

Red Lion Municipal Authority
Meeting Minutes
Wednesday July 22, 2026 (revised)

Members Present

Dennis Klinedinst - Chairman
Gary LaTulippe-Vice Chairman
Nevin (Butch) Horne – Treasurer

Others Present

John Krantz- Superintendent
Rebecca Mason - Entech
Cory Dillinger - Solicitor
Matt Wagner – Entech

Meeting Agenda/Minutes:

- The meeting was called to order at 7:00 p.m. The pledge was recited and roll call was taken.
- Mr. LaTulippe made a motion to approve the agenda for the RLMA Meeting on July 22nd, 2026, and Mr. Horne seconded.
- Mr. LaTulippe made a motion to approve the minutes of the RLMA Meeting on June 24th, 2026, and Mr. Horne seconded.

Water Usage Report: The report was distributed to the Board, Mr. Krantz stated that all ran well during the month of June 2026.

Connections Report: There were no new connections

Overtime Report: The report was distributed to the Board

Visitors: Nicholas Shearer (Hamilton Musser)
John Runge (Gordon Brown)
Evan Hyster (Red Lion Borough)

Water & Sewer- New Business:

- **Operations Report**
Mr. Krantz stated all ran well during the month of June 2026.

2025 Audit Financial Audit – 2025 Findings (Hamilton Musser)

Mr. Nicholas Shearer presented the 2025 Audit Report:

- **Audit opinion:** Clean, unmodified opinion issued — the highest possible rating — over financial statements for year ended December 31, 2025.
- **Cash position:** Total cash and cash equivalents across both funds ended at **\$7.1M**, up from \$5.8M the prior year; water fund increased by over \$1M, sewer fund by \$109K.

- **Revenue:** Charges for services totaled **\$6.4M** (up from \$6.1M), driven by rate increases and higher water usage.
- **Operating expenses:** Decreased from \$5.3M to **\$4.6M**, resulting in total operating income of **\$1.7M** (vs. ~\$1M prior year).
- **Interest income:** Just under **\$300K** (down from \$335K as rates declined); interest expense was \$270K (up from \$242K due to new debt taken on in 2025).
- **Rental income:** Dropped from \$117K to \$56K as some cell tower leases are expiring.
- **Accounts receivable:** ~\$1.1M, up ~\$30K from prior year, partly attributable to a Dish Network receivable from a canceled contract.
- **Debt:** Current portion of long-term debt is \$1.1M; total long-term debt is **\$11.6M** across both funds, composed of: PENNVEST loan (2012) at \$7.6M, sewer revenue note (2018) at \$797K, and PennVest loan (2024) at \$4.3M.
- **Pension:** Defined benefit plan total liability of \$2.6M nearly offset by \$2.6M in plan assets; net unfunded liability of only **\$4,800** — effectively near a net pension asset.
- **Pension sensitivity:** A 1% decrease in discount rate raises liability to \$229K; a 1% increase results in a net pension asset of ~\$200K.
- **Water meter inventory:** Reduced from \$370K to \$190K as meter replacement project nears completion; penalty for non-compliant residents expected to drive remaining inventory to near zero.
- **New billing system:** A subscription software liability was recorded; current portion is \$28K, long-term portion is \$78K.

Prior Period Adjustments & Springettsbury Township Prepaid

- **Springettsbury prepaid discovery:** Auditor Nick (Hamilton Musser) identified ~**\$885K** in prepaid expenses held by Springettsbury Township on behalf of Red Lion — funds the authority had paid in prior years but which had not yet been applied to services.
- The balance grew from \$800K (beginning of year) to \$885K during 2025; Springettsbury is earning a **competitive interest rate** on these funds and allocating that interest back to member municipalities, which the auditor viewed positively.
- **Classification:** Recorded as a prepaid expense (asset) on the balance sheet under GAAP, as the authority prepaid expenses not yet utilized for services.
- **York Township backfill:** Separately, York Township submitted back-billed sewer costs resulting in ~\$328K in accounts payable; this partially offsets the Springettsbury prepaid but does not net one-for-one.
- **Board concern (Dennis Klinedinst):** Strongly objected to Springettsbury holding \$800K+ of authority funds; stated annual charges from Springettsbury have never exceeded ~\$150K and demanded at least \$500K–\$600K be returned.
- **John's response:** Contacted Springettsbury; accountant Sandy Radcliffe has retired; spoke with Superintendent Denny Crable, who indicated a meeting will be set up with their solicitor, Corey (authority solicitor), and John to review the original agreement.
- **Springettsbury's position:** Denny Crable suggested the funds may be earmarked for a major upcoming capital project in one of their tanks has degraded, rubbing the concrete wall and creating significant sediment requiring tank remediation.
- **Agreement gap:** Corey reviewed the intermunicipal agreement and found **no minimum balance requirement** specified; the agreement is old and may need updating, though getting all participating members to agree to changes would be complex.

- **Second prior period adjustment:** A vehicle delivered in December 2024 was not recorded as a capital asset until 2025 (check was cut in 2025); corrected as a prior period adjustment affecting accounts payable and capital assets but not net position.

Internal Controls & Audit Findings

- **Journal entries:** A year-end or in-year entry was miskeyed, causing a material error prior to audit correction; auditor recommends all journal entries have adequate supporting documentation and independent review before posting.
 - **Billing system rate discrepancy:** Rates approved by resolution differed from rates input into the new billing system; error was not material but was an error — recommendation to implement a second set of eyes when new rates are entered.
 - **Segregation of duties (repeat finding):** Front-office utility billing staff have full access to billing software (adjustments, account changes, payment application) **and** cash receipts; no fraudulent activity found, but the risk was flagged to the board.
 - **Inventory tracking:** Water meter inventory maintained in an Excel spreadsheet rather than an accounting system; acknowledged as a short-term situation given the project is nearly complete.
 - **Accounts payable timing:** Expenses recorded when paid (cash basis) rather than when incurred, which caused the vehicle to be missed in 2024; recommendation to log invoices received and accrue in the proper period.
 - **Capital asset deficiency:** Missing the 2024 vehicle recording was flagged as a significant deficiency.
 - **Positive note:** Auditor praised John and the RKL team (especially Maggie at RKL) for significantly improving the audit process in 2025 compared to the rocky first year; planning meetings were credited for getting all parties aligned.
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Village Walk Pump Station – O&M Agreement

- **Decision:** Board voted to approve the **Operations & Maintenance Agreement** for the Village Walk private sewage pump station.
- Agreement went through multiple drafts; reviewed by NTEC and all parties; includes funding assurance provisions, annual inspection language, indemnification, and insurance requirements.
- **Section 8 (inspections):** Authority selects the inspector; all inspection costs borne solely by the developer; board confirmed they intend to use the Gorman Rupp area rep for inspections given those are the pumps installed.
- **Section 15:** Explicitly states nothing in the document dedicates the pump station to the authority but allows for future dedication through standard dedication steps.
- **Notarization:** Dennis's notarized signature is required; John confirmed he will come in the following day to sign; Corey will coordinate getting the developer's notarized signature for recording.
- **DEP path:** Once the O&M agreement is executed and the authority letter of concurrence is provided, Nick (engineer) will send to DEP; Carrie Wilt at DEP will issue an amended sewer module planning letter, enabling the township to record the plan upon execution of the developer's agreement and posting of surety.

- **Escrow replenishment:** Authority escrow for the project is nearly depleted (originally \$5K); John to send Sean an email with the dollar amount needed (likely another \$5K) after reviewing outstanding bills; Bridget (Perkins/developer side) to be contacted.

Pump Station B Elimination Project

- **Decision:** Board approved an **Engineering Work Order (EWO) for \$54,100** covering final design, permitting, and bidding services through notice of award.
 - A separate EWO for construction observation and services during construction will follow. 30
 - **Scope:** Flow will be rerouted by gravity; pump station to be formally taken out of service per DEP permit requirements; a brief parallel operation period will confirm gravity flow before decommissioning.
 - **Survey work:** Additional survey needed to confirm elevations; road edges and lane definitions must be clearly established because the project requires a **PennDOT highway occupancy permit (HOP/A2P)**; team will attempt to qualify for a utility sketch to simplify the process.
 - **Lining of overflow sewer main:** USG scheduled to begin lining, cleaning, televising, and repairing (no excavation) the overflow sewer main at Pump Station B on **August 11th, 2026**.
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Bascule Gate Actuator Replacement

- **Status:** Project is moving forward; currently in design phase.
 - **John (Superintendent) to confirm voltage at the bascule gate tomorrow and provide that information to engineer Andrew for actuator sizing.**
 - Gate is believed to have **480V / 3-phase service**; John needs to verify wiring configuration before Andrew can order the actuator.
 - Lead time estimated at **~20 weeks** if not in stock; if the correct size is in stock, delivery could happen significantly faster.
 - Generator at the site is oversized and confirmed sufficient to handle the actuator load.
 - SWF (same contractor installing the fine screen at Beaver Creek) will also provide a price for installing a hydraulic cylinder as an alternative; this information will be submitted to the insurance company.
 - Further details are deferred to **executive session** due to active insurance claim.
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Active Infrastructure Projects & Operations

Second Street Water Main (Windsor Township)

- New 4-inch ductile iron main installed; both bacteriological samples (Monday and Tuesday) passed after disinfection — main is cleared.
 - Contractor needs to make service connections; originally scheduled to start the following day but may be delayed to Tuesday; John to follow up.
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Fine Screen Installation (Beaver Creek)

- SWF has the trash rake at their facility; installation scheduled for **August 3rd**.
- Heim Electric will perform electrical work (~half a day) to connect the fine screen to existing 480V service.

- Immediately following fine screen completion, Heim Electric will begin new pump installation at Beaver Creek (**August 10th**).

Country Club Hills Pump Station (Station G)

- Gorman Rupp pumps ordered; expected delivery by **August 8th**.
 - Envirep proposal was signed to acquire and install the pumps.
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Fairmont Park Sediment Tank

- DEP indicated two disposal routes: authority's own farmland permit, or riding on an existing permit (e.g., Denali).
 - Denali already hauls sludge to Maryland for land application; John contacted Denali, who indicated a lab analysis of the sediment will be required before they can proceed.
 - Goal is to complete sediment removal by **end of year**; Authority has no PFAS in its sludge record, which provides liability protection if the disposal site is ever investigated.
 - Board discussed permitting a local farmer's land as a longer-term alternative; noted the sediment is inert (no fertilizer value like nitrogen/phosphorus), so farmer interest may be limited.
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Green Branch Intake / Culvert Replacement

- DEP inspector flagged the intake at Green Branch as clogged and needing cleaning; SA Way instructed to schedule a bypass pump and culvert replacement.
 - Replacement scheduled for **August 17th**.
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Treatment Plant Filter Media

- Water Service Professionals visited and conducted a media assessment; early finding is that **full media replacement is not needed at this time**, saving potentially hundreds of thousands of dollars.
 - Chemical washing recommended instead; formal report still pending.
 - Future media replacement flagged as logistically difficult due to the second-story filter room design with no roof access hatches or easy exterior access; super-vac with a sleeve through the wall discussed as a potential method.
 - Media testing performed annually through Hawk Mountain on a four-year rotating cycle (acid solubility + bed expansion tests).
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Gutermann Leak Detector

- Older unit (c. 2014) sent to factory via Exeter Supply for refurbishment and calibration at no cost to authority; Exeter will also provide free employee training upon return.
 - Goal: have unit operational by fall to proactively identify leaks.
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Vacuum Trailer

- Herco trailer received and in use; brake issue identified; Exeter Supply directed authority to take it to Rivers for repair and will cover the cost.
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Water Meter Replacement

- 32 meters installed in the past month; (113) units remaining.
 - Penalty for non-compliant residents is now \$50.00.
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Fire Company Water Usage / Hydrant Metering

- QR code system developed and sent to Scott Gingrich (fire company); awaiting implementation.
 - System will allow fire company to log hydrant usage (hydrant number, volume) via a Google Form linked to the QR code.
 - Primary purpose is water accounting for state reporting, not billing at this stage.
 - Board concern: fire companies (particularly in New Bridgeville/Delta area) may be drawing significant volumes and hauling water out of the service area; three visits to Delta in one day cited as an example.
 - If usage is not recorded after implementation, board discussed potential charges (theft of water); solicitor's body language suggested caution about pursuing that against local fire companies.
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Debt Service & Financial Strategy

- **Current debt composition:** PennVest plant loan at ~3.5% (with introductory rate still in effect, stepping up later); older sewer note at ~2.5%; current PLGIT Prime earning ~3.6%, meaning the authority is effectively earning more on invested cash than it pays on some debt.
 - **Board interest:** Dennis Klein expressed strong desire to accelerate debt payoff and not carry the treatment plant loan to 2045.
 - **Prepayment:** No confirmed prepayment penalty on PennVest loans; John to verify; board consensus is PennVest would accept early payment.
 - **Sewer loan payment structure:** Two payments per year (June and December); funds accrued monthly in authority accounts until due.
 - **Next steps:** John to discuss debt consolidation options with RKL; Corey suggested working within the annual budget to determine a comfortable extra principal payment amount.
 - **Debt capacity concern:** Board acknowledged the authority cannot take on unlimited additional debt; covering debt service is the binding constraint.
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Solicitors' Report: (Cory Dillinger)

- Potential litigation and active insurance claim items will be discussed in Executive Session.
- **Paddock at Equine Meadows**—MPL Office is working on recording the Deed of Dedication. Cory has received both executed Agreements in hand.

- **Village Walk** – Private Pump Station – Waiting on comments from interested parties. Circulated draft on 7/2/26.
- **DEP Water Allocation Permit**, No Update.
- **Kensington-Phase 1 and 2**-Mr. Krantz provided details of Notice of Nonrenewal. CJD and JMK in contact with Lynn Davis concerning LOC.
- **General Work** – Working through bankruptcy notices with JK. Dish Wireless filed bankruptcy. CJD and JK calendaring deadlines.
- **CMV Easements**- No update. MPL in contact with Chanceford Township Solicitor on future action to be taken.

Engineer's Report: (Matt Wagner)

Pump Station B Elimination

- Complete Act 537 Special Study was approved by PA DEP on June 1.
- Entech EWO for Final Design and Bidding to be presented at meeting.
- EWO for Services During Construction and Construction Observation to be presented at a later date

LSA Grant Application – CIPP Lining

- No update.

Country Club Hills Pump Station Corrective Action Plan

- RLMA to proceed with recommended repairs at Country Club Hills PS, per Entech and Envirep reports.
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Dallastown-Yoe Service Area Boundary

- Possible area of development north of Chapel Church Road falls within DYWA service area.
- At recent DYWA-RLMA joint meeting, DYWA indicated they have adequate system pressure to serve this area.

Fairmount Tank Inspection Report

- RLMA to proceed with draining and cleaning tank with Pittsburg Tank & Tower.
- Accumulated sediment at bottom of tank to be hauled out and disposed.

WTP Filter Media Evaluation

- Water Service Professionals visited WTP July 9 to evaluate high acid solubility readings in filters.
- Early returns indicate that a full media replacement may not be necessary at this time. Formal report from WSP of findings and recommendations forthcoming.

Superintendent's Report (John Krantz)

- Mr. Krantz submitted all necessary reports for June 2026 have been submitted to the Pennsylvania DEP.
- The Green Branch Culvert: the weather remains too wet to proceed with work.
- Mr. Krantz provided the CoStars documentation for Brubacher Excavating (Second Street), and USG. (Pump Station "B") CoStars has been confirmed, Mr. Krantz will contract both parties to begin work as soon as possible.
- Mr. Krantz sent a letter to all of the residents on Second Street in Windsor Township, notifying them that we will begin construction on the new 4" ductile iron water main, and that we will identify their service line material, and advise them if they have a lead or galvanized service. John will consult with Stacy Silva (Entech) before sending this letter.
- The Paddock was discussed earlier in the meeting. Mr. Krantz will have the Deed of Dedication signed and notarized, then returned it to Mr. Dillinger.
- Mr. Krantz will schedule a meeting with Springettsbury Township Sewer, and Mr. Dillinger.
- Mr. Krantz will reach out to Pittsburg Tank about the sediment disposal from the Fairmount Tank Cleaning.
- Receipt of Trash Rake is a bit ahead of schedule. Contractor is ready to begin at the end of June 2026.
- Septic Tank at the Water Treatment Plant has been backing up into the holding tank, and we believe it is a pump issue. Mr. Klinedinst will get Mr. Krantz the name of his local septic installer for Mr. Krantz to contact about this issue.
- Pump for Beaver Creek is obtained and waiting for the trash rake installation.

Statement and Bill Approval:

- Mr. LaTulippe motioned to approve the bills and was seconded by Mr. Horne. All were in favor and the motion carried.

Executive Session:

- The Board moved to Executive Session at 8:51pm.
The Board returned from Executive Session at 9:37 pm.
No decisions were made in Executive Session.

Adjournment:

- Mr. Klinedinst adjourned the meeting at 9:40pm

Respectfully submitted by: John M. Krantz