

**LOWER PAXTON TOWNSHIP
AUTHORITY MEETING**

Minutes of Township Authority Meeting held January 4, 2010

An administrative meeting of the Lower Paxton Township Authority was called to order at 8:14 p.m. by Chairman William B. Hawk on the above date in the Lower Paxton Township Municipal Center, 425 Prince Street, Harrisburg, Pennsylvania.

Authority members present in addition to Mr. Hawk were: William C. Seeds, Sr., William L. Hornung, Gary A. Crissman, and David B. Blain. Also in attendance were: George Wolfe, Township Manager, Steven Stine, Authority Solicitor, William Weaver, Authority Director, Jeff Wendle and Kevin Shannon, CET, Inc., and Ted Robertson and Watson Fisher, SWAN.

Pledge of Allegiance

Mr. Hawk dispensed with the recitation of the Pledge of Allegiance as it was recited during the previous meeting.

Approval of Minutes

Mr. Crissman made a motion to approve the November 24, 2009 and December 8, 2009 Authority meetings. Mr. Seeds seconded the motion. Mr. Hawk called for a voice vote, and a unanimous vote followed.

Public Comment

No comments were presented by the public.

Board Members' Comments

No comments were presented by the Board members.

New Business

Action on Resolution 10-01 and 10-02 for interim
financing Letter of No Prejudice

Mr. Weaver explained that the settlement for the financing of the PENNVEST loan has been pushed back to April 6, 2010, to allow bond counsel and staff to prepare the necessary

paperwork, to reduce the project to the correct amount, and to transfer the funding to the Township. He noted that the contractors are ready to start construction, and in order to do that, the Authority must pass two resolutions for interim financing. He explained that the Authority passed a similar resolution for the PC-4B/6C mini basin work. He explained that the estimated construction start date for the remaining phases of the project, including PC3B/BC1A -Rogele, Inc, the Linglestown Road Pump Station Contract 1-PSI Pumping Solutions, Inc., Contract 2 – Robert P. Lepley Electrical Contractors and ARA – N. Abbonizio Contractors, Inc., are scheduled for January 15, 2010.

Mr. Seeds questioned if these resolutions must be passed at this time regardless of the total amount of PENNVEST funds that would be financed. Mr. Weaver answered yes. He noted that the amount will be adjusted when bond counsel updates the PENNVEST engineering, construction, and administrative fees for settlement. Mr. Seeds questioned if these resolutions would have to be passed again with the corrected total loan amount from PENNVEST. Mr. Weaver answered no, as another type of resolution would be passed at that time.

Mr. Crissman questioned if this was for the interim financing only. Mr. Weaver answered yes. Mr. Weaver noted that PENNVEST is okay with the resolutions stating the \$16.2 million amount at this time.

Mr. Seeds made a motion to approve Resolution 10-01 and 10-02, for PENNVEST interim financing with a Letter of no prejudice. Mr. Crissman seconded the motion. Mr. Hawk called for a voice vote, and a unanimous vote followed.

Action on Resolution 10-03; authorizing submission of the Highway
Occupancy Permit Condition Statement to PENNDOT for the PC1A/1C work

Mr. Weaver explained that this is a resolution to submit the 26 terms and conditions for a Highway Occupancy Permit Condition Statement to PENNDOT for work to be done on Linglestown Road as part of the PC-1A/1C project. He noted that PENNDOT granted a request from the Township to waive the letter of credit.

Mr. Seeds made a motion to adopt Resolution 10-03; authorizing the submission of a Highway Occupancy Permit Condition Statement to PENNDOT for the PA-1A/1C Mini-Basin work. Mr. Crissman seconded the motion. Mr. Hawk called for a voice vote, and a unanimous vote followed.

Action on Resolutions 10-04, 10-05, and 10-06, authorizing condemnation of rights of way for the ARA sewer replacement project

Mr. Weaver explained that the Authority is proceeding with the PENNVEST ARA sewer replacement project. He noted that one of the requirements for the settlement for the PENNVEST loan to occur on April 6, 2010, is that the Authority must have all the easements recorded and ready for transmission to PENNVEST three weeks before settlement. He noted that Mr. Stine would need time to file condemnation paperwork on three properties if a settlement is not reached in time. He noted that the Authority has been vigorously working with all three parties to reach a settlement.

Mr. Weaver explained that Resolution 10-04 involves property owned by Helen Joy Horton, who is a student who lives in the mid-west. He noted that he has exchanged emails with Ms. Horton on various occasions, but she has failed to respond to the settlement documents that were sent to her.

Mr. Weaver noted that Resolution 10-05 involves the Sears Department Store located in the Colonial Park Mall. He noted that Mr. Stine has been working with the Algon Realty Company, on behalf of Sears, noting, that at one time, the mall was an open-air facility. He explained that Resolution 10-06 also involves properties at the Colonial Park Mall, specifically, Boscov's Department Store, owned by Catalina Partners, LP. He noted that many of the sewers were included within the mall space. He explained that a sewer line runs under the Sears and Boscov's stores. He explained that it is complicated maze of paper work that must be completed. He noted that these resolutions are proposed in the event the easements are not acquired prior to the time needed to settle on the PENNVEST loan.

Mr. Crissman made a motion to approve Resolution 10-4 for Helen Joy Horton; Resolution 10-5, Algon Realty Company; and Resolution 10-5 for Catalina Partners, LP, authorizing condemnation of rights of way for the ARA sewer replacement project. Mr. Blain seconded the motion. Mr. Hawk called for a voice vote, and a unanimous vote followed.

Action on Change Order #1 for the PC4B/6C Sewer Replacement Contract

Mr. Weaver explained that Change Order is for the contract with Michael F. Ronca and Sons, Inc., for the PC4B/6C contract that was started this week. He noted that the contractor recommended the installation of inside drop connections for specific manholes throughout the PC4B/6C project that could be constructed at a lesser amount than the specified external drop

manholes. He noted that the contractor provided a price that was reviewed by CET, Inc. and was found to be acceptable. He noted that a net decrease is expected to the overall project; however, the change required an increase to the project of \$29,844.00 after which the overall savings would be decreased from the project at its completion. He noted, in order to make the change, the contract must be increased to accommodate the changes in the addition of the inside drop connections. Mr. Shannon noted, if the contract would incur costs for the external drop connections, then another change order would be needed to add those quantities back into the contract, therefore, the reason for not removing them from the original contract.

Mr. Wolfe noted that staff and engineer have reviewed the change order and found it to be in order.

Mr. Seeds noted that this is confusing since the change order states the reason for change is a decrease; however, the change in the contract is an increase of \$29,844.00. Mr. Wendle noted that it is a bit confusing, but explained, at the end of every project there is an adjustment change order, therefore, instead of building 18 outside drops, the project will build 18 inside drops and save \$8,700. He noted that he did not remove the funds and specifications for the outside drops in the event there was a chance that one may have to be built. Mr. Shannon explained that the change order adds roughly \$30,000, but in the end there will be a net decrease of \$8,000 for actual quantities. Mr. Weaver noted that the final contract price, after all the inside drops are installed would be \$29,844.00 minus the savings of \$8,000. Mr. Weaver noted that he explained to CET, Inc. that it would have been better to remove the costs for the outside drops and add the costs for the inside drops as it would have been less confusing.

Mr. Crissman made a motion to approve Change Order One for the PC4B/6C Sewer Replacement Contract in the increased amount of \$29,844.00 for the installation of 18 inside drop manholes. Mr. Hornung seconded the motion. Mr. Hawk called for a voice vote, and a unanimous vote followed.

Action on an amendment to the Engineer's Agreement with CET, Inc.

Mr. Weaver noted that this amendment is required to the Engineer's Agreement with CET, Inc., which describes the activities in detail. He noted that most of the work has been completed; noting that \$560,000 has been spent on the design work and the remaining funds would cover additional change orders that may be necessary, as well as their assistance with the construction work.

Mr. Weaver explained that he did not provide a copy of the letter from Mr. Wendle that states that they would not be increasing fees for the year 2010. Mr. Blain questioned how many hours were billed to determine the fee of \$890,000. He suggested that the \$890,000 was a lot of money for the design work. Mr. Wendle explained that the contract includes the design and permitting costs, and totals less than 5% of the entire project. He noted that the \$890,000 includes the PENNVEST paperwork, and with the reduced bids, it comes to 6.2%. He noted that PENNVEST recognizes engineering fees for construction costs up to 15% that would also include the field inspections which the Authority has included in their costs. He noted that he does not have a copy of the hourly rates in front of him, but he explained that this amount was included in the annual capital budget, noting that the Township is billed for time and materials and all bills are reviewed by staff. He noted that PENNVEST wanted to have a document that specifically broke out the funds for the PENNVEST projects. He noted that the \$890,000 is a not to exceed amount for the PENNVEST projects.

Mr. Seeds noted that even though the Township is receiving a much lower interest rate for the borrowing of the funds, it requires many more hours by Township staff and the consulting engineer to process. He questioned how much of the \$890,000 is attributed to PENNVEST requirements. Mr. Wendle noted that the Township is saving a few percentage rates on the loan, and PENNVEST does add costs, but the Township is still saving over time. He noted that the loan involves a savings of a little more than 3% over a 20-year payback. Mr. Shannon noted that in April, when the PENNVEST loan would be settled, there is a fee of \$1,000 per mini-basin, budgeted for PENNVEST administration work, therefore it would amount to roughly \$6,000. He noted that up until closing it would be more than that amount. Mr. Wendle noted, if the Township is saving over 1.5% in its interest rate, then the Township would make up its savings for the fees of the administrative work to oversee the loan in the first year. Mr. Weaver noted that the Authority takes the hit the first year for the engineering fees, but would be saving money every year after.

Mr. Seeds noted that this should be a consideration when considering bonds or loans in the future.

Mr. Weaver noted that the design and construction fees for bidding the projects are standard fees; he noted that staff would support the amount of fees billed by CET, Inc. He noted that the designs are complex, involving a clearwater system and private sewer replacements, and all these things take hours to coordinate. He noted that he could do some research with other

Authorities to determine what their design costs are for engineering fees. Mr. Wendle noted that he could provide figures from other projects as well. Mr. Seeds stated that it would be good to know that as long as it would not cost a lot of money to research it.

Mr. Crissman made a motion to approve the Basic Engineering Services and Related Matters contract with CET, Inc., noting item nine under Additional Services, of a fee not to exceed \$890,000. Mr. Seeds seconded the motion. Mr. Hawk called for a voice vote, and a unanimous vote followed.

Adjournment

There being no further business, Mr. Crissman made a motion to adjourn the meeting. Mr. Seeds seconded the motion, and the meeting adjourned at 8:40 p.m.

Respectfully submitted,

Maureen Heberle
Recording Secretary

Approved by:

Authority Secretary
Gary A. Crissman