

June 8, 2017  
6:00 PM

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

ATTENDANCE

Phil Kehoe, Chairman	Ronald Eckerd, Authority Secretary
Carl Kuhl, Supervisor	Catalina Araiza, Manager
A.W. Castle, III	Gregory Rogalski, Engineer
Kevin Miller, Authority Chairman	Michael Pykosh, Solicitor
Suzanne Sunday, Authority Vice-Chair	Paul Lundeen, Special Council
Bill Beck, Authority Treasurer	Karen Lowery, Recording Secretary

PROPOSED WATER AND SEWER FOR BREECHES OF ALLENBERRY

Mr. Kehoe thanked the Municipal Authority for agreeing to this meeting on such a short notice to discuss the Breeches of Allenberry's proposed water and sewer. Mr. Kehoe explained that discussions have transpired between South Middleton Township (SMT) and Monroe Township for SMT to offer a direct water and sewer supply to the Allenberry Development through an agreement. The key to this is the second part, where SMT and Monroe would work together in a good faith to determine the feasibility of SMT to acquire the southern sewer system. It would be an asset and liability purchase. The goals are to reduce fees, modernize the system and optimize operations. Mr. Lundeen has recommended this meeting to seek support from the Municipal Authority of the concept of the direct water and sewer supply and the good faith evaluation sale of the sewer system and to develop a working structure to negotiate the developer's agreement between Monroe Township, SMT and Allenberry. Mr. Kehoe added that the concept is a good step forward and provides a long term vision. He stated that everyone recognizes that there are many points to be reviewed and worked out. What is before us today is to determine if the Boards support the concept of the developer's agreement and a memorandum of understanding put in place to consider the acquisition of the sewer system. The current working group on this matter has been Michael Pykosh, Paul Lundeen, Greg Rogalski and Phil Kehoe. In addition to sharing this concept and discussing support it is requested that the Municipal Authority provide a point person to help review and negotiate the developer's agreement and memorandum of understanding. The goal is to move forward with a unified voice and work toward an approved agreement that is in the best interest of the township. Timing is driving this matter as Allenberry has submitted a conditional use application for private water because Allenberry ran into a road block with South Middleton Township Municipal Authority (SMTMA) regarding the supply of water. Allenberry has granted an extension for the decision until July 12<sup>th</sup>. SMT and Monroe need to be prepared to complete this agreement and memo of understanding before July 12<sup>th</sup>, if possible.

Mr. Kehoe added that the agreement is mainly between Allenberry and SMT, but some parts effect Monroe and they still need to be worked out since the Allenberry development will be tied into our system. Tonight we are looking at the larger picture of does this make sense for Monroe Township.

Mr. Pykosh stated that the developer's agreement is between SMTMA and Allenberry. Monroe and SMT are only supporting the agreement. He added that the conditional use application is before the Board for private water, wells, and the public water just became an option. Allenberry has provided a time extension until July 31 for a written decision. The deliberation meeting will be held on July 12<sup>th</sup>.

Mr. Lundeen stated that the sewer and water is coming as a package deal. In the past SMTMA was reluctant to extend their lines, but they have determined that they can extend them with the consent of Monroe. There are technical issues and details that need to be worked on since Monroe's sewer lines will be used to convey the flows to the treatment plant.

Mr. Rogalski stated that from the practical perspective the provision for public sewer and water makes sense for the development. He mentioned that he was involved with a few meetings with SMTMA in which they were not interested in providing public water, but that has changed.

Mr. Kuhl added that the Allenberry sewer rates would not be significantly different. Mr. Kehoe clarified that Allenberry would be charged the same user rates as the Monroe Township sewer district, however the revenue would go to SMTMA, not Monroe Township.

Ms. Sunday asked if it comes to selling the southern sewer district to SMTMA is there any guarantee that Monroe would have input into any decisions. Mr. Kehoe stated that Mr. Gembusia, SMT Supervisor, said the Monroe would have a Board seat. In the past SMTMA hasn't played nice, but dealings with the rest of the township have been fine, so as part of the agreement, if the system is acquired, Monroe would have representation on the Board. And it needs to be addressed that the goal is rate reduction, as there needs to be value to Monroe Township. He added that the concept has been talked about, but this is not an executed contract yet. It will be a leap to move forward by allowing the developer's agreement for the direct supply. Ms. Sunday said that putting the past aside, a lot of this makes sense, but there is a trust factor. Mr. Kehoe added that he has bluntly shared that concern with Mr. Gembusia specifically. The memorandum of understanding would have to include appropriate representation as part of the ground work. Another good part is that SMT has a new solicitor that has extensive municipal authority experience.

Mr. Miller said the agreement lists SMTMA, so how is it with SMT. Mr. Pykosh explained that the agreement would be with SMTMA. Mr. Miller also pointed out that this agreement should be marked draft and a few other corrections.

Ms. Sunday asked if the second agreement would be between Monroe Township and

SMT or Monroe Township and SMTMA. Mr. Lundeen stated that SMT offered that South Middleton in general would provide the services to the development. Any final agreement would have to involve the SMTMA and the Monroe Township Municipal Authority as they both hold the legal title to each their facilities. Ms. Sunday added that she would feel much better if the final agreements include the SMT Supervisors. Mr. Kehoe stated that it would be in our best interest to keep the SMT Supervisors involved as much as possible.

Mr. Eckerd said that on the surface there is an opportunity to see part A go through and then not take advantage of part B, which would be worth considering. Mr. Kehoe explained that in the discussions the 2 were tied together, but SMT needed to do these as 2 separate statements. He added that there is a risk that part B could fall through.

Mr. Kuhl said that practicality we are not worse off than we are today, we aren't losing revenue and we aren't gaining revenue.

Mr. Rogalski said that in the technical perspective we've approached the solution in the rate structure as the reduction of I&I. If the 200,000 gallon per day capacity agreement was removed it would open up the way that problem is dealt with. If the acquisition occurs SMTMA would be willing to look at issues. It opens up a whole new realm of possibilities.

Thomas Reinhard, 375 Criswell Drive asked if the whole mountain was sewered and if there was a concern for water quality. Mr. Rogalski said that White Rock is sewered, except for a hand full of properties. He added that the plant if designed for capacity and if the sale took place then SMT and SMTMA would need to look at ways to protect their assets by finding a solution. Mr. Reinhard asked why SMTMA would want the mountain. Mr. Rogalski said the operation of a larger system would be the biggest sell for SMTMA, plus it would allow them to protect their investment in the sewer plant.

Mr. Lundeen stated that he had direct contact with Mr. Salzmann, SMT solicitor, and the acquisition of the southern sewer system would allow them to control what they perceive as a problem, plus the larger system will provide more users to spread the cost over. He added that there was also a question if SMTMA would be expanding the system. Mr. Lundeen said that there are no plans for SMTMA to expand the sewer system and Monroe Township Supervisors will still control the Act 537 plan, so SMTMA couldn't expand unless Monroe agreed.

Ms. Sunday asked if the seat on the Board would be a voting seat. Mr. Lundeen said it would be a regular seat that would be appointed by the SMT Supervisors.

Mr. Kuhl cautioned that there is a Monroe resident on the Board. Mr. Kehoe added that the key is to be sure the individual has a defined obligation to Monroe Township's best interest.

Mr. Beck said that he doesn't see a down side to part B at this point.

Mr. Rogalski added that public water provides opportunity to the Allenberry Resort. If

expansion of the resort was being considered sprinklers would be required and without public water they don't have that option.

Mr. Miller stated that the developer's agreement for sewer and water would be in the best interest for the development, but selling the southern district to the SMTMA would need to change the authority to a regional authority. He added that there are other areas that filter into the SMTMA plant. Mr. Rogalski said that idea was actually mentioned.

Joanna Reinhard, 375 Criswell Drive, asked if part B would take the areas that already have sewer or the entire area developed or not. She added that she is in favor of water and sewer. Mr. Lundeen said SMTMA would not be able to expand past what is defined in the Act 537 plan. Mr. Rogalski added that a planning module would need to be done to amend the Act 537 plan.

Mr. Reinhard said there are two line under the creek currently for the sewer to cross and is all financed by bonds. Is there time to modify the bonds to complete these negotiations? Mr. Rogalski said that Allenberry would pay for the plan module. Mr. Lundeen added that there is nothing in phase 1 that affects the financing to Monroe Township bond issue. If the sale of the system takes place the debt will be addressed.

**On the motion of Mr. Miller, and seconded by Ms. Sunday and by unanimous vote of the members it was duly RESOLVED to agree with the concept of the developer's agreement with Allenberry for direct water and sewer and name Bill Beck as a member of the working team for negotiations.**

Mr. Kehoe stated there is still a lot of work to be done.

ADJOURN

**Mr. Kehoe adjourned the joint meeting at 7:00 PM**

Respectfully submitted,

Karen M. Lowery  
Recording Secretary