

**SUMMIT TOWNSHIP SEWER AUTHORITY
MONTHLY BUSINESS MEETING
SEPTEMBER 29, 2016**

The regular monthly business meeting of the Summit Township Sewer Authority was called to order with the Pledge of Allegiance at 9:02 a.m. by Chairman Fette at the Sewer Authority Building, 8890 Old French Road, Erie, Pennsylvania. CALL TO ORDER

Present: Chris Fette, Chairman; Laban Marsh, Secretary; Cloyd J. Rose, Ass't Secretary; William C. Steff, P.E., Manager; George Joseph, The Quinn Law Firm; Clayton J. Fails, P.E., Greenman-Pedersen; Caitlyn Haener-Schwab, Administrative Supervisor; Martin McAtee, Operations Foreman. Absent: Michael Rose, Vice Chairman; Mark Welka, Treasurer. Visitors: Elda Wasielewski. ROLL CALL

Motion by Mr. Marsh, seconded by Mr. C. Rose, to approve the minutes of the August 25, 2016 Regular Business Meeting. Vote 3/0 8/25/16 MINUTES

Motion by Mr. C. Rose, seconded by Mr. Marsh, to approve the Treasurer's Report as submitted to and reviewed by all Board members. Vote 3/0 TREASURER'S REPORT

Motion by Mr. Marsh, seconded by Mr. C. Rose, to approve the Expenditure Report as submitted to and reviewed by all Board members. Vote 3/0 EXPENDITURES

RESIDENTS TO BE HEARD

Mrs. Elda Wasielewski, Developer of the Eldaberry Woods Subdivision Project on New Road, requested an update on the PA DEP Notice of Violation at the New Road Lift Station site. Engineer Fails responded that Mercyhurst University has completed the Phase 1 Archeological Study as required by the PA State Historic Preservation Office. MU is currently writing a report that will go directly to DEP. Mercyhurst has indicated to Engineer Fails that there were no significant findings to report. Manager Steff added that MU personnel changes have delayed the delivery of their final report. Solicitor Joseph responded that he has revised the agreement that will be needed between the Authority and the Wasielewski's that includes an exhibit prepared by Engineer Fails. Solicitor Joseph will transmit the agreement to the Wasielewski's for them to review and sign; once signed by the Wasielewski's, the Board will countersign at the following meeting. NEW RD LIFT STATION REMEDIATION PROJECT

Elda Wasielewski left the meeting at 9:08 a.m.

SOLICITOR'S REPORT

Solicitor Joseph reports that he sent a letter to Ron Lybrook, Assessment and Planning Section Chief at PA DEP regarding the New Rd Lift Station remediation COA to clarify the timeline and other technical points, such as the pending Wasielewski land agreement. The DEP acknowledged receipt of Solicitor Joseph's comments but has not yet responded.

Solicitor Joseph reports that he has provided an Audit Opinion Letter as requested by the Authority auditors, McGill Power Bell. AUDIT OPINION LETTER

**Summit Township Sewer Authority
Monthly Business Meeting
September 29, 2016**

Solicitor Joseph reports that he has been drafting an amendment to the developer agreement with the developers of Copperleaf Subdivision Project regarding cost sharing. The Authority is requesting that the developer upsize the line and increase the depth to better suit future sewer expansion in the Route 99/Hamot/Hershey area.

COPPERLEAF
COST SHARING

Solicitor Joseph reports that he has been working with Manager Steff and Engineer Fails to review Change Order 2 on Contract 3 requested by Chivers Construction regarding the Route 97 Lift Station Project.

CHIVERS
CHANGE ORDER
REVIEW

Solicitor Joseph reports that he has been working with Manager Steff regarding the proposed expansion of Holly Acres Manufactured Home Community off of Footmill Road. Holly Acres dedicated their sewer system to the STSA around 1980. Now some homes have been installed over the sewer lines, which could create maintenance issues. Solicitor Joseph is still investigating the Authority's options; the Authority could file an injunction to force Holly Acres management to move the homes now or Holly Acres management could agree to move the homes as they are replaced; the homes in question are older homes. Solicitor Joseph will search for the recorded easements and advise the Board once he has researched the issue more thoroughly. Manager Steff added that the Authority may want to consider replacing and relocating the forcemain; the current line is old construction and there have been issues with tree root infiltration.

HOLLY ACRES
EASEMENT
ISSUES

ENGINEER'S REPORT

Engineer Fails reports that the Route 97 Lift Station Project is coming together well. The building was connected to power in the past week. Now everyone is working quickly to make sure that everything is correctly installed. Representatives from equipment manufacturers have been coming to the site to check on their equipment. Once the station passes all of the clean water tests, Chivers will connect the station to the forcemain. The station should be substantially complete and in service by the end of October. The contract schedule for substantial completion in August not been met. The final completion was supposed to be at the end of October, which is not likely to happen. From a contractual standpoint there needs to be a time adjustment. Engineer Fails added that, although the schedule slipped, he is confident that the work is good.

ROUTE 97 LIFT
STATION PROJECT
UPDATES

Engineer Fails recommends Payment 12 on Contract 1 to G.M. McCrossin in the amount of \$43,784.32.

Motion by Mr. Marsh, seconded by Mr. C. Rose, to authorize Payment 12 on Contract 1 to G.M. McCrossin in the amount of \$43,784.32. Vote 3/0.

AUTHORIZE
CONTRACT 1,
PAYMENT 12

Engineer Fails recommends Payment 6 on Contract 2 to Cox and Kanyuck Electric in the amount of \$36,323.11.

Motion by Mr. Marsh, seconded by Mr. C. Rose, to authorize Payment 6 on Contract 2 to Cox & Kanyuck Electric in the amount of \$36,323.11. Vote 3/0.

AUTHORIZE
CONTRACT 2,
PAYMENT 6

**Summit Township Sewer Authority
Monthly Business Meeting
September 29, 2016**

Engineer Fails recommends Payment 4 on Contract 3 to Chivers Construction Co., Inc. in the amount of \$118,749.83.

Motion by Mr. C. Rose, seconded by Mr. Marsh, to authorize Payment 4 on Contract 3 to Chivers Construction Co., Inc. in the amount of \$118,749.83. Vote 3/0.

AUTHORIZE
CONTRACT 3,
PAYMENT 4

Engineer Fails reports that Chivers Construction, Contract 3, has submitted Change Order 2 regarding soft soil conditions. Engineer Fails advised that the claim is valid, but adjustments need to be made. The change order submitted by the contractor was around \$64,000. Engineer Fails will continue work on Change Order 2; the final amount of the change order is yet to be determined. Engineer Fails added that the Authority may also receive minor change orders from Contract 1 and Contract 2.

CONTRACT 3
CHANGE ORDER
REQUEST

Engineer Fails reports that he recently finalized the updated Act 57 report and delivered it to Manager Steff for his review.

ACT 57 REPORT
UPDATED

Engineer Fails reports that he has been working with Manager Steff to identify a project that would be eligible for a PA Small Water and Sewer Program Grant of \$57,205 from the Commonwealth Financing Authority. In order to qualify, the project must be designed and have all permits in hand by October 31, 2016. Manager Steff and Engineer Fails agree that the best chance to obtain the grant would be to apply for a small extension on Flower Road, utilizing the planning done for the Lasher (2833 Flower Road) Project. The Authority will need to get a PennDOT HOP and draft a resolution to designate Manager Steff as the authorized signer for the grant. Engineer Fails will check on possible plan review requirements.

LASHER
(2833 FLOWER RD)

MANAGER'S REPORT

Manager Steff reports that the Audit Committee met with McGill Power Bell to review the Fiscal Year End June 30, 2016 Audit Report. The Audit Report draft was subsequently distributed to all Board members for review. The Auditors have issued an unmodified opinion, which indicates a clean report with no exceptions. Further, the auditors analyzed the cost of wages and maintenance and found the Authority performs as cost efficient as similar authorities in Pennsylvania. Income was up this year due to the rate increase. The Auditors issued some suggestions and, in addition to the normal adjustments, they recorded an adjustment to add a liability for the ongoing New Road Lift Station Remediation Project.

REVIEW
AUDIT REPORT
FYE 6/30/16

The Auditors recommended a new process for signing checks: First the bills will be reviewed by Administrative Supervisor Haener-Schwab, she will print the checks; then Manager Steff will review the invoices and sign the corresponding checks; finally the Authority Treasurer, will come to the Authority office once per week to review the invoices and provide the second signature on the checks. This new process will better meet the standards for proper internal controls than the current practices. In order to make the change, Manager Steff must be added as an authorized signer to all checking accounts. Manager Steff informed the Board that the former auditor made the same

AUDIT
RECOMMEND-
ATIONS

**Summit Township Sewer Authority
Monthly Business Meeting
September 29, 2016**

recommendation in the past and that making the change is optional. Discussion ensued. The Board is in favor of changing of the procedures as recommended by the auditors.

AUTHORIZE
MANAGER ON
CHECKING
ACCOUNTS

Motion by Mr. Marsh, seconded by Mr. C. Rose, to authorize the addition of Manager Steff as a signer on all checking accounts. Vote 3/0.

The second recommendation made by the Auditors was that the Authority should adopt a capitalization policy. A capitalization policy will outline thresholds to guide whether purchases will be depreciated or expensed. Discussion ensued. The Board agreed that a policy should be drafted and that a capitalization threshold of \$750 seems reasonable.

CAPITALIZATION
POLICY

Manager Steff requested that the Auditors add a footnote to the Audit Report to clarify which accounts are restricted cash. The Auditors agreed to make the change on the final report. Manager Steff and the Audit Committee recommend that the Board approve the Audit Report pending confirmation of the requested change to the footnotes regarding restricted cash.

AUDIT REPORT
FOOTNOTE
CHANGE

Motion by Mr. Marsh, seconded by Mr. C. Rose, to approve the Fiscal Year End June 30, 2016 Audit Report, as prepared by McGill Power Bell, pending confirmation of the requested change to the footnotes regarding restricted cash. Vote 3/0.

APPROVE AUDIT
REPORT WITH
CONTINGENCY

Manager Steff recommended that the Board authorize Manager Steff to sign the annual DCED report, to be prepared by McGill Power Bell. MPB will deliver the DCED report to the Authority office tomorrow morning along with the final Audit Report.

Motion by Mr. Marsh, seconded by Mr. C. Rose, to authorize Manager Steff to sign the annual DCED report for FYE June 30, 2016. Vote 3/0.

MANAGER TO
SIGN DCED

Manager Steff presented the Management Representation Letter from McGill Power Bell for Chairman Fette's signature.

NEW BUSINESS

None.

With no further business to come before the Board, Mr. C. Rose motioned to adjourn, seconded by Mr. Marsh. Vote 3/0.

ADJOURNMENT

Chairman Fette adjourned the meeting at 10:06 a.m.

Respectfully submitted by,

Caitlyn Haener-Schwab
Administrative Supervisor