

Summit Hill Borough Council
November 18, 2014, 7:00 p.m., Borough Hall

The special meeting of the Summit Hill Borough Council was held at the above time and place with President Pro Temp Bill Chapman presiding.

Roll Call – Michael Alabovitz, Greg Kosciolk, John O'Gurek, Bill Chapman and William O'Gurek were in attendance. President Jesse Walck and Vice President Mike Kokinda were absent.

Bill Chapman said this is an informal meeting to discuss the merger with the Summit Hill Water Authority and would like to open the floor up to whomever has questions. The ordinance has already been advertised and it will be brought before Council at the next meeting. There are several issues that have been discussed not only in the public but by letter; one of them being the Worker's Comp Insurance. Bill asked Solicitor Velitsky to start the meeting.

Solicitor Velitsky said he is not really sure what the Summit Hill Borough Council is actually doing. He said it was mentioned about a merger, he understands that the Summit Hill Water Authority is its own functioning authority that has been in existence since 1955; over 60 years old. It is a separate organization that owns real estate, has a mortgage on the solar system, projects that have been done through the authority, have an agreement with PPL about the solar system, grant that was obtained for the solar system and they have employees that have been outstanding with the Water Authority and the Summit Hill Borough Council took it upon themselves without one meeting with the Water Authority or without coming in and asking any questions. Not one person from Council came and said one word about merging or taking over the Water Authority. He doesn't know how they plan on doing it without meeting with someone on the Water Authority and making a transition. There is real estate in White Bear, right away agreements, bank accounts and other obligations. The just finished up with solar system deal and there is a substantial amount of money being requested by the gentleman that did the work but they do not want to pay him. He stated that he doesn't know what the Council even knows about it because they never came to a meeting. Solicitor Velitsky said there was never notification given, he had to read about it in the newspaper. He said he had a few unofficial conversations with Attorney Greek. He doesn't believe that he was authorized by the Council to discuss it with him. He feels that Council is moving in a direction that he doesn't feel is proper. Eventually there is a procedure to take over, not merge. But Council better make sure their I's are dotted and their T's are crossed. What happens to the real estate; he hasn't researched it. He feels that this is something that needs to be looked into. He still can't believe that this is the first time Council is even meeting with the Water Authority and someone brought this up at a Council meeting how many months ago. You would think that someone would have said let's have a meeting, what do you plan on doing, what money is coming in, where is the money going, what are your obligations, what is the plan for the future, what does the borough need. Originally the authority was formed as a separate functioning unit so that they would take care of the water and he feels that they have done a fine job. Compare the water rates of Summit Hill to other rates in the area, they have kept the rates down. As you know, there is a lot of work needed to the system. After talking with Mr. Alexander, they have been working with the engineers because water line have to be replaced and things have to get done in the town. Hydrants need attention because some work and some do not. So there is a lot of money that has to be spent. Velitsky stated that he has heard over the years from previous Councils that the Water Authority has money but the money is there for projects. It is not there to pay the Summit Hill garbage bills or any other bills. He doesn't know if the theory for taking the authority over is because they think they are going to get the additional money and it is going to help with the budget. He thinks it is quite a responsibility and he doesn't know how the Council is going to form another committee to run the authority because it does not run itself. As you know, there are separate solicitors, separate engineers, they do their own billing, they have their own employees and they have to be certified by the state. You just can't go and send a borough worker down to the pump house. It would have been much better for Council to work with the Water Authority. He say something that was said and it indicated that they wanted the resignation of the board members on the

authority. He stated that there are quite a few things that need to be addressed before you get disband them. If you make the motion to take over, who owns the property and how do you transfer it. No one knows and he hasn't researched anything because was not authorized to do so because he is hoping that Council knows what they are doing. He feels that it would have been a much better procedure if they would have come to them first and explained why they were doing it and this is what we are going to do. He isn't saying that Council can't take it over, he just hopes they know what they are doing. When you take it over, what is going to happen with the income, do the tax payers know where the water bills are going to go, does anyone know what the existing water bills are that they have, does Council know that there is a minimum, does Council know how many people are on the system. Maybe Council got the information from someone but not one member of the board was asked by a member of Council. There are five members on the board, which are appointed by the Council. There were always people on the board because they knew what was going on. He wrote a letter to Council and feels that is why the meeting is taking place. He said he would like to know what the borough Council is going to do once the authority is disbanded. As the solicitor of the authority, he advised the board members not to resign until they are sure that whatever has to be done legally is done. When they got the mortgage with the bank, they also got a grant for \$500,000, but the bank wanted to know the income of the authority because they were lending the money knowing they can take their income. What happens to this once it is taken over by the borough. The board is willing to do whatever is for the best interest of the borough. Again, he isn't sure why it this is being done, but just make sure it is done right and make sure that when you are done with this project, the people who are the customers of this town are protected. This is all something new and he feels that Council is jumping into this without knowing what is going on. A member of the board made the statement that they feel we should make a transmission so that Council know what is going on. The five members of the board have devoted their time to this town and now you are saying submit your resignation. He just asks that Council does all the proper research so that when this is done, Council knows it was done right.

Bill Chapman stated that at this point we know there will be bumps in the road and we understand that we need to do everything right. We are going to make this transition as smooth as possible. If it doesn't happen January 1st, then it will happen February 1st and if not then, then March 1st. It is going to be a transmission that everyone is going to be able to live with. Council has all the trust in the world with the board and they appreciate what they have done. This is something that has been discussed and feels that everyone is going to have questions and it is all going to have to be worked out. Attorney Velitsky asked why Council is doing this; Bill answered, why not. Bill asked why we need an authority. Velitsky said because they are functioning in a special capacity just taking care of the water system, which is what they are designated for. The borough has streets and everything else to worry about and now you are going to have to run a Water Authority. Kira can't do it because she has her own function with the borough. You say why not, but there has to be a reason. Yes, there is money but with that comes the expenses and responsibility too. They are part of the Delaware River Base Authority and the authority gets notices about water and what they do, not sure if they have to be notified. If you are doing this for a purpose, then explain the purpose and tell me why, not why not.

Mike Alabovitz said that this will be for the best interest of the citizens. There are other towns that run without an authority and they get better service and more cooperation. We are going to save money with this transaction. Attorney Velitsky asked how. Mike said we will no longer have two solicitors, no longer have two boards and won't have a lot of functions that are taking place with both departments. We can share some employees back and forth, like the office staff. Look at Lehighton they have a separate power company. You can't use that money from income for one purpose and spend it on another and those things are not going to happen here. He said that the water is still going to run the way it is running. If we know a water line needs to be replaced we coordinate street reconstruction with water line replacement and not have to rely on someone else saying we are or not going to do it. These are all things that we have looked at. We are going to do things for the long haul. Most of the water lines have been around for 100 years and no one has done anything but put patches on them. Ride around town and see all the patches in the street. We fix a street and a few weeks

later someone is digging it up to replace a water line; we have the same issues with the sewer line too. They both need to be address and they will be addressed together.

Joe Kosalko, East Mountaintop Road, stated that he is very concerned as a tax payer. First of all you never had a public hearing, which you should have happened, to let people know what is going one. Next, Mike just mentioned about water lines. There are so many sewer lines that are just as bad that need to be replaced and you can't replace them because you don't have the money and you are going to be adding water line to your problems. Now you are going to have to put the taxes up to replace water lines. He said that Council really needs to think about this before doing anything. A few years ago it was mentioned to him and he thought it was a good idea and after hearing everything that Joe Velitsky just said, it really refreshes your mind as to what kind of problems are down the road. Bill Chapman said if you have to replace a water line it doesn't matter who replaces them as long as they are replaced. Joe Kosalko said you are not going to raise my taxes to replace a water line; they are not a taxing body. Mike Alabovitz stated that the money for the Water Authority will stay in a separate account just like the money for the streets stays in the street account. If there is a major break in the system and the lines have to be replaced the money will come out of their account and the only way to come up with water for the Water Authority is to raise the rates. Kosalko said so you use the money to fix a major problem now and then next year another major problem arises and there is no money to replace those lines, now you are taking out of the borough tax money. You are saying you won't do that but you don't know that. Mike explained that to do things right, the money needs to come out of the Water Authority. Kosalko said that it was mentioned that the employees need to be certified to run the pump house. What if Bob, who currently runs the pump house, goes out sick, who runs the pump house then. Mike asked who does it now if he gets sick. Michele Toniatti stated that we pray he doesn't get sick.

Michele asked if anyone has looked at the budget from last year. Mike said he hasn't but Jesse has and unfortunately he is not here. Michele said that he is the one who instituted this whole thing. He came and talked to her several times, got information and she understands that he already has the Water Authority budget done. Can you look at the budget from last year. If you do you will see that there is only enough money to do one block of a water line, not ten, just one block. They don't have millions of dollars like everyone thinks. Michele stated that there is tons of talk going around town and that is why they are trying to get everything organized so that they can see where they stand with the Water Authority, but they won't be an authority anymore because they can no longer be one once it is taken over. She was told it was going to happen January 1st. Mike Alabovitz said he feels that is a little mature and thinks that maybe one person said this but not all of Council. Michele said that things need to be reported correctly and she would really like to know where they stand as a water company. Mike said they would be considered a water department. Cathy Domarecki asked who would pay them since they would be borough employees. Mike stated that they would be borough employees but could still be paid by the water department's monies.

Patrick Leonzi, South Oak Street, asked what towns in a 30 mile radius and the same size as Summit Hill do not have an authority. John O'Gurek stated Tamaqua does not have an authority. Patrick stressed one town. Mike Alabovitz said Lansford doesn't have their own because they have a joint authority with Coaldale. Michael Greek stated that Tamaqua has an operating authority. He said that the Water Authority operates the water treatment plant, which is a separate entity, but the bills and everything come from the borough. Patrick said they are currently hiring people to watch the pumps. There is not a town within a 30 mile radius that does not have its own water authority and is the same size as Summit Hill or larger. Attorney Velitsky interjected stating that they were formed because of borrowing money. It was easier for an authority to borrow money unlike a borough council. He said if you had a million and a half dollars to replace a line in town, you will be forming another authority because the borough would never be able to borrow that kind of money. Velitsky also added that the original life of the authority was 50 years and back in 2005 they extended the life for another 50 years and he feels that the Council at that time felt it was an important function. The bond debt has been paid, it was a 40 year bond issue.

William O'Gurek asked if he heard things correctly. The operations of the Water Authority won't be effected and the money that is collected from the water rates is going to still be devoted to the water operations in town. So why are we going through the steps of dissolving the authority if everything is going to stay the same. Mike Alabovitz stated that right now there are two part-time employees and it may become one full-time employee or something along those lines. William stated that he feels we are being premature with this and there are a lot of questions of things that need to be looked at. We just found out last week that our workers comp rates will increase as a result of this and now we are going to have to ask the tax payers to take over this. We just advertised a budget that we didn't consider these rates in and it was a pretty substantial increase. Mike Alabovitz said he didn't see an increase it said possible. Velitsky said that if you eliminate the authority, the authority employees now become borough employees. So where do you stand with the union, would they have to become union members. Alabovitz explained that they could if they want to but if not, they would need to pay fair share. Michele asked if they are going to take two part-time employees and hire one full-time employee. Mike said it all depends on what her intentions are. He was told that she put a letter in to retire. Michele stated that she is planning to retire in June. Cathy stated that they are only part-time employees because that is what they chose to work. Michele added that she feels they do a pretty damn good job. Alabovitz said he does not disagree. Ron Gower said he would like to know what is inaccurate in the reporting, as far as he knew it was suppose to be January 1st and asked about the figure in the budget. He wanted to know if it was an accurate figure. Mike said he does not know who released that information. Ron said it is part of a tentative budget. William O'Gurek said it is part of the budget that was adopted at a special meeting. Joe Velitsky asked if the Water Authority functions are already part of the borough's budget. William stated that it is included for next year's budget. Mike Alabovitz said that he doesn't know who said January 1st or who released the budget information.

Bill Chapman stated that he feels it will be a good idea, since Jesse is the one who set this all up on the financial end, that they have another meeting to discuss this further. Velitsky asked where Jesse was tonight, especially since he was the main force in doing all of this and thought that he could answer some of these questions. Mike said that Jesse was the one who worked on the financial end of it. Chapman said that we will schedule another meeting and make sure Jesse is present to answer any financial questions that anyone has. He stressed that this is something that we are going to try and make as smooth as possible. Patrick Leonzi asked what Councilman did all the work and then the rest of them are going to take his word for it and agree with him. You are saying Jesse did all the work and everyone else just sits there and say ok fine and let's take action on it.

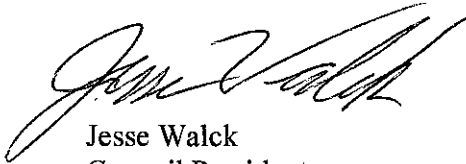
Attorney Velitsky asked about the mention in the paper about the board resigning and he advised them not to resign under any circumstances until everything is in order. Solicitor Greek stated that it is in the ordinance. He was asked to draft an ordinance and it is in there, which he saw in other ordinances from other municipalities. He said that it was a fall back that they had in there incase that were any issues or the members didn't cooperate. It doesn't have to be in there but felt it would be easier to add it before adoption and then eliminate that section before adoption so that they wouldn't have to enact another ordinance to add it. But it wasn't anyone on Council asking for it, he drafted it in to the ordinance. Velitsky said there has not been any communication at all and think about how far gone Council has gone with this and not had any meeting with Water Authority members who have run this for years. If I was a Councilman, I think I would want to know more about it before I voted on it and then do it just because it can be done. You would think you would want answers before you enact an ordinance. Mike Greek explained that you need the ordinance to make the declaration, which is a noted requirement to terminate. Joe Velitsky said that papers need to be filed with Harrisburg to dissolve an authority, then there is no longer an authority. Greek said the ordinance would be sent to Harrisburg to terminate the authority. He didn't go that far either. Velitsky asked that we sit down and work on this together.

Edward Kruzick asked if all members of Council voted on the transfer. There are seven guys on Council; did they all have a vote. John O'Gurek said that four people voted on it; three people were vacant. Ed said then all members of Council didn't vote. John explained that they had a quorum and that is all they needed to vote.

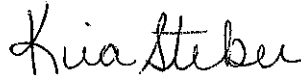
Bill Chapman again stated that we will schedule another meeting to discuss this further. In the meantime we will get our list a list of needs that we will have to work through and the solicitors can put their heads together as to how we go about getting this done and bring it back to the table. He will make sure Jesse is present at the next meeting.

Lou Alexander asked if Council's meeting is scheduled for Monday. Attorney Velitsky said that he would not be available. Mike Alabovitz stated that he feels the solicitors need to work through this before we can meet again. Velitsky feels that Jesse needs to be here since he is the moving force. Lou asked if that was true that Jesse Walck is the moving force with all of this. Bill Chapman said he is the moving force. Lou asked if it was his idea. Bill said not all of it was his idea. Mike said he did all the leg work for the financials.

Motion was made by John O'Gurek and second by William O'Gurek to adjourn at 7:38 p.m. until the next regular scheduled meeting on November 24, 2014 at 7:00 p.m. Motion opened to the floor for comment; none made. Motion carried unanimously by Council.



Jesse Walck
Council President



Kira Steber
Secretary/Treasurer