

## Special Public Meeting

August 16, 2018

A Special Public Meeting of the Millcreek Township Board of Supervisors with the Millcreek Township Sewer Authority (MTSA) was called to order at 4:30 p.m. by Chairman John Morgan in the Planning and Development Conference Room of the Millcreek Township Municipal Building. Present were John Groh, John Morgan, James Bock, Mark Zaksheske, Mark Shaw, Esq., Matthew Waldinger, Gary Snyder, and Sheryl Williams, and MTSA Board members Pamela Monaco, John DePlacido, Steve Lewis, Sue Euliano, James Barr and Timothy Wachter, Esq. MTSA board member Mary Styn was absent.

Following the Pledge to the Flag, the MTSA Board approved the minutes of their previous meeting. Chairman Pamela Monaco then deferred the MTSA meeting agenda until after the special meeting with Millcreek Supervisors.

After calling the joint session of the Special Public Meeting of Millcreek Township Supervisors and MTSA to order at 4:35 p.m., Chairman John Morgan asked Solicitor Mark Shaw to explain the purpose of the meeting. Mr. Shaw reported that the Township wants to assume control over the Township sewer system and have the Authority transfer the system to the Township. Mr. Shaw stated the sewer system is largely built out and that most projects are maintenance based with very few capital projects left to be completed in 2018, and none currently listed for 2019. He emphasized that funds are available to pay off existing debt service, which would reduce annual costs by \$1.2 million for the next 10 years, meaning projected cost savings of approximately \$1.4 million, or \$48.00 annually for the average user. Mr. Shaw said that system users would see no change except potential reduction in future rates. He noted that there is no need for \$9 million in the Sewer Revenue Fund which can only be used for limited purposes, and that bond rates are higher than the fund's interest rates, so MTSA is actually in a net losing position by holding this money. He further noted that consolidating staff would increase staff efficiencies and reduce costs with the elimination of the \$760,000 annual management fee the Township currently pays.

Mr. Shaw then explained the legal authority under which the Township may assume control and have the sewer system transferred to the Township, citing the PA Second Class Township Code and the Municipal Authorities Act.

Mr. Shaw reported that there are currently two bond issues outstanding which cannot be called until 2019 and 2022 respectively. He noted that the cost of defeasance of these bonds as of 8/2/18 is \$9,080,513.00, and that as of 7/30/18, available MTSA cash and sewer revenue funds of approximately \$10.4 million, which would be more than enough to defease the outstanding bonds.

Mr. Shaw concluded his remarks by stating that the Township would like to have everything completed by January 1, 2019. In doing so, the Township would define titles and create job descriptions for the three current staff members, with the intention of absorbing them as Township staff with similar pay scales and benefits as they currently receive. He gave examples of the many additional logistics that need to occur, and asked that the Authority and their staff work together to complete the transition.

Atty. Timothy Wachter asked for clarification regarding staffing changes to assure that MTSA would not be making decisions for its staff, to which Mr. Shaw agreed. Mr. DePlacido asked if the current sewer revenue funds could be used to pay off the debt, to which Mr. Shaw replied that it is possible. However, Treasurer Zaksheske maintained that it may not be prudent to use all of the funds to pay off debt, and then not have funds available to pay the large bills that the Township incurs throughout the year. He further suggested that the funds could be transferred into a trust, similar to how the sale of the MTWA was managed.

Technical Manager Dave Wright disagreed that a \$1.4 million savings would be realized, stating there are projects that need to be funded. Mr. Shaw responded stating the rationale is not based on eliminating projects, but on eliminating debt service of \$1.2 million with \$200,000 still remaining for projects.

The two entities then went into Executive Session at 4:50 p.m. to discuss personnel matters and all other attendees were excused. At 5:15 p.m., the Special Meeting resumed.

Mr. Wachter asked that a list of documents and tasks to be created and assigned to facilitate the transition. Mr. Shaw stated that a resolution will be prepared for the August 28, 2018 Supervisors Meeting and will send a draft to Mr. Wachter to review.

The two entities and staff discussed a long list of documents and items that will need to be inventoried and verified, and procedures that will need to occur to complete the transition by the January 1<sup>st</sup> deadline. Mr. Shaw offered to review similar MTWA procedures to ensure nothing is missed. Mr. Morgan stated that administrative staff will discuss new job descriptions and assured the staff in attendance that the Township's intention is to transition them into the Township at appropriate and equitable pay scales and to retain their current health care and leave benefits.

There being no citizens to be heard or any further business to come before the Board, it was moved by Mr. Groh and seconded by Mr. Bock to adjourn the joint session of the special public meeting at 5:25 p.m.

Sheryl A. Williams  
Township Secretary

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Approved: August 28, 2018

John E. Morgan \_\_\_\_\_

John H. Groh \_\_\_\_\_

James S. Bock \_\_\_\_\_