

November 30, 2017  
7:00 PM

The Joint Meeting of the Township Board of Supervisors and the Municipal Authority was called to order by Chairman Kehoe.

ATTENDANCE

Phil Kehoe, Chairman	Andrew Clancy, Assist. Sec/Treas. M.A.
Carl Kuhl, Supervisor	Greg Rogalski, Engineer
A.W. Castle, III	Michael Pykosh, Solicitor
Kevin Miller, Chairperson M.A.	Paul Lundeen, Special Counsel
Sue Sunday, Vice Chairman M.A.	Catalina Araiza, Manager
Ron Eckerd, Secretary M.A.	Karen Lowery, Recording Secretary
Bill Beck, Treasurer M.A.	

Mr. Kehoe thanked the Boards and professional staff for coordinating this meeting to discuss the proposed Agreements with South Middleton Township for the Allenberry Development again.

Mr. Kehoe stated this matter has been on the books for over a year now. There are 2 agreements before the boards to support the proposed Allenberry housing development of 128 homes to be built next to the Allenberry Resort. Monroe Township's current service agreement with South Middleton Township Municipal Authority (SMTMA) didn't have adequate sewer capacity to extend the area, so we had to go to SMTMA to establish some type of structure to obtain capacity. The Developer also had a need for a water supply, so the township could deliberate the option of private water or try to work out something with SMTMA to provide public water. Initially, SMTMA had no interest in supplying water to the development, which is when the South Middleton Township (SMT) Supervisors changed SMTMA's point of view.

Mr. Kehoe said the Development Agreement is between the Developer and SMT to supply sewer and water and Monroe Township can consent to. The Connection Agreement provides the technical details and defines how the sewer connection will work in the development. These Agreements were last reviewed at the September 25<sup>th</sup> meeting and were not ideal for Monroe Township's sewer revenue. However, the growth in the township which will expand the tax base, possibly increase the school population and help the overall health of the Allenberry Resort, makes the long view of this arrangement an incentive to move forward. SMTMA changed a few items in the Agreements and has prepared addendums to the Agreements.

Mr. Lundeen explained the Development Agreement is between SMTMA and the Developer and lists the terms and conditions of the sewer and water being provided. Monroe Township can consent to this Agreement. The Connection Agreement is between the Monroe Township Municipal Authority (MTMA), SMTMA and SMT and list the terms and conditions, such as, rates being charged, contribution to MTMA for use of the existing line and the Monroe Township Supervisors have negotiated for \$40,000 of legal and engineering costs to be reimbursed.

Mr. Lundeen added that after the September 25<sup>th</sup> meeting SMTMA made a few changes to the Agreements. In the original Development Agreement the developer was to pay half of the tapping fee upon entering into the Agreement and the remaining balance would be paid when half the homes were built. SMTMA decided to allow the developer to pay the tapping fees as each home is built. The addendum changes the original agreement and states the developer can connect up to 128 EDU's by paying the tapping fee of \$5,292 to SMTMA.

Mr. Lundeen stated that the negotiating team of Mr. Kehoe, Mr. Pykosh and Mr. Rogalski also reviewed the Connection Agreement regarding the \$13,000 to be paid for the shared use of Monroe's main line. The original agreement stated half of the \$13,000 would be paid upon entering into the Agreement and the remaining balance would be paid when half of the homes were built. They felt this would be an administrative nightmare to track, so Monroe Township requested the \$13,000 be paid up front. And in lieu of SMTMA paying an annual contribution toward the operation and maintenance of the line, it was negotiated that SMTMA would flush the line annually beginning in 2018. Also, the SMTMA solicitor requested that it be clarified that after agreeing to pay the \$13,000 and reimbursing up to \$40,000 that SMTMA will have capacity in the line for 128 homes forever. SMTMA and SMT have accepted the addendum.

Mr. Kehoe added that SMT has issued a non-binding letter of intent to evaluate the sewer system in the future for the purpose of possibly acquiring the system. This would be a potential avenue to help work ourselves forward with the long term situation we have with the system. This is a good faith effort by the SMT Supervisors.

Mr. Beck asked what will happen if the main line would break. Mr. Rogalski said the cost would be shared based on the percentage of flows.

Mr. Miller questioned why the Allenberry development will be paying a different tapping fee than the rest of Monroe. He feels this is setting a precedence. Mr. Lundeen said they will be SMTMA's customers so they determine the tapping fee. Mr. Rogalski added that they will be paying more than what Monroe residents pay.

Mr. Miller said that \$13,000 is not much toward the debt. Mr. Lundeen said that the Authorities Act was used to help determine what amount can be charged. Mr. Rogalski calculated the fees based on the Act.

Mr. Clancy asked if Monroe would still collect the building permit fees. Mr. Kehoe said the process has not yet been sorted out. SMT has offered subcontract the inspection services. The collection of permit fees would come to Monroe. Mr. Rogalski added that permit fees must be justified, as you can't set the rates high to make money. The fees balance out over the entire permit program.

Mr. Miller asked if the sewer inspections will have the same rules as Monroe, if not he is concerned it could create problems. Mr. Rogalski said they would follow SMTMA's rules, which he feels would be similar. He added that a meter will be installed to separate the flows for the Allenberry Development from Monroe's flows. Mr. Lundeen said the lines will be dedicated to SMTMA.

Ms. Sunday asked if the letter of intent will be between Monroe Township and SMT or will it also include the Authorities. Mr. Lundeen said the letter of intent is between the SMT Supervisors and the Monroe Township Supervisors. Ms. Sunday asked if SMTMA can impact the execution of the letter of intent. Mr. Lundeen said no, it is a good faith effort. Mr. Kehoe said the structure and process would be negotiated before it was set up. There is no start date at this time.

Mr. Miller asked if the existing reserve capacity for the Allenberry Development would go away. Mr. Rogalski said yes.

Mr. Clancy said from a business perspective the tremendous amount of I&I and debt we have make the purchase of the system less than attractive. The Allenberry connections will be a significant cash flow, but will it polish things enough to move forward. He added that the Allenberry deal would be insane not to take, \$700,000 in tapping fees and \$116,000 a year in user fees by using \$350 a quarter vs. SMTMA's rate. Mr. Kehoe stated that there were several attempts to work through this situation, one was by adding capacity onto the existing 1978 agreement, but that didn't work out. Talks were not moving anywhere until the SMT Supervisors stepped in due to the Allenberry Resort rebuild and the potential to prove to be a financial incentive for both townships. SMTMA shared that the only value this development had was to attempt to force Monroe to extract themselves from the original supply agreement and this was going to be their leverage to make us enter into a new supply agreement with them. They had supplied a new draft agreement which was draconian. Mr. Clancy said this Agreement is very draconian. It is what it is, if we say no then the development doesn't proceed and we want to see the development happen, but we basically walk away with a piece of paper that has no real value.

Mr. Kehoe said that Mr. Pykosh had advised in the beginning that any kind of incentive, such as the letter intent, shouldn't affect the decision for the other agreements. We don't know if the letter of intent will get off the ground. On a positive note, this is the most forward motion with SMT about trying to do something with the high debt and I&I issues.

Mr. Kuhl said there aren't a lot of choices when dealing with a monopoly.

Mr. Kehoe asked if there is any risk of SMTMA changing the quarterly rate for the Allenberry Development. Mr. Lundeen said the Connection Agreement states the 128 homes will be charged a quarterly rate of \$350 for 10 years, so if they change it they will be breaching the contract.

Mr. Eckerd asked what the benefit is to Monroe Township to charge \$350. Mr. Lundeen said it is keep the rates even for all residents in that district. Mr. Clancy asked what the rate is for the Dillsburg area. Mr. Kehoe said the rate is different, but it is also a separate treatment plant.

Rick Line asked how SMTMA becomes owner of a sewer system when it's our connection. Mr. Rogalski explained the developer extends the sewer then gives the system to whomever, normally a township or authority. Mr. Line added that they are charging the development \$350 to put a face on for the rest of the sewer customers, but it doesn't benefit us. He also added that regarding the letter of intent, he has heard from a SMT Supervisor that they will take over the system, but not the debt. Mr. Kehoe said the letter of intent must be a mutually beneficial agreement.

**On the motion of Ms. Sunday, and seconded Mr. Beck, and by unanimous vote of the Board it was duly RESOLVED to have the Monroe Township Municipal Authority enter into the Addendum to the Connection Agreement with respect to the proposed Trinity MSB, LLC development within the Township, in the form presented and discussed at this meeting and that the Chairman be authorized and directed to execute the same on behalf of this Authority.**

**The prior execution by this Authority of the Connection Agreement and the execution and delivery of the Addendum is contingent upon Monroe Township's receipt of the following original documents, fully executed and approved by all parties to each agreement, together with payment of the amounts stated below, within twenty (20) days of today's date:**

- 1. The Development Agreement;**
- 2. The Addendum to the Development Agreement;**
- 3. The Connection Agreement;**
- 4. The Addendum to the Connection Agreement;**
- 5. Reimbursement for related costs, fees and expenses in the amount of \$40,000;**
- 6. Payment to Monroe Township Municipal Authority of the sum of \$13,932.89, as and for the capacity charge due under the Connection Agreement as amended and supplemented;**
- 7. Letter of Intent of South Middleton Township to evaluate the southern sewer district for purchase, in the form heretofore presented for approval; and**
- 8. Contingent upon the developer withdrawing the Conditional Use application.**

**If the above complete list of documents and payments are not received by Monroe Township within twenty (20) days of this date, then Monroe Township Municipal Authority's execution and delivery of the foregoing Agreements and Addendums shall be rescinded, null and void.**

**On the motion of Mr. Kuhl, and seconded Mr. Castle, and by unanimous vote of the Supervisors it was duly RESOLVED that Monroe Township give consent to the Addendum to the Development Agreement and Addendum to the Connection Agreement with respect to the proposed Trinity MSB, LLC development within the Township, in the form presented and discussed at this meeting and that the Chairman be authorized and directed to execute the same on behalf of this Authority.**

**The prior consent given by this Township to the Development Agreement and the Connection Agreement and the giving of consent to the Addenda are contingent upon Monroe Township's receipt of the following original documents, fully executed and approved by all parties to each agreement, together with payment of the amounts stated below, within twenty (20) calendar days of today's date:**

- 1. The Development Agreement;**
- 2. The Addendum to the Development Agreement;**
- 3. The Connection Agreement;**
- 4. The Addendum to the Connection Agreement;**
- 5. Reimbursement for related costs, fees and expenses in the amount of \$40,000;**
- 6. Payment to Monroe Township Municipal Authority of the sum of \$13,932.89, as and**

**for the capacity charge due under the Connection Agreement as amended and supplemented;**

- 7. Letter of Intent of South Middleton Township to evaluate the southern sewer district for purchase, in the form heretofore presented for approval; and**
- 8. Contingent upon the developer withdrawing the Conditional Use application.**

**If the above complete list of documents and payments are not received by Monroe Township within twenty (20) calendar days of this date, then Monroe Township's execution and delivery of the foregoing Agreements and Addenda shall be rescinded, null and void.**

Mr. Kehoe said optimistically this opens a positive chapter moving forward.

#### LEIDIGH PUMP STATION DIALER

Mr. Rogalski explained the automatic dialer at the Leidigh pump station has failed and is over 20 years old. He sent out an email with equipment options and pricing to change from a land line to a cellular connection. This option provides new technology that comes with software to allow us to log into the dialer to see what is going on from anywhere. The new equipment will cost \$4,400 with a one year agreement. An antenna may be needed if the signal isn't strong enough, but he wants to try the standard equipment first.

Mr. Kehoe asked if the Department of Public Works would be brought up to speed on this. Mr. Rogalski said yes. He explained that we already have a system like this at the Mechanicsburg pump station.

Mr. Kehoe asked if there were any type of video options that could go along with this system. Mr. Rogalski didn't think anything was available.

**On the motion of Mr. Clancy, and seconded by Ms. Sunday, and by unanimous vote of the Board it was duly RESOLVED to recommend approval for the purchase of the XR50 communication system, not to exceed \$4,400, for the Leidigh Pump Station.**

**On the motion of Mr. Castle, and seconded by Mr. Kuhl, and by unanimous vote of the Supervisors it was duly RESOLVED to authorize the purchase of the XR50 communication system, not to exceed \$4,400, for the Leidigh Pump Station.**

Mr. Kehoe thanked Mr. Lundeen, Mr. Pykosh, Mr. Beck and Mr. Rogalski for the time and effort put into this matter and guidance provided.

#### ADJOURN

The meeting was adjourned at 8:00 PM.

Respectfully submitted,  
Karen M. Lowery, Recording Secretary