

**BOROUGH OF WIND GAP  
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WIND GAP, PA 18091  
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The Council meeting of the Borough of Wind Gap on Monday, January 3, 2005, was called to order at 7:30 p.m. by Council President Kerry Gassler, at which time he reminded those present that the meeting was being recorded. In attendance were Councilpersons: Karen Skorochood, Mitchell D. Mogilski, Sr., George Hinton, Jr., Scott Parsons and Tony Curcio. Also in attendance were Mayor Kenneth George, Borough Solicitor, Ronold Karasek, Borough Engineer, Ronald Madison and Secretary/Treasurer Louise Firestone. Councilman Winton Male, Jr. was absent.

*Councilman George Hinton arrived at 7:36 p.m.*

## **APPROVAL OF EXPENDITURES**

**On motion** by Mitchell D. Mogilski, Sr. to approve the expenses for the month of December in the amount of \$13,804.12 and seconded by Karen Skorochood. Roll call vote taken. Motion carried unanimously.

## **Public Comment**

1. Ted Reed, Pennsylvania American Water Company, addressed Council. He thanked Council for the opportunity to appear before them and explain the Water Company's desire to explore the possibility of purchasing or contract operating the municipal wastewater assets in the Borough. Mr. Reed gave a brief explanation in his letter dated December 8, 2004, which was sent to the Borough of Wind Gap and the Wind Gap Municipal Authority.

He gave an overview:

### Overview

- Pennsylvania American Water is a subsidiary of American Water, which merged with Thames Water and became a part of RWE AG of Germany on January 10, 2003.
- American Water serves 20 million customers in 27 states, four Canadian provinces, Puerto Rico and South America
- \$350 million in annual revenue in Pennsylvania
- Over 8,000 employees in water and wastewater services nationwide
- Operational control remains on the local level

### Statistical Information

- Services in 35 of 67 Pennsylvania Counties

- Services over 360 communities in the Commonwealth
- More than 620,000 water service connections
- Delivers over 180mgd of potable water to over 2 million citizens – one-sixth of State population
- Over 8,000 miles in distribution system
- 38 water treatment plants; 110 well stations; and three wastewater facilities which serve over 38,000 citizens
- 51 quality control laboratories, plus state-of-the-art laboratory in Wilkes-Barre; access to EPA-Certified American Water lab in Belleview, Illinois
- Over 1,000 employees

#### Eight Broad Categories:

- Asset Ownership and accompanying Services
  - Own 285 total water systems
  - 25 wastewater systems
  - 155 waste handling systems
  - A system acquisition provides capital influx to a municipality
  - We bear the responsibility for EPA compliance
  - We help educate citizens about the benefits American Water brings
- Public-Private Partnerships
- Engineering & Planning
- Carbon Regeneration
- Underground Rehabilitation
- Residuals Management
- Developer Services
- Homeowner Services

#### Considerations for American Water Contract Operations

- Generally, lower costs
- Enhances career opportunities for employees
- Risk sharing
- Long term partnership
- Billing and collection services
- Interface with regulatory agencies
- Residuals management
- Local, State, National lab facilities
- Well-managed facilities
- Aiming to reduce operational costs without sacrificing quality
- Meeting environmental needs
- Vast experience nation-wide
- Pay all operational expenses including materials, supplies, labor, insurance, etc.
- Authority continues to set rates
- Authority keeps surpluses above contract fees

## Why Consider Allowing Pennsylvania American Water to Perform an Analysis of Your Wastewater Systems?

- Except for the provision of information, there is no cost and no obligation to the communities
- We will provide a fair market value and offer for the system or for contract (O&M) operations
- Borough and Authority maintain control of assets and process up to the moment of transferring of asset purchase or O&M agreement
- An asset sale or contract operations could mean significant revenues to help meet the needs of the communities.
- Without an analysis and offer, you may never know the value an asset sale or contract operations may mean to your communities

## Considerations for Asset Purchase

Borough receives asset purchase funds on date of closing:

Pennsylvania American Water offers fair market value for assets

Borough keeps all

- § Cash and cash reserves
- § Capital reserve funds
- § Bond reserve funds
- § Accounts receivables

Borough pays all

- Outstanding bonds/loans
- Accounts payable

## Considerations for Asset Sale

Borough and Authority are relieved from future regulatory and financial responsibilities including:

- EPA Clean Water Acct
- DEP rules, regulations, requirements and mandates
- Northampton County Health Department regulations
- Future mandated/needed capital/infrastructure/maintenance improvements to wastewater systems
- Bond issues, short/long term loans and associated costs
- Rate setting

## Customer/Community Partnerships

§ If financially practicable, we encourage employees to work for us after asset purchase.

- We work with communities in implementation of comprehensive plan and land development issues.
- With asset purchases, we pay taxes to community through Public Utility Realty Tax Act (PURTA) for water system and we pay real estate taxes for wastewater system
- We offer “H2O-Help to Others” program for qualified low-income customers
- We support local environmental events important to the community
- We offer customer service 24/7 through our national Call Center

### Preliminary Information Needed for Asset Purchase or Contract Operations Analysis of Wastewater System

- Financial audits for last three years
- Annual operating/capital budgets for last two years and current year
- 2003 and 2004 Annual Chapter 94 Report filed with DEP
- National Pollutant Discharge Elimination System (NPDES) Permit
- Discharge Monitoring Reports (DMR) for last 12-24 months
- Agreements/contracts for wastewater services with private or public entities
- Copy of Municipal Act 537 Plan
- List of employee titles, salaries and number in each position and copy of employee benefits programs
- Five-year capital improvements program, if available
- Current rate schedules/tariffs, ordinances, rules and regulations pertaining to administration and operation of wastewater systems.
- Map(s) of collection system showing mains, manholes, pump stations, wastewater treatment plants, etc.
- Latest appraisal of entire wastewater system, if available, and/or complete inventory of assets along with current facilities insurances with a five year loss history
- Copy of union contract and employment agreements, if applicable
- Breakdown of number of customer connections, i.e., residential, commercial, industrial, municipal
- Wastewater Infiltration/Inflow (I&I) studies/reports
- EPA or DEP Consent Orders, if applicable
- On-site inspections of wastewater systems

Ted stated that Bangor and Nazareth have already given approval for Pennsylvania American Water to do an analysis of their plants. He reiterated that there is no obligation to the Borough or Authority to perform the analysis. The cost would be minimal to provide the necessary information and if this is a burden there could be discussions to help alleviate the cost of producing all the information. The Authority is a key player. If the Authority is not interested and the Borough is, it could be a lengthy process, but it still could be accomplished.

Ted agreed to contact the Authority and make his presentation to the Authority at their meeting. Council would like to have the Authority's input regarding the analysis.

2. Pat Sutter. Pat asked if Scott is still working with Waste Management. Kerry replied that a new committee on Tony, George and Winton would be meeting with Waste Management. Pat requested that the new committee tell Waste Management to get their trucks out of Wind Gap. George stated that the new committee has not had the opportunity to sit and discuss the issues as a committee yet. Tony added that the committee would meet and set their priorities in the coming months.

3. Mike Gassler. Mike asked Council why they would even consider selling the Authority when it has been running good. If the Water Company can make money with the plant why can't the Borough? The Mayor replied that Council should evaluate their options. Mike said it has been running good since 1969 and there is no reason to sell it.

### **Solicitor's Report**

Ronold Karasek reported that the Improvements Agreement was sent to CVS's attorney. The Giant Food Stores expansion Improvements Agreement has been sent and is being reviewed. At the request of Council, Ron discussed an amendment to the Zoning Ordinance regarding the language for frontage of property and hopefully it will eliminate any confusion. It will have to be reviewed by the Borough's Planning Commission and the Lehigh Valley Planning Commission and then advertised and amended. Under Section 402 (A) – Street Frontage Required (the existing language will remain the same) and the following will be added – “The provisions of Section 407 – Nonconformities shall not supersede the requirements of this section regarding street frontage”.

### **Engineer's Report**

Ron Madison reported that the Third Street traffic light project is progressing. An electrical inspection is needed, but Met-Ed stated that they might not be able to inspect for up to five weeks. As soon as Ron hears a date he will inform Council. He added that hopefully this project would be done by the end of the month.

The Woodward and Lehigh Stormwater project is ready to go out for bid. He anticipates advertising this week and next, having the bid opening on January 25, 2005 and then make their recommendation to Council for award at the Council's February 5, 2005 meeting.

**On motion** by George Hinton to advertise the two Stormwater projects and seconded by Tony Curcio. Roll call vote taken. Motion carried unanimously.

### **NEW BUSINESS**

1. Resolution 2005-1. This resolution is to release payment to Herbert and Marlene Weeast in the amount of \$5,000. **On motion** by Mitchell D. Mogilski, Sr. to approve Resolution

2005-01 and seconded by Karen Skorochood. Roll call vote taken. Motion carried unanimously.

2. Emergency Municipal Service Tax Income Limit Exemption. Council already approved the 2005 Budget with the new \$52 EMS Tax to replace the Occupational Privilege Tax, but they would like to set a minimum income limit. Suggestions ranged from \$5,200 to \$8,000. **On motion** by Tony Curcio to exempt employees who make less than \$6,500 and seconded by George Hinton. In favor: M. Mogilski, S. Parsons, K. Skorochood, T. Curcio, G. Hinton. Opposed: K. Gassler. Motion carried with a vote of 5-1.

3. Approval County Bond Issue Invoices. Tony reported that two invoices were received, one from Pidcock and one from Summit Consulting. The Pidcock invoice contained \$917.25 for overtime. Previously, the committee and Nolan Perin agreed that no overtime amounts would be approved.

**On motion** by Tony Curcio to approve payment to Summit Consulting, \$10,850 and Pidcock \$19,036.00 and seconded by Scott Parsons. Roll call vote taken. Motion carried unanimously.

4. Ordinance 442. **On motion** by George Hinton to enact Ordinance 442 for a millage rate of 7.75 in 2005 and seconded by Scott Parsons. Roll call vote taken. In favor: K. Skorochood, T. Curcio, K. Gassler, G. Hinton, S. Parsons. Opposed: M. Mogilski. Motion carried with a vote of 5-1.

5. Ordinance 443. **On motion** by Tony Curcio to enact Ordinance 443 enacting the Emergency Municipal Services Tax in the amount of \$52 for 2005 and seconded by Mitchell D. Mogilski, Sr. Roll call vote taken. Motion carried unanimously.

6. 2005 Meeting Schedule. **On motion** by Karen Skorochood to set and advertise the Meeting Schedule as the first Monday of the month and the third Tuesday, with the exception of setting Tuesday, July 5 and Tuesday, September 6 due to the holidays and seconded by Mitch D. Mogilski, Sr. Roll call vote taken. Motion carried unanimously.

7. **On motion** by Scott Parsons to reappoint John Barto, Jr. to the Wind Gap Municipal Authority for a term of five years and seconded by Karen Skorochood. Roll call vote taken. Motion carried unanimously.

**On motion** by Scott Parsons to reappoint Thomas Knitter to the Wind Gap Municipal Authority for a term of five years and seconded by Karen Skorochood. Roll call vote taken. Motion carried unanimously.

8. On motion by Karen Skorochood to reappoint Cathie Yob to the Wind Gap Park Board for a term of five years and seconded by Mitchell D. Mogilski, Sr. Roll call vote taken. Motion carried unanimously.

**OLD BUSINESS**

1. BASE Engineering Third Party Inspection Agreement. Ron Karasek reported that the agreement has been completed, but BASE is reluctant to attach a fee schedule. Ron advised Council to sign the agreement for their files. Kerry explained that an application was submitted to put a daycare in the building owned by the Hackmans, but they pulled out. A Dollar Store submitted an application for the same space. They went to BASE for inspections. Tom Cerra from Labor and Industry told them for the daycare that one wall needed to be fire rated and the Dollar Store needs less fire rating on wall. BASE wanted more firewalls in the Dollar Store. Tom Cerra informed that Labor and Industry still has jurisdiction for commercial property inspections. Tom stated that if the Borough opted out then everything would stay the same as it was before the Uniform Construction Code was adopted. The Zoning Officer of the Third Party Inspectors would do the residential, but Labor and Industry would continue to inspect commercial. It is unclear how long the Borough must wait before they can change and opt out. Ron Karasek will check the time frame for Council. Scott suggested that Council table the approval of the contract with BASE Engineering until more information is available to Council.

2. Ron Karasek stated that change to the Zoning Ordinance has been completed and the next step is to forward the language change to the Borough's Planning Commission.

**On motion** by George Hinton to approve the language change and ask the Planning Commission to review the change and seconded by Tony Curcio. Roll call vote taken. Motion carried unanimously.

3. Karen Skorochoch reminded Council that the Emergency Management meeting with PennDOT and the engineer for the construction area on South Broadway is being held on January 5, 2005 at 1:30 p.m. in the Council chambers.

**EXECUTIVE SESSION**

Council adjourned to Executive Session at 8:55 p.m. to discuss the Keenhold litigation. Council reconvened at 9:06 p.m. Kerry reported that Council would not be taking any official action at this time. This litigation is still pending.

**On motion** by Tony Curcio to adjourn the meeting of January 3, 2005 and seconded by Scott Parsons. The meeting of January 3, 2005 adjourned at 9:10 p.m.

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Louise Firestone, Secretary / Treasurer

