



Regular Meeting Minutes

Board of Directors

February 25, 2015

6:00 PM

The Regular Meeting of Capital Region Water was held on February 25, 2015 in the First Floor Conference Room located at the Locust Court Building, 212 Locust Street, Harrisburg, Pennsylvania.

I. Call to Order - Pledge of Allegiance –

The meeting was called to order by Mr. Kurowski at 6:07 PM.

II. Roll Call and Announcements –

In Attendance:

Board:

J. Marc Kurowski, Chairperson
William J. Cluck, Vice-Chairperson
Westburn Majors, Secretary
Crystal Skotedis, Treasurer

Staff:

Shannon G. Williams, Chief Executive Officer
David Nowotarski, Chief Financial Officer
Jack Lausch, Director of Administration
David W. Stewart, P.E., Director of Engineering
Michael Deily, Director of Operations
Karen M. McKillip, Document Manager/Right to Know Officer
Jess Rosentel, Superintendent – Sewer
Andrew Bliss, Community Outreach Manager
Tanya Dierolf, Sustainability Manager
Renee Snyder, HR Manager

Consultants:

Steve Grubb, Esq. (Goldberg Katzman, P.C.)
Charles Brodbeck, Esq. (Cohen & Grisby PC)
Andrew Maher, Esq. (Cohen & Grisby PC)
Thomas Huestis (Public Resources Advisory Group)
Ed Ellinger, P.E. (HRG)
Michael A. Schober, P.E. (CDM Smith, Inc.)
Jeff Thompson (Whitman Requardt Associates, LLP)
Paul Roscol (Whitman Requardt Associates, LLP)
Brian Book (Hazen and Sawyer)

Others:

Paul McNamee, PE (KCI Technologies, Inc.)
Curt Miller (KCI Technologies, Inc.)
Tim Dean (JMT)
Paula Zankel (Clarks Creek Watershed)
Brett Zankel, Esq. (Clarks Creek Watershed)
Tom Leonard (Citizen)
Karen Balaban (Citizen)
Mendi Lowe (T & M Associates)
Paul Barker (The Burg)
James Roxbury (Roxbury News)

ANNOUNCEMENTS:

- An Executive Session under Section 708(a)(5) of the Sunshine Law was held today at 4:00 PM to discuss potential litigation regarding contracted services and personnel matters.
- The Second Public Hearing relative to the Proposed Sale of the Clarks Valley Watershed was held February 10th at 6:00 PM at the Dauphin County Agriculture and Natural Resources Center located at 1451 Peters Mountain Road, Dauphin, PA 17018.
- Mr. Kurowski thanked CRW's staff, the presenters of the Pa. National Guard, The Conservation Fund, Pennsylvania Game Commission and to the public for their attendance and for providing public comments and feedback relative to the potential sale of the two parcels located within the Clarks Valley Watershed.
- Next regular meeting is scheduled for Wednesday, March 25, 2015 at 6:00 PM.

Staff Reports:

Written staff reports were provided to the Board in advance of the meeting and will be posted to CRW's website tomorrow. Each Director provided highlights and supplements to their report and entertained questions from the Board.

Chief Executive Officer:

Ms. Williams stated that the majority of her work this past month focused on the potential sale of the Clarks Valley Watershed parcels and the relocation of CRW's administrative office space. During the past month CRW's conference room on the

third floor was configured with cubicles to house CRW's new hires until the move to the fifth floor is finalized.

Chief Financial Officer:

Mr. Nowotarski noted that CRW is on schedule regarding the Munis general ledger conversion. The billing conversion with the Muni-Link Billing System Conversion is tentatively scheduled to go live April 2015. CRW anticipates issues to occur regarding the application of payments between the COH trash and CRW water/sewer utilities during the first few months after the conversion.

Upon inquiry by Mr. Cluck, it was noted that prior to going live with the Muni-Link Billing System, CRW customers and City residents will receive notification within their utility billing advising them that their utility bills will now be separate. Trash invoices will come from and be payable to the City of Harrisburg and the sewer and water utility billing will be issued by CRW's Muni-Link Billing Software and be payable to Capital Region Water. All payments to CRW will still flow thru the PNC lockbox address in Philadelphia after the conversion. CRW is making every attempt to keep our customers informed as to the changes and information will be posted on our website.

CRW is now accepting credit card payments over the phone, or in person for utility invoices with no fee. Customers are encouraged to check out information posted on our website regarding various methods of how you can pay your bill.

Engineering Director:

Mr. Stewart noted that there are several change orders on tonight's agenda relative to the AWTF Improvement Project. He assured the Board that CRW's staff has thoroughly reviewed the change orders and that all issues were fully investigated.

Mr. Stewart noted that on February 10, 2015, the Department of Justice lodged CRW's Partial Consent Decree. The public has thirty days from the date the notice appears in the Federal Register to provide comments. He noted that all Consent Decree milestones to date have been addressed on or ahead of schedule.

Operations Director:

Mr. Deily noted that the Operations Department has been very busy dealing with weather-related issues such as water main breaks and customer service leaks. He also noted that due to the cold weather conditions, staff has taken to indoor

projects such as the rehabilitation and painting of the pump stations while still dealing with customer related issues.

He noted that a motion for authorization for the Operations Division to purchase a CCTV vehicle is on tonight's agenda. He explained what the CCTV equipment would be used for and also stated that CRW already has personnel who are trained in utilizing the equipment. Mr. Deily noted that a new hire at the Wastewater Division, Scott Rotolo, previously operated CCTV equipment and is currently featured as this week's CReW Wednesday on social media.

Upon inquiry Mr. Deily noted that CRW's staff is always willing to assist sister utilities in the event of need, such as the recent issue that just occurred in Bradford, Pennsylvania. CRW is a member of PAWARN and often provides assistance to those in need as we are able.

Director of Administration:

Mr. Lausch noted that work this past month included human resource issues and the preparation of applications for insurance renewals which expire on April 1, 2015.

III. Consultant Reports:

Written consultant reports were received from Goldberg Katzman, HRG, CDM Smith and Whitman Requardt & Associates. Representatives from Goldberg Katzman, HRG, CDM Smith, Inc. and Whitman, Requardt & Associates were available for questions by the Board.

IV. Minutes of Previous Meetings:

A motion was made by Mr. Kurowski, seconded by Mr. Cluck, that the minutes of the January 28, 2015 Regular Meeting/1st Public Hearing be approved as presented. The motion was unanimously approved.

For clarification, we will not have minutes relative to the February 10th Second Public Hearing regarding the Proposed Sale of the Clarks Valley Watershed as this was not a CRW Board Meeting and no quorum was in attendance. The public's comments from both hearings were included in the Issue Brief previously provided to the Board for their review.

V. Modifications or Deletions to the Agenda:

1. Old Business: GENERAL ADMINISTRATIVE: Item A: (Payout of Excess Paid Time Off PRO) has been removed from tonight's agenda;

2. New Item B under New Business GENERAL ADMINISTRATIVE: (Payout of Excess Paid Time Off (PTO) which will be read into the record at the time of the meeting; and
3. STORMWATER – Item A under New Business is being removed from tonight's agenda.

The Chairman also stated that the Board will be going into Executive Session immediately before voting on WATER – Item A relative to the DeHart Watershed Parcels. If anyone has any questions feel free to ask during the public comment portion of the meeting on agenda related items. It is the Board's intention to come back from the Executive Session and to vote on WATER – Item A and to conclude the remainder of tonight's agenda.

VI. Public Comments - Agenda Items (3 minutes):

Karen Balaban, Midtown Resident of Harrisburg. Requested clarification by the Board why there are two motions on the agenda relating to WATER – Item A – Option #1 or #2 citing Roberts Rules of Order requires the agency to either place the motion up for approval or not. It was noted that after discussion in Executive Session this evening, the Board will decide to accept or reject the proposed Agreement of Sale with The Conservation Fund and that the specific motion to do that will be offered at that time of the meeting.

Brett Zankel, 321-341 Clarks Valley Road, Dauphin. Mr. Zankel requested that during CRW's due diligence process, that it perform a complete survey of the timber rights as well as carbon cap and trade revenues that CRW stands to lose if CRW accepts the proposed offer.

Mr. Zankel further noted that if CRW elects to retain the property, there are no other impacts on hunters and hikers, as the two properties in question are already available to the public for hunting and recreational activities under a Cooperative Agreement between CRW and the Pennsylvania Game Commission.

Mr. Zankel stated that CRW has been an excellent steward of the land and his organization the Clarks Valley Watershed Association is looking forward to partnering with CRW and your Sustainability Manager in CRW's application of a Source Water Protection Grant which is to be submitted by March 20th. Ms. Dierolf stated that CRW is seeking partnership organizations to assist with the application for this Source Water Protection Grant. CRW is seeking the grant to produce a video for community educational purposes for Harrisburg residents to show them where the City of Harrisburg's drinking water comes from. The second part of the grant funds would be used for the creation of a Source Water Protection Plan to be submitted for approval by DEP to include additional signage along Rt. 325 regarding the Clarks Valley Watershed and the partnering of a community cleanup day to address illegal dumping.

Ms. Dierolf confirmed that regardless of CRW's decision regarding the proposed sale of the two parcels of the Clarks Valley Watershed, it is anticipated that CRW will continue to prepare for a Source Water Protection Plan for approval by DEP in the future.

Mr. Zankel offered to provide pictures of the bridge that was previously built in 2011 on a right-of-way previously granted to the Pennsylvania Game Commission by The Harrisburg Authority. He asserted that the bridge was to be built to accommodate handicapped hunters but instead was built to accommodate timbering of Game Commission lands within the watershed. He also asserted that during the construction of the bridge, the Pennsylvania Game Commission dumped tons of asbestos and concrete and had removed the runoff barriers in the bridge area and that they had never gone through the Section 109 Permit process with DEP. The Clarks Valley Watershed Association feels that CRW is, has, and continues to be the better steward of the Clarks Valley Watershed and is against CRW entering into an Agreement of Sale for the property to the Pennsylvania Game Commission.

Tom Leonard, 315 Edwards Street, Harrisburg. He stated that he does not want to see CRW sell the property to the Pennsylvania Game Commission. He feels that CRW can be the better steward of the property rather than be controlled by a Board made up of members throughout the Commonwealth. He feels CRW's Board would be held more accountable to the residents that utilize the water provided by the Clarks Valley Watershed. He attended both hearings and feels CRW's board did an excellent job in providing the information to the public and feels the deal could be structured better than an outright sale of the property.

VII. New Business:

GENERAL/ADMINISTRATIVE:

A motion was made by Mr. Cluck, seconded by Mr. Skotedis, that the following item be approved: GENERAL ADMINISTRATIVE – Item A:

A. Lease Agreement for Office Space – 5th Floor Locust Court Building:

Motion: The Board authorizes the CEO to negotiate and, subject to legal review and the approval of the Chairperson, to execute a Lease Agreement for new office space located on the 5th Floor at 212 Locust Street, Harrisburg, Pennsylvania.

It was noted for the public, that the lease agreement only applies to the CRW staff currently located on the third floor of 212 Locust Street. All personnel for the Billing and Customer Service Division will remain at the current location of 100 Pine Drive.

The motion was unanimously approved.

A motion was made by Mr. Cluck, seconded by Mr. Majors, that the following item be approved: GENERAL ADMINISTRATIVE – Item B:

B. Payout of Excess Paid Time Off (PTO):

Motion: The Board authorizes the one-time payout of up to \$357,000 for earned but unused paid time off for CRW Non-Bargaining Unit employees in accordance with the following terms. This payout is for accrued paid time off in excess of established maximums associated with (1) THA and City management practices prior to the 2013 transition; and (2) the change to a Leave Time Policy enacted by the CRW Board effective January 1, 2015.

For all Non-Bargaining Unit employees: All non BU employees with earned but unused Vacation, Sick or Personal days remaining as of December 31, 2014 would be allowed to:

First: Elect to deposit in their Leave Time bank from 1 day up to 52 total days of their earned and unused Vacation, Sick and/or Personal days remaining as of December 31, 2014; and

Second: Would receive a payout of all remaining earned but unused Vacation, Sick and Personal days as of December 31, 2014 that the employee elects to be paid out for rather than have the days deposited into their Leave Time bank. All days selected to be paid out by the employee would be paid at 100% of the employees' 2014 base pay rate for Vacation and Personal and the first 75 days of Sick. Sick days in excess of 75 days would be paid at 50% of their 2014 base pay rate.

Funding Source: Admin Fund - Accrued Leave: #2021; Sewer – Accrued Leave #2046 and Water – Accrued Leave #2045.

Upon discussion, Mr. Lausch confirmed the payout policy is similar to what took place at the City of Harrisburg when non-bargaining unit employees could transition over to CRW.

Discussion was held and Mr. Huestis of PRAG noted that it has been pointed out that it would not be favorably looked upon as good management practices if CRW permitted the liabilities to remain on the books rather than implementing a policy. For future financings, rating agencies will be looking at CRW's pension and post-employment policies and procedures that are in place. Ms. Williams confirmed that CRW enacted a new Leave Time Policy effective January 1, 2015.

The motion was unanimously approved.

FINANCE:

A motion was made by Ms. Skotedis, seconded by Mr. Kurowski, that the following items be approved by consent: FINANCE - Items A1, A2, A3, B1, B2, B3, B4 and items C, D1 and D2 as follows:

A. Metro Bank:**1. 2015 Incumbency Certificate with Metro Bank:**

Motion: The Board authorizes the execution of the 2015 Incumbency Certificate for Metro Bank.

2. Authorization to Open Account - 2015 Pennvest Water Account #2844264735 at Metro Bank:

Motion: The Board authorizes the appropriate officers to execute Bank Resolution and Signature Cards to open the new Account #2844264735 with Metro Bank titled 2015 Pennvest Water Account.

3. 2015 Signature Cards w/Metro Bank:

Motion: The Board authorizes the Chairperson, Vice Chairperson, Secretary, Treasurer and CEO/Assistant Secretary-Treasurer to execute the appropriate Bank Resolution and Signature Cards with Metro Bank to reflect the current 2015 officers.

B. M & T Bank:**1. Ratifying Authorization to Open Account - 2014 Pennvest Sewer Loan Account #9861684190 w/M & T Bank:**

Motion: The Board ratifies the previous execution of Bank Resolution and Signature Cards to open the new Account #9861684190 with M & T Bank dated 7-16-14 by CRW's Chief Financial Officer and CEO. The Board further authorizes M & T Bank to identify the title of the account as 2014 Pennvest Sewer Loan Account.

2. Ratifying Authorization to Open Account - 2014 Letter of Credit #986168208 w/M & T Bank:

Motion: The Board ratifies the previous execution of Bank Resolution and Signature Cards to open the new Account #986168208 with M & T Bank dated 7-16-14 by CRW's Chief Financial Officer and CEO. The Board further authorizes M & T Bank to identify the title of the account as 2014 Letter of Credit.

3. **2015 Incumbency Certificate with M & T Bank:**
Motion: The Board authorizes the execution of the 2015 Incumbency Certificate for M & T Bank.
 4. **2015 Signature Cards w/M & T Bank Acct #9861684190 and 986168208:**
The Board authorizes the Chairperson, Vice Chairperson, Secretary, Treasurer, CEO/Assistant Secretary-Treasurer and CFO to execute the appropriate Bank Resolutions and Signature Cards with M & T Bank to reflect the current 2015 officers and to add additional personnel to the accounts to include the CFO for authorization of transactions not included within the Incumbency Certificate authorization.
- C. **2015 Incumbency Certificate with The Bank of New York Mellon Trust Co., N.A.:**
Motion: The Board authorizes the execution of the 2015 Incumbency Certificate with The Bank of New York Mellon Trust Co., N.A,
- D. **Fulton Bank:**
1. **Authorization to Execute 2015 Signature Cards w/Fulton Bank:**
Motion: The Board authorizes the Chairperson, Vice Chairperson, Secretary, Treasurer and CEO/Assistant Secretary-Treasurer to execute the appropriate Bank Resolution and Signature Cards with Fulton Bank to reflect the current 2015 officers.
 2. **2015 Incumbency Certificate with Fulton Bank:**
Motion: The Board authorizes the execution of the 2015 Incumbency Certificate for Fulton Bank.

The motion was unanimously approved.

A motion was made by Mr. Kurowski, seconded by Mr. Cluck, that the following item be approved: FINANCE – Item E:

- E. **Engagement of McKonly & Asbury (MUNI-Link - Conversion Project):**
Motion: The Board authorizes the CEO to negotiate and enter into an agreement with McKonly & Asbury for Project Management services related to the Muni-Link Billing system conversion. Work will be performed on a Time and Materials basis and will not exceed the amount of \$12,000. Funding Source: Admin #6240 – Audit & Accounting Support.

Discussion was held and Mr. Nowotarski advised that the new separate billing system of

CRW needs to be in place by June 30, 2015. CRW intends to go live with the Muni-Link Software in late April 2015 for March utility activity and anticipates some issues to occur. The engagement of McKonly & Asbury is being requested to be in place for assistance in the event CRW incurs issues.

Once CRW goes live, customers need to be aware that invoices for water and sewer utilities will now be issued by CRW and the trash invoicing will be separately invoiced by the City. CRW's payments will still flow thru the PNC lockbox in Philadelphia or you can pay in person at 100 Pine Drive or via credit card. CRW intends to provide flyers in the next mailing to advise customers of the changes. Mr. Nowotarski noted that he could not provide any information on the invoicing that will be required by the City.

The motion was unanimously approved.

WASTEWATER:

A motion was made by Mr. Kurowski, seconded by Mr. Majors, that the following item be approved: WASTEWATER – Item A:

A. CCTV Equipment Acquisition:

Motion: The Board authorizes the CEO to procure CCTV equipment after a final selection of the vendor is chosen by the AWTF Operations Division at a price not to exceed \$200,000. Funding Source: Wastewater Acct #8645018 Minor Capital Equipment.

The motion was unanimously approved.

A motion was made by Mr. Cluck, seconded by Mr. Kurowski, that the following items be approved by consent: WASTEWATER – Items B and C:

B. 2013 HAWTF Improvements Project: Contract No. 1 (PC Construction) – Change Order No. 8 and 9:

Motion: The Board authorizes the Director of Engineering's execution of Change Order Nos. 8 & 9 to Contract No. 1 in the amount of \$525,786.00 with no addition of work days to address settled sewage pumping control modifications and karst impacts on shoring. Funding Source: Sewer #7210 - 2013 HAWTF Improvements.

C. 2013 HAWTF Improvements Project: Contract No. 2 (Pagoda Electrical) – Change Order Nos. 4 and 5:

Motion: The Board authorizes the Director of Engineering's execution of Change Order Nos. 4 & 5 to Contract No. 2 in the total amount of \$114,323.44 with no addition of work days to address electrical controls modifications for clarifiers and

settled sewage pumping starters, VFDs and associated . Funding Source: Sewer #7210 - 2013 HAWTF Improvements.

Messrs. Cluck and Kurowski stated that while the amount of the change orders being voted on tonight is high, they wanted it noted for the record that all board members have been previously briefed regarding the issues surrounding the change orders. Change Orders are thoroughly scrutinized and only result as a matter of costs that are not within the normal course of business or if issues could possibly better or reduce the cost of the overall project. The Board wants the public to know that the contracts for the 2013 AWTF Improvement Project are being tracked meticulously regarding contract timelines, contingencies and budget costs.

The motion was unanimously approved.

VIII. Public Comment: None.

RECESSED:

A motion was made by Mr. Cluck, seconded by Mr. Kurowski, that the meeting be recessed into Executive Session at 6:51 PM to discuss legal issues regarding the sale of real estate. The motion was unanimously approved.

RECONVENED:

The meeting was reconvened at 7:26 PM.

WATER:

A motion was made by Mr. Cluck, seconded by Ms. Skotedis, that the following item be approved: WATER – Item A:

A. Agreement of Sale – DeHart Watershed Parcels:

Motion: The Board rejects the Agreement of Sale with The Conservation Fund for transfer of 383.8 acres of the DeHart watershed property located in Rush Township, Dauphin County.

For the public Mr. Cluck noted that Board members were divided on this issue. While some Board members see selling the parcels to obtain revenues for much needed capital improvements projects, others felt that CRW has and continues to be an excellent steward of the Clarks Valley Watershed so why sell it. Everyone agreed that CRW needs to continue its due diligence with the new Board members and staff to develop a Watershed Stewardship Plan and that CRW needs to update our Timber Management Plan to analyze

the total acreage of the Clarks Valley Watershed to determine timbering revenue and carbon emission offsets. CRW Board members feel that the timing of the approval of the sale is premature without this information to make an informed decision.

"CRW acknowledges that more due diligence is needed to see what revenues are out there and what could be lost if CRW agrees to sell the property today. CRW wants to establish a Water Source Protection Plan and to partner with other agencies to see what resources could be utilized. While the issue is not on the table for approval tonight, the issue is not forgotten. However the Agreement of Sale as it is currently drafted is not what this Board member wants to take action on therefore I recommend its rejection. When all of the other issues are worked out, the issue could be revisited again in the future."

Mr. Cluck pointed out that CRW continues to be a good steward of the land and that to the public there is not much that changes with CRW's Board rejecting the sale of the property tonight. The public can still hunt and hike in the areas currently designated and CRW will continue to be the steward for the property until sometime as that issue may change.

Mr. Kurowski stated that he believes that while approval to authorize the CEO to enter into the Agreement of Sale with The Conservation Fund didn't mean it was a done deal, he believes CRW should continue on with a 150 day due diligence period with no out of pocket costs other than due diligence costs. He offered that all information should be acquired first with the ability to renegotiate the terms of the Agreement of Sale after due diligence is performed by CRW. He also felt that a possible conservation easement may have been able to have been incorporated into the Agreement of Sale to achieve additional revenue however he respects the opinions and voting of his fellow Board members to not move forward at this time.

It was agreed that all members felt that CRW should analyze all potential revenue sources on any asset prior to them being sold.

Board members thanked all of the public and staff who participated in the public hearing process and the gathering of comments to fully brief the Board on everyone's position regardless of whether you are pro or con on the issue.

The motion was approved with Mr. Kurowski opposed to the motion.

VIII. Board Comments:

Mr. Cluck stated that he wished more could be done to assist the residents of Shipoke as all properties that were built post Agnes flooding had their water lines freeze in this extremely cold weather. CRW continues to work with residents as appropriate.


Mr. Nowotarski introduced Charles Brodbeck, Esq. and his associate Thomas Maher of Cohen & Grisby, P.C. as CRW's current bond counsel.

IX. Public Comment (continued): None.

X. Adjournment:

A motion was made by Mr. Majors, seconded by Mr. Kurowski, that the Authority adjourn the meeting at 7:40 PM. The motion was unanimously approved.

CAPITAL REGION WATER



Westburn Majors, Secretary