mr. Marks spoke to the Penn Township Sewage Authority Board. Mr. Pioth stated that it appears that Penn Township is proceeding with their plans for Abby Place. Mr. Hall replied that Penn Township does not want to hear from us. Mr. Pioth stated that WWMA has never been given an opportunity to negotiate, and Penn Township and North Huntingdon Township are going to send us a proposal of what they think should be done. He questioned who Penn Township and North Huntingdon officials think they are. Mr. Marks replied that they are our customers, and stated that, Penn Township's first issue is the view of the Capacity Fund. He explained that it is their opinion that there is room for negotiation. Mr. Pioth explained that, if we reduce the capacity fee, we will have to pass on the loss to our current customers, because new contractors don't want to pass on a capacity fee to the homebuyers. Mr. Marks explained that he understands WWMA's position that the capacity fee is for reserve for design and construction of advancement of the facility, but the current budget states that some of the capacity fee money is being used for the operating budget. Mr. Campfield responded that the operative documents are the Authority's Act, and the action that was taken by the Board. He explained that the Authority's Act does not place any restriction on the use of capacity fee money, and the resolution that was passed by the Authority, putting the capacity fee in place, does not restrict the use of the funds, whatsoever. He explained that Authorities regularly use tap fees to pay for a variety of expenses that are incurred by the Authority. Mr. Marks responded that he, as do many people, assume that the money is being used for expansion of the plant, and when the budget states that capacity fee money may be used to supplement the budget, the reaction is outrage. He stated that, if the capacity fee money is regularly used to supplement the budget, in twenty-five years, there will be no money left for plant improvements "if the money is systematically, summarily, and easily violated for either expenses or surplus." He stated that there may be rate increases that could be due to various reasons, including detrimental acts by other Authorities, but that people do not want their capacity fee money to maintain a system to which they are not connected, and he believes that use of capacity fee money to supplement the operating budget, even if it is allowed, is a covert activity. Mr. Konkus replied that Mr. Marks is saying that, because of actions of previous board members, when people see something like this going on, they assume that something bad is going on. Mr. Konkus said that people need to give up what has happened in the past, and move on. He stated that he doesn't think that the funds should necessarily be used for operating expenses. Mr. Campfield explained, for the benefit of the new Board Members, that the tap fees, as well as any of the fees that may be imposed under the Municipal Authorities Act, are not earmarked for particular expenditure. Until recently, there wasn't anything in the Authority's Act that required studies to be done. He said that, if the Board was to approach Penn Township to ask what they have done with their tap fees, he doubted that they would find any municipality that has done what this

Authority has done, and that is to not dip into the tap fee funds for any kind of current expenses. He explained that there is a misnomer in thinking that the tap fee is only for construction or capital-related items, and that is not so. What can be done with those funds is done by other Authorities. Mr. Marks repeated his opinion that capacity fee money should not be used to supplement the budget. Mr. Marks stated that the budget report indicates that there is sufficient capacity at the plant. Mr. Campfield explained that recent plant improvements increased plant capacity. Mr. Poole explained how DEP determines capacity as it relates to planning modules. Mr. Marks asked why we would charge a capacity fee to customers who will never enter WWMA's system, such as Abby Place. Mr. Fisher explained that, unlike most municipalities, WWMA set up a separate fund for capacity fees, so that the money could be easily tracked. He went on to explain that the Board received this evening a recap of activity for the Capacity Fund, which shows that, with the exception of bank fees associated with the Capacity Fee Account, no money has been expended from the account. Mr. Fisher also stated that there appears to be a misunderstanding of the budgeting process and that a budget is merely a tool by which to manage. He further explained that, according to GASB accounting principles, we must show the capacity fees that we collect as revenue, and that excess money in the Revenue Fund Account may be transferred twice each year to the Capital Improvements Fund, while the capacity fee money remains in the Capacity Fee Account. Mr. Fisher also explained that, since the Authority can use money from the Capacity Fee Account to supplement revenues, we add it back into the budget to offset any deficit; otherwise, we would be required to raise rates, according to our Trust Indenture. This way, we show a balanced budget without raising rates, since we know that certain items in the budget may not be completed in a current year for various reasons. Mr. Fisher gave an example of having \$30,000.00 in last year's budget to replace the carbon canisters on the odor control units. The canisters were not purchased last year, but will be purchased this year. Mr. Watson then asked Mr. Marks if he would be in favor of raising the sewer rates to balance the budget, to which Mr. Marks replied that he would. Mr. Marks stated that the capacity fee fund is "ripe for abuse." Mr. Campfield responded, stating that the Authority Board should then go to every municipality and say that they must put tap fees toward capital projects. Mr. Poole explained that WWMA set up a separate account for capacity fees, so they could be accounted for, and so that we could see where the funds are going. He understands Mr. Marks' opinion of the potential or appearance of misuse. He said, however, that many municipalities deposit tap fees directly into their Revenue Fund, where the funds go for everything. Mr. Campfield explained that, during the 4th amendment of the Service Agreement, the Authority was going to take in new customers who had contributed nothing to the building of the plant, and there should be a tap fee for these customers. Penn Township did not want to do that, and they did not want to do an expansion, because it was not yet necessary, so we agreed on quarterly contributions toward future expansion. That amount of money will not cover the cost of an expansion to increase capacity at the plant. Mr. Poole explained that the Authority Board was concerned about how the member municipalities would view how the fees were being collected, and how they would be used. For this reason, a separate account was created for capacity fees. He explained that WWMA is being viewed unfairly for how they are treating capacity fees. Mr. Marks repeated his position that capacity fee money should only be used for plant improvements, and that the Board should reconsider its decision to use capacity fee funds to supplement the operating budget. Mr. Konkus asked Mr. Marks if the Penn Township Authority recognizes the fact that this Board has done some good work. Mr. Hall replied that, after talking to some of the representative, he does not think that the Penn Township Sewage Authority cares about the progress that we have made, but he feels that the Penn Township

Commissioners are concerned. Mr. Pioth stated that Penn Township should have come here to request that we negotiate the Service Agreement. He stated that he perceives their actions as a breach of contract, bordering on theft of services. Mr. Testa commented that this Board has already been up front with member municipalities. He stated that we have always reported to the municipalities about our actions, and have always been on the up and up.

8. Consulting Engineer – Mark Poole: Mr. Poole reviewed his written report dated March 27, which was presented to those in attendance. The complete report is attached to these minutes.
 - A. Outfall meter: The weir is in, and will be calibrated on Monday.
 - B. Chapter 94 Report: Mr. Poole requested a motion to submit the 2007 Chapter 94 Wasteload Management Report to PaDEP. After a brief discussion, a motion was made by Mr. Chrzan, and seconded by Ms. Altman, to authorize HDR Engineering Co., Inc. to submit the 2007 Chapter 94 Wasteload Management Report to PaDEP. The motion passed unanimously.
 - C. ALCOSAN’s Chapter 94 Report information has been submitted.
 - D. Fourth Quarter 2007 Landfill Analysis: Leachate parameters were exceeded. Three parameters that do not affect discharge limits: BOD, suspended solids, and ammonia nitrogen, were considerably higher than the permit limits.
 - E. The Penn Township quarterly tap fee calculation was prepared, and was sent to Penn Township Sewage Authority today.
 - F. We still have not received a response from PaDEP regarding the Long-Term Control Plan.

9. Solicitor’s Report – John Campfield:

Mr. Campfield asked if there were any questions regarding his memorandum, and recommended a response to Mr. Schimizzi regarding the Capacity Fee calculation. Mr. Campfield explained that a provision of the Service Agreement states that Penn Township is required to extend sewer lines to areas within the WWMA service area, directing the flow to WWMA. Mr. Campfield then explained Penn Township’s position regarding WWMA’s capacity fee calculation. After discussion, a motion was made by Mr. Hall, and seconded by Ms. Altman, to authorize Mr. Campfield to respond to Mr. Schimizzi’s letter regarding the capacity fee calculation. The motion passed unanimously.

10. Board Approvals:

- A. A motion was made by Mr. Watson, and seconded by Ms. Altman, to approve the Internal Control Procedures for the Purchasing Cycle. The motion passed unanimously.
- B. A motion was made by Ms. Altman, and seconded by Mr. Chrzan, to approve a policy stating that the Western Westmoreland Municipal Authority will not accept cash payments from outside sources, and stating that the Authority will place a sign on the premises indicating this policy. Mr. Fisher explained that this policy was recommended by the Authority’s Auditor. The motion passed unanimously.

11. Reports of Committees:

- A. Grounds and Maintenance Committee – Dan Hall – No report.

- B. Personnel Committee – Pat Altman – No report. A motion was made by Mr. Chrzan, and seconded by Ms. Altman, to increase Assistant Secretary-Treasurer Johanna Wtorkowski’s salary by \$2,500.00 per year, retroactive to January 1, 2008. The motion passed unanimously. Mrs. Wtorkowski thanked the Board.
- C. Finance and Budget Committee – Mr. Chrzan reported that the Authority has received \$55,000.00 in interest for the first two months of 2008. Mr. Fisher reported that the field work for the annual independent audit has been completed. A motion was made by Mr. Chrzan, and seconded by Ms. Altman to appoint Mr. James Webster, of Houston Harbaugh, as Bond Counsel for 2008. Mr. Konkus asked if Lynch & Lynch’s bid was lower than Houston Harbaugh’s. Mr. Hall objected to not accepting the lowest proposal, and suggested that we show prudence and go with Lynch & Lynch. Mr. Konkus agreed. A roll-call vote was requested.

Ms. Altman – yes	Mr. Chrzan – yes	Mr. Hall – no
Mr. Konkus – no	Mr. Marks – no	Mr. Pioth – yes
Mr. Testa – yes	Mr. Watson – yes	

The motion to appoint Mr. James Webster, of Houston Harbaugh, as Bond Counsel for 2008 passed, 5-3.

- D. Insurance Committee – Mr. Watson referred to a memorandum regarding the pollution liability insurance coverage. Mr. Fisher stated that we are waiting for price quotes for flood insurance. Mr. Watson invited all Board Members to attend a meeting that is to be scheduled between the insurance committee and Mr. Ron Flick, of FWF Insurance Agency, Inc., to review the price quotes for the proposed pollution liability insurance, flood insurance, and asbestos insurance. Mr. Fisher stated that he will call Mr. Flick tomorrow to schedule this meeting. Mr. Fisher reported that the Treasurer’s Bond has been approved.
- E. Sludge Committee – Due to Mr. Shepherd’s absence, there was no report.
- F. Legal and Engineering Services Committee – Mr. Testa stated that pertinent items have already been discussed. Mr. Fisher added that he is trying to set up a meeting with Trafford Borough’s Solicitor, Mr. Craig Alexander.

12. Change Orders and Pay Estimates: None

13. Requisitions:

Mr. Pioth presented requisitions with the motions to approve as follows:

- A. Capital Improvements Fund Requisition No. 75, in the amount of \$7,200.00. Motion to approve was made by Mr. Konkus, and seconded by Ms. Altman. The motion passed unanimously.
- B. 2005 Construction Fund Requisition No. 2005-35 in the amount of \$5,827.98. Motion to approve was made by Mr. Chrzan, and seconded by Ms. Altman. The motion passed unanimously.

14. Board Member Comments:

Mr. Testa referred to the centrifuge issue, stating that this is just one issue that the Authority must address. He explained that the Authority has a higher priority list, and that Mr. Fisher has a list for this year and for next year. This list includes additional construction for the digesters and increased lab space. Mr. Marks asked if the digester is our first priority, and Mr. Testa replied that it is. Mr. Fisher added that top priorities also include replacing the belt filter presses and upgrading the lab.

15. A motion was made by Mr. Konkus, and seconded by Mr. Chrzan to enter into an executive session to discuss personal matters and matters of pending or potential litigation. The motion carried unanimously. The time was 9:49 P.M. At this time, Ms. Altman excused herself from the meeting.

A motion to return to the regular order of business was made by Mr. Testa, and seconded by Mr. Konkus. The motion carried unanimously. The time was 9:56 PM.

A motion was made by Mr. Hall, and seconded by Mr. Konkus, to authorize negotiation of the civil penalty that was assessed by PaDEP. The motion passed unanimously.

16. A motion to adjourn the meeting was made by Mr. Konkus, and seconded by Mr. Testa. The motion carried unanimously. The time was 9:56 P.M.

Johanna Wtorkowski
Assistant Secretary-Treasurer