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SPECIAL JOINT MEETING WITH HAINES AARONSBURG MUNICIPAL AUTHORITY
August 22, 2017

A special joint meeting was held with the following persons in attendance: Millheim Borough Council – J. Alan Ilgen, Patty Beckenbaugh, Ed Bowman, Lauralee Snyder, David Sprowls, Leslie Warriner, Sharon Heckman, Roy Rupert; Haines Aaronsburg Municipal Authority (HAMA): Regan Hosterman, Charles & Pat Valentine; DEP: Woody Cole, Mark Stephens; Michele Aukerman and Robert Jacobs

Mr. Cole presided over the meeting and Ms. Aukerman will prepare official minutes for the group. Mr. Cole explained that an interconnection between water systems is a high priority for the Capability Enhancement Program. This program has a small budget but he believes an interconnection will help both systems move toward sustainability. Mr. Cole plans to move forward this week on the evaluation of HAMA. Ms. Snyder asked how Mr. Cole sees both projects working in tandem and she wants to know the true benefit to Millheim. Mr. Cole explained that HAMA came and asked for help which isn't easy for a system to do. HAMA has completed the paperwork for their system to go through an evaluation. He stated that an interconnection is the quickest way to correct HAMA's issues and will go a long way to get a third water source for Millheim if something were to happen to the two existing sources.

Ms. Snyder asked Mr. Cole what he considers a limited emergency situation. Mr. Cole responded that was something that needed to be worked out between the two water systems because he doesn't know enough about HAMA's needs or Millheim's capability.

Mr. Cole explained that there was an interconnection in the past and an agreement was signed by both systems so he wondered what has changed. Ms. Warriner explained about the STAG Grant and that the interconnection was to be 100% funded. She asked about HAMA's plans for their system and what the long-term business perspectives are. Mrs. Valentine responded that the interconnection is an immediate source of water for HAMA. She explained that last year was dry but they were able to provide water to all their customers. HAMA wants to bring Well #8 online but they are looking forward five years or more.

Mr. Stephens stated that during the Source Water Protection Plan process he realized that HAMA was having problems with their water supply. HAMA's permit states that if Well #4 fails they must strive for an interconnection. He looks at Well #8 as an additional water source that could help Millheim in the future.

Ms. Beckenbaugh and Ms. Snyder stated that they understood this was to be an emergency connection not a new water source. Mr. Hosterman, a HAMA board member, understood this was to be an emergency interconnection but that Mr. Cole's presentation makes it sound different. He explained that the interconnection is the first step in upgrading their system but HAMA doesn't intend to use the interconnection long term.

Mr. Stephens stated that Chad Miller of DEP has taken a strong position that water systems need to plan for emergencies in case of contamination or drought. An emergency could last 10 days or 10 weeks.

Ms. Snyder explained that she is concerned about putting stress on the operator or the system because the Borough worked hard and spent resources to get the system where it is now. Mr. Sprowls pointed out that the previous agreement referred to fires and drought but fires aren't so much of a problem now. His concern is that during a drought neither system would be capable of providing water to the other one.

Mr. Rupert explained that when Elk Creek gets too low, he sucks air which creates high turbidity. He questioned if an emergency is when HAMA is actually out of water or when they can't meet their pass-by requirement. Mr. Rupert also expressed concerns about being on Elk Creek for longer periods of time because the residents don't like using Elk Creek water. He also pointed out that Elk Creek is more volatile than it used to be.

Mr. Ilgen pointed out that Millheim Borough has a well behind the Borough building. Mr. Stephens stated that there is a direct connection to surface water through a sink hole. In 1990, it pumped mud and the water tested positive for E. Coli. He wasn't sure his boss would permit it. He thought Well #8 had a better chance of being permitted even though it has a sink hole problem too.

Mr. Cole explained that if both systems agree to design and permit the construction would be dependent on grant funding. Mr. Jacobs doesn't see Community Development Block Grant (CDBG) money going away at this point but the future of this program is political. Mr. Cole stated that an interconnection would make grant funding more attractive when benefitting both systems.

Mr. Rupert asked about the plans for Well #8. Mr. Stephens responded that the well was taken out of service because of turbidity issues but he believes all the equipment is still there. The well can produce 100-110 gallons per minute but the water would need to be filtered. Mr. Valentine explained that the well was dug in 1983 and pumped 125 gallons per minute for 11 weeks. Their existing water plant can't treat the water from Well #8. 337

Ms. Snyder stated that Millheim needs to set a price for water that takes into account all expenses. Mr. Sprowls recommended a cost analysis be done to determine the cost to produce water because he doesn't think 115% of current rates is adequate.

Mr. Valentine stated they aren't looking for Millheim to supply the whole system. They have 187,000 gallons in storage capacity but they are not meeting the pass-by requirements. He explained that 73,000 gallons per day must be allowed to flow by and can't be used. Mr. Bowman raised the question again about what creates an emergency.

Ms. Warriner explained problems Millheim had with DEP regarding the sewer plant. She raised concerns that DEP bypassed the TMF analysis for HAMA. Ms. Warriner also raised concerns that if DEP shuts HAMA down it could become Millheim's burden. Mr. Valentine stated that if HAMA fails, Haines Township Supervisors are liable for providing water not Millheim Borough.

Mr. Stephens stated that HAMA has been in violation for years not meeting the pass-by requirement because of customer needs. Ms. Warriner stated that the Agreement needs to be drafted to protect Millheim Borough. Mrs. Valentine explained that the previous agreement already stated that Millheim would only provide water if it is able. Mr. Valentine said that Plan B would be to call for water buffalos and Millheim's only concern is that if you have enough water do you want to sell it to us.

Ms. Snyder expressed concern that if the interconnection is in place and Millheim's plant is running 24-7 the costs would triple. Mr. Valentine stated that HAMA isn't asking Millheim to give them anything but they are asking Millheim to sell water. Ms. Warriner asked if HAMA could afford to pay for Millheim water. Mr. Valentine responded that HAMA does a cost analysis every year to determine water rates. Mrs. Valentine asked if Ms. Warriner wants to see HAMA's audit and Ms. Warriner said yes, she would. Ms. Warriner raised the question about why this is an emergency after the STAG Grant went away.

Mr. Rupert pointed out that it has been a wet summer and asked if HAMA was concerned that the springs aren't coming back. Mr. Stephens explained that springs change and a well can be destroyed by over pumping, which is why he is suggesting Well #8 be brought online.

Mr. Cole discussed HAMA's Technical, Managerial, and Financial (TMF) evaluation. This evaluation will be done on this system. He doesn't ask them to open their books but an audit was done by a CPA and a report was submitted to DCED. Mr. Cole stated that HAMA is an average system. His program will help HAMA do a rate analysis. Mr. Valentine wants to do a 5-year capital improvement plan. A leak detection program will be done as soon as HAMA signs papers. HAMA has meters that are 3-5 years old.

Mr. Ilgen asked what the Borough would need to spend if an agreement was done. Ms. Aukerman said both systems would have to pay \$750 for a permit application fee to add each other as an emergency source. Mr. Cole said most grant programs are looking for shovel ready projects. He explained that the Operator Outreach Assistance program can help Millheim do an asset management plan and a rate analysis at no cost to the Borough.

Ms. Snyder raised the question of who would pay for construction because HAMA wasn't willing to put money toward the interconnection when the STAG Grant was available. Mr. Valentine stated there is an interconnection point and suggested each municipality should pay their share. He suggested dual valves so each municipality had control. Mrs. Valentine pointed out that is the point of having an agreement. Ms. Snyder explained that things happen that are not in an agreement.

Mr. Valentine stated that as licensed operators they are responsible for providing quality water. He has not met his pass-by requirements for six to eight years because the springs are not reliable.

Mr. Jacobs said he heard one or two points that need resolved with the agreement: Cost of water and who constructs/owns and operates the interconnection.

Mr. Rupert stated that when the interconnection was in place it was used three or four times since he has been the operator but it was easier then.

Ms. Snyder suggested a tiered pricing structure such as a set fee for 10 days and a different fee if used for a longer term.

Mr. Rupert explained that things change at different times of the year because he backwashes more in cold weather.

Mr. Valentine stated that HAMA can't address a cost until they do a cost analysis. He also feels that in dire straits both systems will have problems. Mr. Stephens explained that is what an Emergency Response Plan is for.

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Mr. Jacobs pointed out that in the previous agreement an "emergency" was defined but it was very vague. Ms. Snyder asked who would determine when there is an emergency. Mr. Valentine recommended that both system operators make the determination. Mr. Jacobs said he could draft the agreement so both operators have to agree that an emergency exists.

Mr. Stephens thought there was a joint ownership between State College Borough and College Township. Mr. Valentine suggested one common vault with two locks and two keys.

Mr. Valentine recommended that the agreement should state that if there is an emergency the systems should contact Emergency Management not 911.

Mr. Rupert asked if DEP would look negatively on HAMA if the interconnection was built instead of correcting their facilities. Mr. Stephens responded that the ultimate goal is to regionalize. Mr. Cole stated that grant funding is more favorable for regional groups. Mr. Cole stated that at this point water systems can't be forced to regionalize.

Ms. Valentine explained that Haines Township Supervisors aren't involved in day-to-day operations. She makes a monthly report to them and they get an audit. Mr. Valentine stated the Supervisors would be requested as backup for loans or grants.

Ms. Snyder asked if proposed upgrades to HAMA's system could be connected to an agreement and Mr. Jacobs explained that the previous agreement stated that each system will increase its supply of water.

Ms. Warriner asked if the agreement could stipulate that both parties agree to obtain the industry standard or better for maximum unaccounted water. The industry standard is 20% or less. Currently Millheim is at 3% and HAMA was at 28% last year.

Mr. Cole explained there is a \$300,000 budget for this program so he would like to get the design and permitting for the interconnection encumbered for this fiscal year and for that reason they are willing to take a risk on funding for construction costs. Currently this program is funded through June 1, 2018 but there is no guarantee after that date. Mr. Valentine asked if design and permitting could be done as the systems work through the agreement process.

Mr. Cole would like a Resolution for the Capability Enhancement Program to move forward with design, permitting, and funding acquisition.

Ms. Aukerman explained that a Public Water Supply permit is good for two years and a PennDot permit is good for one year. Permit application fees and Highway Occupancy Permits are not covered through the program. Mr. Cole stated that typically the water system pays for legal fees if easements are needed. He will check to see if legal fees can be paid from the program.

Mr. Jacobs will try to have an agreement for HAMA's September 5 meeting and Millheim Borough's September 12 meeting.

Mr. Ilgen stated that he thinks HAMA should own the project. Mrs. Valentine explained that HAMA can't make a decision because they don't have a quorum present. Mrs. Valentine stated that since Millheim has gotten CDBG grants it may make sense for Millheim to own the project and apply for construction grants. Ms. Aukerman explained that CDBG funding is based not on who applies but on who will benefit from the project and that would be HAMA. The exact location of an existing fiberoptic line will need to be determined before a location for the vault for the interconnection can be finalized. Ms. Aukerman explained that an additional intermunicipal agreement may be needed depending on the location of the vault and who owns the interconnection.


Mr. Cole stated that at this point there is no scope of work to be developed.

Mr. Cole asked if both systems are only waiting for the cost of water to be determined are the systems willing to move forward with design and permitting. Mr. Sprowls suggested the agreement state that the rate of water is determined by Resolution so it is easier to revise. In 2001 Millheim Borough billed HAMA quarterly.

Mr. Jacobs will copy Mr. Cole and Ms. Aukerman on any information he sends to both systems. Ms. Aukerman will prepare minutes and distribute them to everyone to review. Mr. Cole asked for a primary contact from each system. Mrs. Valentine will be the primary contact for HAMA and Ms. Warriner will be the primary contact for Millheim Borough with Ms. Heckman copied on all correspondence.

Mr. Cole will look into an Asset Management Plan, cost of water and a rate analysis for Millheim Borough without a TMF evaluation unless Millheim wants to go through this evaluation. He will coordinate this through Ms. Warriner.

The meeting was adjourned at 9:56 p.m.


Sharon A. Heckman, Secretary