

## Sewer authority closer to system sale or lease

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A plan to sell, lease or hire a private manager for the sewer system that serves Scranton and Dunmore and use the money raised to shore up the city's finances is almost done.

The Scranton Sewer Authority is negotiating with two large utilities of the four that submitted proposals, and tentatively plans a public hearing Tuesday at 1 p.m. at Marywood University to discuss it, authority board member Stu Renda said.

"We're in (the) final and best offer (stage)," Mr. Renda said.

The companies that submitted proposals in May were American Water of Voorhees, New Jersey, parent firm of Pennsylvania-American Water Co.; Aqua America Inc. of Bryn Mawr; United Water of Harrington Park, New Jersey; and Veolia North America of Holden, West Virginia.

Executive Director Eugene Barrett confirmed American Water and Aqua America are the finalists.

"I think they're close to a conclusion," Mr. Barrett said.

Two sources familiar with the negotiations, who spoke only if they weren't identified, said American Water has the better proposal.

Mr. Barrett said he expects the authority's final choice to be a focus of the public hearing, but said whether the deal involves a sale, lease or management privatization is still under negotiation.

Efforts to reach authority board Chairman T.J. Stone were unsuccessful Tuesday.

Mayor Bill Courtright said the authority is handling direct negotiations, and he hasn't spoken to anyone at the authority for a couple of weeks about where things stand. Mr. Courtright hasn't expressed a preference for a sale, lease or private management deal.

"For me personally, whatever is the best deal for the city is what I'm in favor of," he said.

Whatever the deal, it is considered a key piece of Mr. Courtright's hopes to straighten out the city's finances, especially its woefully underfunded pension plans. Under a plan drafted in 2014, by the city's financial consultant, Henry Amoroso, the city could net \$20 million from a sale of the sewer system after paying off authority debt, other expenses and paying a share of the sale price to Dunmore. That would save the city about \$1.5 million a year on required annual payments to its police and fire pension plans.

One factor certain to play heavily in a final deal is what happens to sewer rates.

Michael McHale, Dunmore's lone representative on the board, said authority board members are paying close attention to rates.

"The first goal of our board is to keep our taxpayers in mind and keep the rates as low as possible," Mr. McHale said.

Formed in 1968, the sewer authority built the system that collects sewage from more than 30,000 customers in Scranton and Dunmore. A five-member board — four people from Scranton, one from Dunmore, all appointed by their respective governments — oversees the authority's operations.

The authority's sewage treatment plant in South Scranton can treat up to 20 million gallons of sewage a day collected by more than 275 miles of sewers.

Whatever happens, the new owner, lessee or manager of the sewer system will have the long-term job of reducing the amount of sewage overflow into the Lackawanna River that happens during heavy rains, a requirement of a 2013 consent agreement between the authority and the federal Environmental Protection Agency.

Regardless of who owns the authority, the task is expected to cost up to \$140 million over the next 25 years and result in substantial rate increases, authority officials said.

Though city officials want a deal because the city needs the money, the authority wants a deal to provide the management expertise to carry out the project.

Contact the writer:

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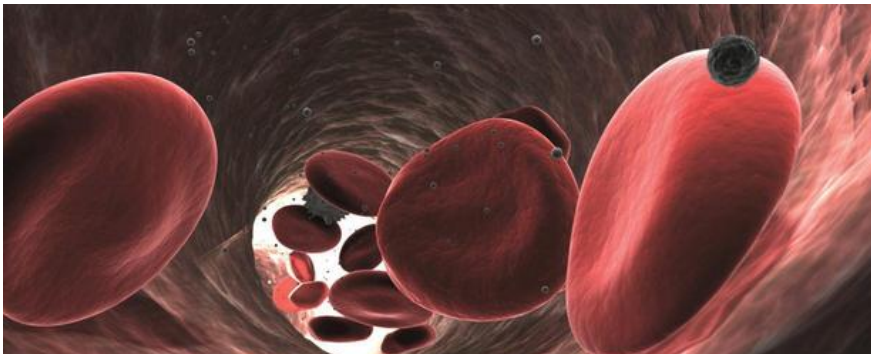
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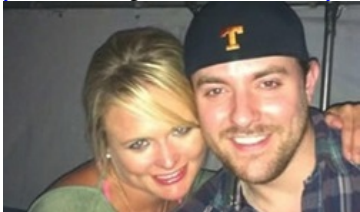
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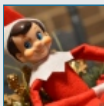
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Mike · a month ago

How can they be close to a deal if they don't even know if they want to sell, lease, etc.? Secondly, you'd think Mr. Courtright would be heavily involved! He hasn't talked to anyone on the Board in weeks over a deal that could make or break the City??? I guess he's too busy fighting fires in Pinebrook!

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TDOFBI5IZWDF4KT · a month ago

Which of the two finalists will raise our rates the least?

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timharding2 · a month ago

"Though city officials want a deal because the city needs the money, the authority wants a deal to provide the management expertise to carry out the project." The sewer authority wants the new management to provide the expertise to reduce the output of sewage. I'd like to know how the sewer authority has the expertise to negotiate this sale.....

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ali927 → timharding2 · a month ago

What impact will this deal have on the rates charged to it's customers?

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timharding2 → ali927 · a month ago

That will depend on which utility is awarded the lease or the sale, and if the current sewer authority is able to negotiate a clause to keep rates low.

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fredupvoter · a month ago

Will the deal include language to keep all existing employees on the payroll, even if they lack the knowledge to perform their jobs?

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Redbeauty · a month ago

We should all say a prayer that PA-Amecian Water Co's proposal fails. If they get it, all their rate payers, pursuant to PA state law, will be forced to pay for the Scranton-Dunmore Sewer Authority's lack of compliance with a host of federal and state laws. During heavy rain storms or snow melts, the sewer authority discharges raw sewage into the Lackawanna River. (Approximately 20 times per year) Now every one of PAWC's customers can pay for this long ignored problem even as Scranton's mayor runs off with the purchase money from the sewer authority purchase. That purchase money-or at least half of it, should be put toward these long ignored problems rather than given to the city of Scranton. Fairness and justice demands nothing less.

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BOOWAH · a month ago

is there a difference? A thousand dollar yearly increase in our Property Tax or a thousand dollar yearly increase in our sewer bills?

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