



Workshop Meeting (5:00 PM)

A Workshop Meeting of Capital Region Water was conducted at 5:00 PM and was open to the public. Chairperson Kurowski noted that Messrs. Majors and Waters were not present at the time the Workshop began but were expected to arrive later.

In Attendance:

Board:

J. Marc Kurowski, Chairperson
William J. Cluck, Vice-Chairperson
Westburn Majors, Secretary
Crystal Skotedis, Treasurer
Darryl Waters (Arrived at 6:10 PM)

Staff:

Shannon G. Williams, Chief Executive Officer
Jack Lausch, Director of Administration
David Nowotarski, Chief Financial Office
Karen M. McKillip, Archivist
Tammie Sheaffer, Office Manager
Andrew Bliss, Community Outreach Manager
Lexie O. Grant, Grants & Funding Coordinator
Tanya Dierolf, Sustainability Manager
Raly Bey, Superintendent – Water
Jess Rosentel, Superintendent – Wastewater (Arrived 5:45 PM)
Joseph Ritchey, Risk Manager
Julie Peters, Accounting Manager

Consultants:

Steven E. Grubb, Esq. (Goldberg Katzman, P.C.) (Arrived at 5:43 PM)

Others:

Paul McNamee, PE (KCI Technologies, Inc.)
Herb Higginbotham (AECOM)
Matt Crow (JMT)

I. Call to Order- Pledge of Allegiance:

The meeting was called to order by Mr. Kurowski at 5:11 PM.

II. Chairman's Announcements:

- A. Tonight's Workshop was previously advertised in the Patriot News and on CRW's website. The purpose of tonight's Workshop is to discuss the proposed 2016 Budgets and other business that has come before the Board. A copy of the advertisement will be attached to the Minutes of tonight's Workshop as Exhibit "A".
- B. The September 9th Workshop and the September 23, 2015 Workshop and Regular Monthly Meetings were cancelled. Meeting cancellations were posted on CRW's website and communicated via email to CRW Board members, CRW staff and consultants on September 17th and 22nd, 2015.
- C. The next Regular Meeting is scheduled for Wednesday, October 28, 2015 at 6:00 PM. It will be preceded by a Workshop Meeting at 5:00 PM. The meeting has been relocated to the 5th Floor Conference Room of Capital Region Water, 212 Locust Street, Harrisburg, PA 17101. Both meetings are open to the public.

V. Modifications or Deletions to the Agenda:

The agenda would be taken slightly out of order in order to accommodate voting on issues prior to the presentations to allow additional time for Mr. Nowotarski to get set up for tonight's presentation of the budget.

Two typographical errors were noted on tonight's agenda. The motions for the last two items under ENGINEERING should be reflected as Item Nos. C and D as follows:

C. Raw Water Transmission Main Assessment:

D. 2015 Water System Improvements Project – Recommendation of Award:

The order of the agenda was revised to accommodate a delay in beginning the presentations.

IV. Minutes of Previous Meetings:

A motion was made by Mr. Kurowski, seconded by Mr. Cluck, that the Minutes of the August 19, 2015 Workshop and the August 26, 2015 Workshop and Regular Meeting be approved as presented. The motion was unanimously approved.

VI. **Public Comment - Agenda/Non-Agenda Items:** None.

VII. **Old/New Business**

EXECUTIVE:

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

A. National Disaster Resilience Competition (NDRC) Partnership Agreement:

Motion: The Board recommends that CRW's Board of Directors fully support the NDRC Dauphin County Phase 2 Application and enter into the NDRC Dauphin County Partnership Agreement. Funding Source: If awarded, funds will offset expenses incurred in the Wastewater Fund.

A discussion was held regarding the projects that have been identified. Ms. Williams noted that this project has been very fast paced and stated this is why Board members are being asked to vote on the support of the Partnership Agreement tonight. Mr. Cluck questioned whether the Environmental Advisory Council (EAC) Summer Group Program could assist in some way. Ms. Williams noted that the Partnership Agreement needs to be more fully defined and that additional detail could include that Group Program. Tonight's Board action is merely to support CRW's participation in the Partnership Agreement. More information will be coming in the future if CRW is able to secure the funding.

Mr. Cluck inquired if CRW does receive the funds, will the 2016 draft budget to be discussed later this evening reflect CRW's attempt to lower rates if we receive those funds or would CRW continue to utilize the 2016 rates until the 2017 budget? It was noted that CRW has taken the position for budgeting purposes that CRW would not receive the funds, so if and when CRW does receive the funds, an amendment to the 2016 budget could be entertained.

The motion was unanimously approved.



III. Presentations:

Special Presentation of the 2015 Catalyst Award - Presentation by Shannon Williams (began at 5:30PM)

Ms. Williams noted that since the transition in November 2013 of CRW into an Operating Authority, the Authority has remade itself with new leadership, new independence and a renewed mission now focusing on water and sewer services, along with a new name, Capital Region Water, which more accurately reflects our focused mission.

This new leadership has not gone unnoticed and, for this reason, she is happy to announce that CRW's Board of Directors has received the prestigious 2015 Catalyst Award from the Harrisburg Regional Chamber & CREDC.

Everyone applauded CRW's Board of Directors for a job well done. Ms. Williams noted that a recognition ceremony will be held on December 2 and more information will be coming later.

2016 Draft Budget Presentation - Presentation by Dave Nowotarski (began at 5:35PM)

The Board members were handed copies of the 2016 Draft Budgets for tonight's meeting. A Presentation was provided noting the timelines for September through December.

Upon presentation of the September timelines, Mr. Cluck questioned whether the Board members had been provided with copies of the Consulting Engineer's Annual Reports (CEAR) and recent Financial Statements or whether they were uploaded to ShareFile. Ms. Williams requested that the documents be provided to the Board members via ShareFile. After the meeting, Ms. Williams directed that the CEAR for both the Water and Wastewater Systems, along with CRW's most recent Financial Statements for calendar year ending December 31, 2014 be uploaded to our website. The documents are now available to the public using the following hyperlink: <http://capitalregionwater.com/investor-kit>.

Mr. Nowotarski went over the highlights of his presentation outlining the following key points:

- Budget Preparation Timelines for September through December,
- Focus on Major Cost Items,
- Payroll – Revisions from 2015 Forecast,

- Insurance,
- QA/QC,
- Focus Points/Key Decisions,
- Administrative Fund,
- Water Fund,
- Water Fund – Capital,
- Water Fund – Debt Service,
- Wastewater Fund,
- Wastewater Fund – Capital, and
- Wastewater Fund – Debt Service.

Mr. Nowotarski stated that a presentation by the Rate Consultant would occur on November 4 to address Board members' questions and concerns as each scenario of rate changes produce different results. For this reason, Ms. Williams has requested that CRW begin expense budget approval processes earlier in the year so that staff has adequate time to analyze all possible rate scenarios.

Upon inquiry, it was stated that CRW continues to be proactive by reaching out to the suburban municipalities. Currently, there is a meeting scheduled for October 15th with the suburban municipalities.

It was also noted that interviews will begin on October 15th for underwriters based on CRW's issuance of an RFP for an Underwriter. It is anticipated that Board action of the engagement of an underwriter will be on the October 28th Agenda.

Some of the highlights within the entire budget reveal that 16 positions were filled in 2015 and an anticipated 13 new positions are available for 2016 as follows:

4 Water (Operations)
4 Sewer (Operations)
5 Admin
13

Mr. Cluck questioned out of the anticipated hires, what is the breakdown for those recruitments. Mr. Lausch advised that he did not have that information available this evening but could provide it.



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CRW continues to review the compensation levels of our staff to make sure that we are being competitive with salaries offered. CRW is also working to establish salary ranges for specific positions. Also, two positions have been transitioned from the Administration Budget into the Water and Sewer Budgets.

Mr. Nowotarski noted that the Administrative Budget was up first on tonight's Agenda. Training and salary requirements were discussed in length.

Each budget was gone over with questions and answers being addressed at the time of each line item. For detailed questions and answers, an audio copy of tonight's meeting is available to the public via a Right to Know request. CRW continues efforts to keep costs down and has issued RFP's for brokers for insurance and underwriters. More information will be made available to the Board in the near future.

With the hiring of a Risk Manager, CRW can now thoroughly analyze insurance policies to avoid duplications of coverage and combine coverages when appropriate for the best possible combination of insurance premiums and coverage available to CRW at our next renewal in April 2016. CRW continues to be proactive by implementing the latest technologies available to protect against cyber threats to on-line bill payments, email and transfers of information.

There was a discussion about drug testing, employment applications, etc. Questions raised by Board members will be addressed by Directors at subsequent meetings. This includes budgeting of credit card expenses that are currently absorbed by CRW and how this will work out in 2016. CRW is looking at going paperless with our billing to avoid additional postage, printing, processing charges regarding the lock box, etc. More research is needed and information will be brought back to the Board.

At 6:16 PM, Mr. Nowotarski explained the breakdown of the 2016 Draft Budgets that have been provided to the Board members within their notebooks. The budget is broken down between Admin, Water and Wastewater but requested the Board not focus on revenue at this time until rates have been calculated.

At 6:45 PM, discussion of the Water Budget began. Discussion was held regarding the \$70,000,000 refunding of water bonds that will occur in January 2016. CRW is still looking to see if the use of a lock box will need to continue, or if we are able to avoid printing and processing charges by eliminating this feature with the new Water Bond Refunding in 2016.



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It was noted that an EPA inspection was recently held at CRW's Water Services Center. The outcome of the EPA inspection is expected to result in either remediation costs and/or fines. The fines and remediation costs have been estimated and included within the 2016 Water budget.

Mr. Kurowski noted his concerns about the Water Capital Improvement Budget for replacement of water lines due to aging infrastructure as being too low. Ms. Williams noted that until a Condition Assessment Study is completed and data is analyzed from the Asset Management Plan, CRW remains cautious about replacing aging water transmission lines before the order of replacement of lines is prioritized.

RECESSED:

At 7:15 PM, the Chairperson recessed the meeting.

RECONVENED:

The meeting was reconvened at 7:21 PM.

At 7:22 PM, discussion of the Wastewater Budget began. Mr. Nowotarski noted that CRW is looking to refund or replace the M&T balloon payment in July of 2017. Next year, the Financing Department will be coming back to the Board for a refunding of a new bond issue of \$9 to \$10M relative to the AWTF. They will also be investigating the use of any possible PENNVEST funding.

Ms. Williams outlined the projects identified on the Wastewater CIP and addressed any questions from the Board. There were no questions.

As of the 2013 Transition Agreement with the City of Harrisburg, CRW agreed to a \$3.5M investment over a ten-year period beginning in 2017 that would be used by the City of Harrisburg that are addressed within CRW's Long Term Control Plan.

It is anticipated that a Partnership Agreement will be presented to the Board at the October 28th meeting regarding CRW's interest to support the National Disaster Resilience Competition (NDRC) with a Dauphin County Phase 2 Grant Applicant regarding Stormwater BMPs.



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CRW has been approached by Chief Enterline of the Harrisburg Fire Department about partnering to construct green roofs on firehouses during planned repairs. These facilities could be utilized for public education. More information will come to the Board as it is available.

Additional discussion was held regarding the increase of the Community Outreach budget as it is now being allocated amongst the three Fund Budgets. CRW will be required to replace approximately 130 signs to be placed in parks identifying Combined Sewer Overflows (CSO), along with the printing of inserts with our bills regarding Water Quality.

CRW is still on target for switching to the new MUNIS software as of January 2016. Every effort to provide comparable expenses vs. anticipated budget expenses is attempted to being prepared. However, the categories of the old system to the new system make some transitions more difficult.

With the AWTF plant being brought on line in 2016, it is anticipated that an additional \$1.2M in operating costs will be incurred in 2016.

Nutrient Credits have also been budgeted for 2016. It was noted that the 2016 Water Year should be the last year that Nutrient Credits will be needed due to the improvements that have been implemented at the AWTF.

CRW also anticipates additions and/or replacement of our vehicle fleet in 2016 due to the additional personnel that have been hired to perform all of the operations and maintenance work.

Ms. Williams noted that while staff has provided budget projections for 2016, everything is contingent on what this Board considers to be an "acceptable rate increase". She noted that if CRW had unlimited funds, we certainly would have the work to perform. She stated that this Board has done an excellent job in keeping all of the issues in line while focusing on the impact of how rate increases will be a burden on our ratepayers. All of this is taken into consideration while CRW continues to move forward with our due diligence on the repairs to a massive aging infrastructure and neglect of operations and maintenance on the wastewater and stormwater systems, while meeting our goal of revenues to expenses and tracking down additional Grant funds when available. She asked the Board to keep this in mind while they consider what they will consider as an acceptable rate increase.

The 2016 Draft Budget presentation ended at 7:53 PM.



At this time, the Chairperson noted that we would resume the normal Agenda for the evening.

VII. Old/New Business (Continued)

FINANCE:

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

A. Engagement of Maher Duessel to Perform (2014 Water Rate Covenant Audit):

Motion: The Board authorizes the CEO to execute the Engagement Letter with Maher Duessel dated September 10, 2015- to perform the 2014 Rate Covenant Audit of the Water System Bonds at a cost not to exceed \$5,100. Funding Source: Admin #6240 - Audit. & Accounting Support

The motion was unanimously approved.

ENGINEERING:

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

A. Resolution No. 2015-007 (Intergovernmental Cooperation Agreement for Paxton Creek Sediment TMDL – MS4 Permit Obligation): Authorizes the CEO to execute the Intergovernmental Cooperation Agreement between CRW, Lower Paxton Township and Susquehanna Township for the preparation of the Paxton Creek Watershed TMDL strategy to address the combined sediment waste load reduction obligations of signatory parties. The total costs (\$126,366) of the strategy will be shared proportionally with Lower Paxton and Susquehanna Townships. CRW's share of the effort is 18.2% or \$22,999. Funding Source: Sewer #7252-LTCP/Green Inf. Planning.

Ms. Williams explained the purpose of Resolution No. 2015-007. It was noted that CRW would be the holder of the \$126,366 contract. The Township Managers from Lower Paxton and Susquehanna Townships will have to negotiate the scope of work which is not

referred to in the Agreement per Mr. Cluck. Mr. Cluck voiced concerns about a number of loop holes within the Agreement that may allow both townships to back out of the Agreement leaving CRW to pay the entire fee. He noted that CRW's solicitor should closely review this Agreement for conflict resolution as the version of the Agreement provided tonight does not address that.

It was noted by Ms. Williams that a public hearing is scheduled to be held on November 18th prior to CRW's Regular Monthly Meeting. Ms. Williams noted that she would discuss this issue with Mr. Stewart and will have Mr. Stewart contact Mr. Cluck to speak to him about his concerns over the Intergovernmental Cooperation Agreement.

Upon discussion, the motion to approve Resolution No. 2015-007 was unanimously approved.

A motion was made by Mr. Cluck, seconded by Ms. Skotedis, that the following items be approved ENGINEERING – Items B-1, B-2 and B-3:

B. 2015 HAWTF Improvements Project - Change Orders:

1. Contract No. 1 (PC Construction) – Change Order No. 17:

Motion: The Board authorizes the Director of Engineering's execution of Change Order No. 17 to Contract No. 1 in the amount of \$15,841.00 with no addition of work days for additional work provide a filtrate pipeline bypass around the new Equalization Tank. Funding Source: Sewer #7210 - 2013 HAWTF Improvements.

2. Contract No. 2 (Pagoda Electrical) – Change Order No. 12:

Motion: The Board authorizes the Director of Engineering's execution of Change Order No. 12 in the total amount of \$78,255.32 with no addition of work days to provide local disconnect switches for VFD driven equipment throughout the project to provide consistency with the AWTF operations safety protocols. Funding Source: Sewer #7210 - 2013 HAWTF Improvements.

3. Contract No. 2 (Pagoda Electrical) – Change Order No. 13:

Motion: The Board authorizes the Director of Engineering's execution of Change Order No. 13 in the total amount of \$40,821.16 with no addition of work days for the replacement of the existing MCC5 (in Structure 95 - Final Clarifiers Pipe Gallery) as it is no longer fit for continued service. The replacement MCC5 will be located in the new Electrical Building (Structure 265). Funding Source: Sewer #7210 - 2013 HAWTF Improvements.

The motion was unanimously approved.

A motion was made by Mr. Kurowski, seconded by Ms. Skotedis, that the following item be approved as amended ENGINEERING – Item C:

C. Raw Water Transmission Main Assessment:

Motion: The Board authorizes the CEO to execute a professional services agreement with Pure Technologies U.S. Inc. to conduct a comprehensive leakage and pipe wall structural condition assessment for a not-to-exceed amount of \$1,915,000.00. Funding Source: Water #7448 – Mountain Line Assessment.

An inquiry was made as to when CRW will be installing a turbine to generate electricity? It was noted that CRW had a turbine installed at the Water Services Center for the last 15 years, just not at the DeHart Dam facility.

Upon discussion, the motion was unanimously approved.

A motion was made by Mr. Kurowski, seconded by Ms. Skotedis, that the following item be approved as amended ENGINEERING – Item D:

D. 2015 Water System Improvements Project – Recommendation of Award:

Motion: The Board authorizes the award of the 2015 Water System Improvements Project to Rogele, Inc. in the amount of \$1,344,749.00. Funding Source: Water #7445 – Water Line Replacement.

The motion was unanimously approved.

VIII. Public Comments Non-Agenda Items:

None.

IX Board Member Comments:

Mr. Cluck noted that the City's EAC recently held four public hearings and thanked CRW for attending and providing water during the meeting forums to discuss trash and trees. Mr. Cluck also asked if street sweeping will continue as leaves continue to fall and will block our storm sewers. Ms. Williams noted this is an anticipated City budget expense for 2016.

Ms. Skotedis requested a copy of the 2014 Financial Statement be provided to the Board. She also thanked the staff for a very comprehensive budget presentation as she knows how much work goes into the budget process.

She then announced that she will not be attending the November 4th budget meeting.

Mr. Waters also thanked the staff for a very comprehensive presentation and explanations upon questions being asked this evening. Mr. Waters also noted that he will not be in attendance at the October 28th meeting as he will be out of town.

Messrs. Majors and Kurowski did not have any additional comments.

X Adjournment:

A motion was made by Mr. Majors, seconded by Mr. Kurowski, that the Board adjourn the meeting at 8:29 PM. The motion was unanimously approved.

CAPITAL REGION WATER



Westburn Majors, Secretary

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THE PATRIOT NEWS
THE SUNDAY PATRIOT NEWS

Proof of Publication

Under Act No. 587, Approved May 16, 1929
Commonwealth of Pennsylvania, County of Dauphin} ss

Amy Kotula, being duly sworn according to law, deposes and says:

That she is a Staff Accountant of The Patriot News Co., a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with its principal office and place of business at 2020 Technology Pkwy, Suite 300, in the Township of Hampden, County of Cumberland, State of Pennsylvania, owner and publisher of The Patriot-News and The Sunday Patriot-News newspapers of general circulation, printed and published at 1900 Patriot Drive, in the City, County and State aforesaid; that The Patriot-News and The Sunday Patriot-News were established March 4th, 1854, and September 18th, 1949, respectively, and all have been continuously published ever since;

That the printed notice or publication which is securely attached hereto is exactly as printed and published in their regular daily and/or Sunday/ Community Weekly editions which appeared on the date(s) indicated below. That neither she nor said Company is interested in the subject matter of said printed notice or advertising, and that all of the allegations of this statement as to the time, place and character of publication are true; and

That she has personal knowledge of the facts aforesaid and is duly authorized and empowered to verify this statement on behalf of The Patriot-News Co. aforesaid by virtue and pursuant to a resolution unanimously passed and adopted severally by the stockholders and board of directors of the said Company and subsequently duly recorded in the office for the Recording of Deeds in and for said County of Dauphin in Miscellaneous Book "M", Volume 14, Page 317.

PUBLICATION COPY

This ad # 0002336303 ran on the dates shown below:

May 19, 2015

Amy Kotula

Sworn to and subscribed before me this 19 day of May, 2015 A.D.

Sheryl Marie Leggore
Notary Public

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Sheryl Marie Leggore, Notary Public
Hampden Twp., Cumberland County
My Commission Expires July 16, 2018
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

Starting June 10, 2015, Capital Region Water will hold monthly public meetings at 5:00 PM. All meetings are open to the public, and deliberation of issues may take place. Meetings will be held in the 1st Floor Conference Center at 212 Locust Street, Harrisburg, Pennsylvania 17101. This schedule, as well as cancellation notices, agendas and minutes are available on our website www.capitalregionwater.com. These meetings will be held on the following dates:

- May 27
- June 10
- June 24
- July 8
- July 22
- August 12
- August 26
- September 9
- September 23
- October 14
- October 28
- November 18
- December 2
- December 16

Regular meetings (previously advertised) will still be held at 6:00 PM.
CAPITAL REGION WATER
Shannon G. Williams, P.E., CEO

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STATEMENT

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816	CAPITAL REGION WATER	0002336303	05/19/15	REGULAR		BASIC AD CHARGE	\$144.17
						AFFIDAVIT CHARGE	\$5.00
					TOTAL:		\$149.17

**This is not an invoice. Please do not remit payment from this Statement.
An invoice will be generated at the end of the month. --Thank you.**

NOTE: This Statement replaces the Order Confirmation which we previously sent with Proofs of Publication