

January 17, 2019
6:15pm

Chairman Mark Petros on Thursday January 17, 2019 at 6:15pm in the Meeting Room of the Municipal Building called a special advertised meeting of the Sewickley Township Board of Supervisors to order. The members of the Board of Supervisors present were Mark Petros, Brian Merdian and Joseph Kerber. Also attending the meeting were Daryl Dermotta, Linda Harvey, Jim Harvey, Rita Aujay. Mike Aujay, Jarred Filapose, Emil Burak, Bill Lazar, Sandy Dull, Attorney Schimizzi, Attorney Kansler and Erika Horvat.

Mr. Petros led those present in the Pledge of Allegiance.

Brian Meridan made a motion, seconded by Joe Kerber to amend the agenda to include the following motions:

Motion to approve a \$29,000 contribution to the 2018 CDBG money to complete the Phase 1 of the Herminie Stormwater Project.

Motion to accept half of the sum of the allotment of the \$ 320,000 CDBG money in 2019 and to receive the other half in 2020. This is for the Phase 2 of the Herminie Stormwater Project.

Board Comments on the above motions: Mr. Merdian stated that he got a call from the County today and from Gibson Thomas Engineering regarding our CDBG grant application for the Phase 1 Herminie Stormwater Project. The 2018 money we received for this grant will not cover the amount of the bid for the work associated with this. Those bids came in at approximately \$ 58,000 higher than the \$278,000 that we got. What the county proposed is, they would split that difference and give us an additional \$ 29,000 if we would provide the other \$ 29,000. Also, Mr. Merdian stated they are also going to approve us for \$ 320,000 needed for Phase 2 of the Herminie Stormwater Project, but all the \$ 320,000 would not be available to us in 2019. We could wait till 2020 then receive all the \$320,000, or do we want to split it and get 50 percent of it this year and get the other 50 percent next year.

Voting: Mr. Petros, Mr. Merdian, Mr. Kerber; yes. Motions carried unanimously.

Public Comment

A resident asked wouldn't it be cheaper to do the work all at once and not split it up. Attorney Kansler stated we could always hold the first allotment of funds until we get the seconded allotment if it would be a cheaper way to go and spend it all on one project in 2020. Mr. Merdian stated we plan on looking at the numbers and if it doesn't work out for the best to split the project we will bank the first allotment and wait to start on any work till we get the second allotment. Mr. Kerber stated that there are pros and cons to both ways of looking at this. A resident asked what the difference is between the Herminie Stormwater Project and the Hutchinson Stormwater Project. Mr. Kerber stated that Herminie residents filled out the low income survey which makes them eligible for the grant. This was done before I was a Supervisor so I don't know who took it on to get the surveys to the residents. I do know that some did not fill out the surveys in Hutchinson. The CDBG funding is based off of the income survey done by the residents. Mr. Kerber stated that a percentage of the people in Hutchinson did not fill out the income surveys and it wasn't enough to fulfill the requirements.

Workshop Discussion regarding Sutersville Sewickley Municipal Sewage Authority

Attorney Kansler stated he requested this meeting to be scheduled with Attorney Schimizzi who is the Solicitor for SSMSA. This will be in regards to the status of their dispute with Elizabeth Township and the prospects for any sort of improvement with the service area and the fees that they are experiencing. I forwarded the correspondence of Mr. Schimizzi to the board. We thought it would be a good idea to have a public meeting to discuss it and to allow Attorney Schimizzi to directly address any questions we would have or provide a more detail back round to the board. Mr. Schimizzi handed out an outline of the section of the agreement that deals with Elizabeth Township and sewage treatment. Mr. Schimizzi went on to explain where they stand at this point. Last year 2018 was a significant year as far as rainfall and as a result of that our treatment cost that we are paying to Elizabeth Township skyrocketed. The way it was set up is that originally we were to have our own treatment plant. When we bid out for the treatment plant after Katrina hit, cost for things like pipe and concrete went through the roof. When we get the estimate it was simply beyond our means. DEP then directed us to go back and see if we can get treatment through Elizabeth Township and at that time it was the Elizabeth Township Sanitary Authority. They offered to allow us in and we made a capitol contribution to Elizabeth Township Sewage Authority. It was close to half million dollars. In addition we constructed a metering pit on the Elizabeth side across the river. From our pump it flows to the Sutersville pump station then under the river and into the metering pit. There is a metering device on that side and they are billing us based on the flow as recorded at that metering pit. When we negotiated the initial treatment charges around the date of 9/11/06 it started out at \$15.75 per EDU which was covering 3000 gallons of water, per month then they had an excess charge which is \$ 3.95 per 1,000 gallons. Mr. Schimizzi went on to explain the increases in charges. The current fee effective 1/1/2017 to present is \$ 21.90 EDU per month for 2,000 gallons with an excess consumption charge of \$7.50 per 1,000 gallons. Mr. Schimizzi went on to explain that all we are to be charged for is treatment. We are not to pay their debt service or for them to maintain their lines. Their rates for their residents are higher because all we are doing is paying for treatment, not for things like maintenance. Because of these increasing costs the SSMSA authority is being stressed financially. We still have funds in reserve but we are starting to dig into those. We then went to Elizabeth and asked if we could resolve this. We have some issues with the plant over there and what was represented to us as far as the capacity of that plant. Elizabeth needs something from Sewickley Township. Elizabeth Township is required to construct a line from the Buena Vista Plant down to the McKeesport Plant per the DEP. In order for that line to be constructed they need to file an amended Act 537 plan. Sewickley Township needs to sign that Act 537 Plan. Sutersville Borough signed the act 537, Sewickley Township has not. Elizabeth wants Sewickley to consent to this so they can get this project underway. We are now going to say to Elizabeth, I we want something back as well. We want you to change the way you are billing our residents. Mr. Schimizzi sated he has had several conversations with the Solicitor and the commissioners of Elizabeth Township. Mr. Schimizzi went on to explain that SSMSA has a PennVest loan that we were able to reduce the monthly payment on. He also explained that when this project was just about done the Army Core of Engineers gave us a grant of half million dollars and we have been living on that money. We do a very simple budget. We are not getting in enough to cover our costs and we are getting into our reserve. Something needs to be done as far as billing is concerned. SSMSA will soon be beginning to feel some financial problems. This authority has one part time secretary and me as a solicitor, their board is not paid at all. Mr. Schimizzi went over the expenses for SSMSA. We are an authority that has very little operating expenses. It would be a benefit to our customers to be billed on their actual water consumption, as opposed to what goes into the metering pit. Attorney Kansler asked Attorney Schimizzi if he heard of the DEP taking action against Sewickley Township for not approving the Act 537 Plan yet, I can see this coming down the road. Attorney Schimizzi stated that there is some talk of the DEP wanting to get this taken care of. Attorney Kansler stated that the DEP does have enforcement authority to agree to an Act 537 Plan. They can file an action to get the issue resolved and force an agreement to be signed. Attorney Kansler stated that if we agree to approve the Act 537 we could ask for a change in rates. Mr. Schimizzi stated that PA American Water Authority is moving into the area and is looking to buy sewage authorities. One being Elizabeth Township. They also expressed concern in SSMSA. I don't know how interested Elizabeth Township is in selling to Pa American Water. Mr. Merdian asked Mr. Schimizzi as of today, are all of the accounts payables 100 percent paid, or less than 30 days past. Mr. Schimizzi stated no. Mr. Schimizzi went on to explain the finances of SSMSA. Mr. Kerber stated that at one point SSMSA was paying for treatment and it was getting dumped into the river. Mr. Schimizzi stated that he feels that is a fair statement. They did not have the capacity that we bought from them. Mr. Merdian asked what we can do now so that Elizabeth does not raise the costs. Attorney Kansler stated that if we agree to do the Act 537 Plan, we don't just do it in the dark, there would

be at least a memorandum of understanding stating new terms in the service agreement. Attorney Schimizzi went on to explain the present agreement and explaining the costs in that agreement. Mr. Kerber stated he feels we are paying to upgrade their system. Mr. Merdian stated that we are being asked to approve an Act 537 plan for upgrades and for means and methods to facilitate these upgrades that you just said yourself there are so many unknowns. From a funding point of view, to a pending sale, to the authorities agreeing to take upstream treatment and the windfalls thereof, this is chaos. Back in 2013 we convened two meetings with representatives from SSMSA, Sutersville Borough and the mayor. We talked about the whole fundamental problem that still exists today, is that this authority is not cash flow positive on a regular basis. We represent the residents of Sewickley Township, and to be frank, whatever anybody else wants to do so be it, but we represent Sewickley Township. Plus, all the other residents of Sewickley Township who is not serviced by SSMSA, who are all on the hook for over 2 million dollars that we leveraged to cover the cost of the SSMSA project. So I ask, what are we doing that has changed since 2013 to help the financial security of SSMSA. I am not hearing anything but a bunch of hypotheticals. I hear about the maybe changes or amendments to an agreement, memorandum of understanding, but nothing that validates good financial stability of this authority. I think we are still playing Russian roulette, and one day that lifeline, that Army Core of Engineers grant is going to disappear. Elizabeth is going to be holding all the eggs and we aren't going to have nothing. Attorney Kansler stated we can draft up an amendment to that agreement to protect the residents of the Township. If we can't come up with something doable, we just don't agree to the amendment. Mr. Merdian stated that I will go on the record tonight and say, the only way I would want to agree to an agreement, and however it ties back to the Act 537 plan, would be a unilateral release form Elizabeth Township that states that SSMSA has the right, immediately, from the implementation of this amendment, to sale that authority off to another authority and have no ties and pay nothing to Elizabeth Township or anybody else. There was discussion between the Board and the Attorneys regarding the concerns of the DEP getting involved and forcing the Act 537 amendment to be put in place. Mr. Kerber stated that he feels that we are just going to put this authority on life support and eventually it is going to die. Mr. Kerber asked Attorney Schimizzi what the delinquent rate is for SSMSA. Attorney Schimizzi stated that he feels that we are about 20-25%. Mr. Merdian asked if Elizabeth Township knows the delinquent rates. He stated yes, I made it clear to them. Sometimes we serve 10-12 shut off notices in a month. I know what is going on, I see it. Mr. Kerber stated that his concern is if rates go up the delinquency rate will increase. Attorney Schimizzi stated that he made it very clear to PA American Water and MAWC, that if they think that you can raise the rates ever by \$ 1, you can't. Attorney Schimizzi stated that we have to be able to negotiate something with Elizabeth or quite frankly, I will tell the authority to start sending them \$45,000 a quarter and send them what we can and that is the best we can do, because we don't have the money. A resident asked if the Herminie plant can handle this sewage capacity. Mr. Merdian stated yes. Then why can't we go that way then. Attorney Kansler went on to explain the agreement with Elizabeth Township. The only way that would work is if someone came and paid the loan off and turned everything around to flow to the Herminie Plant. We cannot break the agreement because of the loan. It has to be paid off in full. Mrs. Aujay stated this is killing the families in the township. I won't even by a rental property in this area because I could never charge enough rent to cover the sewage bills. People with families are not going to want to move into this area. If you have more than two people in a household they are getting hammered with overage charges. Mr. Merdian asked for Attorney Schimizzi to take back to the SSMSA board is that they need to get a reality check and consider one of two options. What is the best offer that Pa American will offer to sale that authority or to consider the offer that is already put on the table from MAWC. One way or another one of those two have to be decided upon. Obviously we understand the dealing working with MAWC regarding the selling of MSATS. Does the same criteria apply to the sale of SSMSA, no it does not. Mr. Kerber stated he feels that we have been lied to from the beginning. They said they had the capacity to treat the sewage which they didn't. The board concerns are is PA American water ever going to make an official offer. The Sewickley Township Supervisors go on to explain that we have an offer from MAWC. There is an offer on the table that includes a fixed rate of 5 years at \$71.00 with no overages. A resident asked why SSMSA won't consider the offer from MAWC. The Sewickley Supervisors stated that this is something they need to look into and take seriously. We don't want to jump into signing this Act 537 Plan because that will take this offer from MAWC right off of the table. Mr. Kerber stated we are stuck here. If we sign this Act 537 agreement there is a great chance that it could possibly put our residents in a bad place financially, or if we don't sign this agreement we are going to have the DEP breathing down our necks. A resident asked if there are actual offers on paper from PA American Water and MAWC. The board stated there is from MAWC, not from PA American Water. In the offer from MAWC, they will do a locked in rate of \$71.00 for 5 years with no increase and provide the 1.2 million dollars to pay off the Penn Vest loan and bring the sewage up to the Herminie Plant. A

resident asked how many customers Sewickley Township customers are serviced by SSMSA. Attorney Kansler stated it's about 46%. Attorney Kansler asked if the Board of Supervisors would give him permission to speak to all involved parties to see what everyone's thoughts are on this, from the DEP, to the folks over at Elizabeth Township. The board stated yes, we need to have this taken care of. Attorney Schimizzi stated in all fairness to SSMSA they do want to hear from PA American Water. The Sewickley Board of Supervisors stated that we have been hearing that since March of 2018. When is it going to happen?

With no further business to come before the Board, Brian Merdian made a motion to adjourn, seconded by Joe Kerber. Voting: Mr. Petros, Mr. Merdian: yes; Mr. Kerber, yes. Motion carried unanimously. Meeting adjourned at 7:36pm.

Erika Horvat
Secretary/Treasurer