

LOWER PAXTON TOWNSHIP
BOARD OF SUPERVISORS

Minutes of Board Meeting held January 27, 2009

A special business meeting of the Board of Supervisors of Lower Paxton Township was called to order at 6:32 p.m. by Chairman William B. Hawk on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Supervisors present in addition to Mr. Hawk were: William L. Hornung, Gary A. Crissman, David B. Blain, and William C. Seeds, Sr., by conference call.

Also in attendance was George Wolfe, Township Manager.

Pledge of Allegiance

Mr. Blain led in the recitation of the Pledge of Allegiance.

Public Comment

No comments were presented.

Appointment of consultant to apply for state H2O funding

Mr. Wolfe noted that during the January 20, 2008 Board of Supervisors' meeting, the Board selected the McCullough Group to be the consultant to assist in securing H2O funding. He noted that the action was conditioned on negotiating the price for services to be provided by the McCullough Group. He noted that he made contact with the McCullough Group last week and was told that there would be no negotiations and the offer stands as is. He noted that they explained that they provided three options to the Township, but they would not negotiate the amount of the price for either of the options. He explained that Mr. Espenshade explained to him that the McCullough Group has entered into negotiations with both Susquehanna and Swatara

Townships with the exact same pricing language, and it would not be fair to other municipalities who have the same contract to negotiate different terms with Lower Paxton Township.

Mr. Wolfe noted that he met with their representatives this Monday, and they started to provide services to the Township, knowing that they may not be retained by Lower Paxton Township. He noted that the deadline for the Township to supply information to the McCullough Group is the end of this week in order for them to make the February 13th Commonwealth Finance Authority (CFA) deadline.

Mr. Wolfe explained that the Board has to make a final decision at this time if they intend to pursue this project. He noted that the Board already ruled out the Bowen Development Group, therefore, it only leaves the options of the McCullough Group or Delta Development Group. He noted that he included the cost of services from both consultants in the Board packets.

Mr. Hawk noted that he attended yesterday's meeting with the McCullough Group and staff and had a fair amount of questions for the consultant. He noted that today he made contact with Jim Spare, Swatara Township Authority, Toni Salomonie, Susquehanna Township Authority Chairman, and Fred Redding, Assistant Deputy Director, Department of Conservation and Natural Resources (DCNR). He noted that his basic question to Mr. Spare was why they chose to use the McCullough Group. He noted that Mr. Spare explained to him that the McCullough Group was tied into the State contacts, whereas, Delta Development Group has more ties with Senator Spector and Congressman Holden on the federal level. He also noted that if the McCullough Group does not provide any money for the Swatara Authority, then they don't get paid. He noted that whatever funds are granted, the payments would come in increments, and the McCullough Group would only be paid as the payments are made to the Township. He noted that this is the same scenario for Susquehanna Township.

Mr. Hawk noted that he questioned if the McCullough Group should have the Township apply as a regional-type group, joining with Swatara and Susquehanna Township, and Mr.

Redding, from DCED, suggested that it would be better to apply as a regional group. He explained that the McCullough Group has already done significant work for Susquehanna and Swatara Townships, and would be prepared to work for all three together if needed.

Mr. Crissman questioned if anyone knows which payment option Susquehanna and Swatara Townships chose. Mr. Hawk noted that Swatara Township did not go with the contingency fee or the blended fee, noting that they chose the payment option that the McCullough Group would only be paid if they were able to provide a successful award. He noted that he did not know what Susquehanna Township chose.

Mr. Seeds questioned what would the percent of the payment be to the McCullough Group if the Township was awarded \$10 million. Mr. Blain answered that the Township would pay 8.67%, amounting to \$867,000. Mr. Hawk noted that the maximum award would be \$20 million. Mr. Seeds questioned what would the third option cost. Mr. Wolfe answered that it would be a blending of the two options, but he was not sure what it amounted to.

Mr. Blain questioned which option Mr. Seeds had questions for. Mr. Seeds noted that he did not understand the blending option. Mr. Blain noted that the shared success option would not be a good way to go, noting that the Township would be paying 2% and 1% on any grants over \$5 million and \$10 million. Mr. Hawk noted that he did not understand that option either.

Mr. Blain noted that the McCullough Group offered it since it provided more control in how much money the Township would want to spend. Mr. Wolfe suggested, if the Township paid the fee for services, the amount would be \$250,000 for the feasibility and applications phases, another \$171,000 if an award was granted for coordination and negotiate work, and another \$112,000 for the implementation phase. He noted, if the Township did not receive an award, it would be out \$250,000. He noted if the Township did not receive an award, it would pay the Delta Development Group \$135,000. Mr. Seeds noted that the most you would pay the Delta Development Group would be \$185,000.

Mr. Hawk noted that he was looking to see who would be successful in getting the Township the grant funds. Mr. Blain noted that the compensation piece is not an issue, noting if you go with the McCullough Group, and you pay as you receive the funds, then there are no cash flow issues, noting that the Township would not lose any out-of-pocket funds. He noted that the Township would be receiving funds that it had not planned to receive. He noted, if the McCullough Group doesn't get an award for the Township, then they won't get paid.

Mr. Hawk noted that the Township would need to do a bond issue to pay for what it needs to do in the future if it doesn't receive this funding.

Mr. Blain noted, if the Township is awarded \$10 million, it would net \$9,133,000. He noted that he would rather go with someone who thinks they can get the job done. Mr. Hawk noted that the McCullough Group also knows what the surrounding Townships are doing.

Mr. Blain noted that the incentive is for the McCullough Group to make the deal happen, and to get it done at the highest price possible. He noted that the Township would pay the Delta Development Group regardless of the award results.

Mr. Hawk noted that the McCullough Group already started the intake process.

Mr. Crissman noted that he would like to go with the McCullough Group and to use Option One; he noted that he would like to know what options the other municipalities chose. Mr. Hornung noted that he agreed with the other Board members to choose the McCullough Group and to use Option One. Mr. Crissman noted that he wanted to make sure that the Township is not overlooking something in the other two options. Mr. Wolfe noted that it is his understanding that the groups who are selecting the McCullough Group are going with the contingency basis, noting that there would be no economic impact if they don't receive any funds. Mr. Seeds noted that he could go along with the 8.5% award only if the Township is awarded funds, otherwise he would go with the Delta Development Group. Mr. Crissman stated

that he believes that the McCullough Group has better contacts with the State and would yield to them since that is where the grants are coming from.

Mr. Crissman made a motion to reaffirm the appointment of the McCullough Group as the consultant for H20 funding based on the contingency proposal. Mr. Hornung seconded the motion.

Mr. Seeds questioned if this meant that the Township would only pay 8.5% of the award to the McCullough Group. Mr. Blain noted if the award was for \$10 million, the percent would be 8.67%, however, if the Township only received \$5 million, the award would be different as it is based upon a weighting schedule. Mr. Wolfe noted, if the Township secured \$20 million in funds, the McCullough Group would only receive 5%. Mr. Wolfe noted that the Township is submitting an application requesting the maximum amount of \$20 million. He noted that the fee for services for that award would be \$1,065,000 or roughly 5%.

Mr. Hawk called for a roll call vote: Mr. Blain, aye; Mr. Crissman, aye; Mr. Hornung, aye; Mr. Seeds, aye; and Mr. Hawk, aye.

Adjournment

There being no further business, Mr. Crissman made a motion to adjourn the meeting. Mr. Blain seconded the motion, and the meeting adjourned at 6:55 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by,

Gary A. Crissman
Township Secretary