

**SUMMIT TOWNSHIP WATER AUTHORITY**  
**Regular Business Meeting**  
**Tuesday, February 4, 2014**

The regular business meeting of the Summit Township Water Authority was called to order by Chairman Kupetz at 6:00 p.m., followed by a salute to the flag. Present were Authority members Lacey, Kurtz and Haaf. Also present were Solicitor Blakely, Engineer Maas, Manager Troutman and Recording Secretary Hayford. There was no one in the audience.

**CALL TO ORDER**

Motion by Kurtz, seconded by Haaf, approving the minutes of the January 7, 2014 Regular Business Meeting as presented.

**APPROVAL OF MINUTES**

**VOTE: 4/0**

**APPROVAL OF TREASURER'S REPORT**

Motion by Lacey, seconded by Kurtz, approving the January Treasurer's Report as submitted.

**VOTE: 4/0**

**APPROVAL OF EXPENSES**

Motion by Haaf, seconded by Lacey, approving the January expenses as reviewed.

**VOTE: 4/0**

**MOORE RD FILTER MEDIA**

Regarding the replacement of filter media at the Moore Road pump station, Engineer Maas reported a material cost of approximately \$18,210. Combined with a recent quote of \$37,791 from All Services Contracting Corp to remove, dispose of and replace said media, he feels that the total project cost is within the budgeted amount presented in the STIEDA grant application.

A meeting to discuss this plan with the DEP is forthcoming with completion of the project in late spring / early summer.

**ERIE WATER WORKS RATE DISPUTE ARBITRATION HEARING**

Manager Troutman addressed the Board and provided a summary of recent arbitration hearings over the Erie Water Works rate dispute. (Case No 55 198Y 000 21 11)

Hearing the dispute, and representing the American Arbitration Association, were Chairman and Attorney James W. Durham, Consulting Civil and Environmental Engineer Karl P. Sieg and Professional Civil and Environmental Engineer Robert M. Brown.

Council for the Millcreek (MTWA) and Summit (STWA) Township Water Authorities were Mark Shaw and Mark Pavkov of the McDonald, Illig, Jones and Britton Law Firm. Representing Erie Water Works (EWW) were Attorneys Christopher Arfaa and Thomas Sniscak.

Troutman further outlined witness testimony on behalf of each of the Authorities.

Testifying for the Millcreek and Summit Township Water Authorities:

1. David Sterrett, Millcreek Water and Sewer Authority Executive Director
  - a. MTWA General Operations
  - b. 2004 and 2009 Cost of Service Study
  - c. Lease Agreements
  - d. Capital Improvement Payments to the EWW

- e. Long Term Water Service Agreement
2. Keith Malone, MTWA Operations Superintendent
  - a. System Capacities
  - b. Facility Operations
  - c. Flow Characteristics
  - d. System Data Information
3. John Troutman, STWA Manager
  - a. STWA Operations
  - b. 2009 Cost of Service Study
  - c. Capital Improvement Payments
  - d. Lease Agreements and Long Term Water Service Agreement
  - e. STWA Service Area
4. Gus Maas, Hill Engineering and STWA Consulting Engineer
  - a. STWA System Capacities
  - b. Pump Station and Storage Tanks
  - c. STWA Service Area and Overall System Mapping
  - d. System Design
  - e. Water Service to McKean Township
5. George Riedesel, Millcreek Water and Sewer Authority Retired Executive Dir.
  - a. Early Negotiations with EWW Regarding Lease Agreements, Long Term Water Service Agreement, 2004 and 2009 Cost of Service Studies
  - b. Settlement Agreement
  - c. Litigation and Mediation Leading to the Arbitration Case Hearing
6. Jim Schaffner, Schaffner, Knight and Minnaugh, CPA
  - a. Schaffner Report
  - b. EWW Financial Evaluation
7. Emil "Chuck" Wunz, Professional Engineer / Fire Protection Expert
  - a. MTWA / STWA Fire Hydrant System
  - b. Fire Protection from EWW as an Indirect Source Not Needed to Support Our Fire Protection
  - c. MTWA / STWA Constructed Infrastructure for Fire Protection
8. Harold Walker, Gannett Fleming, Lease Expert
  - a. Lease Agreement between EWW and City of Erie 1991 – 2050
  - b. Lease Extension and Options
  - c. Rate Charges to Bulk Water Customers
9. Paul Herbert, Gannett Fleming, Rate Expert
  - a. Calculations on Rate Charges from EWW to Bulk Water Customers
  - b. 2004 and 2009 Cost of Service Studies

- c. Improper Rate Charges and Overcharges from EWW due to:
  1. Fire Hydrant Charges
  2. Lease Payments and Extensions
  3. Capital Improvement Contributions
  4. Debt Service

Testifying on Behalf of the Erie Water Works:

1. Howard Woods Jr., Woods Report
  - a. EWW Financial Situation
  - b. Lease Agreement
  - c. Loss of Revenue for EWW (Past Three Years)
  - d. Long Term Service Agreement
  - e. Cost of Service Studies
2. David Busch, Keystone Alliance Consulting, Rate Expert
  - a. 1999 Rate Study for ECWA
  - b. 2004 and 2009 Cost of Service Studies
  - c. Mediation Meetings
3. Gary Shambaugh, Rate Setting Expert
  - a. Cost of Service and Rate Design
  - b. Retro-Active Rate Exchange
  - c. Long Term Water Service Agreement – Payments by MTWA and STWA in 2003 and 2006 respectively
  - d. Long Term Water Service Agreement Risk to EWW:
    1. No Minimum Usage by Bulk Customer
    2. Alternative Sources of Water can be Found
    3. No Penalty for More Than Allotted Reserve Capacity
4. Paul Vojtek, EWW, CEO/CFO
  - a. 1991 Lease Agreement between Erie City and Erie City Water Authority
  - b. Bond Issues and Lease Extensions
  - c. ECWA Financial Statements
  - d. 2004 and 2009 Cost of Service Study with MTWA and STWA
  - e. “Cleaner, Cheaper Water” Meeting
  - f. Regionalization Meeting with Millcreek Twp Supervisors and MTWA
5. Craig Bauer, KLH Engineers Inc., President
  - a. EWW Master Plan Updates
  - b. EWW Direct Intake Into Lake Erie in 1930 and Compared Cost to Present
  - c. Depreciation on Waterlines Throughout EWW System
6. Dylan D’Ascendis, AUS Consultants, Lease Agreement Expert
  - a. 1991 Lease Agreement Between City of Erie and Erie City Water Authority
  - b. 2001 and 2008 Lease Extensions
  - c. 2004 Lease Option

7. Rick Figaski, Millcreek Township Supervisor since 2010
  - a. Campaigned on “Cleaner, Cheaper Water”
  - b. Supports Regionalization of EWW and MTWA
  - c. Opposed to Leasing Water System and Supports Dissolving MTWA and Selling Their Water System to EWW
  
8. Craig Palmer, EWW Engineer
  - a. Overall System Operation
  - b. Water Supply to Bulk Water Take-points
  - c. Distribution Lines, Transmission Mains, Fire Protection, Flow Rates and System Capacities

Following the initial testimony, Dave Wright, Keith Malone and Paul Herbert were called as rebuttal witnesses.

The final closing arguments were waived and the hearing concluded on January 31, 2014.

Troutman also provided a brief report detailing the amount of water pumped from the various supplies over the past month with a combined total of 979,000 gallons per day system-wide.

**979,000 GPD PUMPED  
SYSTEM-WIDE**

Motion by Haaf, seconded by Kurtz, to continue withholding \$1.038/CCF from the Erie Water Works bills in 2014 with said amounts being deposited into a designated withholding account at PNC Bank.

**VOTE: 4/0**

**\$1.038/CCF TO BE  
WITHHELD FROM  
EWW BILLS**

Solicitor Blakely explained that Erie Water Works has requested written documentation guaranteeing the release of funds being withheld from their invoices should the arbitrators rule in their favor. In essence, this would authorize PNC Bank to turn over any funds awarded only if all appeals have been exhausted. Blakely suggested contacting PNC to see if our account is structured to allow this type of agreement and if so recommends we move forward with signing.

**AGREEMENT TO RELEASE  
FUNDS TO EWW IF  
AWARDED THROUGH  
ARBITRATION**

In other business, Board Member Haaf advised that he will be out-of-town and not available for the March 4<sup>th</sup> meeting. He asked to be notified in advance should there be a need for his signature or attention.

**HAAF TO BE ABSENT  
FROM MARCH 4<sup>TH</sup>  
MEETING**

With no further business to come before the Authority, motion by Haaf, seconded by Kurtz, to adjourn the meeting at 6:55 p.m.

**VOTE: 4/0**

**ADJOURNMENT**

Respectfully submitted,

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Gretchen L Hayford  
Recording Secretary  
2/18/14