

Mercersburg Water Authority  
113 South Main Street  
Mercersburg, PA 17236  
November 9, 2022

Attendees: Chairman Ed Twine, Jason Frey, Dr. Michael Pedersen, Jacob Morgan, and Borough Secretary Melissa Price

Absent: Robert Small

Guests: Dawn Scheller, Salzmann Hughes, 79 St. Paul Drive, Chambersburg, PA, Kate Perry

Meeting was called to order by Chairman Ed Twine at 7:03 pm noting that Dawn Scheller was present at the meeting. He requested that the Authority discuss the budget as the first item this evening. All agreed.

Dawn Scheller noted that prior to her attendance at tonight's meeting, she had relayed some concerns to Sam regarding the proposed 2023 budget. Sam Wiser requested that she relayed that information to the Borough Office. Sam also requested that she provide his status update regarding the Middletown Valley Bank line of credit. Dawn called and met with Borough Secretary Melissa Price, prior to tonight's meeting, where Melissa permitted her to communicate both items to the Authority directly.

Dawn relayed that Sam Wiser was able to speak with Middletown Valley Bank requesting that they consider extending the Water Authorities draw period on the \$300,000 line of credit. Unfortunately, Middletown Valley Bank was not willing to extend the draw period under the current terms, however, the bank was willing to and did transfer the remaining funds available from the line of credit into the Authorities account. Dawn reported that the repayment of that loan would continue but would now consist of both principal and interest payments. Those payments will be calculated on the full \$300,000. The second item Dawn wished to discuss was the drafted budget that the Authority has in front of them tonight and noted significant differences with what has been budgeted for debt (loan) payments v. what the actual amount to be paid in 2023. Dawn reported that she utilized the amortization schedules provided by the bank to calculate those totals. Dawn questioned whether the proposed water rate increase for 2023 was truly enough to cover the anticipated operations and project expenses for next year. Dawn also noted that she anticipated the amount of water sales this year will total close to \$504,000 and not the budgeted \$531,000.

With that in mind, Dawn requested that the Authority authorize the Solicitor's Office to further review the proposed budget as she believed other line items needed to be amended to accommodate the proposed projects.

The Authority Members noted that the budget was a best guess and would allow the Solicitor's Office to review the proposed budget and note amendments as needed. This motion would be made later in the meeting. The Authority Members would then review the Solicitor's amended budget and would advertise as needed once they have had a chance to review it. Dawn said that she would work with Melissa to schedule a time to meet with her to work on this as soon as possible.

Melissa Price noted that the Authority will have to pay the remaining amount due to GMS that was deferred until the end of the year noted as \$24,000 sometime in December.

Dawn Scheller left the meeting.

The Authority discussed breaking out some of the line items within the budget separating the larger projects from the day-to-day expenses. Melissa Price noted that she would work with the accountants to obtain the additional budget account codes needed to accomplish this.

Chairman Twine opened the floor for public comment, no public comment was made at this time.

**MOTION: to approve the Treasurer's Report for the month ending October 31, 2022, was made by Jason Frey, second by Dr. Michael Pedersen, all ayes, motion carried.**

Jacob Morgan provided the actual water sale totals which he calculated for the years of 2018, 2019, 2020, and 2021 as below to the Authority. It was noted that the Authority Members discussed and anticipated collecting somewhere in the \$400,000 for water sales in 2022. The Authority Members have concerns and questions with regards to increasing the rates why they have not seen the increase in sales.

2018: \$407,000

2019: \$411,000

2020: \$383,000

2021: \$441,000

**MOTION: to approve the Bills to be paid for the month ending October 2022 as written was made by Jacob Morgan, second by Jason Frey, all ayes, motion carried.**

**MOTION: to approve the meeting minutes from October 20, 2022 as presented was made by Jason Frey, second by Jacob Morgan, all ayes, motion carried.**

Don Keefer reviewed information on(HighTide) Lance's Hoover's behalf regarding the first testing samples done on Well 3. He noted that the Nitrate level was 11.8. Don relayed that this confirms that it will require full treatment. Don Keefer noted that Lance Hoover provided him with a drawing, which he would share with the Authority Members at an upcoming meeting. Don noted that it will include UV lights, water softener, treatment, and distributed through the system. Don also noted that Lance Hoover was going to discuss with Glace the possibility of building the Nitrate Plant first, as he believes this could save money and then utilize the existing water plant building. He thought it may be possible to retrofit it as the Iron Plant. Ed Twine noted that would require new engineering drawings which would need to be submitted to DEP. Ed Twine asked Jacob Morgan to estimate what the original costs from Glace were to draw up the original plans and estimate what it would cost for Engineering to make revisions to the plan retrofitting the existing building. The Authority would then weigh the cost difference between a retrofit vs. a demo and a complete new build of a plant.

Don Keefer noted that he needs to contact Ramsey's due to the floor drain and the Sewer Line backing up at the plant. He reported that he did camera the line and was not able to make it to the septic tank. Don said that he brought this to Lance's attention as he does not want to have a new plant installed to only have a problem with the existing septic tank. This may need to be addressed at some point prior to or during construction.

Chairman Twine reviewed some items that he wished to bring to the Authority's attention. He noted that last month they had discussed some pump problems. Chairman Twine gave Donald Keefer permission to move forward and use the old pumps which were retrofitted to work. He noted that these were pumps wrongly purchased for the Mudwell project which they had held on to. Chairman Twine noted the only expense was to retrofit them. Chairman Twine said that they would run the newly installed pumps and see how they do. The Authority discussed that Marshall is still working on the starter motor for the air scour blowers to make the filters work.

Donald Keefer presented information regarding the numbers of old meters in the system and confirmed that there are 620 old meters out of a total of 1003 meters. Jacob Morgan said that he tried to get a list from Cindy that contained all the accounts/addresses and the usage/billings for each of them to see if any might be running slow, but was not successful. Donald Keefer noted that he feels the Authority should address replacing the old meters in the system. Don Keefer noted that the total loss of water has decreased from 40% of water produced to 18% water produced. Don Keefer reported that DEP would like to see that number closer to 10%. Chairman Twine noted a recent leak on Route 16 ran for

3-4 (or more) days and it may be hard to get that percentage lower than what it is now. These types of leaks make it hard to calculate.

Don Keefer provided the Authority with an update on the replacement of the Borough Garage Chart Recorder. He noted that the inlet line to the old one had been restricted and since the new one has been installed, what had been reading 80 pounds of pressure is actually 95 pounds of pressure. Don Keefer will call Rusty's H2O and arrange him to assist with reducing the pressure throughout the system, but he is unsure how much Rusty will be able to reduce it by.

Chairman Twine asked if they have purchased new meters for this year. Jacob Morgan confirmed that the Authority has purchased new meters spending over \$6,300 this year. Don Keefer noted that he would contact LB Waters checking the price of a case of meters/remotes. The Authority reviewed the invoices for this line item and had questions regarding the other items paid from that line item. Chairman Twine noted that some of the invoices should have been billed under the distribution system line item.

Jason Frey asked Don Keefer to explain the process of replacing a residential water meter. Don explained the process and noted that Cindy retains a work order with the meter information for both the old and new meters for each one.

The Authority Members began discussion whether 10% would be a high enough rate increase. Jacob Morgan asked if they were stuck with that proposed increase amount or if the Authority would be able to change that. Chairman Twine said that question would be directed to the Solicitor along with when the rate increase could begin as they wish to comply with all legal advertising requirements. It was noted that Derek believed this to be a 30-day notice.

Melissa Price presented her report which included a recap of the Financial Meeting held on 10/24/2022. Notes were included in the Authority's meeting packets from that meeting. Melissa reported that the meeting had occurred and included an update on the H2O Grant Application. She provided an update on the GMS Funding Solutions Agreement noting that agreement expires soon and the Authority would need to pay the unbilled deferred amount discussed earlier. She reviewed that should the Authority wish to cancel GMS's services, the contract contains a 30-day notice. The Authority decided that they would revisit this subject next year. Jacob Morgan reported that he tried to get GMS to estimate the rate of success for the grants applied for. He reported that GMS was not able to commit to an answer but Jacob estimates that the worst case scenario would be 50/50 grant to loan ratio with the best case scenario being 80% grant and 20% loan financing for the projects.

Chairman Twine moved on to Old Business, where they agreed to discuss the rate increase at the next meeting.

**MOTION: to approve to advertise the amended 2023 Proposed Mercersburg Water Authority operating budget after consulting with the Solicitor's Office with an increase to be determined was made by Jason Frey, second by Jacob Morgan, all ayes, motion carried.**

Chairman Twine requested that Melissa Price touch base with the Solicitor's Office to see if another meeting or conference call would be necessary to discuss the recommended changes to the 2023 budget.

Chairman Twine moved on to New Business.

Melissa Price relayed that the Borough Solicitor's Office is reviewing the H2O PA Program Resolution Number 22-11-09 provided by GMS and would be presented for approval at the next meeting.

**MOTION: to replace Bobby Small with Melissa Price on the Orrstown Bank Access List was made by Jacob Morgan, second by Jason Frey, all ayes, motion carried.**

**MOTION: to approve Melissa Price to have information access for all accounts at the Middletown Valley Bank on behalf of the Water Authority was made by Jacob Morgan, second by Jason Frey, all ayes, motion carried.**

Chairman Twine asked the Authority Members to consider appointing Jacob Morgan as the new Water Authority Secretary filling Larry Nair's position.

**MOTION: to adjourn to Executive Session at 8:40 pm to discuss Water Authority Invoicing with no Action to be taken was made by Jason Frey, second by Michael Pedersen the vote, motion carried.**

Resumed regular session at 9:20 pm with no action to be taken.

**MOTION: to adjourn the meeting at 9:20 pm was made by Dr. Michael Pederson, second by Jason Frey, all ayes, motion carried.**

These meeting minutes were transcribed by Borough Secretary Melissa Price with the use of her meeting notes and audio recording and respectfully submitted to the Mercersburg Water Authority for their review and approval.

Date approved: \_\_\_\_\_ Motion: \_\_\_\_\_ Second by: \_\_\_\_\_

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Melissa Price, Borough Secretary