

POCONO AND HAMILTON TOWNSHIPS SEWER SYSTEM PROJECT

June 6, 2012 Informational Meeting

R.K.R. Hess Project No. 08038.22

MINUTES

The June 6, 2012 Sewer Meeting was held at the Northampton County Community College, Monroe Campus Site, off of Old Mill Road in Tannersville, PA in order to accommodate the large number of the public that were anticipated to attend. The meeting opened at 6:00 P.M. with the Pledge of Allegiance.

ROLL CALL / INTRODUCTIONS:

The format of the meeting was to provide a panel made up of the Pocono Township Supervisors and their Consultants to make some brief opening statements on the status of the Pocono and Hamilton Townships Sewer System Project and then to be available to answer questions and address comments from the audience. Speakers from the audience were requested to provide their names for the record, and to keep their comments under two minutes.

The following were present on the panel:

- Frank Hess, Chairman – Pocono Township Board of Supervisors
- Harold Werkheiser, Vice Chairman – Pocono Township Board of Supervisors
- Henry Bengel, Supervisor – Pocono Township Board of Supervisors
- Frank Froio, Township Administrator – Pocono Township Supervisors
- Timothy J. McManus, Esq. – Pocono Township Sewer Solicitor-Cramer, Swetz & McManus, P.C.
- Jens Damgaard, Esq., Bond Counsel – Rhoads & Sinon
- Samuel M. D'Alessandro, P.E. – R.K.R. Hess Associates
- Russell D. Scott IV, P.E., Project Manager – R.K.R. Hess Associates
- Christopher Gibbons, Financial Advisor – Concord Public Financial Advisors, Inc.

Each of the panel members introduced themselves to the audience.

DISCUSSIONS:

- Tim McManus opened the meeting by dispelling some of the rumors and misconceptions revolving around the Pocono Township Sewer Project. First, Tim stated that the Pocono Township Supervisors fully intend to complete the sewer project and that the project is proceeding towards this goal. Second, Great Wolf Lodge has not stated that they are not interested in connecting to the central sewer system. Tim noted that negotiations with Great Wolf Lodge are ongoing and that Great Wolf Lodge has not yet made a decision as to whether or not they will connect. Third, as far as Pocono Mountain School District, the Township disagrees with recent statements made by School Board Members that the Pocono Mountain School District East Campus does not need to connect to the Central Sewer System. Tim noted that the School District originally approached the Township with interest in connecting, was included in Pocono Township's Act 537 Sewer Plan, agreed to the formation of a Tax Incremental Financing (TIF) District to fund the sewer construction, and may be required, under the conditions of their existing permits, to connect to the sewer system when sewer service is available.

- Sam D'Alessandro went over a brief history and timeline of the sewer project.
- Tim McManus touched on the conditions imposed as part of the Act 537 Plan approval, notably the requirement for sewage planning modules and alternative analysis for any new development or change of use which results in an increase of sewer flow of greater than 800 gallons per day (GPD).
- Jens Damgaard spoke about the ongoing negotiations with Great Wolf Lodge. Jens noted that while the Township cannot likely force Great Wolf Lodge to connect to the Central Sewer System, the Township hopes to entice them to connect by offering a discounted tapping fee for any customers who connect in the initial round of connections.
- Tim McManus explained a number of the issues and agreements which came about when Pocono Township became a partner in the Joint Municipal Sewer Project to develop a regional solution for the sewage disposal needs of Stroudsburg Borough, Stroud Township, Hamilton Township, and Pocono Township. Specifically, the items discussed were:
 - The Memorandum of Understanding between the Municipalities,
 - The Inter-Municipal Cooperative Agreements between the Municipalities,
 - The Letter of Intent for Sharing of Funds should any of the parties be successful in obtaining H2O PA Grant funding.
 - The cost for Pocono Township to "buy in" into the assets and property of the existing Stroudsburg Sewage Treatment Plant (\$3.9 Million)
 - The "gap" or "donut hole" in financing of the Joint Wastewater Treatment Plant Upgrade (the \$3.0 Million gap between \$32.0 Million to \$35.0 Million) which was addressed via the Funding Agreements
 - The requirement that Pocono Township apply the entire H2O Grant to the collection system, as opposed to the WWTP as agreed to in the Letter of Intent thereby distorting the percentage of capital contribution required of Pocono towards the Joint Municipal Wastewater Treatment Plant (WWTP).
- Sam D'Alessandro spoke briefly about the Pocono Mountain School District Connection. He said that the Township was surprised when the School Board said they did not want to connect, despite the permit condition requiring connection. He indicated that the Township was seeking a determination from the Pennsylvania Department of Environmental Protection (PA DEP) on this matter.
- Next, Sam D'Alessandro spoke about the basis for determining an Equivalent Dwelling Unit (EDU) as 247 gallons per day (GPD). He also went over how the User Fee calculations were determined based upon projected operation and maintenance expenses and debt service expenses for both the Sewer Collection System and Pocono Township's share of Joint Municipal WWTP. The current projected User Fee of \$1,369.00 per EDU per year assumes the "worse case scenario" where Great Wolf Lodge does not connect in the initial period. Sam noted that if an extra 100,000

GPD in flow from other properties, whether in the existing service area or an expanded service area under an Act 537 Plan Amendment, it would bring down this user fee projection substantially.

- Tim McManus noted that the current User Fee Projection of \$1,369.00 is not far off from the projected user fee of \$1,295.00 per EDU per year documented in the approved Act 537 Plan for the Joint Municipal Sewer project.
- Next, Ken Brown, Manager of the Brodhead Creek Regional Authority (BCRA) was introduced as being in attendance in the audience. Ken explained that the BCRA currently provides public water service along the Route 611 corridor in Pocono Township and has been charged with the responsibility of overseeing and operating the Joint Municipal WWTP in Stroudsburg. While Ken is not representing Pocono Township on the panel, he indicated that he is available to answer any questions regarding the progress of construction on the upgrade of the Joint Municipal WWTP.
- Next the meeting was opened up to public comment and people were asked to approach the podium and state their name in order to raise their questions and comments. The following is a list of persons with their questions or comments paraphrased and any responses from the panel:

1. DAVID PEARSON (from Frantz Hill Road and the owner of the JCI Cigars property) asked about the proposed rate structure and reservation of capacity.

Response: Jens Damgaard talked about two options available under the law if the Supervisors decide to allow property owners to reserve capacity for proposed or existing structures:

- A. by paying the tapping fee in full, upfront, for the amount of capacity reserved, pay no reservation fee and not pay the user fees until the time of connection; or
- B. by paying a monthly reservation fee for the unused capacity equal 60% of the regular user fee for that capacity, and paying the applicable tapping fee that exists when the capacity is utilized for connection.

Mr. Pearson also asked if property owners will have the ability to sell EDUs of capacity from terminated projects or reduced use properties to other developers, as capacity becomes more limited.

Response: Jens Damgaard stated that discussions to date have been that assigned capacity remains with the original property and cannot be sold to other property owners. Any unused or freed-up capacity will remain under the control of the Township, and tapping fees will not be rebated if the need for capacity by a particular property is reduced.

Mr. Pearson made a statement that as the discount on the tapping fee (\$3,750.00 - \$2,500.00 = \$1,250.00) is less than the projected annual user fee (\$1,369.00 per EDU), a property owner may be better off waiting a year to connect.

2. SAM COUNTERMAN (Pocono Lane, Bartonsville) – Mr. Counterman reported that since the completion of the sewer construction there has been a drainage issue with water running off Pocono Lane and washing across his driveway. He also reported that one of his property corners was removed or disturbed and needs to be restored.

Response: Sam D'Alessandro responded that he was not aware of the drainage issue or the disturbance of the property marker, but that R.K.R. Hess would investigate these issues.

Mr. Counterman also indicated that because of where his house is situated on the lot, he may need to have a grinder pump installed to connect to the sewer system, and that the cost would be significant to him. He said that he does not have the money to connect to the sewer system.

3. ESTHER THOMAS (Bartonsville) – Mrs. Thomas indicated that she was never informed that central sewer was coming to her neighborhood. She cannot afford to connect to the sewer system and she does not feel that she should have to as her septic system works fine. She mentioned that she had heard of a project in Pike County where the PA DEP had given property owners grinder pumps and tanks to connect to the new sewer system. She said that she needs help in paying for the sewer connection costs. She does not want a lien placed on her property.
4. SUSAN DELABERTI (Tannersville) – Ms. Delaberti stated that she felt the Township should serve the purpose of protecting the people. She stated further that the former Supervisors were only thinking about Sanofi and grants.
5. DEBORAH GRIFFIN (Tannersville) – Ms. Griffin stated that she owns property on Learn Road in Tannersville and cannot afford to raise the rent any higher. She inquired as to why Learn Road was included in the sewer service area.

Response: Russ Scott replied that Learn Road is in the approved Sewer Service Area under the Act 537 Plan. Originally, the proposed service area was much wider, but this original service area was reduced greatly at the direction of PA DEP and limited to properties within a certain distance of Route 611 and Route 715 in Pocono Township. Russ also noted that the properties along Learn Road are in a commercial zone and, therefore, it was thought appropriate that sewer service be provided along Learn Road.

6. ELLEN COCO (Tannersville—owner of Chics Lamps) – Mrs. Coco stated that the Township should go after gambling money and the gambling money should pay for the connection of customers. She also stated that sewer should have been put in 15 years ago and blames the former Supervisors for not constructing it at that time. She also stated that when water service was provided along the Route 611 corridor, Great Wolf Lodge and other large properties needed it but she did not need central water. She also stated that she cannot afford to connect to the Central Sewer System.

7. FRANK CARDAMONE (owns properties in Scotrun and Bartonsville) – Mr. Cardamone stated that his property in Bartonsville is scheduled to be connected to the sewer system. He lives on Social Security and cannot afford to connect. He also mentioned Mr. Charles Russo who lives at 3 Bartonsville Circle in Bartonsville. He noted that Mr. Russo is very ill, lives on a fixed income, and cannot afford to connect to the sewer system.
8. ROB FISHER (Scotrun) – Mr. Fisher asked has there been any discussion with local banks for loans to help small businesses pay for sewer connections and finance tapping fees.

Response: Frank Hess stated that the Township is looking into options for local banks to provide assistance with tapping fees and connections. Further, the Township will look into the availability of grants, perhaps through County Assistance Programs, to assist property owners who cannot afford to connect. Jens added that while the Township may be able to facilitate property owners receiving assistance from local banks, the Township cannot pledge its taxing powers in support of loans for individual property owners.

9. JIM ERTLE (Kunkletown, with property owned in Hamilton and Pocono Townships, notably Big Daddy's BBQ Restaurant) – Mr. Ertle restated that PA DEP condition for alternative analysis on new properties over 800 GPD is an unfavorable condition and will cause problems going forward. Jim agreed that the Township should look into giving breaks to current residential property owners and feels that it may not be fair for them to connect. Jim also stated that it is his understanding that the sewer collection system is sized for more than 2.0 million gallons per day (MGD). Jim expressed concerns about the future of the area and urged residents and property owners to watch for changes in regulations and to stay engaged in local and state politics. He stated that environmental groups have substantially escalated the costs of developing property. He stated that PA DEP made changes to Chapter 102 Erosion and Sedimentation Control Regulations behind closed doors without public input, and that the Delaware River Basin Commission (DRBC) increased setbacks from streams to 75 feet, which impacts the value and potential of development on properties. He also stated that the Federal Emergency Management Agency (FEMA) recently made changes to the floodplain mapping which substantially impacted his property and many others.

Response: Frank Hess noted that the Township is currently working to revise the Act 537 Plan to eliminate the 800 GPD Alternative Analysis condition. Frank asked for people to come out to public meetings, to ask questions, and to provide input.

10. FRANK RUGGIERRO (Tannersville) – Mr. Ruggierro asked if Sanofi, Great Wolf Lodge, and the Pocono Mountain School District Campus were all included in the sewer project.

Response: Sam D'Alessandro responded that originally all three properties were included in the Act 537 Plan and in the sewer project, as they all expressed an interest in connecting to the central sewer system. At this point, Sanofi is definitely in the sewer project by Agreement. Sam also believes that the Pocono Mountain School District is in the sewer system based upon the conditions in their current permits. With regard to Great Wolf Lodge, Sam noted that while the Township cannot force Great Wolf Lodge to connect to the sewer

system, as they do not have this condition in their Discharge Permit, he is hopeful that Great Wolf Lodge will connect.

Next Mr. Ruggiero asked if a Mandatory Connection Ordinance would be passed.

Response: Sam D'Alessandro stated that the Township would be required to pass a Mandatory Connection Ordinance as a condition of its financing on the sewer project.

Next Mr. Ruggiero raised a question as to the reported problem with one of the sewer lines installed by a Contractor in Lower Tannersville.

Response: Sam D'Alessandro responded by noting that this section of sewer line was not installed by conventional methods but rather by horizontal directional drilling and that it is the Township's position that the Contractor did not meet the specifications of his Contract.

11. CHRIS SARAJIAN (Tannersville) – Mr. Sarajian stated that the 800 GPD condition requiring alternative analysis for new connections did not make sense. Further, he inquired that if a developer uses the central sewer system as a reserve/replacement area for a new project, is that developer required to pay the tapping fee? Specifically, Mr. Sarajian inquired if the new Dairy Queen project in Tannersville, which is not proposed to connect to the sewer system, was required to pay a tapping fee to reserve capacity in the future as part of its Land Development Approvals. Mr. Sarajian reiterated Jim Ertle's previous concerns about the new setback requirements being a problem. Mr. Sarajian feels that the setbacks have substantially affected the buildable land area on properties.
12. SCOTT KRAMER (Tannersville, owner of Pocono Peddler's Village) – Mr. Kramer stated that he was considering purchase of the former Matti's Restaurant Property along Route 611 south of the intersection with Stadden Road, but did not pursue the purchase after he learned that this property is in the 10 Year Sewer Service Area and is not proposed for immediate connection to the sewer system. Mr. Kramer inquired as to why the former Matti's Restaurant property and the adjacent property (strip mall with Oltman's Construction and Tie Die Dave's store) were not provided sewer at this time.

Response: Russ Scott noted that while these properties are in the approved Sewer Service Area, they were designated as being in the "10 Year" or future service area, as it was not cost effective for the Township to extend the sewer mains to these properties at this time. The Matti's Restaurant property has been vacant for a number of years, much of the Oltman's strip mall property was also vacant, and the nearby residential properties were fairly spread apart and had not expressed an interest in connecting to the sewer system. In order for the Township to bring sewer mains to these properties, it would require another boring of Route 611 or a major stream crossing of Cranberry Creek, either of which would have been very expensive for the amount of sewage flow picked up.

Mr. Kramer then stated that he wants his existing property (Pocono Peddler's Village) to be placed on the 10 Year Service Area Plan.

13. WAYNE DAUBERT (Tannersville) – Mr. Daubert asked why Pocono Township cannot give grinder pumps to its sewer customers that require them. He stated that Stroud Township had previously given grinder pumps to its customers for connection to the Stroud Township System.
14. JIM CAHILL (Pocono Manor) – Mr. Cahill raised a question about the Pocono Mountain School District and their relation to the Act 537 Plan. Is the Pocono Mountain School District currently provided water service from the BCRA? He also asked whether Paradise Township has to be part of the BCRA for Pocono Mountain School District to be provided sewer service through the Pocono Township Sewer.

Response: Frank Hess responded that the Pocono Mountain School District is currently not provided water service through the BCRA. Sam noted that while the majority of the Pocono Mountain School District Property is in Paradise Township, their existing sewage treatment plant and discharge are located in Pocono Township. This property was approved for connection to the Pocono Township Sewer as part of Pocono Township's Act 537 Plan. The School District does not need to be a customer of the BCRA to connect to the Pocono Township Sewer Collection System.

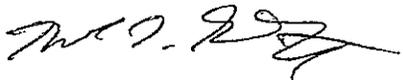
Mr. Cahill then raised a follow up question as to whether Pocono Township can reduce its sewer user fees by adding more new users on the sewer system.

Response: Russ Scott responded that yes, within the constraints of the Act 537 Plan, the more users that Pocono Township adds to the sewer system will enable Pocono Township to spread its debt service costs over a higher number of users. This, in turn, will lower the user rate per customer.

The meeting was adjourned at 8:00 P.M.

Respectfully submitted,

R.K.R HESS ASSOCIATES, INC.



Russell D. Scott IV, P.E.
Project Manager

RDSIV/acj

cc: All Panel Members
Mr. Kenneth R. Brown, Manager – Brodhead Creek Regional Authority