



## NGT Sewer Sale

# Introduction

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## Current BOS (6 yr term ends):

1. **Troy Wildrick** (January 1, 2028) top left
2. **David Unger** (January 1, 2026) top center
3. **Ted Gallivan** (January 1, 2028) top right
4. **Chair Stephen Allaband**  
(January 1, 2024) bottom left
5. **Vice-Chair Kristie Brodowski**  
(January 1, 2026) bottom right

**Note:** The sale of the sewer system spanned across the terms of multiple Board of Supervisors throughout the timeline of the sale of the sewer system, beginning in 2014

# Supervisors Statement

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We understand that the topic being discussed today is one of great frustration. The facts and the sequence of events are critical to understanding the complexity of the issues previous members of the Board faced. We have brought in numerous resources to answer questions by ratepayers received via email, phone, in-person, and previous meetings. Some of these topics may not be of importance to you personally. This does not negate the importance of the information to other parties or the facts of the case. Sometimes, we don't like those facts. Unfortunately, they cannot be ignored simply because we don't like it.

As Supervisors, we are sworn into office with the responsibility of looking out for the best interest of the Township, the residents we serve, and the community as a whole. While all of us whom have served in this role (past and present) were elected to fulfill this duty, when presented with facts x,y, and z we have to make the best decision based on the information we have available to us at that time. Some of these decisions are incredibly easy, while others are incredibly hard. The topic of the sewer sale falls into the latter. Each and everyone of us have ran for office with the best of intentions to assist those in need in our communities. As a human, you enter this role with every intention of doing the most good for the most amount of people. When you are actually in this position, you quickly come to realize that your personal opinion on a matter may be "x", but given the legal constraints or rules established for the Township, that option is not an option at all.

Please be patient as we work through this presentation.

# The objective of this meeting:

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- Provide New Garden Township residents and ratepayers with information regarding the sale of the sewer system
- Historical information (2014- Present)
- Allow consultants, solicitors, and other parties to provide critical details pertaining to the status of the sewer system
- Dispel rumors and misinformation with factual information
- Allow Aqua representatives the opportunity to discuss rate changes directly with ratepayers
- Review actions taken by the Township to assist ratepayers
- Actions for ratepayers moving forward

# Agenda

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1. Rules
2. KWA Questions
3. Overview of Sewer Sale
4. Follow-up regarding “rate stabilization fund”
5. Actions by the Township for ratepayers
6. Summary of Sewer Funds distributed
7. Independent third party review
8. Aqua presentation
9. 5 min recess
10. Resident and ratepayer Q&A

# Rules

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1. Be respectful. Those causing a disruption will be asked to leave.
2. In order to get through the entirety of the content planned for this evening, we ask that **questions and comments be held off until the end**. Duplicate questions will be consolidated.

# KWA Questions



The NGT BOS reached out to KWA for questions in advance of Nov 21, 2022 mtg to ensure their involvement  
No restrictions were placed on KWA for questions.

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1. NGT claimed the sewer system needed a multi- million-dollar investment because of required capital improvements. We want to see the specifics of those improvements and their status.
2. To pay for these improvements, NGT estimated our rates needed to go up by 70%. We want to see the details of this estimate. We want to see the financial status of the sewer system at the time of the sale.
3. The original agreement with Aqua included a two-year rate freeze and eight more years with a 4% cap on annual growth. Why were the freeze and cap removed?
4. Prior to sale closing NGT instituted a 30% rate increase over a three-year period. With the sale imminent, why was this increase needed?
  - a. [Source here](#)
5. NGT promised to create a “rate stabilization” fund to help offset increased rates under Aqua. Does the Township intend to fulfill this promise?
6. In the final approval of the sewer system sale, the PUC ordered Aqua to set a rate structure for NGT equal to the rates of Aqua’s Zone 1. In the final tariff, NGT rates far exceed those of Zone 1. As a party to the agreement , does NGT intend to take action to assure the agreement terms are met?

\*Source: Email received by Pete Mrozinski to Chairman Allaband dated 11/11/22 at 5:37 PM EST, titled “Subject: November 21 Meeting Issues”

# Overview of the sewer sale evaluation process

-Vince Pompo: Former NGT Solicitor

-Spence Andress: Director of Planning and Projects



- Appointment of the Sewer Sale Evaluation Committee
- Issuing a Request for Proposals
- Receiving and evaluating the proposals
- Preparing the Asset Purchase Agreement
- Submission of the Asset Purchase Agreement to the Public Utility Commission
- Processing time extensions related to closing the transaction
- Amending the Asset Purchase Agreement



## Overview of the Public Utility Commission process

-Vince Pompo: Former NGT Solicitor during sale of system

-Spence Andress: Director of Planning and Projects



- Submission of the Asset Purchase Agreement to the Public Utility Commission
- Review of the application by various agencies
- The role of the Administrative Law Judge
- Initial approval by the Public Utility Commission
- Appeal to Commonwealth Court
- Requirements imposed by the Commonwealth Court Decision
- Preparing the Settlement Agreement
- Recommended Decision by the Administrative Law Judge
- Reprocessing the application by the Public Utility Commission
- Final approval of the sale by the Public Utility Commission

**KWA Question 5:** *NGT promised to create a “rate stabilization” fund to help offset increased rates under Aqua. Does the Township intend to fulfill this promise?*

What will the Township do with the proceeds from the sale?

- First, pay off the debt of the System.
- Second, reserve funds to satisfy pre-existing obligations of the System and to financially secure the contractually capped rates.
- Third, invest in the following capital improvement and maintenance programs, such as:
  - Replenish the general fund funds used for construction of the new police building
  - Bridge and/or road construction capital improvements
  - Replace box culverts on Chambers, Ellicott, Bancroft, and Egypt Run Roads
  - Provide local match for the Newark Road and Baltimore Pike Intersection
  - Increase the annual road resurfacing program per the Arro Road Study
  - Establish a capital fund for the maintenance of Township facilities
  - Establish a capital fund for vehicle and equipment purchases
- Fourth, invest a minimum of 50% of the proceeds in long term, laddered securities with a minimum 10 to 50 year maturity.
- Fifth, establish a tax stabilization fund to offset future real estate tax increases.
- Sixth, provide funding to the Park Fund and complete ongoing expansion of the park.

Per the FAQ listed on the website, a “tax stabilization fund” is to be created. Not “rate stabilization” fund.

Further explanation on slide 11 dating back to 2016, per Chester County Press.

Rate mitigation efforts were removed from contract due to PUC.

Source: [Sewer FAQ NGT Page](#)

# Chester County Press



**Tax  
Stabilization  
Fund  
communicated  
in 2016**

wastewater service to customers. Aqua will also complete all modifications, improvements and requirements, in order to meet all regulatory agency requirements, and make all repairs to the sewer system's infrastructure, which would save the township from having to shell out an estimate \$12 million over the next four years, as specified in the New Garden Sewer Authority's five-year plan.

Proceeds of the sale will be targeted toward paying off the debt on the sewer system, reserving funds to satisfy pre-existing obligations of the system; establishing capital funds for vehicle and equipment purchases; funding several capital improvement and maintenance needs, such as repairing roads and bridges; establishing a tax stabilization fund to offset future real estate tax increases; and providing funding for the township's park.

Proceeds from the sale are also expected to go into the construction of a new home for the newly formed Southern Chester County Regional Police Department, a merged cooperative between the New Garden Township Police Department and the West Grove Borough Police Department. As a result of the purchase, Aqua will complete all infrastructure repairs to what many in the township have deemed an outdated system, saving the township from having to invest about \$12 million over the next four years, and passing off savings to its new customers.

Chester  
County PRESS

Source: [ChesCo Press Article](#), 08/16/2016 12:48PM • By Richard Gaw

## “Sale negotiations are held behind closed doors with no public input”

- 3 of the 5 former Board Members were ratepayers. These Board members were elected officials selected by the residents of the Township.
- All meetings were held in public & advertised in accordance with requirements.
- Township newsletters, meeting minutes, and consulting documents that were shared providing updates to the process can be found on the Township website going back to 2015.
- Local news sources reported on the sale of the sewer system
  - [Here](#) , [Here](#), and [Here too](#)

\*Source: "Pennsylvania needs to declare a time out on the sale of municipal water and sewer systems "  
Oct. 18, 2022, 1:49 p.m.

# What actions have the Township taken to support ratepayers?



Approximately \$45,000 in Taxpayer dollars spent on this investigation to date.

- Filed a complaint with the PUC to formally object to the scheduled rate increase. PUC overturned (Slide 14).
- Hired independent counsel to investigate the transactions pertaining to the sewer sale (Offit Kurman).
- Formally wrote a letter of support for CWA to PUC on behalf of residents opposing the takeover of CWA.
- Hired conflict counsel for potential conflicts of interest (John Rice, Esq)

# PUC Rate Increase Opposition by NGT



[Home](#)

## PUC Rate Increase Update

POSTED ON: OCTOBER 19, 2021 2:35PM

As we briefly discussed at last night's Board of Supervisor's meeting, the PUC is investing the proposed Aqua rate increase and is pausing for 7 months. If you would like more information, you may access the entire article [here](#).

The letter requesting a local public hearing that was filed with the PUC can be viewed [here](#).

The Township staff is working on an internal document answering common questions regarding the sewer sale, that will be shared online with residents once complete.

Thank you!

Source: [Rate increase paused](#)

# Summary of Distribution of Sewer Sale Funds

## Distribution of Sewer Sale Funds

### Background:

Overall Plan for \$29,756,567.05

- \$256,567.05; refund from Aqua for our payments to Avondale from our agreement date August 2016, through our closing date of December 21, 2020. These monies will remain available for any further sewer expenses in closing the deal. The Township still has the responsibility for future sewer planning.

Balance:		\$29,800,000.00
Police Building:		
Pay off loan:	\$3,012,509.45	
Advance from TWP:	1,444,204.13	
Debt already paid:	120,634.98	
Total Police Building	\$4,577,368.56	(\$4,577,368.56)
<i>Other Approved reimbursed expenses:</i>		
Park Phase II	\$665,000.00	
Sewer Revenue Fund	\$175,000.00	
PIB Loan	\$389,000.00	
Kennett Library	\$300,000.00	
AED's	\$15,910.00	
Steel Plate Somerset/Buttwood	\$23,500.00	
Funds for 2022 Stormwater Prgm	\$211,573.00	
Avondale Ambulance	\$300,000.00	
2021 St. Anthony's reserve fund	\$250,000.00	
2022 St Anthony's annual transfer	\$100,000.00	
Codes Caselle Software	\$9200.00	
Township Building Loan	\$120,650.00	(\$2,559,833.00)
Balance:		\$22,362,798.44
Investing:	\$21,774,761.44	

- In accordance with intended usage for Sewer Sale funds (source below), funds used thus far for capital improvements, infrastructure, services, and payoff of accrued debt \*
- Due to lack of funding, roads and infrastructure were not previously invested appropriately
- No tax increase since 2014
- Every one of these items was approved and discussed at public meetings

\*Source: [Sewer FAQ NGT Page](#)

## Third party counsel hired

- Neil Morris, Esq Offit Kurman
  - Max McCauley, Esq, Offit Kurman
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- Review of Factual Findings
- Review of Aqua Rate Increase



## Submission of the Rate Case by Aqua

Marc Lucca- President of Aqua Pennsylvania

William Packer- VP/Controller of Essential Utilities

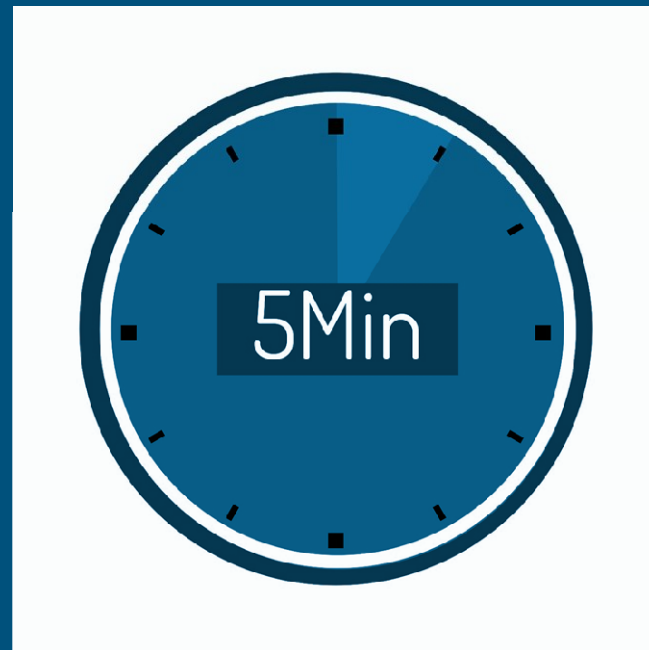
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To present their own content

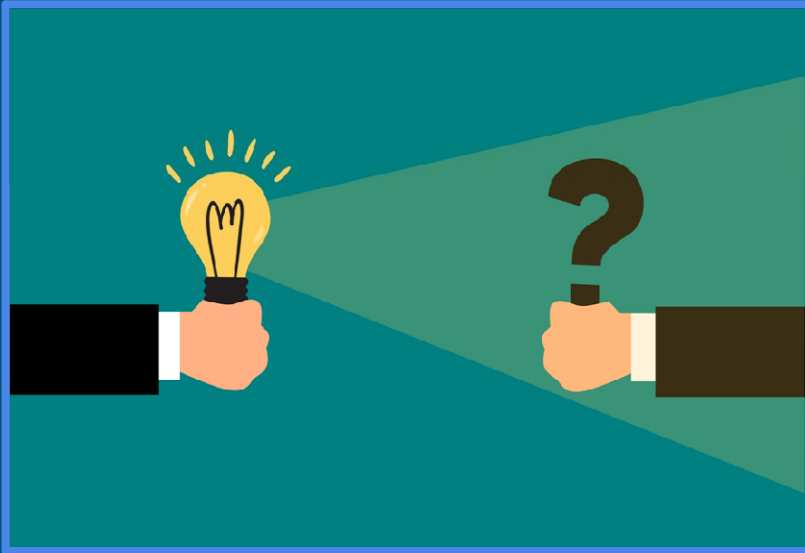
# 5 minute recess

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# Q&A

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## Process:

- Please state your name and address for the record
- Must be a NGT resident or taxpayer to speak
- 3 minutes to ask questions or make a statement
- After 3 minutes, please return to seat
- Please refrain from repetitive questions, they will not be answered
- Meeting is being recorded and a link will be provided on Township website for future reference.