

## **IMPORTANT NOTICE!**

### **FREELAND MUNICIPAL AUTHORITY CUSTOMERS**

As you may have seen in the newspaper or heard from someone, the Freeland Borough Council is looking at dissolving the Freeland Municipal Authority.

The Freeland Municipal Authority (FMA) wants to explain what the purpose of forming an authority is and why the Freeland Municipal Authority customers should support keeping the Freeland Municipal Authority.

Why does Freeland have a water and sewer municipal authority and why have previous Borough Councils elected to support the authority over the decades?

1. First and foremost is to provide a locally controlled and dedicated quality water and sewer service to its customers.
2. To meet the stringent Rules and Regulations of the Department of Environmental Protection (DEP) and the Environmental Protection Agency (EPA).
3. To maintain and operate equipment and facilities for 24/7 operation and supply of vital services with licensed water and sewer operators.
4. To plan for necessary replacement and upgrades to meet the ever-changing regulations of DEP and EPA and the needs and requirements of the authority customers. New technology helps to provide a safe water supply and maintain a clean environment.
5. To provide for a means to finance capital projects with low cost, tax free funding through locally controlled user rates in the most economical way possible. An authority can finance debt at a lower rate than private entities and their rates do not need to include a return to shareholders.
6. To reinvest your rate dollars back into the water and sewer system that serves our local communities independent of borough politics. Low interest PennVest and USDA loans/grants help to keep rates low and provide quality service.
7. To have appointed board members focus on overseeing the complexities of a water and sewer system without other distractions or the need to provide an investor owned profit. Municipalities have too many other services to worry about including maintenance, streets, police and fire/ambulance protection, garbage, storm water, codes enforcement, parks and recreation, and public welfare.

Great strides have been made over the years by FMA which include a new water tank, new well, extensive water and sewer line repair and replacement, new pump station and new wastewater treatment plant. Currently, the 100+ year old in ground reservoir is being replaced by FMA and finally a new corrosion control system and coordinated flushing will be implemented to address the age-old corrosion “rust” problem. All these projects required an enormous amount of planned engineering and government regulatory coordination.

With a nationwide shortage of licensed operators and the retirements which will be occurring in the future, FMA has searched and been fortunate to staff vacancies with licensed personnel to manage and facilitate the operation of both the water and sewer systems. It has also promoted from within and hired an administrative person due to an office retirement in addition to an employee leaving.

The FMA Board and its employees do not believe it would be wise to dissolve FMA. It does not seem logical or wise to take a well-managed financially stable Authority that is making tremendous progress and dissolve it? Unfortunately, there are people who don’t understand the full implications and ramifications that would occur if the FMA was dissolved.

Our authority is operating, in the “black”, to a managed budget. And, as with most entities, we have both saving accounts and debt. Savings are needed to cover emergencies and secure a future; we also have well-managed long-term debt resulting from large upgrades to both water and sewer systems. Government regulations dictate the Municipal Authority’s funds be used for only water and sewer systems, and that reserve funds are kept to back loans should a major/unforeseen problem arise. They cannot be used for other borough purposes even if our Borough Council were to dissolve the authority.

The borough appears to be having difficulties of its own, which need to be sorted out. Dissolving the FMA will not solve any problems but only add more stress. Since any money FMA has can only be used to pay back the authority’s loans and for use by the water and sewer systems operations, there is no reason to make a change for the sake of change.

Although it has been said Borough Council has no intention (at this time) of disposing of the water and sewer systems through “privatization”, that would be a far worse decision if they did. This is where the borough would sell the Authority to an investor-owned utility that would operate and manage the water and sewer authority and obtain all the authority’s assets.

The problem with this approach is that the borough would get a one-time amount of money from the sale of the authority to the investor-owned utility after all debt is paid off, and that is it. When the money that the borough received has been used up, what then? Is council willing to trade a delayed tax increase with an uncontrolled utility rate increase for its citizens?

After the sale, we have no control of the water and sewer rates or the quality of service; there would be nothing left. Customers would have no control over the documented increases that investor-owned utilities implement, and the borough would also lose the assets that the authority had accumulated over the years. Investor-owned utilities are required to make a profit for their stockholders and that means higher rates. National and state studies show that on average rates are double (2 X) that of authority or municipal water and sewer rates and Foster and Butler customers would be put under PUC Control.

Operation, Maintenance, and Planning for the future is what FMA does. Maintain control of your water and sewer system, support FMA by opposing the borough dissolving it.

The authority has several pdf files and links to other authorities that have fought the suspension of their authority. Please view the FMA website to read these articles and also see our current projects. The link to FMA website: <http://fmaws.org>

Letters, petitions, and attendance at Authority and Borough meetings are vitally important to maintaining local control of the operation and rates for your water and sewer bill.

Oppose dissolving the Freeland Municipal Authority.

Sincerely,

Your Freeland Authority Board Members

Dave Kavitski, Paul Thomas, Jim Fisher, Rich Lindsey