

Borough of Northumberland
175 Orange Street
Northumberland, PA 17857
November 28, 2011

President Gregory Carl called the meeting to order at 7:00 p.m. The Pledge of Allegiance was recited and Mayor Len Zboray offered an Invocation.

Roll Call

Council members present were Gregory Carl, Judith Groninger, Robert Long, James Orner, Stephen Reed, and Frank Wetzel. Others present were Mayor Zboray and Janice Bowman, Borough Secretary. Council member Jonathan Rees was absent.

The twelve people present introduced themselves.

Public Comment

Crystal Reed thanked the Borough Council members for giving their time, especially those who are soon going off council. She hopes that the council considers the Borough residents, the people who voted for them and put them in office. She requested that they consider all options before making this very important decision. She has heard people say that they are not opposed to the merger; however, she would like them to do what is best for all residents, Borough and Township.

Ty Sees asked if an appraisal has been done on the sewer plant. Mr. Carl asked Adam Klock if one had been done and was told that the NSA discussed that topic at their meeting earlier this evening. He asked if council has looked at the possibility of the Township paying to “get in.” Bob Long responded that before the first meeting that was held to consider the jointure, everyone wanted to have Bill Seigel from SEDA-COG present. Mr. Seigel said that often times, you spend a lot of time, money and energy and get no further than you were when you began. He also said that the plant is an older plant and a new plant is needed. Mr. Sees stated that Mr. Seigel also said that no merger is the same and he feels that to not get a valuation on the plant, the council is doing a disservice to the residents. Mr. Long disagreed. He said that Mr. Seigel said that we are at a good place right now. Mr. Long feels that council can spend a lot of time and money and still end up at the same place. Mr. Sees asked why the council would vote on a merger until they had more information.

Mr. Carl asked where the money would go if the Township paid toward the sewer plant. Adam Klock stated that the compensation would come back to the Borough residents. He said that it could be put into the Borough’s General Fund and distributed to residents in the form of tax relief. He referenced the residents in Milton who are being compensated from the other municipalities who are merging their authorities with Milton. When Mr. Carl asked where the money came from, Mr. Klock said that the Borough residents sold their rights to the NSA for a dollar, not knowing that they could be entering into a partnership in the future. Now that they are at that jointure, Mr. Klock said that he is asking that the Borough determine a value like Milton did and what Danville is doing now, determine what the facility is worth and a fair buy-in

price. If it comes back through the NSA, back to the residents, then that's the means that it happens. He said that just because it comes back to the NSA, that doesn't mean it can't come back to the residents. He said it wouldn't make sense to have the money paid to the NSA and have it sit there, only to be absorbed into the joint authority. The money could be put in the General Fund or in a trust. He said that he doesn't think council should overlook the value of the plant, based on Bill Seigel's advice, adding that he does not think that Bill Seigel is qualified to make a judgment of the worth of the sewer plant. Mr. Carl responded that it was Mr. Klock who requested that Bill Seigel be there and now he is saying that he is not qualified. Mr. Klock responded that he did not request Bill Seigel to tell us what the facility is worth; that is not his background. He feels that an engineer should determine the value of the property. Mr. Seigel's background is facilitating mergers and working with negotiations. He did not tell Milton what their plant is worth; a study was conducted by engineers determined that their plant was worth \$6,000,000. An engineer also conducted a study in Danville. Mrs. Groninger said that she had read that Chef Boyardee had paid for Milton's plant and had turned it over to Milton.

Ty Sees asked if he was correct that under the current agreement, Point Township must pay toward any upgrades at the plant based on their usage percentage. Adam Klock concurred that the Township has an obligation to contribute to projects that are done at the sewer plant. The first project that was entered into was the Queen Street pump station. There is still an outstanding balance and a payment plan was agreed upon with payments to be made over a five year period.

Ty Sees questioned why the Borough would help finance projects in the township. He feels that they will rule with an iron fist. He noted that a project is currently being planned for an area in Point Township.

Mr. Carl stated that his opinion is that the merger is beneficial. Carl Libby asked for reasons the merger is beneficial for the Borough residents. Mr. Carl asked Mr. Klock if the two groups are currently working together and he responded that they are. Mrs. Groninger added that the two authorities will work out the details together, adding that Mr. Klock is on the Board. Mr. Klock questioned what would happen since the number of the representatives from each municipality is equal (5) if there would be a stalemate. Is there a way to back out of the merger? Mr. Brosius responded that the two groups would have to decide how to handle it. The groups would make up the rules and regulations. Mr. Klock asked if the groups could determine that part of the agreement would be that Point Township would buy in to their portion of the facility based on the valuation of the facility or is too late to negotiate this once the authority is formed. Mr. Brosius said that it could probably be negotiated, but the thing is that Point Township is not going to be the recipient of the assets, the recipient is going to be the joint authority. Point Township is not gaining any assets.

Mr. Sees asked if Mr. Brosius is saying that Point Township won't have half ownership of the plant without paying toward it. Mr. Brosius replied that the council doesn't own the assets, the Northumberland Sewer Authority owns the assets. The council is not dissolving the NSA at this time; they are just forming a new authority. At some future time, it could be dissolved, but it's not going to be dissolved first.

Mr. Sees asked at what time does the Point Township Sewer Authority and the Northumberland Sewer Authority put their assets together. Mr. Brosius responded that it would happen after the

joint authority is formed, if that's going to be the decision tonight, and then it would have to be the relationship between the two authorities to get that matter settled. The matter would be settled when the joint authority determines the bylaws and rules. The joint authority can be formed without dissolving the other two sewer authorities. The separate authorities would be dissolved at some point of time after the joint authority is working.

When the NSA was formed, the land was transferred from the Borough to the sewer authority. Mayor Zboray was on council at the time the sewer authority was formed. He said the reason was because the council did not have the time to manage the sewer plant in addition to the other business in the Borough. As a goodwill gesture, the land was conveyed to the authority. However, the Borough may take the land back whenever they want. Mayor Zboray said that that was the agreement at the time which he believes is on file at the courthouse.

Mr. Libby asked if there is any way that the council can make a motion to protect the property and land and guarantee that it would come back to the Borough.

Mayor Zboray read the following statement:

"Should this council vote in favor of the merger to create the North Point Sewer Authority, I would like to offer this suggestion. In order to lessen some of the Borough residents' objections to a sewer authority merger and protect Borough land for recreational purposes, I am requesting that a member of this council entertain a motion that reads:

"The Northumberland Borough council requests that all land conveyed to the Northumberland Sewer Authority be transferred back to the Borough. The current lease with the Northumberland Sewer Authority at a rate of \$1.00 per year would be cancelled. A new lease for built assets only would be created with a lease payment of \$50,000 per year payable to the Borough of Northumberland by the North Point Sewer Authority."

He said that the \$50,000 would go to the Borough General Fund to defray taxes for Borough residents and the Borough would not be giving up any land. As a resident and tax payer, Mayor Zboray said that he would not like to see the land go to anyone that would take the control from the council. Mr. Long said that the \$50,000 was something that the council has always wanted. He said that he has some questions. If the council chooses to move forward and do this, does council have to do something special such as rescind the previous motion, or can they just add this to the motion. Mayor Zboray said that the Borough would own the land and lease the building to the joint authority. One reason for the Borough owning the land is for grant purposes. The state wants to know that the property is owned by the grant applicant or that the applicant has a long-term lease for the property.

It was questioned why the Borough's solicitor wasn't at the meeting. Mr. Carl responded that he wasn't invited to the meeting since Mr. Brosius has offered to provide free service. Mr. Reed stated that he felt Mr. Tira should be present since he would have an unbiased opinion and he represents the Borough. He feels that Mr. Brosius represents the sewer authority. Mrs. Groninger stated that Mr. Tira has a schedule and cannot come at the drop of a hat.

Steve Cimino said that he is not against the merger but he doesn't feel that the council members are qualified to make a decision. He feels that the decision should be based on facts; not opinions. He feels that the borough solicitor should be involved because Mr. Brosius represents the authorities. He added that he has nothing against Mr. Brosius.

Mr. Carl asked at what point, involving what parties, would you feel satisfied that council members are qualified to make a vote. Mr. Cimino said that the solicitor should be here. Mr. Cimino said that the council didn't acquire any interest from the authority. Mr. Carl responded that at the last meeting it was said that the NSA isn't qualified to make the choice. Mr. Klock said that is why a study should be done by an engineer.

Mrs. Reed suggested that the council should gather more information before making a decision.

Mrs. Groninger said that a meeting was held at the 221 2nd Street building and the sewer authority members and anyone with questions were to come. She noted that no one had questions.

Ed Cope stated that the NSA is a management company that was formed because the Borough Council didn't want to manage it.

Mr. Carl asked what is the fear of Point Township being involved? Mr. Klock said that there is no fear; he feels that council should just determine if the sewer plant is worth anything. He added that he has emailed Bob Long to keep him in the loop. NSA has been working with Sunbury and is having a study to determine the valuation of the sewer plant, along with whether to build a new plant, upgrade the current plant, or build a pipe to Sunbury. Mr. Carl said that he is not saying that the plant is not worth anything; he thinks the value is in what the Mayor is saying.

Mr. Libby said that he appreciates the council's work and knows that they are trying to do what is in the best interest of the Borough. He said that if council had considered the Mayor's proposal before taking the vote on November 15th, they wouldn't be in this situation. He wishes the council would take their time and consider all the different aspects. He added that the Mayor's idea is a fantastic one. Mrs. Groninger said that the Mayor's idea is not a new idea. Mr. Carl added that Mr. Rees has always raised the issue of the \$50,000 that council has been receiving over the years. Mr. Libby said he was referring to the Mayor's proposal to protect the land for the Borough. Mr. Carl responded that that is the means to justify the continued \$50,000 payment to the Borough.

Mr. Brosius noted that if council is going to form the joint authority, then to not give them the property is like giving a chore to someone and tying their hands behind their backs. He said that the new authority would need the assets to obtain funding. The boro is not losing anything on their ability to get funded. Mr. Brosius explained that if the jointure would ever come apart, it is in the municipalities' code that the assets would revert back to the Borough.

Mr. Wetzel asked if a new authority is formed, could the new board members sell off the plant to a management company? Mr. Brosius responded absolutely not. It would be the same status between the Borough and the NSA that exists now. He mentioned that a company had approached the Borough several years ago about the possibility of purchasing the NSA. Mr. Carl added that no amount was offered because the company could not obtain the information that was needed from their secretary at the time.

Steve Cimino said that in the short conversation tonight, things have been brought up that no one has thought about. He questions how the council can vote on this tonight with these new

thoughts. He stressed again that he is not against the merger; he just wants things done right and time is what gets things done right.

Mr. Long responded that the council is empowering the two authorities to come together to create a new authority and determine what they need to do to make it work. The council is counting on the people from the NSA to sit together with Point Township's authority and work out the details.

Mr. Sees asked who the five representatives would be since Jack Fasold sits on both authorities. Mr. Long stated that Mr. Fasold would not be two people; someone else would be brought in. Mr. Brosius added that Mr. Fasold is willing to resign from the NSA. He would stay on the township authority. Mr. Sees asked if the current Articles of Incorporation for the North-Point Sewer Authority is what was sent to the state. Mr. Brosius responded in the affirmative, adding that those are the members who are currently on both boards. Mr. Sees responded that he would like to see a paper signed by Mr. Fasold saying that he will resign immediately.

Mr. Cope asked if Mrs. Groninger will recuse herself. He explained that under the ethics rules, since Mr. Brosius is her brother-in-law, and Mr. Long said that council is voting to create Articles of Incorporation which Mr. Brosius is going to draw up. Mr. Cope said that he talked to the superintendent of the plant and he said that Mr. Brosius is not in charge of the Articles of Incorporation and they are talking about a lot of legal work that will be done. Therefore, according to Mr. Cope, Mrs. Groninger must recuse herself in the vote because it will benefit a direct family member, being her sister. He added that otherwise, it is a felony ethics violation for her to vote to allow her brother-in-law to do legal work. Mr. Carl asked how Mr. Brosius benefits financially. Mr. Cope said that if Mrs. Groninger votes on it, he is filing a complaint on it. Mrs. Groninger stated that she is not recusing herself. Someone asked how it benefits Mr. Brosius if he is doing the work for free. Mr. Cope replied that he is not going to do the whole thing for free. According to the superintendent of the plant, Mr. Brosius is doing the Articles of Incorporation for free. There is going to be a lot of other legal work. That is just one step in creating all this stuff. He said that they couldn't tell him that there's going to be all this legal work, putting millions of dollars together and he's going to do it for free, and represent both Northumberland Sewer Authority and Point Township Sewer Authority. Mr. Brosius responded that each authority, on its own, has decided that he would be its solicitor. Mr. Cope said that he is going to get compensated. Mr. Brosius said that he is getting compensated now. Mr. Cope replied that therefore it is an ethics violation of his sister-in-law to vote on it, to give him the work. Mr. Brosius thanked him for his opinion. Mrs. Groninger asked if Mr. Cope really needs her vote so he can have some work on the sewer authority. She told Mr. Cope that he is despicable. He responded by saying look who's talking, adding that she is selling people out in a town she has lived in all her life.

Mrs. Reed said that she feels that everyone is missing the point. She thinks that things should slow down, that a couple of months won't make a big difference. She said that she is not against the merger, but wants council to obtain all the facts before they move forward.

Mr. Carl said that he personally feels that council has talked about the topic enough. If it's voted down, it's voted down. If it is voted up, it's voted up and will be up to the ten members to decide what to do with it. Mr. Sees said nine members. Mr. Carl said that if it is nine, the council will vote to appoint the tenth.

Mrs. Reed said that has not heard why this vote needs to happen tonight. Mr. Carl said that no one can say when the vote has to happen. Mrs. Reed responded that she does not feel that anyone is informed, including the sewer authority. Mr. Libby added including the Borough's solicitor. Mrs. Reed said that the council is now sure why he is not, adding that the council members are supposed to be representing the Borough and have their best interest and she is not sure the council is taking enough time to gather enough information and she's not sure why.

Mr. Carl said that he personally does not see this as a negative thing for the town, to merge these two authorities together.

Mr. Long made a motion that the resolution be filed for examination in the Borough office and the copies introduced to each council person be adopted by Borough Council. Mrs. Groninger seconded the motion. Roll call vote: Mr. Carl, Mrs. Groninger, Mr. Long and Mr. Orner voted aye; Mr. Reed and Mr. Wetzel voted nay. Motion passed 4-2.

Resolution H-2011 follows:

BOROUGH OF NORTHUMBERLAND
NORTHUMBERLAND COUNTY, PENNSYLVANIA

BE IT RESOLVED, and it is hereby Resolved by the Council of the Borough of Northumberland that:

1. Council intends to organize a joint municipal authority with Point Township to be known as the North-Point Sewer Authority for the purpose of acquiring, holding, constructing, improving, maintaining, operating, leasing either as lessor or lessee, or owning sewers, sewer systems or parts thereof, sewage treatment works, including works for treating and disposing of industrial wastes for the Borough of Northumberland and Point Township and for such other territory as it may be authorized to serve, pursuant to the provisions of the Municipality Authorities Act, 2001, June 19, P.L. 287, No. 22 § 1 (53 Pa.C.S.A. §5601 et seq.), and it is said Council's intention that the Northumberland Sewer Authority grant and convey to the North-Point Sewer Authority all assets being utilized by or available for use by the Northumberland Sewer Authority in the operation of its sewer system together with all rights and privileges associated therewith, and to assign to said the North-Point Sewer Authority all obligations incurred by the Northumberland Sewer Authority in the operation of its sewer system and have the North-Point Sewer Authority accept said assets and assume said obligations.
2. The President of Council and the Secretary of the Borough are authorized and directed to execute the Articles of Incorporation of the North-Point Sewer Authority, a copy of which is attached hereto.
3. The proper officers of the Borough are directed to cause notice of this Resolution to be published at least one time in the Northumberland Legal Journal and at least one time in a newspaper published and in general circulation in Northumberland County, in accordance with the aforesaid Municipality Authorities Act, and to perform all other acts and things necessary to effect the organization of North-Point Sewer Authority, including but not limited to, the filing of the Articles of Incorporation with the Secretary of the Commonwealth of Pennsylvania.

ADOPTED as a Resolution of the Council of the Borough of Northumberland, Northumberland County, Pennsylvania this 28th day of November, 2011.

Janice R. Bowman
Secretary

Gregory D. Carl
President of Council

This is a true and correct copy of the Resolution to be considered and voted upon by the Northumberland Borough Council on November 28, 2011.

Janice R. Bowman
Northumberland Borough Secretary

Mayor Zboray asked if council would entertain his motion. Mr. Wetzel made a motion that the Northumberland Borough council requests that all land conveyed to the Northumberland Sewer Authority be transferred back to the Borough. The current lease with the Northumberland Sewer Authority at a rate of \$1.00 per year would be cancelled. A new lease for built assets only would be created with a lease payment of \$50,000 per year payable to the Borough of Northumberland by the North Point Sewer Authority. Mr. Reed seconded the motion. The motion was passed with a vote of 5-1 with Mrs. Groninger casting the dissenting vote.

Mr. Carl adjourned the meeting at 7:47 p.m.

Respectfully submitted,

Janice R. Bowman