

Cecil Township Municipal Authority  
Monthly Meeting  
July 5, 2007

The Cecil Township Municipal Authority held its' regular monthly meeting on Thursday, July 5, 2007 at the Cecil Township Municipal Building. Chairman Donald Gennuso called the meeting to order at 7:33 PM with George Elish, Kenneth Heirendt and Blane Volovich present. Absent was Stephanie Lucchino. Also present was Romel Nicholas, Gaitens, Tucceri and Nicholas; W. Scott Rusmisl, Gateway Engineers; Walter O'Shinski P.E. and Dennis Bell, Administrator.

MINUTES OF JUNE 7, 2007

The Board on a unanimous vote on motion by Kenneth Heirendt and second by George Elish approved the minutes of the regular meeting of June 7, 2007.

DISCUSS MILLERS RUN FINANCING – PUBLIC FINANCIAL MANAGEMENT

Scott Shearer, with Public Financial Management, presented to the Board a financing review for the final amount to be borrowed on the Millers Run project. The amount needed to finish the project is approximately \$3.0M based on draw schedules prepared by Gateway Engineers. He stated the township approved the debt guaranty with the 2006 bond issue thereby no township involvement is required for this funding.

Scott Shearer stated the borrowing would be a short-term five-year Guaranteed Revenue Note, Series of 2007. The funds would be taken from a variable rate bond pool issued by PLGIT. He presented a conservative financial analysis using a variable rate of 3.95 percent plus a .55 percent administration fee. He stated the sale would occur in August 2007 and settlement would occur in September 2007. The note would be paid back with tap-in funds due to be collected in 2008. He further stated the note maybe prepaid without penalty.

The Board on unanimous vote on motion by George Elish and second by Kenneth Heirendt authorized Public Financial Management to prepare the documents for a \$3.0M Guaranteed Revenue Note, Series of 2007 with the Board being provided the updated financial information one week prior to the August 2, 2007 meeting.

Kenneth Heirendt raised the issue of an interest rate swap. Scott Shearer stated he would prefer to discuss the issue at a meeting schedule in the future.

COMMENTS FROM THE FLOOR

Mark Horgan, 310 Elm Drive Canonsburg PA addressed the Board regarding a contamination issue at the rear of his property. He stated that other properties along Elm Drive have sanitary waste that flows into a storm drain and the waste ends up at the rear

of his property. He stated the problem was documented by PA DEP over one year ago when they visited the site. He further stated the problem has worsened with the sanitary sewer construction on his property, a part of the Millers Run project. He stated that he has over 150 photographs of his property taken before the start of construction and photographs recently taken of the site.

Mark Horgan stated the contamination is an orange colored material and the water has an oily sheen. Scott Rusmisl stated no testing was done on the water. Mark Horgan stated the contractors placed a pipe along the rear of his property, which added to the problem. Donald Gennuso requested that Scott Rusmisl arrange a meeting with Mr. Horgan in an attempt to resolve the problem and to report to the Board at the August 2, 2007 meeting.

Ms. Dorothy Maslonik, 86 Belgium Hill Road, Cecil PA addressed the Board reading from a two-page letter. Her issues centered on the lack of restoration on her property and the lack of cooperation from Gateway Engineers and Sitarik Contracting. She requested six items be addressed by Gateway Engineers and Sitarik Contracting in a timely manner. Donald Gennuso suggested that Scott Rusmisl arrange a meeting with Ms. Maslonik in an attempt to resolve the restoration issues on her property.

Mr. George Cox, Elm Drive Canonsburg PA requested the contractor remove the material stored at the end of Elm Drive. He stated it was used as a staging area during the Millers Run construction. He stated it causes problems with people attempting to turn around in the cul de sac area. Scott Rusmisl stated he would work with the contractors to resolve the issue.

Mr. Jim Passieu, Mc Connell Road, Canonsburg PA addressed the Board on his concern for the height of the new manholes on the Cecil streets. He stated that as a public works employee it would be impossible to plow the snow in the winter without damaging the manhole lids. Donald Gennuso suggested Scott Rusmisl arrange a meeting with the township manager to coordinate road inspections with the township road department and Gateway Engineers.

Ms. Michelle Shaner, 41 Wilson Avenue Cecil PA addressed the Board on the potholes on Wilson Avenue. Donald Gennuso stated it is a township issue. She stated that four pine trees roots have been cut and the tree branches scalped on one side by the equipment digging the sewer line on her property. She stated the trees do not look good. Scott Rusmisl stated the trees would be removed if they die. George Elish commented that if the appearance of the trees was greatly changed then our obligation to is to make things right for the citizens. The Board suggested that the trees be removed as requested by Ms. Shaner.

Mr. Joe Slebonik, President of the Cecil Fire Department, addressed the Board on his concerns for lack of paving on the fire department parking lot. He stated the annual street fair will begin on July 30 and that the work needs to be done well before that date. Scott Rusmisl stated that paving is scheduled to begin on Friday, July 7. Scott Rusmisl

stated that Columbia Gas is scheduled to begin the installation of the new gas line along Millers Run Road the week of July 9, 2007.

Mr. Joe Slebonik inquired on whether the fire department would be exempt from paying a tap-in fee. He stated that in the Muse project the tap-in fee was waived. The Board suggested reviewing the minutes to determine if the Muse Fire Department paid tap-in fees in 1986. It was suggested that a formal request be submitted in writing to the Board.

#### PRESENTATION OF 2006 AUDIT REPORT

Mr. Steven Cypher, Managing Partner of Cypher and Cypher CPA presented the 2006 Audit report to the Board. He stated the financial statements are the responsibility of the Authority management and have been prepared in conformity with the generally accepted accounting standards. He further stated the audit was conducted in accordance with generally accepted auditing standards and the auditor's opinion is unqualified. He further stated the audit included a single audit report required for the federal grant monies received for the Millers Run project. The single audit provides compliance and internal controls at the federal program level and reflected no instances of non-compliance with the laws and regulations and no reportable conditions.

The Statement of Net Assets – Proprietary Fund reflects total assets of \$24,546,634 and total liabilities of \$16,741,815 with equity of \$7,804,819. The Statement of Revenue, Expenditures, and Changes in Net Assets – Proprietary Fund reflects operating revenue of \$1,066,396, operating expenses of \$822,207, other non-operating income/expenses of \$613,874, grant revenue of \$570,600 and net income of \$1,428,663. The administrative expenses were \$117,619 and the operation and maintenance expenses were \$690,948.

Steven Cypher referred the Board to the Statement of Revenues, Expenditures and Changes in Net Assets; Statement of Cash Flows and State of Revenues, Expenditures and Changes in Net Assets – Budget vs. Actual in discussing various changes in the financial position from the previous year.

Steven Cypher discussed comments in their management letter to assist the Board and management on methods to strengthen internal controls and accounting systems. A part of the letter addresses a disaster recovery plan, investments, and separation of duties in the accounting department and risk management.

#### ENGINEER REPORT

#### UPDATE ON MILLERS RUN PROJECT

Kevin Hoffman presented his monthly report to the Board. He stated the construction activities include excavation for the tank foundations, installation of concrete for the tank foundations and installation of concrete for the control building

footer and blower pads. He stated Allegheny Power is arranging a meeting with John Kosky for obtaining an easement through his property to the treatment plant for the electrical lines.

Kevin Hoffman stated that the concrete test results yielded strengths less than the 4,000 psi specified by the contract documents. He stated all but one test cylinder yielded a strength between 3,000 and 4,000 psi. He stated that the placement of the concrete in rock that a 3,000 psi concrete will be sufficient. Kenneth Heirendt suggested a reduction in the contract cost be obtained since the specification was not met. Kevin Hoffman stated he would discuss the issue with Kranick Environmental.

Kevin Hoffman stated work at the pump station sites included installation of erosion and sedimentation controls and installation of piping in and out of the wet well at the Klinger Road station. At the main pump station site work continued on the excavation for the wet well and grinder manholes and the installation of wet well and grinder structures. The electrical pump station contracts commenced with installation of utilities at the Klinger Road site and continue delivery of gear to the project and installation of the gear at the Klinger Road pump station.

Kevin Hoffman requested payments be made to the contractors working on the WWTP and Pump Stations.

Scott Rusmisl discussed his monthly report with the Board. He stated that on the interceptor contract, the creek crossing west of Cowden Road has been completed. He stated the main pump station site with wet wells and the remaining interceptor sewer is being completed. He stated testing on the interceptor continues with 77 percent of the installed pipe passing testing. The interceptor line is ninety-four percent installed.

The southwest sewer lines are approximately eighty-two percent installed. The mainline work continues along Muse-Bishop Road through the rear of properties with hard rock being encountered. That coupled with the tight conditions the work along this section has been slow. The contractor removed an old footer for a railroad bridge on Cowden Road and encountered a water service line during pipe installation along Salvini Lane. Scott Rusmisl stated that change orders would be forthcoming for both of these items.

On the southeast contract, the last run of pipe to be installed is along Cecil-Henderson Road. The mainline testing continues throughout the contract area with 89 percent of the pipe installed passing testing. The paving and lawn restoration work continues. The southeast line is ninety-eight percent installed.

The north contract is approximately eighty percent completed. Work continues along S.R. 50 from North DePaoli toward Clifford Road. Work started along S.R. 50 from Grant Alley toward Ridgewood Drive. Final wearing course on S.R. 50 from Bishop Hill Road heading east on S. R. 50 will be placed after Columbia Gas completes

their gas line restoration work. Testing on the North contract area continues with approximately 50 percent of the pipe installed passing testing.

Scott Rusmisl stated he has nothing further to report on the Silver Creek nursery water problem. He stated an opinion from GeoMechanics is needed before a hydro geologist expert can be consulted.

Donald Gennuso inquired on the status for tapping in the area along old Millers Run Road. Scott Rusmisl stated that final inspections have to be scheduled and as-built plans completed. He stated that South Fayette Municipal Authority has no outstanding issues but that they would need to inspect the service lateral lines. Walter O'Shinski stated the Board would have to set a tap-in fee for the entire project prior to sending notices to the customers. He further stated the Board would have to decide if the tap-in would be mandatory or voluntary at this time since the main project is still under construction.

Scott Rusmisl referred the Board to Gateway Engineers letter for additional inspection fees to complete the project. Donald Gennuso stated the Board just received the letter and that not a sufficient amount of time was give for review. The discussion will be held at the August meeting.

Scott Rusmisl suggested the Board authorize payments to the contractors are stated in the monthly report.

Kenneth Heirendt commented on the bent gas well pipe along Muse-Bishop Road. Scott Rusmisl stated he was not aware of the problem and that he would investigate it. Kenneth Heirendt stated the repair could be costly.

The Board on unanimous vote on motion by Kenneth Heirendt and second by George Elish authorized the payments on the following contracts –

Pay Request # 9 to Edward T. Sitarik Contracting Inc. totaling \$364,598.22 for work completed on the interceptor contract.

Pay Request # 9 to Edward T. Sitarik Contracting Inc. totaling \$117,532.58 for work completed on the southeast contract.

Pay Request # 8 to A. Merante Contracting totaling \$323,426.16 for work completed on the north contract.

Pay Request # 7 to Edward T. Sitarik Contracting, Inc. totaling \$371,340.08 for work completed on the southwest contract.

Pay Request # 9 to Kranick Environmental totaling \$249,507.90 for work completed on the treatment plant.

Pay Request # 3 to Wagner Electric totaling \$33,390.00 for work completed on the electrical contract at the treatment plant.

Pay Request # 4 to Lone Pine Contractors totaling \$153,573.75 for work completed on the pump station mechanical contract.

Pay Request # 4 to Wagner Electric totaling \$14,625.00 for work completed on the pump station electrical contract.

#### UPDATE ON MAPLE RIDGE

Walter O'Shinski advised the Board that all easements have been recorded and that all bonds have been received. He stated building permits have been issued with tap-ins contingent of the construction and testing of the pump station to service the Maple Ridge subdivision. No occupancy permits may be issued until all testing is completed and the Authority accepts ownership of the pump station and sanitary lines.

#### AUTHORIZE SIGNING NPDES PART 1 RENEWAL APPLICATION FOR TEODORI STP

Walter O'Shinski requested the Board authorize signing the NPDES Part 1 renewal application for the Teodori STP. He stated it is a five-year permit and that a check in the amount of \$500.00 to cover the filing fee is required. The Board on unanimous vote on motion by George Elish and second by Blane Volovich authorized signing the application.

#### SOLICITOR REPORT

Romel Nicholas presented his monthly report to the Board. He referred to the EJC issues stated in Gaitens, Tucceri and Nicholas memorandum. He requested the Board review the memorandum and a discussion be held at the August 2007 meeting.

Romel Nicholas stated a review of the easement language is recommended. He stated the current easement document refers to remediate property to original condition and he stated that is not practical. He stated the language needs to be tweaked. George Elish commented that it needs to be reasonable in regard to restoration issues.

Romel Nicholas stated that no further action is needed regarding representation on the Canonsburg-Houston Joint Authority. George Elish stated that a regional approach is a good idea but the decision does not rest with the Authority board.

A letter received from the Proden Law Firm LLC regarding Ms. Cindy Kappeler accident on Elementary Drive. Scott Rusmiser stated the letter was referred to the Sitarik insurance company. A file will be established for the incident.

## BUSINESS MANAGERS REPORT

### AUTHORIZE SIGNING SEWER SERVICE AND CONSTRUCTION AGREEMENT – MAPLE RIDGE

The Board on unanimous vote on motion by George Elish and second by Blane Volovich authorized signing the sewer service and construction agreement for the Maple Ridge subdivision.

### REQUEST FOR CREDIT ON WASTEWATER BILL – AUGUST PASSIEU

The Board on unanimous vote on motion by George Elish and second by Kenneth Heirendt authorized a credit for one-half of the wastewater charges for property located at 14 Birch Way, Muse PA.

### DISCUSS CONTRACT PROPOSAL FROM RRELCO INC.

The Board on unanimous vote on motion by George Elish and second by Kenneth Heirendt authorized signing a one-year maintenance contract for computer hardware on two personal computers and the server unit with Rrelco Inc. The contract amount is \$649.00.

### AUTHORIZE BOND INTEREST PAYMENT – MILLERS RUN PROJECT

The Board on unanimous vote on motion by George Elish and second by Kenneth Heirendt authorized payment of 2006 bond interest in the amount of \$201,540.43 due on August 1, 2007.

### AUTHORIZE SIGNING EPA GRANT REQUEST FORM

The Board on unanimous vote on motion by Kenneth Heirendt and second by Blane Volovich authorized signing the EPA Grant application for a reimbursement of \$294,400.00 to the Authority.

### DISCUSS MAY 2007 FINANCIAL REPORT

Dennis Bell discussed the financials for May 2007. The total customers billed were 1873. The user fees billed were \$87,760.49 on usage consumption of 9,725,700 gallons. Collections totaled \$96,189.39. The expenses paid for May 2007 were \$109,339.33. The extraordinary income on the May 2007 financial statement included interest income of \$430.99 and interest income on the construction funds totaled \$42,612.89. Expenses were under budget through May 2007 except in seven accounts totaling an overage in the seven accounts of \$14,145.31. The income accounts with variances in May 2007 were user fees under budget by \$1,085.94; interest income under budget by \$22,371.24; tap-in fees over budget by \$12,523.15; and misc. income over budget by \$250.00.

## CORRESPONDENCE

The correspondence was reviewed for filing.

## PAYING OF EXPENSES/TRANSFER OF FUNDS ETC.

A unanimous vote on motion by George Elish and second by Kenneth Heirendt the Board authorized payment of expenses and transfers as follows.

Brush Run Expense/Transfer MM to Checking  
Teodori Expenses/Transfer MM to Checking  
Southpointe Expenses/Transfer MM to Checking  
CherryBrook Expenses/Transfer MM to Checking  
Gilmore Expenses/ACH Debit and PNC Requisition  
Employee Time Reports/Payroll  
941 E Tax Deposit  
Payment of Invoices  
Discharge Monitoring Reports were approved for submission to the PA DEP

## ADJOURNMENT

There being no other business by unanimous vote on motion by Kenneth Heirendt and second by Blane Volovich the meeting was adjourned at 10:05 PM. The next regular meeting is scheduled for Thursday, August 2, 2007 at 7:30 PM.

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Secretary