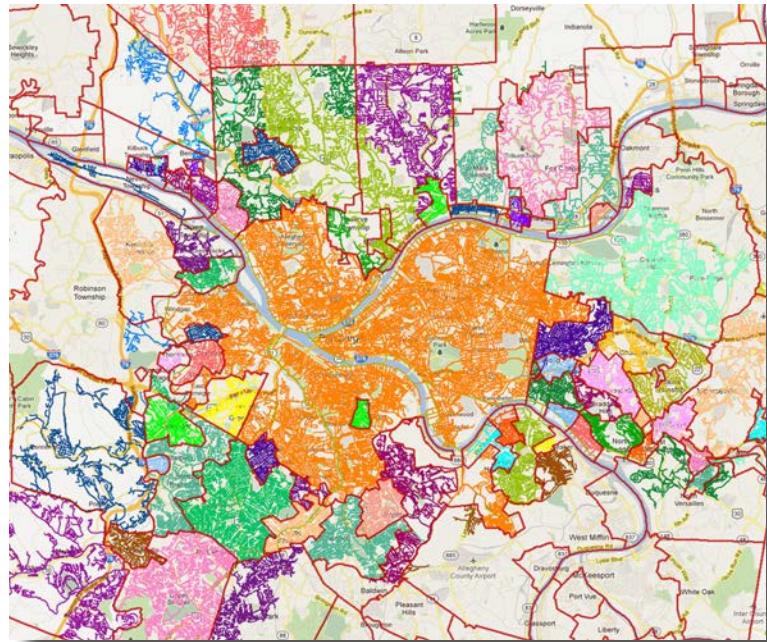


Regionalization Update 2015

A Report of the Sewer Regionalization Implementation Committee



Trunk Sewer Regionalization Frequently Asked Questions

Q What is an intermunicipal trunk sewer?
1. Sewer lines that capture flow from more than one municipality.
2. Lines of 10-inches or greater diameter. Some lines of this size will be addressed on a case-by-case basis.

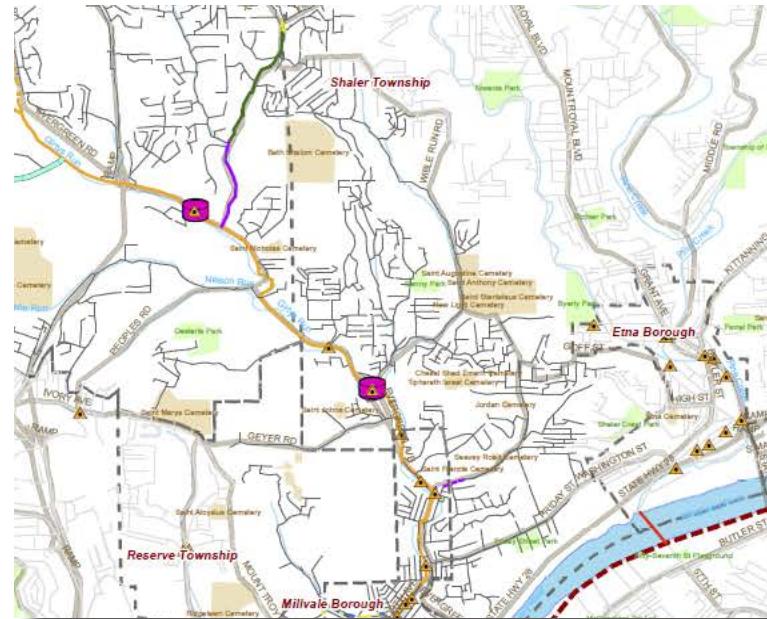
Q What else is included in the proposed transfers?
ALCOSAN will also maintain existing wet weather facilities and outfalls, including storage facilities, manholes, diversion structures, and outfalls.

Q What if we want to turn over our whole system to ALCOSAN?
The transfer process at this time is limited to the trunk sewer system. Other sewer systems should be considered in future plans.

Proposed Principles

Municipality	Length of Pipe in Miles
Pittsburgh	1.13
Ross	1.77
Upper St.Clair	0.05
Collier	0.12
Monroeville	1.40
Salkin	0.15
Marshall	0.36
Wilkins	0.21
South Fayette	0.00
Ohio	0.00
Chaser	0.07
McKees Rocks	0.00
Etna	0.00
Mt Lebanon	0.00
Turtle Creek	0.00
Scot	0.00
North Fayette	0.00
Braddock	0.00
Basilis	0.00
Brentwood	0.00
Chestnut Hill	0.00
Whipple	0.00
Crafton	0.00
Wise	0.00
Mill	0.00

Municipality	10"	12"-15"	18"	Total Miles
Chainer	0.04	0.05	0.01	0.10
Braddock Hills	0.08	0.07	0.00	0.15
Olivars	0.05	0.07	0.00	0.12
Shaler	0.00	0.11	0.00	0.11
Park	0.02	0.04	0.00	0.06



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

REGIONALIZATION UPDATE 2015

Executive Summary

SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

Regionalization Update 2015

Executive Summary

The Sewer Regionalization Implementation Committee (“SRIC”) was created through a partnership of 3 Rivers Wet Weather (“3RWW”) and the Congress of Neighboring Communities (“CONNECT”), with financial support from the Colcom Foundation. The SRIC was the culmination of a number of prior efforts.

Background

Wet weather issues have been on the local policy radar for decades and a number of formal efforts preceded the SRIC. In addition to the regulatory negotiations and compliance efforts, such as the ALCOSAN Wet Weather Plan and municipal feasibility studies, several voluntary efforts over the years have explored sewer regionalization as one aspect of addressing regional wet weather issues. The following regionalization efforts mark the path that lead to the SRIC:

- 3RWW commissioned six studies of sewer regionalization options in 2011;
- CONNECT retained Jim Roberts, Esq. and produced a study that has served as the basis for ongoing regionalization efforts;
- The CONNECT Study provided four (4) alternative structures for sewer regionalization;
- The alternatives from the CONNECT Study were then considered by the Sewer Regionalization Review Panel, which was commissioned by ALCOSAN and administered by the Allegheny Conference (ACCD);
- The Sewer Regionalization Review Panel was chaired by Carnegie Mellon President Emeritus, Dr. Jared Cohon, and drew from broad representation of municipalities and other stakeholders. After more than a year of meetings, the Sewer Regionalization Panel produced six (6) primary recommendations for sewer regionalization and established seven (7) specific action steps for immediate implementation, which were accepted by ALCOSAN.
- The SRIC flowed directly from the charge of the Sewer Regionalization Review Panel Recommendations and Action Steps.

Building upon the good work of these prior efforts, the SRIC set out to assist the ALCOSAN region in making measurable strides toward a regional sewer system that is more efficient, more responsive to its customer municipalities, and better able to improve and sustain water quality in the rivers and waterways of Southwestern Pennsylvania.

SRIC Work Product

From its inception, the SRIC operated as an implementation committee, seeking the most effective means for achieving the sewer regionalization goals developed through prior efforts. The SRIC focused its efforts three aspects of sewer regionalization; to wit, the transfer of 200+ miles of intermunicipal trunk sewers and selected wet weather control facilities to ALCOSAN; regional source reduction; and, voluntary participation in a regional collection system.

With this mission in mind, the SRIC produced the following work product:

- Initial Public Message – May 21, 2014;
- Recommended Transfer Principles – May 21, 2014;
- Framework Transfer Agreement – December 17, 2014;
- Proposed Due Diligence Process Checklist – December 17, 2014;
- Municipal Outreach Process – December 17, 2014;
- Resolution 14-01: Coordination with ALCOSAN Governance Changes – December 17, 2014;
- Resolution 14-02: Pipes Subject to Transfer – December 17, 2014;
- Resolution 14-03: Commitment to SRIC Outreach Process – December 17, 2014;
- Regional Source Reduction Concept Outline; and,
- Regional Collection System Policy Paper.

The work product of the SRIC will not only serve to assist in immediate efforts toward sewer regionalization and minimize the transaction costs associated with a major transfer of intermunicipal infrastructure, but also, the work of the SRIC has advanced this region along the road to cleaner water and a sustainable region.

The Road Ahead

While the formal meetings of the SRIC have concluded; SRIC's sponsoring organizations, 3RWW and CONNECT, along with SRIC representatives are continuing regionalization efforts through the following endeavors:

- Implementing a municipal outreach process to engage all 83 of the ALCOSAN service-area municipalities in regionalization and source reduction efforts;
- Assisting in the due diligence process of ALCOSAN and its service-area municipalities to aid the negotiations that will result in ALCOSAN taking ownership and operations responsibility for the intermunicipal conveyance pipes, other trunk lines, and upstream wet weather facilities beginning in 2016; and,
- Convening of a regional source reduction policy process whereby the municipalities will cooperatively create a source reduction plan that maximizes returns for the region.

Furthermore, recent regulatory developments have invited the region to explore green infrastructure as part of the regional source reduction problem. Accordingly, SRIC representatives are considering meaningful ways to assist the region in reaching consensus on source reduction, green infrastructure, and flow control elements.



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**Sewer Regionalization Implementation Committee
SRIC Regionalization Report 2015**

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ADDENDA

- 1. SRIC Directory
- 2. SRIC Invitation Letter
- 3. SRIC Mission Statement
- 4. SRIC Meeting Minutes

- November 25, 2013
- February 10, 2014
- March 13, 2014
- April 14, 2014
- May 21, 2014
- June 24, 2014
- November 5, 2014
- December 17, 2014

5. SRIC Committee Presentations

- 3RWW Wet Weather Update – November 25, 2013
- SRIC Initial Meeting Presentation – November 25, 2013
- SRIC Meeting Presentation – February 10, 2014
- SRIC Meeting Presentation – November 5, 2014
- SRIC Presentation to ALCOSAN Board of Directors – January 22, 2015
- SRIC Presentation to CONNECT Congress – April 2, 2015

6. Summary of June 17, 2014 meeting between municipal representatives and regulators



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

REGIONALIZATION UPDATE 2015

I. SRIC Formal Process Overview

SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

Regionalization Update 2015

The Sewer Regionalization Implementation Committee (“SRIC”) was created through a partnership of 3 Rivers Wet Weather (“3RWW”) and the Congress of Neighboring Communities (“CONNECT”), with financial support from the Colcom Foundation, in order to implement a process for sewer regionalization in response to the charge of the ALCOSAN Sewer Regionalization Review Panel (“Regionalization Review Panel”), chaired by Carnegie Mellon University President Emeritus, Dr. Jared Cohon and administered by the Allegheny Conference on Community Development (“ACCD”). Specifically, in the Regionalization Review Panel’s formal findings, published in March 2013, it was recommended that the municipalities within the ALCOSAN service area should transfer “Intermunicipal Conveyance Lines and Wet Weather Control Facilities to ALCOSAN”, and charged those municipalities in its “Specific Action Steps” to “immediately initiate an expeditious process to determine how intermunicipal conveyance lines, other trunk lines and upstream wet weather facilities will be conveyed to ALCOSAN.” The SRIC was convened as a response of ALCOSAN, Allegheny County, and a number of municipalities and municipal authorities within the ALCOSAN service area to the charge of the Regionalization Review Panel.

The SRIC effort has been driven by stakeholders from more than a dozen municipalities, ALCOSAN, Allegheny County, PWSA, municipal engineers, municipal solicitors, non-profit organizations, and private businesses. Since its inception, the SRIC has worked to facilitate the transfer of approximately 200 miles of intermunicipal pipes, other trunk sewers, and upstream wet weather facilities to ALCOSAN. The intended outcome of this effort is a more integrated regional sewer system that will help ALCOSAN to meet the standards of the Clean Water Act and will ultimately provide our region with a more equitable distribution of the costs to operate and maintain a regional sewer system.

To facilitate and support the work of the SRIC, public policy executives Caren Glotfelty (environmental policy, public policy management, and regional consensus building) and Jim Turner (public finance, regional governance, and regional consensus building) were invited to serve as Co-Chairs of the SRIC. Caren and Jim lend more than a half-century of public policy leadership experience to the SRIC effort.

I. SRIC Process

Throughout the SRIC process, the Committee focused on the three-pronged Mission of the SRIC, established at its initial meeting in November 2013. In order to achieve its Mission, the SRIC utilized a subcommittee approach and matched subcommittees to the three goals established from the Committee Mission. The Committee Mission was stated as follows:

1. Develop the legal framework needed for an expeditious transfer of intermunicipal conveyance lines, trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
2. Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and,
3. Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater collection systems to a regional entity.

Early in the SRIC process, it was determined that utilization of subcommittees may be beneficial to address all of the relevant issues involved in the SRIC mission. Accordingly, a subcommittee structure was created to match the

SRIC mission. To address the various aspects of the asset transfer (Goal One), a Legal Subcommittee, Finance Subcommittee, and Communications Subcommittee were created. And, one subcommittee each was created to address Incentivized Source Reduction and Collections Systems. The SRIC Co-Chairs explained the roles of the respective subcommittees to the gathered membership and then solicited subcommittee preferences from the members. From the input received from the SRIC, the five subcommittees were formed and several members of the SRIC were asked to serve as Chairs of the subcommittees.

Throughout the SRIC process, the subcommittees met separately and as a portion of some full-committee meetings. A critical component of the SRIC process

SRIC Subcommittees
Goal One: Transfer of Intermunicipal Conveyance Lines, other Trunk Lines, and Upstream Wet Weather Facilities
<u>Legal Subcommittee</u>
Chaired by Jack Ubinger (3RWW Consultant)
<u>Finance Subcommittee</u>
Chaired by Brian Jensen (ACCD)
<u>Communications Subcommittee</u>
Co-Chaired by Kathy Risko (CONNECT) & Catherine Deloughry (ACCD)
Goal Two: Consensus Process to Create a Regional Incentivized Source Reduction Program
<u>Incentivized Source Reduction Subcommittee</u>
Chaired by John Schombert (3RWW)
Goal Three: Consensus Process for a Regional System Allowing a Voluntary Conveyance of Municipal Wastewater & Stormwater Collection Systems to a Regional Entity
<u>Collection Systems Subcommittee</u>
Chaired by Mary Ellen Ramage (Manager, Etna)

was balancing the focused efforts of the subcommittees with the intent for all decisions to be made by consensus of the full SRIC. Accordingly, the subcommittees routinely updated the full SRIC and all outputs of the subcommittees were presented for approval by the SRIC in plenary session.

The formal SRIC process ran from November 2013 until December 2014, consisting of eight full-committee meetings, and more than twice as many subcommittee meetings. SRIC full-committee meetings were spaced to allow for the subcommittees to develop work product, but also, to ensure that the full-committee was convened in order for all members to deliberate on SRIC work product and policy resolutions.

The SRIC benefitted from a number of presentations that informed the deliberations from entities such as the Allegheny County Health Department, Wade Trim civil engineers, AECOM engineers, and others. Moreover, expertise from the SRIC membership was donated to assist the committee by 3Rivers Wet Weather, CONNECT, Gateway engineers, ALCOSAN, PWSA, the Allegheny Conference on Community Development, a number of Pittsburgh area law firms, and many others. The SRIC members' commitment to the work product of the SRIC was the driving force behind the success of the SRIC. And, it was not uncommon for some SRIC members to attend multiple subcommittee meetings, which commitment served as an emulsifier for a cohesive SRIC process. Finally, both Co-Chairs of the SRIC attended all of the full-committee meetings and each of the co-chairs attended a multitude of subcommittee and planning meetings. In total, the SRIC members volunteered more than 3,500 hours toward fulfilling the mission of sewer regionalization in Southwestern Pennsylvania.

By the final formal SRIC meeting, in December 2014, the collective effort of the SRIC produced a draft transfer agreement to provide a legal framework for the transfer of assets, a municipal outreach strategy, public communications for municipal representatives and citizens, a concept outline on regional source reduction, a policy paper on regional collections systems, and three policy resolutions, all of which are discussed more fully in the next section. And, while the work product of the SRIC was important, perhaps of even greater consequence, the SRIC process engaged a large number of meaningful stakeholders to advance the implementation of sewer regionalization, so that together, the goals of clean water, source reduction, and an affordable regional sewage system may be achieved for Southwestern Pennsylvania. The SRIC accomplished a great deal to advance sewer regionalization, but it is anticipated that additional logistical assistance and consensus building processes may be needed. See Sections IV and V of this Report for a description of those efforts.



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

REGIONALIZATION UPDATE 2015

II. SRIC Outputs

SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

Regionalization Update 2015

The SRIC held eight full-committee meetings for deliberation and approval of SRIC work product. These sessions produced the following outputs:

- ✓ Initial Public Message – May 21, 2014 (**A**)
- ✓ Recommended Transfer Principles – May 21, 2014 (**B**)
- ✓ Framework Transfer Agreement – December 17, 2014 (**C**)
- ✓ Proposed Due Diligence Process – December 17, 2014 (**D**)
- ✓ Municipal Outreach Process – December 17, 2014 (**E**)
- ✓ Resolution 14-01: Coordination with ALCOSAN Governance Changes – December 17, 2014 (**F**)
- ✓ Resolution 14-02: Pipes Subject to Transfer – December 17, 2014 (**G**)
- ✓ Resolution 14-03: Commitment to SRIC Outreach Process – December 17, 2014. (**H**)

These outputs focused primarily on the first goal of the SRIC; to wit, to pave the way for the transfer of municipal trunk lines and upstream wet weather facilities to ALCOSAN to create a regional sewer infrastructure. Achieving the desired regionalization would require a legal framework and a means for communicating the transfer process to the entire ALCOSAN service area.

The first output of the SRIC was an initial statement to the public that would serve as an explanation of the SRIC process and a primer on sewer regionalization for municipal officials and citizens. This Initial Statement was released on the SRIC page of the 3 Rivers Wet Weather website (<http://www.3riverswetweather.org/regional-solutions/regional-progress/sewer-regionalization-implementation-project>).

Next, the SRIC developed a package of legal documents to guide the transfer process. First, a set of Transfer Principles were developed and approved by the SRIC in order to establish the common ground that existed relative to the transfer of trunk lines to ALCOSAN and to set the tone amongst stakeholders for deliberation on the proposed transfer agreement. With the guiding principles in place, the SRIC worked tirelessly for six months to develop a framework legal agreement that could be utilized to transfer the sewer infrastructure. While the agreement is not a “form” to be executed without negotiation, and while some provisions allowed for alternatives to accommodate different circumstances, the Framework Transfer Agreement has established a path for transfer and has streamlined the legal process. Of critical value to the Framework Transfer Agreement was the participation in the process by ALCOSAN, the 3RWW Core Solicitor Group, and representatives from the City and County. The participation of these key constituencies adds a great deal of currency to the Transfer Agreement. Finally, a proposed due diligence process was developed to guide the municipalities through the extensive process that must occur before there could be a closing on the transfer of sewer infrastructure.

Recognizing that although the SRIC engaged a number of stakeholders, true regionalization will require the participation of the entire ALCOSAN service area, the Communications Subcommittee developed a Municipal Outreach Process to engage all of the ALCOSAN municipalities. The Municipal Outreach process was designed to both inform and encourage municipal collaboration. The goal of the outreach process is to reach all of the municipalities within their ALCOSAN Basin Group in order to allow for a shared approach between municipalities that share a planning basin.

Finally, the SRIC approved three Resolutions. SRIC Resolution 14-01 pledged support for recommendations for governance changes to the ALCOSAN Board of Directors and recommended that the transfer process would occur

most smoothly if it moved forward along with the governance changes. Next, SRIC Resolution 14-02 recognized that a map of the infrastructure must be established to serve as the corpus for the legal transfer of assets to ALCOSAN, and vowed to work with ALCOSAN and its consultant AECOM to finalize such a map. Lastly, in SRIC Resolution 14-03, the membership of the SRIC pledged their continued support to SRIC outreach efforts beyond the end of the formal SRIC meeting process.

In addition to these outputs, produced during the formal process, the Source Reduction and Collections Subcommittees worked diligently during the formal SRIC process, and beyond, to complete a draft policy concept outline on regional source reduction and a policy paper on regional collection systems. The draft policy concept outline and the policy paper are presented in the next section of this Report.



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SEWER REGIONALIZATION IMPLEMENTATION PROJECT

Initial Public Message

Project Background

On March 15, 2013, the ALCOSAN Sewer Regionalization Review Panel, chaired by Dr. Jared Cohon, then President and now President Emeritus of Carnegie Mellon University, and made up of ALCOSAN customer municipality representatives and subject matter experts, released a series of recommendations intended to:

- (1) Enable collaboration between ALCOSAN and its 83 customer municipalities;
- (2) Improve the region's service capacity and responsiveness by transferring ownership responsibilities of multi-municipal trunk lines to ALCOSAN;
- (3) Expand ALCOSAN's governance to better represent its customer municipalities; and,
- (4) Promote more rational and sustainable approaches to waste/stormwater management.

The strategy to implement the Sewer Regionalization Review Panel's recommendations is now underway. The Institute of Politics at the University of Pittsburgh has convened a committee, at the request of Allegheny County Executive Rich Fitzgerald and Pittsburgh Mayor Bill Peduto to present specific action steps to broaden the governance of ALCOSAN. Three Rivers Wet Weather (3RWW) and the Congress of Neighboring Communities (CONNECT) are partnering to staff and guide the Colcom Foundation funded Sewer Regionalization Implementation Committee, charged with developing a recommended process for adoption by the involved municipalities and authorities to transfer ownership of multi-municipal trunk lines to ALCOSAN.

The transfer of multimunicipal trunk lines from individual municipalities to ALCOSAN is a critical step in improving water quality in Allegheny County.

- Our region faces several federal consent decrees which mandate compliance with the Clean Water Act and the control of sewer overflows which contaminate our rivers.
- To comply with the consent decree, the 83 customer municipalities and ALCOSAN must undertake sewer upgrades that are financially unsustainable for most of the municipalities, individually.
- The most cost effective way for the region to meet the demands of federal, state and county administrative orders is for ALCOSAN to become the owner of the multimunicipal trunk lines and take responsibility for the multimunicipal trunk line capital projects contained in the municipal feasibility studies.

Transferring ownership of the multimunicipal trunk lines will achieve economies of scale, advance system integration, and increase consistency in meeting water quality standards.

- Transferring intermunicipal trunk lines to ALCOSAN to create a greater regional system is a crucial step towards achieving a sustainable solution to wastewater management and will be the largest multi-municipal transfer of public property our region has ever experienced.
- The majority of ALCOSAN's customer municipalities are small with populations of 10,000 or less. Most municipalities do not have the financial or operational capacity to fund, build and maintain large multimunicipal trunk sewers.

- Right now, the multimunicipal trunk lines feeding the ALCOSAN conveyance and treatment system are more of a patchwork of pipes than a system. Every few miles the municipal ownership of the pipe changes, bringing differences in financial and operational capacity. The current network depends on every municipality, regardless of fiscal health, being able to maintain these multimunicipal pipes. If one fails, the network fails.
- The fragmented ownership of the multimunicipal trunk lines makes it difficult to achieve any economies of scale in construction, operation, maintenance or funding without a greater collaborative effort.
- Differences in the construction, operation and maintenance of the existing trunk lines make it difficult to manage and integrate the lines as a single system.
- The municipal owners of the trunk lines have different expectations and capacity for managing source reduction and flow into the ALCOSAN plant for treatment, making it difficult to meet water quality standards.
- Consolidation of the ownership and responsibility under ALCOSAN will allow the prioritization of projects.
- Consolidation will also allow ALCOSAN to evaluate the trunk sewer projects holistically in the final wet weather plan rather than as individual and uncoordinated efforts.

Municipal leadership is vitally important to the successful outcome of this effort.

- Municipal leaders in the 83 ALCOSAN customer municipalities, along with ALCOSAN, are the key decision makers in changing the way that multimunicipal trunk lines are funded, constructed, operated and maintained. Any change in the ownership of multimunicipal trunk lines must be approved by municipal councils and by the ALCOSAN Board of Directors.
- To address this financial issue and create a sustainable solution, municipal officials, regional stakeholders, 3 Rivers Wet Weather (3RWW) and the Congress of Neighboring Communities (CONNECT) have partnered with ALCOSAN to establish the Sewer Regionalization Implementation Committee (SRIC), chaired by Caren Glotfelty and Jim Turner to develop an implementation plan for multimunicipal trunk line transfer.
- 3RWW and CONNECT are uniquely situated to develop this process because they collaborated previously to develop the *CONNECT Multijurisdictional Sewer Management Study* in 2011. That study, which recommended that the multijurisdictional trunk sewers lines should be transferred to ALCOSAN, provides an important foundation for the SRIC work.

**For more information about the Sewer Regionalization Implementation Project,
please go to www.3riverswetweather.org**

Approved by the SRIC in plenary session -- May 21, 2014
Recommended Transfer Principles

Sewer Regionalization Implementation Committee
Legal Subcommittee

Proposed Principles for Intermunicipal Trunk Sewer Line
and Wet Weather Facility Transfer Agreement

Introduction

In the fall of 2011, ALCOSAN commissioned the Allegheny Conference on Community Development to facilitate the proceedings of a stakeholder review panel to evaluate regionalization options for the ALCOSAN service area. The Sewer Regionalization Review Panel was chaired by Dr. Jared Cohon, then President and now President Emeritus of Carnegie Mellon University. This process was initiated in recognition of the challenge confronting ALCOSAN and its 83 municipal customers to formulate an effective wet weather plan for the ALCOSAN service area. The Sewer Regionalization Review Panel issued its report on March 15, 2013. Among other things, the Review Panel recommended that multi-municipal trunk sewer lines and existing wet weather control facilities, to be identified through further analysis, should be transferred by the current municipal owners to ALCOSAN.

In January 2013, ALCOSAN submitted a draft Wet Weather Plan to the United States Environmental Protection Agency ("EPA"), the Pennsylvania Department of Environmental Protection ('DEP'), and the Allegheny County Health Department ("ACHD") in accordance with a federal court Consent Decree entered in 2008. In July 2013, the ALCOSAN municipal customers submitted their respective wet weather feasibility studies to DEP and ACHD for review in conjunction with the ALCOSAN draft wet weather plan.

The municipal wet weather feasibility studies are still under review by DEP and ACHD; however, EPA has completed its review of the ALCOSAN draft Wet Weather Plan. EPA has advised ALCOSAN that, although the Plan does not demonstrate full implementation of all of the compliance requirements by the Consent Decree deadline due to affordability concerns, it is willing to consider a modification of the Consent Decree compliance program under certain conditions. According to a press release issued by ALCOSAN on February 7, 2014:

"[EPA is willing] ...to consider a phased approach to allow for green infrastructure and other flow reduction elements to be incorporated into the Wet Weather Plan. It also contemplates a high level of regional cooperation and coordination in implementing flow reduction/management programs and furthering substantive regionalization efforts."

Approved by the SRIC in plenary session -- May 21, 2014

Implementation of the Sewer Regionalization Review Panel's recommendation to transfer ownership and control of multi-municipal trunk sewer lines and existing wet weather control facilities to ALCOSAN is a critical step toward persuading EPA to modify the current requirements of the federal Consent Decree. Moreover, if responsibility for implementing work specified in the municipal feasibility studies relating to the transferred facilities, as well as the construction of new wet weather control facilities, is transferred to ALCOSAN, significant economies of scale, unavailable to individual municipalities or authorities, may be realized.

3 Rivers Wet Weather ("3RWW") and the Congress of Neighboring Communities ("CONNECT") are collaborating to provide staff and other resources to establish and support the activities of a stakeholder group known as the Sewer Regionalization Implementation Committee ("SRIC"). One of the principal goals of the SRIC is to "develop the legal framework needed for an expeditious transfer of all intermunicipal conveyance lines, trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies."

The scope of the recommended transfer relates only to multi-municipal trunk sewer lines, existing upstream wet weather control facilities and, possibly, new wet weather control facilities reasonably required by the municipal feasibility studies. The specific facilities to be transferred will be identified through the completion of a process that is already underway. The recommended transfer does not include municipal collection systems which will continue to be operated and maintained by the respective municipalities or authorities in the ALCOSAN service area.

The recommended transfer will not be imposed upon municipalities or authorities through any legal process. Rather the objective of the SRIC is to work with stakeholders to: (1) identify the multi-municipal trunk sewer lines and wet weather control facilities to be transferred to ALCOSAN; (2) develop proposed principles for the legal framework of the transfer transactions; (3) develop a proposed checklist of due diligence tasks to be completed by the municipalities, authorities and ALCOSAN in preparation for the execution of their respective transfer transactions; and (4) develop generally applicable core transaction documents which address the matters required to express the agreement of the parties to the respective transfer transactions.

Over the course of the next six to eight months, the SRIC will be soliciting input concerning the various elements of the transaction framework from the parties who will be involved in the recommended transfer transactions.

As an initial step in this process the SRIC presents for your review and consideration the following proposed principles for the transfer of the specified intermunicipal trunk sewers and existing wet weather control facilities.

Proposed Principles

1. The intermunicipal trunk sewer lines and existing wet weather facilities to be transferred to ALCOSAN will be depicted on a map which is agreed upon by the respective parties to the transfer transactions. The identification of the specific segments of trunk sewers and wet weather facilities to be transferred in the party-specific transactions will be based upon the map subject to exceptions, if any, identified through due diligence in preparation for specific transactions.
2. ALCOSAN will accept transfer of the specified trunk sewer lines and existing wet weather facilities in “as is” condition if the transferring municipality or municipal authority:
 - has completed the initial inspection and maintenance/repair program required by the existing municipal consent orders issued by the Department of Environmental Protection (“DEP”) or the Allegheny County Health Department (“ACHD”) and
 - is implementing an inspection and maintenance plan approved and audited by DEP or ACHD or, in the case of combined sewer communities, is complying with EPA’s “Nine Minimum Controls” included in its CSO NPDES Permit up to the closing date of the transfer transaction.
3. ALCOSAN will assume responsibility for: (1) all work relating to the future operation, inspection and maintenance/repair of the transferred trunk sewer lines and wet weather facilities, including measures relating to the transferred trunk sewer lines and wet weather facilities specified in the municipal feasibility studies, as approved by DEP or ACHD, and (2) requirements for any new or upgraded facilities included in the approved feasibility studies. Upon transfer, ALCOSAN may negotiate with the regulatory agencies concerning modifications to the projects to be implemented under applicable municipal feasibility studies.
4. In exchange for the assumption of future responsibility by ALCOSAN:
 - the municipalities and municipal authorities will transfer the facilities without monetary consideration from ALCOSAN
 - the cost of performing the responsibilities assumed by ALCOSAN pursuant to the transfer agreements will be covered by ALCOSAN’s system-wide rates
 - the transferring municipality or municipal authority will retain its sewage system revenue source(s)
 - existing municipal or municipal authority debt will not be transferred to ALCOSAN

Approved by the SRIC in plenary session -- May 21, 2014

- the SRIC, through its Finance Subcommittee, will endeavor to foster a debt resolution process by recruiting an existing, qualified independent entity to explore a means for resolving municipal and municipal authority debt related specifically to the transferred trunk sewer lines and wet weather facilities.
5. The transfer agreement between ALCOSAN and the transferring municipality or municipal authority will include provisions relating to considerations such as:
- cooperation in the completion of pre-closing due diligence activities
 - satisfaction or termination of obligations of the transferring municipality or municipal authority pursuant to pre-existing intermunicipal agreements, if any, relating to the transferred trunk sewer lines or wet weather facilities
 - responsibility of the transferring party to implement source reduction measures
 - protocols for communication and coordination between ALCOSAN and the municipality or municipal authority for future projects to be performed by ALCOSAN relating to transferred sewer trunk lines and wet weather facilities
 - coordination of the respective actions of the transferring municipality or municipal authority and ALCOSAN relating to the transfer of permits and other authorizations, if any
 - resolution of issues unique to specific transfer transactions, if any.

TRANSFER AGREEMENT

THIS TRANSFER AGREEMENT is made as of the _____ day of _____, 201_____ (this "Agreement"), by and between the ALLEGHENY COUNTY SANITARY AUTHORITY, a municipal authority organized under the Municipality Authorities Act, as amended, 53 Pa. C.S.A. §§ 5601-5623 ("ALCOSAN") and _____, a _____ (the "Municipality")¹.

WITNESSETH:

WHEREAS, ALCOSAN provides wastewater treatment services to 83 communities in the Commonwealth of Pennsylvania;

WHEREAS, ALCOSAN entered into a Consent Decree with the United States Environmental Protection Agency, the Pennsylvania Department of Environmental Protection and the Allegheny County Health Department which was approved by the United States District Court for the Western District of Pennsylvania on January 23, 2008;

WHEREAS, the Consent Decree requires ALCOSAN to eliminate dry weather discharges and sanitary sewer overflows from its system, reduce combined sewer overflows from its system in accordance with the EPA's combined sewer overflow policy, and build adequate sewer infrastructure to achieve these goals;

WHEREAS, ALCOSAN must prepare a regional long term wet weather control plan (the "Wet Weather Plan") that identifies remedial controls and activities needed to comply with the Consent Decree requirements;

WHEREAS, Municipality owns certain intermunicipal trunk sewer lines and the associated manholes that connect to such sewer lines (collectively, the "Sewer Lines") [and wet weather facilities] (the "Facilities" and, together with the Sewer Lines, the "Assets"), as more particularly described and depicted on Exhibit A;

WHEREAS, ALCOSAN and Municipality acknowledge that fulfillment of the Wet Weather Plan can be most efficiently undertaken if the Assets are owned and operated by ALCOSAN; and

WHEREAS, Municipality desires to transfer and ALCOSAN desires to acquire the Assets.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and, intending to be legally bound, the parties hereto covenant and agree as follows intending to be legally bound hereby:

¹ In the event that the transfer is between ALCOSAN and a Municipal Authority, this defined term will be changed to "Municipal Authority" throughout.

ARTICLE 1 — DEFINITIONS

1.1. Definitions. Unless otherwise defined in this Agreement or the context otherwise requires, the terms or words defined in this Article and other terms or words defined in this Agreement, whenever used in this Agreement, shall have the meaning specified in this Article for all purposes of the Agreement, applicable to both the singular and plural forms of any of the terms or words defined in this Agreement.

“Access Rights” shall have the meaning set forth in Section 7.2.

“Action” shall mean and include any actual or threatened claim, action, order, consent order, decree or agreement, suit, arbitration, hearing, inquiry, proceeding, complaint, charge or investigation by or before any local, state or federal court, governmental department, commission, board, agency, authority, tribunal or arbitrator and any appeal from any of the foregoing.

“ACHD” shall mean the Allegheny County Health Department.

“Agreement” shall have the meaning set forth in the preamble.

“ALCOSAN” shall have the meaning set forth in the preamble.

“Assets” shall have the meaning set forth in the recitals.

“Assignment and Assumption Agreement” shall have the meaning set forth in Section 5.2.

“Assumed Liabilities” shall have the meaning set forth in Section 2.4.

“Closing” shall have the meaning set forth in Section 5.1.

“Closing Date” means the date first set forth above.

“Consent Decree” means the judicial settlement of that certain Complaint brought by the United States Department of Justice against ALCOSAN in the United States District Court, the Western District of Pennsylvania, which settlement was entered by same court on January 23, 2008, as may be amended from time to time.

“Consent Order” shall mean that certain [Consent Order] by and between Municipality and [DEP]/[ACHD], dated as of _____.

“Damages” shall mean any damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and court costs), deficiencies, claims, awards, judgments, settlements, interest, actions, penalties, or fines of any kind whatsoever in law or in equity.

“DEP” shall mean the Pennsylvania Department of Environmental Protection.

“Direct Connections” means any service lateral, from a residential or commercial building that connects directly to the Transferred Assets.

“EPA” shall mean the United States Environmental Protection Agency.

“Excluded Assets” shall have the meaning set forth in Section 2.2.

“Facilities” shall have the meaning set forth in the recitals.

“Governmental Authority” shall mean any federal, state, local, foreign, or other court, board, body, commission, agency, authority or instrumentality, arbitral authority, self-regulatory authority, mediator or tribunal, including regulatory authorities and taxing authorities.

“Illegal Connections” means a Direct Connection to the Transferred Assets that (i) is made without required approval from ACHD or DEP, as applicable or (ii) is prohibited by law, such as any Direct Connection that conveys basement seepage, groundwater, stormwater, or surface water, including sump pump drainage, downspout drainage, foundation drainage, roof drainage, and driveway drainage into a separate sanitary Sewer Line. Illegal Connections as used in this Agreement does not include connections by a Governmental Authority over which the Municipality did not have control or authority including any connections made by the Pennsylvania Department of Transportation, Pennsylvania Turnpike Commission, Allegheny County, or municipal authorities not under the direct control of Municipality. Such connections over which the Municipality did not have control that are within the Municipality’s Knowledge are identified on **Schedule 1.1.1**.

“Known Title Defects” shall have the meaning set forth in Section 3.4.

“Laws” shall mean and include any and all federal, state and local laws, rules, codes, ordinances, regulations, circulars, orders of any court, governmental entities, bodies, authorities or agencies.

“Licenses and Permits” [shall mean all licenses, permits, franchises, authorizations, certificates, registrations, consents, orders, variances, waivers and approvals issued or granted by Governmental Authorities to Municipality, or pursuant to which Municipality operates, that relate specifically to the operation of the Assets.]²

“Liens” shall mean and include any and all types or kinds of liens, charges, claims, encumbrances, adverse claims, security interests upon property or claims or demands of any kind whatsoever, arising, in any manner, from or relating to this Agreement, the Transferred Assets or any work, project, services or activities performed under or in connection with the Transferred Assets or related agreements.

[“Municipal Authority” shall have the meaning set forth in the preamble].³

² TEXT SUBJECT TO REVISION PENDING OUTCOME OF DISCUSSION WITH DEP CONCERNING PERMIT PROCESS QUESTIONS

³ In the event that the transfer is between ALCOSAN and a Municipal Authority, this defined term will be substituted for “Municipality” throughout.

“Municipal Feasibility Study” shall mean that certain Feasibility Study Report of Municipality, as submitted to [ACHD]/[DEP] on _____, 201_, as amended from time to time.

“Municipality” shall have the meaning set forth in the preamble.

“Municipality’s Knowledge” means the knowledge and belief of the employees and agents of the Municipality, each exercising due and reasonable care, with the understanding that such persons have examined such sources of information within the Municipality’s possession, custody and control and made such additional investigation as is reasonable under the circumstances in order to verify the truth and accuracy of such representations and warranties.

“Non-Public Title Defects” means all Title Defects other than Public Title Defects.

“Permitted Encumbrance” shall mean, with respect to the Transferred Assets: (i) any Lien, that is being contested, or being caused to be contested, by Municipality as identified in **Schedule 1.1.2**; (ii) any inchoate materialmen's, mechanics', workmen's, repairmen's, employees', carriers', warehousemen's or other like encumbrances arising in the ordinary course of business of the Transferred Assets; (iii) any easement, covenant, condition, right-of-way, servitude, encroachment, reservation or any zoning, building, environmental, health or safety law relating to the development, use or operation of the Transferred Assets (or other similar reservation, right and restriction), or other defects and irregularities in the title to the Transferred Assets that do not materially interfere with the operation, maintenance or repair of the Transferred Assets or the rights and benefits of ALCOSAN under this Agreement or materially impair the value of the Transferred Assets; (iv) the Reserved Powers, (v) any right reserved to or vested in any Governmental Authority (other than Municipality) by any statutory provision or under common law; (vi) any other Lien expressly permitted hereunder; (vii) any grants or leases of oil, gas, coal or mining interests; and (viii) the Access Rights.

“Person” shall mean a natural person, corporation, municipality, governmental entity or authority, general or limited partnership, limited liability company, joint venture, trust, estate, association or any other legal entity or organization.

“Public Title Defects” means all Title Defects relating to (i) any Assets located in the right of way of a state road where access requires a highway occupancy permit from the Pennsylvania Department of Transportation or Pennsylvania Turnpike Commission, (ii) any Assets located in the right of way of an Allegheny County road where access requires right of way permit from the Allegheny County Department of Public Works, (iii) any Assets located in or under “Waters of the Commonwealth,” as defined in the Pennsylvania Clean Streams Law, where access requires a permit or other authorization from DEP,[or any Assets located within the right of way of a railroad.^{4]}]

“Regulatory Agencies” shall mean EPA, DEP and ACHD.

“Released Claims” shall have the meaning set forth in Section 8.11.

⁴ Subject to review by ALCOSAN on a case-by-case basis

“Released Parties” shall have the meaning set forth in Section 8.11.

“Releasing Parties” shall have the meaning set forth in Section 8.11.

“Required Consents” shall have the meaning set forth in Section 3.3.

“Reserved Powers” shall mean any powers reserved by Municipality herein or required by Law to be vested in Municipality with respect to the Assets.

“Retained Liabilities” shall mean all liabilities other than the Assumed Liabilities and shall include all liabilities of Municipality relating to or, in any manner, arising from Municipality's ownership or operation of the Assets on or prior to the Closing Date including: (i) all liabilities arising out of or relating to services, work or projects performed by or on behalf of Municipality; (ii) all debts, covenants, liabilities and obligations for the payment of sums to bondholders or creditors in connection with general obligation bonds, loans, or other instruments; (iii) all liabilities to any employee of Municipality under any contracts, agreements or plans or benefits or relating to payroll, vacation, sick leave, severance, termination, retention, worker's compensation, unemployment benefits, pension benefits, health care plans or benefits or any other employee plans or benefits of any kind for the Municipality's employees or former employees or both; (iv) all liabilities arising out of or relating to any contracts made or services, work, projects, supplies or materials provided by or on behalf of Municipality; (v) all liabilities arising from or in any manner connected with any breach or alleged breach of or in connection with contracts made by or on behalf of Municipality regarding or relating to the Assets or violation of any applicable Laws by Municipality; (vi) any and all liabilities for any actions, Liens, claims, suits or demands of any kind asserted, brought or filed by any person arising out of or in any manner connected with any acts, omissions or conduct of Municipality or Municipality's operation of the Transferred Assets; (vii) any liability arising out of Illegal Connections, including removal of such Illegal Connections; (viii) any liability arising out of Direct Connections, including liability to property owners for sewer backups; provided, however, that such liabilities for Direct Connections arising primarily out of ALCOSAN's failure to maintain the Transferred Assets shall not be Retained Liabilities.

“Sewer Lines” shall have the meaning set forth in the recitals.

“Title Defects” means (a) any Assets that are not located within the boundary lines of (i) real property owned by the Municipality, or (ii) rights-of-way or easements held by the Municipality, and (b) any Assets for which Municipality does not have the right to access from a public right-of-way for the purposes of inspection, maintenance, repair and replacement. Title Defects shall include all Known Title Defects.

“Transaction Documents” shall have the meaning set forth in Section 5.2.

“Transferred Assets” shall have the meaning set forth in Section 2.1.

“Wet Weather Plan” shall have the meaning set forth in the recitals.

1.2 The word “include” means include, without limitation, and the word “including” means including, but not limited to.

1.3 The words “and” or “or” shall mean and include both the conjunctive and the disjunctive whenever necessary or advisable to give the provision its intended meaning and effect.

ARTICLE 2 — TRANSFER OF ASSETS

2.1 Transfer of Assets. On the Closing Date, Municipality will transfer, convey, assign and deliver to ALCOSAN all of Municipality's rights, title and interest in the following (the “Transferred Assets”):

- (a) the Assets, subject to the Permitted Encumbrances;
- (b) all real property interests of Municipality primarily used or necessary in the operation of the Assets, including all easements, rights-of-way, access agreements and licenses;
- (c) [all Licenses and Permits owned, held, possessed or entitled in the name of Municipality, or in which Municipality has rights]⁵
- (d) copies of all files, information, books, blueprints, maps, diagrams, ledgers, surveys, reports, instruments, real estate records, engineering information, inspection records, books of account and other management documents, resolutions, rules and regulations, and all other records relating to the Assets, a list of the same is attached hereto and made a part hereof as **Schedule 2.1**; and
- (e) all assignable warranties, indemnities and guarantees, if any, related to or necessary for the operation of the Assets.

2.2 Excluded Assets. Notwithstanding any other provision hereof, the Transferred Assets do not include any assets listed on **Schedule 2.2** (the “Excluded Assets”).

2.3 Consideration. The consideration for the transfer of the Transferred Assets from Municipality to ALCOSAN shall be the assumption of the Assumed Liabilities, the execution and delivery of the other Transaction Documents and the performance of the obligations set forth in this Agreement. The parties acknowledge and agree that the consideration provided for in this Agreement represents fair consideration and reasonable equivalent value for the transfer of the Transferred Assets and the transactions, covenants and agreements set forth in this Agreement, which consideration was agreed upon as the result of arm's length good faith negotiations between the parties and their respective representatives.

2.4 Assumed Liabilities. Subject to Section 2.5 and all other terms and conditions in this Agreement, ALCOSAN shall assume, implement, perform and discharge only those duties, liabilities, obligations, and responsibilities (collectively, the “Assumed Liabilities”) of Municipality as they pertain exclusively to the Transferred Assets arising after the Closing Date,

⁵ TEXT SUBJECT TO REVISION PENDING OUTCOME OF DISCUSSION WITH DEP CONCERNING PERMIT PROCESS QUESTIONS

including (in each case only to the extent arising after the Closing Date) (a) all work relating to the operation, inspection and maintenance/repair of the Transferred Assets, including measures relating exclusively to the Transferred Assets in the Municipal Feasibility Study; and

(b) all work relating to the design, installation, operation, inspection and maintenance/repair of any project proposed in the Municipal Feasibility Study for new or upgraded facilities specified to address performance or capacity issues relating to the Transferred Assets; provided, however, that if ALCOSAN obtains approval from the Regulatory Agencies to eliminate the proposed project or defer or implement a modification of the originally proposed project, then ALCOSAN shall not be required to complete such project or shall complete such project as modified. Municipality acknowledges and agrees that following the transfer, ALCOSAN may negotiate with the Regulatory Agencies, for the purpose of complying with its Consent Decree obligations in a cost effective manner and realizing the benefits of regionalization, any project or projects, including the scope and schedule thereof, originally proposed in the Municipal Feasibility Study that relate directly or exclusively to the Transferred Assets, which may result in the elimination, deferral, or modification of the project or projects proposed in the Municipal Feasibility Study. For the avoidance of doubt, this Section 2.4 is not intended to expand any obligations of the Municipality under the Municipal Feasibility Study.

2.5 Retained Liabilities. Municipality shall retain, remain and be solely responsible for the timely and complete payment, performance and discharge of all of the Retained Liabilities.

2.6 Assignment of Permits. [To the extent legally permissible, Municipality hereby assigns and transfers to ALCOSAN, and ALCOSAN accepts, all of Municipality's rights, title and interest in and to the Licenses and Permits. Further, Municipality shall cooperate and work with ALCOSAN to cause reissuance, issuance and, transfer, pre- and post-Closing Date, of the Licenses and Permits.]⁶

ARTICLE 3 — REPRESENTATIONS AND WARRANTIES BY MUNICIPALITY

Municipality hereby represents and warrants to ALCOSAN, as of the Closing Date, as follows:

3.1 Authorization. Municipality has full power and authority to make, execute, deliver and perform the Transaction Documents.

3.2 Execution. This Agreement has been, and on the Closing Date the other Transaction Documents will be, duly and validly executed and delivered by Municipality and have been or shall be duly authorized by all necessary or advisable governmental and other action all as required by applicable Laws and constitutes (or upon such execution and delivery will constitute) legal, valid and binding obligations of Municipality enforceable against Municipality in accordance with all of the terms and provisions in this Agreement.

3.3 No Conflicts. Other than those consents identified on **Schedule 3.3** (the “Required

⁶ THIS SECTION WILL BE REVISED FOLLOWING THE PENDING DISCUSSIONS WITH DEP CONCERNING PERMIT PROCESS QUESTIONS

Consents”), the execution, delivery and performance of this Agreement by Municipality and the consummation by Municipality of the transactions contemplated in this Agreement will not: (a) breach or result in a default (or an event which, with the giving of notice or the passage of time, or both, would constitute a default) or otherwise give any person a basis for accelerated or increased rights or termination or nonperformance under any agreements by which Municipality or the Transferred Assets are bound; (b) result in the violation of any provision of applicable Laws or any of the Licenses and Permits; (c) result in the creation or imposition of any Liens upon any Transferred Assets.

3.4 Title to Property; Encumbrances. Excepting Permitted Encumbrances, Municipality has valid and marketable title to the Transferred Assets free and clear of all liens and other encumbrances. Except as set forth on **Schedule 3.4** (the “Known Title Defects”), to the Municipality’s Knowledge, there are no Title Defects.

3.5 Litigation. Other than as listed on **Schedule 3.5**, there is no suit, action, arbitration, claim, proceeding or investigation pending or threatened against Municipality or any of the Transferred Assets, and there are no facts or circumstances which could reasonably form the basis of any such suit, action, arbitration, claim, proceeding or investigation.

3.6 Licenses and Permits. [**Schedule 3.6** contains a complete and correct list of all Licenses and Permits, all of which have been duly issued and are valid and in good standing with no unsatisfied condition or qualification. Municipality is in compliance with the terms and conditions of, and has performed all obligations under, all such Licenses and Permits. Municipality has not received any notice of non-renewal of any such Licenses and Permits.]⁷

3.7 Compliance with Laws. Except as identified in the Consent Order or on **Schedule 3.7**, the Transferred Assets and the Municipality’s past and present operation thereof are in compliance with all applicable Laws.

3.8 Inspection; Maintenance/Repair and Source Reduction. Municipality has (i) completed, to ALCOSAN’s satisfaction, the inspection and maintenance/repair program as required by the Consent Order; (ii) implemented the inspection and maintenance plan that was submitted to [DEP]/[ACHD] on _____ as it relates exclusively to the Assets.

3.9 AS-IS WHERE-IS. Except as otherwise set forth in this Agreement, the parties agree that Municipality is conveying the Transferred Assets to ALCOSAN in an “as-is, where-is” condition. Except as set forth in this Agreement, neither Municipality nor anyone acting on behalf of Municipality has made any representation or warranty, express or implied, to ALCOSAN with respect to Municipality or the Assets.

ARTICLE 4 — REPRESENTATIONS AND WARRANTIES OF ALCOSAN

ALCOSAN hereby represents and warrants to Municipality, as of the Closing Date, as

⁷THIS SECTION WILL BE REVISED FOLLOWING THE PENDING DISCUSSIONS WITH DEP CONCERNING PERMIT PROCESS QUESTIONS

follows:

4.1 Authorization. ALCOSAN has full power and authority to make, execute, deliver and perform the Transaction Documents.

4.2 Execution. This Agreement has been, and on the Closing Date the other Transaction Documents will be, duly and validly executed and delivered by ALCOSAN and have been or shall be duly authorized by all necessary or advisable governmental and other action all as required by applicable Laws and constitutes (or upon such execution and delivery will constitute) legal, valid and binding obligations of ALCOSAN enforceable against ALCOSAN in accordance with all of the terms and provisions in this Agreement.

4.3 No Conflicts. The execution, delivery and performance of this Agreement by ALCOSAN and the consummation by ALCOSAN of the transactions contemplated in this Agreement will not: (a) breach or result in a default (or an event which, with the giving of notice or the passage of time, or both, would constitute a default) or otherwise give any person a basis for accelerated or increased rights or termination or nonperformance under any agreement by which ALCOSAN or its Transferred Assets are bound or (b) result in the violation of any provision of applicable Laws.

4.4 No Other Representations. Except for the representations and warranties made in this Article 4, Municipality understands and agrees that neither ALCOSAN nor anyone acting on its behalf makes any express or implied representations or warranties with respect to the transactions contemplated by this Agreement.

ARTICLE 5 — CLOSING DELIVERABLES

5.1 Closing. The closing of the transactions contemplated by this Agreement (the “Closing”) will take place on the Closing Date at such place as the parties may mutually agree.

5.2 Closing Date Deliverables of Municipality. On the Closing Date, Municipality shall have executed and delivered to ALCOSAN the following documents and instruments, in form and substance reasonably satisfactory to ALCOSAN and its counsel, as are necessary or desirable in order to consummate the transactions contemplated hereby, each dated as of the Closing Date (together with this Agreement, the “Transaction Documents”):

- (i) a Bill of Transfer in substantially the form of **Exhibit B**;
- (ii) an Assignment and Assumption Agreement in substantially the form of **Exhibit C** (the “Assignment and Assumption Agreement”); and
- (iii) deeds, assignments, and/or licenses of all real property interests of the Municipality that are part of the Transferred Assets in recordable form.

5.3 Consents and Approvals. Municipality will have delivered to ALCOSAN each Required Consent as of the Closing Date.

5.4 Closing Date Deliverables of ALCOSAN. ALCOSAN and any other parties thereto

(other than Municipality) will have executed and delivered to Municipality the following documents and instruments, in form and substance reasonably satisfactory to Municipality and its counsel, as are necessary or desirable in order to consummate the transactions contemplated hereby, each dated as of the Closing Date:

- (i) the Assignment and Assumption Agreement; and
- (ii) deeds, easements, rights-of-way or assignments of all real property interests that are part of the Transferred Assets in recordable form.

5.5 [Issuance of WQM II Permits/Transfer Approval for NPDES Permit(s)].⁸

ARTICLE 6 — INDEMNIFICATION AND RELEASE

6.1 Indemnification.

(a) ALCOSAN Indemnification of Municipality. From and after the Closing Date, ALCOSAN shall release, defend, indemnify and hold Municipality harmless from and against any and all Damages arising out of or relating to (i) the Assumed Liabilities, (ii) the failure by ALCOSAN to perform or observe any agreement or condition to be performed or observed by ALCOSAN pursuant to this Agreement, and (iii) any misrepresentation or breach of warranty under Article 4.

(b) Municipality Indemnification of ALCOSAN. From and after the Closing Date, Municipality shall release, defend, indemnify and hold ALCOSAN harmless from and against any and all Damages arising out of or relating to (i) the Retained Liabilities, (ii) the Excluded Assets, (iii) the failure by Municipality to perform or observe any agreement or condition to be performed or observed by Municipality pursuant to this Agreement, (iv) any misrepresentation or breach of warranty under Article 3, (v) the Non-Public Title Defects, and (vi) the Public Title Defects.⁹ Notwithstanding the foregoing, Municipality shall not be obligated to indemnify

⁸ THIS SECTION WILL BE INSERTED FOLLOWING THE PENDING DISCUSSIONS WITH DEP CONCERNING PERMIT PROCESS QUESTIONS

⁹ Due to the fact that some municipalities will be able to provide complete real estate records and others will be unable to present any documentation at all with respect to easements, rights-of-way and other documents granting a municipality the right to access its Transferred Assets, a one-size-fits-all indemnification provision relating to Title Defects appears to be impractical. We believe that this provision should be best addressed on a case-by-case basis. If a municipality can present evidence that there are no Title Defects, such municipality should only be obligated to indemnify ALCOSAN for any material misrepresentations in its records (which would be listed on a schedule). However, in the event that a municipality is unable to provide such evidence for the entirety of their Transferred Assets, such municipality will either (a) endeavor to obtain legal access to the undocumented portion of its Transferred Assets prior to the transfer or (b) negotiate an appropriate indemnification provision with ALCOSAN.

ALCOSAN pursuant to Section 6.1(b)(vi) for permit fees or other fees charged by a Governmental Authority or railroad in the ordinary course of operation and maintenance of the Transferred Assets except to the extent such Damages arose because the Transferred Assets were located within the subject real property without the right to do so.

ARTICLE 7 — COVENANTS

7.1 Responsibility for Closing Costs.

(a) In connection with the conveyance of the Transferred Assets to ALCOSAN, ALCOSAN shall pay or cause to be paid (i) counsel fees of ALCOSAN and any other consultants, brokers, or other advisors retained by ALCOSAN, (ii) the cost of any due diligence investigations performed by ALCOSAN with respect to the Assets, (iii) all survey costs, (iv) all costs of recordation in connection with the [deeds/recordable instruments], (v) Fifty percent (50%) of all realty transfer tax, if any, in connection with the [deeds/recordable instruments] and (vi) all other costs and expenses of ALCOSAN in connection with the transactions contemplated by this Agreement.

(b) In connection with the conveyance of the Transferred Assets to ALCOSAN, Municipality shall pay or cause to be paid (i) counsel fees of Municipality and any other consultants, brokers, or other advisors working with or providing assistance to Municipality, (ii) all costs of preparation of the [deeds/recordable instruments], (iii) Fifty percent (50%) of all realty transfer tax, if any, in connection with the [deeds/recordable instruments] and (iv) all other costs and expenses of Municipality in connection with the transactions contemplated by this Agreement.

7.2 Access Rights. [To the extent that ALCOSAN needs to access, maintain, repair or replace, any of the Transferred Assets located within property or rights-of-way owned by Municipality, Municipality shall not charge ALCOSAN any permit or other fees relating to such access, maintenance, repair and replacement, unless ALCOSAN damages the property owned or benefiting Municipality. Any license or other right granted by the Municipality to ALCOSAN with respect to the Transferred Assets shall include the same restrictions on the Municipality's ability to charge fees to ALCOSAN.]¹⁰

7.3 Minimum Controls. From and after the Closing, Municipality shall comply with the "Nine Minimum Controls" under the CSO NPDES Permit, or with the "Minimum Control Measures" under the MS4 NPDES Permit, as applicable.

7.4 Permit Transfer. Municipality and ALCOSAN acknowledge and agree that Municipality and ALCOSAN will cooperate to apply for and pursue the transfer of the _____ permit(s) relating to all Transferred Assets from Municipality to ALCOSAN. [Municipality shall execute all documents required by all applicable Regulatory Agencies to effect the appointment of ALCOSAN as operator under such permit(s).] Municipality hereby authorizes ALCOSAN to commence operations as operator under such permit(s), and ALCOSAN acknowledges and

¹⁰ THE SPECIFIC PROTOCOLS RELATING TO ACCESS RIGHTS AND RESPONSIBILITIES TO BE ESTABLISHED BY THE MUNICIPAL PARTY AND ALCOSAN.

agrees that it shall indemnify Municipality from and against all Damages incurred or suffered as a result of ALCOSAN's acts or omissions under or with respect to such permit(s); provided, however, that such indemnification shall apply only if Municipality provided a copy of such permit(s) to ALCOSAN or otherwise provided written notice to ALCOSAN of all of Municipality's obligations under such permit(s) prior to the date hereof.

ARTICLE 8 — MISCELLANEOUS

8.1 Notices. Any notice required or desired to be given to a person under the provisions in this Agreement shall be in writing and either personally delivered or delivered by sending the notice by certified mail, return receipt requested, postage prepaid, or a reliable and reputable overnight courier service, charges prepaid, to the address set forth below. Notice pursuant to this paragraph shall be conclusively deemed to have been given to the person entitled thereto, upon the earlier of actual receipt or the second business day after deposit in the United States mail or the next business day after timely deposit with an overnight courier service for delivery to that person.

Notices are to be addressed as follows:

To ALCOSAN:

To Municipality:

With a copy to:

With a copy to:

Whenever any notice or other communication is required to be given pursuant to the provisions of this Agreement, a waiver thereof, in writing, signed by the person entitled to such notice, whether before or after the time stated therein, shall be deemed to be delivery of notice for the purposes of this Agreement.

8.2 Effect of Waiver or Consent. No course of dealing, custom or conduct nor any delay or failure on the part of Municipality or ALCOSAN to exercise any right, power or remedy shall be or be deemed a waiver or release of such right, power or remedy or otherwise prejudice or impair the rights, powers, benefits or remedies of Municipality or ALCOSAN. No waiver or release by Municipality or ALCOSAN shall be valid or binding unless given in a writing signed by Municipality or ALCOSAN to be charged with the waiver or release. A waiver or consent, express or implied, to or of any breach or default by any party in the performance by that party of any of its/his duties or obligations with respect to this Agreement is not a consent or waiver to or of any other breach or default in the performance by that party or any other party of the same or

any other duties or obligations of that party or any other party with respect to this Agreement. Failure on the part of a party to declare any party in default or breach with respect to this Agreement, irrespective of how long that failure continues, does not constitute a waiver or release by that party of its rights with respect to that default or breach until the period of the applicable statute of limitations has expired.

8.3 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. If executed in multiple counterparts, this Agreement shall become binding when any counterpart or counterparts, individually or taken together, bear the signatures of all of the parties. This Agreement, to the extent signed and delivered by means of facsimile machine or other electronic transmission (including .pdf), shall be treated in all manner and respects and for all purposes as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. Neither party shall raise the use of facsimile machine or other electronic transmission to deliver a signature or the fact that any signature or agreement was transmitted or communicated through the use of facsimile machine or other electronic transmission as a defense to the formation or enforceability of the Agreement and each party forever waives any such defense.

8.4 Amendments and Binding Effect. All amendments to this Agreement must be in writing, signed by Municipality and ALCOSAN and shall take effect immediately. Oral agreements to amend or change this Agreement, or any part thereof, shall not be valid or binding and Municipality and ALCOSAN, for themselves and their successors, fully and forever waive and release any and all rights to make, assert or claim that this Agreement has been amended by an oral agreement. This Agreement and all provisions herein shall be binding upon and inure to the benefit of Municipality and ALCOSAN and their respective successors; provided that neither party may assign or transfer any of its rights or interests under this Agreement without first obtaining the prior written consent of the other party which consent will not be unreasonably withheld, delayed or conditioned.

8.5 Governing Law. This Agreement and the rights and duties of Municipality and ALCOSAN shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

8.6 Severability. If any provision in this Agreement or the application thereof to any person or circumstance is held invalid or unenforceable to any extent as to any person or circumstance under any present or future Laws, such findings shall not render that provision invalid or unenforceable as to any other persons or circumstances.

8.7 Interpretation and Construction. In no event shall any construction, interpretation, enforcement, presumption or inference, in favor of or against Municipality, ALCOSAN or any person be made as a consequence of the identity of the draftsman of this Agreement. Municipality and ALCOSAN covenant and agree that this Agreement shall be construed and interpreted in a neutral manner and in interpreting this Agreement, there shall be no presumption or inference, by operation of law or otherwise, that any provision or part of this Agreement shall be more strictly construed against any person for any reason whatsoever. In interpreting this

Agreement, the use of any gender shall include all genders; the singular shall include the plural and the plural the singular and words used in the past or present tense shall include the future whenever necessary or advisable to produce the intended meaning or effect unless the application of the foregoing would result in a construction inconsistent with the manifest intent or objectives of the Agreement. All references to annexes, schedules or exhibits are to annexes, schedules or exhibits attached hereto, each of which is incorporated herein and made a part hereof for all purposes. The paragraph headings in this Agreement are for convenience only they do not form a part of this Agreement and shall not affect or be used in its construction or interpretation. The provisions in this Agreement, in all circumstances, shall always control and supersede any course of conduct, dealing, performance, custom or usage inconsistent or in conflict with any of the provisions in this Agreement.

8.8 Further Actions. Municipality and ALCOSAN agree that each party shall cooperate fully and act in good faith with the other party and shall comply fully with all provisions and applicable Laws relating to the preparation and maintenance of complete and accurate records. If, at any time after the Closing Date, any further action is necessary or desirable to carry out the intent or any of the purposes or objectives of this Agreement, including the issuance, transfer or amendment of WQM II or NPDES permits, Municipality and ALCOSAN shall take or cause to be taken all such necessary, advisable or convenient action and execute, acknowledge, deliver and file all necessary, desirable or convenient documentation. Municipality and ALCOSAN further agree to participate in collaborative discussions to establish and implement flow reduction measures, including flow targets, which are mutually acceptable.

8.9 Conflict Resolution.¹¹

[Intentionally Blank]

8.10 Survival of Representations and Warranties. All representations, warranties, covenants and agreements of the parties contained in this Agreement and in any other agreements, documents or certificates executed or delivered by the Parties pursuant to this Agreement, including the Transaction Documents, or in connection with the transactions contemplated by this Agreement will survive the execution, delivery and performance of this Agreement and the Closing. Notwithstanding the foregoing, Municipality's indemnification obligations pursuant to Section 6.1(b)(v) and 6.1(b)(vi) (relating to Title Defects) shall expire upon [full compliance by ALCOSAN with the Consent Decree]¹² as determined by EPA and DEP.

8.11 Release. Municipality, and anyone claiming by, under or through it (collectively, the "Releasing Parties"), hereby absolutely, unconditionally and irrevocably releases and forever

¹¹ THE INCLUSION OF A CONFLICT RESOLUTION PROCESS TO BE AT THE OPTION OF THE MUNICIPALITY OR MUNICIPAL AUTHORITY WITH PROVISOS TO BE AGREED UPON BY THE PARTIES

¹² ESTABLISHMENT OF THE EXPIRATION POINT OF THE TITLE DEFECTS INDEMNITY TO BE MADE MORE PRECISE UPON FINALIZATION OF THE COMPLIANCE SCHEDULE MILESTONES IN THE REVISED CONSENT DECREE.

discharges ALCOSAN, and its past, present or future directors, officers, managers, employees, agents, attorneys, financial and other advisors and representatives (collectively, the “Released Parties”) from and absolutely, unconditionally and irrevocably forever waives all claims, actions, causes of action, suits, debts, liabilities, obligations, sums of money, controversies, Damages, judgments and demands arising out of, relating to or in any way connected to any increase in ALCOSAN’s system-wide rates to account exclusively for the Assumed Liabilities hereunder and ALCOSAN’s assumption of liabilities in connection with ALCOSAN’s acquisition of Transferred Assets from various municipalities and municipal authorities in Allegheny County (the “Released Claims”); provided, however, that Released Claims shall not include (and the Releasing Parties shall retain all rights with respect to ALCOSAN for) any obligations of ALCOSAN arising out Section 6.1(a) of this Agreement.

8.12 Modification of Outstanding Agreements. Notwithstanding anything to the contrary herein, except for the agreements listed on **Schedule 8.12**, nothing in this Agreement is intended to amend, modify or supersede any existing agreement by and between the parties hereto and all such agreements shall remain in full force and effect following the Closing Date.

[Signature Page Follows]

IN WITNESS WHEREOF, ALCOSAN and Municipality, by their duly authorized representatives, have signed and sealed this Agreement effective as of the date first set forth above.

MUNICIPALITY:

[_____]

By: _____
Name:
Title:

ALCOSAN:

ALLEGHENY COUNTY SANITARY
AUTHORITY

By: _____
Name:
Title:

EXHIBITS

Exhibit A

[Map(s) Depicting Assets (Recitals)]

Exhibit B

[Bill of Transfer (§5.2(i))]

Exhibit C

[Assignment and Assumption Agreement]

SCHEDULES

Schedule 1.1.1

[Known Exceptions to “Illegal Connections”]

Schedule 1.1.2

[Contested Liens]

Schedule 2.1

[Records of Municipality]

Schedule 2.2

[Excluded Assets]

1. All equipment, materials, goods, merchandise, appliances, tools or supplies which have been acquired for the purpose of consumption or use in the operation and maintenance of the Assets.
2. All right, title, license and interest in and to Municipality's sewage system revenue source(s).
3. All above ground facilities other than manholes that connect directly to the Assets.

Schedule 3.3

[Required Consents]

Schedule 3.4

[Known Title Defects]

Schedule 3.5

[Litigation]

SCHEDULES (cont.)

Schedule 3.6

[Licenses and Permits]

Schedule 3.7

[Compliance with Laws]

Schedule 8.12

[Amended, Modified or Superseded Agreements]

Proposed Due Diligence Process

Sewer Regionalization Implementation Committee
Legal Subcommittee

Intermunicipal Trunk Sewer Line and Wet Weather Facility Transfer Process Framework

- I. Proposed Transfer Transaction Principles [Adopted by SRIC May 21, 2014]
- II. Due Diligence
 - A. Location of Trunk Sewer Lines and Existing Wet Weather Facilities
 1. Is existing GIS-based mapping of trunk sewer lines sufficiently precise to provide definitive locations for purposes of the formal transfer agreement?
 2. Are there existing descriptions of existing wet weather facility sites that are sufficiently definitive for purposes of the formal transfer agreement?
 3. Information to support methods of description other than existing map delineations of the trunk sewer line rights-of-way and existing wet weather facility, if necessary
 - B. Ownership/Occupancy Documentation
 1. Municipality
 2. Municipal Authority
 - C. Existing Agreements among Municipalities Concerning Intermunicipal Trunk Sewer Lines or Existing Wet Weather Facilities
 - D. Identification of Third-Party Encumbrances, if any
 - E. Clearance from Debt Holders for Transfer, if necessary
 - F. Inspection and Maintenance Plans and Performance Records
 - G. Engineering Records, Surveys and Drawings
 - H. Permits
 1. Environmental
 2. Other (*e.g.* highway occupancy permits, railroad licenses)
 - I. Regulatory Compliance Records and Submissions to Regulatory Agencies

J. Pending or Threatened Legal Claims Relating Municipality's Ownership or operation/maintenance of the transferred facilities

K. Relevant Insurance Policies

L. Other

III. Proposed Transfer Agreement [Adopted by SRIC December 17, 2014]

IV. Transaction Sequencing Schedule [?]

Sewer Regionalization Implementation Committee Communications Subcommittee

2015 Municipal Outreach Plan

The communications sub-committee will embark on a municipal outreach strategy in 2015. Due to the ever changing political environment, as well as refinement to the consent decree, the sub-committee has developed a phased approach that will be refined as the process unfolds.

PHASE ONE

Information about SRIC sent to municipal officials

A packet will be sent (via email, if possible) to the President of Council of the 83 municipalities serviced by ALCOSAN. The corresponding municipal Manager will be cced on the letter (via email).

The packet will include:

- Letter explaining SRIC and invitation to attend informational meeting
- SRIC initial public statement
- Agenda for informational meeting
- SRIC legal principals

PHASE TWO

Informational meetings by ALCOSAN Regional Planning Basins

There are seven regional planning basins:

Lower Ohio River/Girty's Run

Upper Allegheny/Pine Creek

Main Rivers

Chartiers Creek

Saw Mill Run

Upper Monongahela

Turtle Creek/Thompson Run

We plan to hold the first meeting (likely Lower Ohio River/Girty's Run) in January 2015. After the first meeting the subcommittee will meet to refine the agenda and strategy to ensure success in following meetings.

We plan to host these meetings in the first quarter of 2015, with follow up meetings to occur on an ongoing basis.

Draft Agenda for Informational Meetings

- Overview of SRIC – SRIC municipal rep and/or SRIC Co-Chair
- Explanation of transaction and legal principals – SRIC legal subcommittee municipal rep
- Overview of each map in the basin - ALCOSAN Representative
- Q&A
- Scheduling of follow up meeting with ALCOSAN

PHASE THREE

Follow up from meeting by municipality (or grouping of municipalities depending on preference) to be conducted by ALCOSAN with SRIC member

OTHER STRATEGIES TO BE DEVELOPED

Media Outreach Strategy



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Sewer Regionalization Implementation Committee

RESOLUTION 14-01

Coordination with ALCOSAN Governance Changes

WHEREAS, the Sewer Regionalization Implementation Committee (“SRIC”) was created through a partnership of 3 Rivers Wet Weather (“3RWW”) and the Congress of Neighboring Communities (“CONNECT”), with financial support from the Colcom Foundation, in order to implement a process for sewer regionalization in response to the charge of the ALCOSAN Sewer Regionalization Review Panel (“Regionalization Review Panel”), chaired by Carnegie Mellon University President Emeritus, Dr. Jared Cohon and administered by the Allegheny Conference on Community Development (“ACCD”). Specifically, in the Regionalization Review Panel’s formal findings, published in March 2013, it was recommended that the municipalities within the ALCOSAN service area should transfer “Intermunicipal Conveyance Lines and Wet Weather Control Facilities to ALCOSAN”, and charged those municipalities in its “Specific Action Steps” to “immediately initiate an expeditious process to determine how intermunicipal conveyance lines, other trunk lines and upstream wet weather facilities will be conveyed to ALCOSAN.” The SRIC was convened as a response of ALCOSAN, Allegheny County, and a number of municipalities and municipal authorities within the ALCOSAN service area to the charge of the Regionalization Review Panel.

WHEREAS, the SRIC recognizes that the Regionalization Review Panel likewise recommended that ALCOSAN undergo “Governance Changes to Reflect the Multi-jurisdictional Interests in ALCOSAN Decision-making and Performance”, and suggested, “[t]o promote a genuine partnership between ALCOSAN and the 83 contributing municipalities, the Allegheny County Executive and the Mayor of the City of Pittsburgh should immediately and jointly call for the [University of Pittsburgh Institute of Politics] IOP to convene a stakeholder process for recommending the appropriate size and mix of ALCOSAN board membership.”

WHEREAS, the Allegheny County Executive and the Mayor of the City of Pittsburgh did call upon the University of Pittsburgh Institute of Politics (“IOP”) to convene a stakeholder process, which resulted in the University of Pittsburgh Institute of Politics ALCOSAN Governance Committee (“IOP ALCOSAN Governance Committee”). After an expansive process, involving a number of stakeholders, the IOP ALCOSAN Governance Committee recommended, *inter alia*, that the ALCOSAN Articles of Incorporation should be amended so that the Board of Directors would be restructured as a Board of 9 members, with 3 members appointed by the Mayor of the City of Pittsburgh from within the City and 6 members appointed by the Allegheny County Executive from the municipalities within Allegheny County outside of the City of Pittsburgh.

WHEREAS, the SRIC further recognizes that the Regionalization Review Panel intended for the ALCOSAN governance changes and the transfer of sewer trunk lines to occur contemporaneously; to wit, the Regionalization Review Panel made the following observation: “As the 83 municipalities are in a partnership with ALCOSAN, the legitimacy of the partnership’s governance is indispensable to the success of the joint enterprise. Adequate municipal representation on the ALCOSAN board is crucial to the willingness of the 83 municipalities to take robust regionalization actions.”

THEREFORE, BE IT RESOLVED, that the SRIC recommends the transfer of intermunicipal conveyance lines, other trunk lines and upstream wet weather facilities from the respective municipalities or municipal authorities to ALCOSAN should be preceded by or accompanied by a governance change in the ALCOSAN Board consistent with the recommendation of the IOP ALCOSAN Governance Committee so as to maximize and encourage the support of the various municipalities and municipal authorities for regionalization within the ALCOSAN system.

Sewer Regionalization Implementation Committee
RESOLUTION 14-02

Pipes Subject to Transfer

WHEREAS, the Sewer Regionalization Implementation Committee ("SRIC") was created through a partnership of 3 Rivers Wet Weather ("3RWW") and the Congress of Neighboring Communities ("CONNECT"), with financial support from the Colcom Foundation, in order to implement a process for sewer regionalization in response to the charge of the ALCOSAN Sewer Regionalization Review Panel ("Regionalization Review Panel"), chaired by Carnegie Mellon University President Emeritus, Dr. Jared Cohon and administered by the Allegheny Conference on Community Development ("ACCD"). Specifically, in the Regionalization Review Panel's formal findings, published in March 2013, it was recommended that the municipalities within the ALCOSAN service area should transfer "Intermunicipal Conveyance Lines and Wet Weather Control Facilities to ALCOSAN", and charged those municipalities in its "Specific Action Steps" to "immediately initiate an expeditious process to determine how intermunicipal conveyance lines, other trunk lines and upstream wet weather facilities will be conveyed to ALCOSAN." The SRIC was convened as a response of ALCOSAN, Allegheny County, and a number of municipalities and municipal authorities within the ALCOSAN service area to the charge of the Regionalization Review Panel.

WHEREAS, the SRIC Legal Subcommittee has drafted a Transfer Agreement legal framework as a representative of the agreements for transfer of the intermunicipal trunk sewer lines from the municipalities and municipal authorities to ALCOSAN, which has been endorsed by the SRIC in plenary session.

WHEREAS, identification of the specific trunk lines for transfer will be a critical element of the due diligence process to be engaged in by the transferring municipalities and ALCOSAN, as identification of the pipes as the corpus and subject of the transfers is a necessary step to closing on a legally enforceable transfer.

WHEREAS, in August 2013, ALCOSAN, through its consultant AECOM, identified approximately 203 miles of "intermunicipal conveyance lines, other trunk lines and upstream wet weather facilities to be conveyed to ALCOSAN" consistent with the charge of the Regionalization Review Panel. A list of the pipes and facilities subject to transfer were identified both by point-of-connection (POC) and municipality, and a copy of those lists are incorporated herein by reference, and attached hereto as Exhibit A (by POC) and Exhibit B (by municipality)(the lists are referred to collectively herein as the "ALCOSAN/AECOM Lists").

WHEREAS, the SRIC recognizes that the ALCOSAN/AECOM Lists were developed utilizing computer mapping programs and that there may be minor inaccuracies or errors in the ALCOSAN/AECOM Lists, which would be discovered through ground-truthing and the due diligence process. It is anticipated that ALCOSAN and the respective municipalities or municipal authorities will discuss any discovered discrepancies with the ALCOSAN/AECOM Lists on an individual basis.

WHEREAS, the SRIC proffers the ALCOSAN/AECOM Lists from 2013 (attached hereto as Exhibits A and B), subject to corrections for inaccuracies or errors, as the appropriate subject of the transfer agreements between the ALCOSAN service area municipalities, and municipal authorities, and ALCOSAN.

THEREFORE, BE IT RESOLVED, that the SRIC endorses the ALCOSAN/AECOM Lists from 2013, incorporated herein by reference and attached as Exhibit A (by POC) and Exhibit B (by municipality) as the subject and corpus of the transfer agreements between the ALCOSAN service area municipalities, and municipal authorities, and ALCOSAN.

BE IT FURTHER RESOLVED, that the SRIC formally requests ALCOSAN to prepare a map, or maps, of the proposed assets subject to transfer consistent with this Resolution and make the map(s) readily available to the municipalities within the ALCOSAN service area as soon as practicable.



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Sewer Regionalization Implementation Committee

RESOLUTION 14-03

Commitment to SRIC Outreach Process

WHEREAS, the Sewer Regionalization Implementation Committee ("SRIC") was created through a partnership of 3 Rivers Wet Weather ("3RWW") and the Congress of Neighboring Communities ("CONNECT"), with financial support from the Colcom Foundation, in order to implement a process for sewer regionalization in response to the charge of the ALCOSAN Sewer Regionalization Review Panel ("Regionalization Review Panel"), chaired by Carnegie Mellon University President Emeritus, Dr. Jared Cohon and administered by the Allegheny Conference on Community Development ("ACCD"). Specifically, in the Regionalization Review Panel's formal findings, published in March 2013, it was recommended that the municipalities within the ALCOSAN service area should transfer "Intermunicipal Conveyance Lines and Wet Weather Control Facilities to ALCOSAN", and charged those municipalities in its "Specific Action Steps" to "immediately initiate an expeditious process to determine how intermunicipal conveyance lines, other trunk lines and upstream wet weather facilities will be conveyed to ALCOSAN." The SRIC was convened as a response of ALCOSAN, Allegheny County, and a number of municipalities and municipal authorities within the ALCOSAN service area to the charge of the Regionalization Review Panel.

WHEREAS, the SRIC Communications Subcommittee has developed an outreach strategy, which has been endorsed by the SRIC in plenary session.

WHEREAS, execution of the SRIC outreach strategy is a vital component to achieving sewer regionalization consistent with the charge from the Regionalization Review Panel and the mission of the SRIC.

WHEREAS, 3RWW and CONNECT have committed to implementing the SRIC outreach strategy during 2015, with the expectation that municipalities will be prepared to transfer assets to ALCOSAN commencing January 1, 2016.

WHEREAS, successful achievement of the SRIC outreach strategy goals will require additional capacity, leadership, and advocate resources.

WHEREAS, the SRIC representatives are the best positioned and the most qualified individuals to provide the necessary capacity, leadership, and advocacy to make the SRIC outreach strategy a success.

THEREFORE, BE IT RESOLVED, the SRIC representatives hereby commit to provide capacity, leadership, and advocacy, through their best efforts to assist and support the SRIC outreach strategy during 2015.



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

REGIONALIZATION UPDATE 2015

III. SRIC Policy Papers

SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

Regionalization Update 2015

In addition to the outputs identified in Section II of this Report, the Source Reduction and Collections Subcommittees worked diligently during the formal SRIC process, and beyond, to complete a draft policy concept outline on regional source reduction and a policy paper on regional collection systems.

As stated in an explanatory note before the concept outline, the work on source reduction remains in draft form by necessity. This is due in large part to the status of the regulatory process. At the time of this printing, negotiations between ALCOSAN, regional stakeholders, and state and federal regulators are ongoing, and the regulatory landscape for source reduction has not been finalized. However, SRIC representatives are committed to a regional source reduction effort that will focus source reduction, green infrastructure, and flow control in the areas that will maximize regional return on investment. It is anticipated that an additional process to build regional consensus on source reduction will be necessary following completion of regulatory negotiations.

The Collection System Subcommittee paper also takes a regional approach to wastewater collections and recommends a voluntary regional collections system. Within the policy paper, the Subcommittee provides analysis of several potential alternatives for creation of such a system.

The draft policy concept outline and the policy paper are presented in this Section of the Report.



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

REGIONALIZATION UPDATE 2015

A. Regional Source Reduction Concept Outline

As a result of the letters sent from the PA Department of Environmental Protection (DEP) to all the ALCOSAN communities at the end of March 2015, the source reduction strategy has not been resolved as it will ultimately be a regulatory requirement. DEP indicated that the municipalities will be getting enforceable flow targets under the phase 2 implementation consent orders. The 3 Rivers Wet Weather “Wet Weather Working Group” (3WG), made up of municipal stakeholders and engineering consultants, met in May 2015 and decided that it was in the best interests of the municipalities to take the lead in developing the flow target concept rather than wait for the regulatory agencies to propose it. DEP encouraged the communities to move forward quickly, and the 3WG formed a Flow Target subcommittee to work through this process. The Source Reduction White Paper will remain as a draft until these recommendations are completed as anticipated by the end of summer 2015 and integrated into the SRIC summary report.

3 Rivers Wet Weather Concept Outline
For:
Municipal Source Reduction Program
Prepared for the Sewer Regionalization Implementation Committee

October 29, 2014

Purpose:

An effective municipal source reduction program is necessary to achieve optimal efficiency for the operation of the regional wastewater conveyance and treatment system. This document seeks to build consensus in establishing source reduction goals agreeable to ALCOSAN, the Customer Municipalities, ACHD, DEP and EPA.

Background:

The Source Reduction and Legal Subcommittees have requested that 3 Rivers Wet Weather (3RWW) develop conceptual language for a Municipal Source Reduction Program (Program). This Program along with other provisions listed in the Sewer Regionalization Implementation Committee's (SRIC) Proposed Principles for Intermunicipal Trunk Sewer Line and Wet Weather Facility Transfer Agreement, would be incorporated into the proposed Wet Weather Facility Transfer Agreement. The Program and Agreement are intended for use by ALCOSAN and participating municipalities for the consolidation and assumption of ownership and maintenance of municipal trunk sewers and related wet weather facilities by ALCOSAN.

The Proposed Principles identified and approved by the SRIC in plenary session on May 21, 2014 include the following, which drive the need for development of a practical Municipal Source Reduction Program:

- (Proposed Principle 4) "ALCOSAN will assume responsibility for: (1) all work ... including measures relating to the transferred trunk sewer lines and wet weather facilities specified in the municipal feasibility studies, as approved by DEP or ACHD, and (2) requirements for any new or upgraded facilities included in the approved feasibility studies."
- (Proposed Principle 5) "The transfer agreement between ALCOSAN and the transferring municipality or municipal authority will include provisions relating to considerations such as: ... responsibility of the transferring party to implement source reduction measures ...".

The text of the referenced SRIC document states: According to a press release issued by ALCOSAN on February 7, 2014: "[EPA is willing] ...to consider a phased approach to allow for green infrastructure and other flow reduction elements to be incorporated into the Wet Weather Plan. It also contemplates a high level of regional cooperation and coordination in implementing flow reduction/management programs and furthering substantive regionalization efforts."

June 17, 2014 Meeting:

At the June 17, 2014 US EPA Municipal Wet Weather update meeting, EPA's representative outlined a program framework under which EPA will accept the "adaptive management" approach that ALCOSAN has proposed for implementation of the Regional Wet Weather Plan , which includes the Municipal Feasibility Study recommendations.

EPA advised that it is willing to accept the "adaptive management plan" approach if it is structured around an Interim Plan that achieves measurable progress toward flow management and regionalization. With regard to flow management, EPA stipulated that ALCOSAN must identify the amount of water that can be accepted for treatment (i.e. establish flow targets), and the Municipalities must devise plans to reduce flow (i.e. source reduction). EPA apparently is willing to consider reviewing progress at 6 year intervals and, if the progress is acceptable, determine if the adaptive management program will be permitted to continue.

It appears that the intent of the regulators with regard to source reduction is to ensure that flows associated with baseline hydraulic models (basis for sizing of core components - deep tunnels and treatment facilities) are managed and/or reduced so as not to overload the conveyance system within the life cycle of the proposed plan. EPA voiced that they believe this approach will make the overall plan less expensive.

Proposed Source Reduction Program:

With regard to the flow management aspect, this document sets forth a broad outline of potential long term goals for municipal source flow reduction that can be achieved incrementally over a 50-year time frame.

The source reduction goals enumerated below are intended to achieve to maximize: a) capital cost savings in the trunk sewer improvements and the ALCOSAN \$3.6B "Selected" Plan, b) Triple Bottom Line (social, environmental and financial) benefits, c) reduction in regional O&M costs, and d) improvements to local river and stream water quality.

The following suggested benchmark goals would establish criteria that combined or separate sewered communities must implement to achieve the source reduction that EPA is mandating that ALCOSAN adopt. The two goals are:

Source Reduction Goals

1. **For separate sanitary sewers** establish a benchmark goal of achieving a 90 day sustained total flow rate of x,xxx gpimd (gallons per inch-mile per day) based on system (non-lateral) inch-miles of pipe.
2. **For combined sewer subcatchments** establish a benchmark goal of achieving xx% reduction of annual storm flow capture volume by implementation of Green Infrastructure BMP's, and end-of-pipe CSO transport/treatment.

Comment [jws1]: These estimates will need additional analysis. If EPA pushes for individual municipal flow targets these could be different for each point of connection or community. There needs to be further discussion with ALCOSAN about the possibility of regional or system wide flow targets as these would allow focus on areas where source reduction is most cost effective. See Implementation Item 1.

Implementation:

The Source Reduction program be implemented in the following manner:

1. Utilize the 2008 Synoptic Flow Monitoring data and engineering judgment to establish the "Preliminary Adopted" values of the three goals identified above (i.e. x,xxx gpimd, xx%, and xxx gpcd).
2. Perform detailed engineering "cost-effectiveness analyses" including capital and operating cost and Triple Bottom Line impacts to refine, validate and select the "Final Adopted" goals.
3. Develop an administrative program to formally implement the Source Reduction Program, including incentivized programs such as impermeable surface fees and grant programs to support green infrastructure and other flow reduction techniques.

As a baseline, we could use the construction standard of 300 GPIMD. The ALCOSAN agreements with communities that joined the system after the mid 1980's utilize this standard for calculation of wet weather peak flow penalties. These are called "Corrective Action Agreements" and are in place of the standard "Z" agreement that the rest of the ALCOSAN municipalities have. (Note: the Municipal Authority of South Fayette negotiated a wet weather standard of 600 GPIMD")

Comment [jws2]: Again, this is a goal that will need to be set by ALCOSAN

Schedule

The EPA has proposed January 2016 as a deadline for establishing Municipal Source Reduction and Flow Targets and 6 years as the window for demonstrating progress.

Begin flow isolation studies in 2015 in selected separate sanitary systems.



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

REGIONALIZATION UPDATE 2015

B. Regional Collections System Policy Paper

**Sewer Regionalization
Implementation Committee**

Collection System Subcommittee

Regionalization Options and Opinions White Paper

March 2, 2015

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Introduction

In coordination with Allegheny County Sanitary Authority (ALCOSAN), the Allegheny Conference on Community Development facilitated an intensive stakeholder outreach process, the Sewer Regionalization Review Panel, to develop and evaluate regionalization options for the ALCOSAN service area. In that independent process – developed with the cooperation, guidance, and oversight of a panel of representatives from several municipalities, organizations, agencies and other stakeholders – an overall, high-level plan for regionalization was set forth, as presented in the Sewer Regionalization Evaluation Review Panel Findings Report and Recommendations, dated March 15, 2013. This paper builds on the findings and recommendations contained in the Review Panel report.

The contents of this paper include: a background on collection systems in the Pittsburgh region, identification of regionalization stakeholders, an overview of “Guiding Principles” that have been identified to aid in determining the optimum method for managing collection systems in the Pittsburgh region, an overview of alternatives for new management of the collections systems of the area currently treated by ALCOSAN, and a discussion of the advantages and disadvantages of these alternatives. The paper concludes with a brief analysis of the alternatives and a recommendation.

Background on Collection Systems in the Region

Many of the sewers in the Pittsburgh region, particularly older ones constructed prior to the 1920s, are known as combined sewer systems. This is because they collect and convey both waste and stormwater (ALCOSAN-History). Some of the first sewers constructed were intended to convey stormwater away from early development and into the nearest waterway. As plumbing began to be installed in residential and commercial dwellings, the sewage laterals were connected to the storm sewers and thus became combined sewers. After the 1940s, construction of combined sewers was prohibited and separate collection systems were required for wastewater and stormwater.

Stormwater still enters separate sanitary sewers for several reasons, including: 1) plumbing practices employed in combined sewers continued, 2) materials and methods of sewer construction were often inferior to the older construction and 3) connections of stormwater to sanitary sewers exist due to the absence of a storm sewer.

Until the construction of the ALCOSAN interceptor and treatment plant in 1959, these systems discharged all sanitary sewage and stormwater directly to rivers and streams without treatment. In the mid-1940s, ALCOSAN was formed to provide sewage treatment for the region. Initially, it was intended to provide sewage treatment for all of Allegheny County. Through the late 1940s and 1950s, the treatment plant and deep tunnel and shallow cut interceptor sewer system was constructed and began operation in 1959 (3 Rivers Wet Weather-About the Wet Weather Issue). The original customer municipalities executed “Project Z” service agreements with ALCOSAN, whereby ALCOSAN committed to accept and handle all flows delivered to its facilities from those municipalities.

It would have been prohibitively expensive to construct the treatment plant and interceptor large enough for all flows generated during wet weather periods. For that reason, at locations where the municipalities connect to the ALCOSAN Interceptor system, regulator structures were constructed to divert dry weather sewage flows and a small amount of wet weather flows to the interceptor for conveyance to the treatment plant. Flows in excess are then discharged to the area rivers and streams. There are over 300 regulator structures along the ALCOSAN interceptor and approximately 200 on municipal sewers. These overflows occur at both combined and separate sewer points of connection to the ALCOSAN interceptor and within both combined and separate municipal sewer systems.

Collection systems within the ALCOSAN service area always have been managed by the municipalities. As stated above, ALCOSAN has, and currently is, responsible for the 90 miles of interceptor system which intercepts combined and sanitary sewage and conveys those sewage flows to the treatment plant located in the Woods Run area of the City of Pittsburgh. ALCOSAN’s 300 square mile service area includes the city of

Pittsburgh and 82 other surrounding municipalities, the majority within Allegheny County and small parts of Washington and Westmoreland Counties. The collections systems of the service area total nearly 4,000 miles of pipes; some constructed well before the existence of ALCOSAN. The collection systems include both combined and separate systems (there are about 140 municipal CSO regulator structures and about 60 municipal SSO regulator structures in the ALCOSAN service area), and are managed by the municipalities or separate municipal authorities created by the municipalities (there are 23 municipal wastewater authorities within the ALCOSAN service area). These systems collect and eventually convey storm and wastewater to the single ALCOSAN treatment plant in the Woods Run area of the city of Pittsburgh on the Ohio River (ALCOSAN-About Us).

Currently ALCOSAN bills direct customers in only 3 of the 83 municipalities. Otherwise, member municipalities are billed by ALCOSAN, and the municipalities themselves bill the customers that are in their jurisdiction. (Eckert, Seamans, Cherin, & Mellott, LLC). This enables the municipalities to generate revenue for managing, maintaining and improving the approximately 4,000 miles of sewers under their jurisdiction, by adding additional charges to the ALCOSAN fees.

Among the disadvantages of the current system is the argument that already limited resources are being spread too thinly among the many municipalities. If the entire ALCOSAN service area were a single municipality, it would be easier to prioritize and allocate resources associated with wastewater infrastructure. Furthermore, there is the belief that the fractured system encourages competition among the municipalities and hinders attempts at regional cooperation (Chalfant). Current demographic changes also have an impact as population continues to shift to suburban communities, which are generally at a higher elevation than those closer to the urban core and the three rivers (Chalfant). As the population shifts to the suburban communities upstream of the older communities on the rivers, more water will flow through their systems, increasing overflows. Regional collaboration can lower overall expenses by spreading them out over the whole region, or at least at the basin-level. This would be of great benefit for smaller local governments that may not have the resources or capacity to adequately

manage their sewer systems (Chalfant). These and other advantages of regionalization have been observed in many cities and other areas of the country. In the case of Portland, Oregon there was the unique case of having one half of the metropolitan area regionalized, while the other half was splintered, to the benefit of the regionalized area (Nelson & Knaap). Within the ALCOSAN system, one example of regionalization of collection systems is the Girty's Run Joint Sewer Authority (Township of Shaler). The GRJSA covers the Girty's Run watershed north of the city of Pittsburgh in Millvale Borough, Reserve Township, Ross Township, and Shaler Township. Another local example is the Saw Mill Run Interceptor, which was taken over from the City of Pittsburgh and other upstream municipalities by ALCOSAN in the 1990's.

Stormwater

The Sewer Regionalization Evaluation Study identified the consolidation of municipal stormwater collection and conveyance systems as a longer-term priority. The current lack of a comprehensive understanding of the regional storm sewer system network and condition necessitated that this topic be a long term goal rather than a short term goal. While there is a comprehensive regional map of the sewer system (the "One Overall Map" compiled by 3RWW), there is no such map for storm systems. Progress since the Sewer Regionalization Evaluation Study includes efforts by the Allegheny County Conservation District (ACCD) regarding stormwater authorities and Act 167 Stormwater Management Planning efforts by Allegheny County. Although storm sewer consolidation will be addressed in the future, it is important to note the many challenges associated with stormwater management in our region.

Stormwater management presents many challenges in both separate and combined communities. These challenges include but are not limited to: the absence of dedicated revenue for stormwater management, meeting regulatory requirements, localized flooding, inflow and infiltration into separate sewers, stormwater from separate sewer areas flowing downstream into combined sewer areas, and operation and maintenance (O & M). Municipalities struggle to meet existing stormwater problems as

well as managing and preventing additional problems during development and redevelopment. The need for an improved system to meet these challenges is recognized regionally.

In the conventional model, municipalities are charged with meeting regulatory requirements, conducting necessary upgrades, and O & M on a stormwater system that lacks a dedicated revenue source. Two options for generating income for stormwater management is 1) to enact a stormwater fee and/or 2) create a Stormwater Authority / Stormwater Utility (an entity dedicated specifically to manage planning, construction, operation and maintenance of stormwater infrastructure). In Pennsylvania, Senate Bill 351 was signed into law on July 9, 2013; it explicitly authorizes the creation of Stormwater Utilities.

Within the ALCOSAN service area, one municipality (Mt. Lebanon) currently has a stormwater fee in place. Fees and/or stormwater authorities are being considered in many ALCOSAN municipalities, including: Plum, Whitehall, Scott, Dormont, and Pittsburgh. The possibility of creating a county-wide or regional stormwater authority is being investigated by the Allegheny County Conservation District (ACCD). ACCD's 2015 – 2017 Strategic Plan highlights stormwater authority research as a key element within its newly created Municipal Stormwater Solution Center. Specifically, ACCD indicates that they will 1) conduct a benchmark study of successful authorities in other regions, 2) initiate a rate study, 3) evaluate types / structures of authorities, 4) perform an initial feasibility assessment, and 5) develop a preliminary budget. If the regional leadership determines that the creation of a stormwater authority makes sense, ACCD will support its implementation (ACCD).

Managing flows from development and redevelopment is currently being addressed in a county-wide effort. Allegheny County is in the process of completing an Act 167 Stormwater Management Plan. The goal of Act 167 is to control rate, volume, and quality of stormwater runoff. Act 167 requires counties to create and implement watershed-based/and or county-wide stormwater management plans (SWMP), in which municipalities are required to adopt and enforce ordinances to regulate stormwater

impacts from development and redevelopment in accordance with the county plans. Prior to this effort, Act 167 Plans had been completed for 6 watersheds, covering approximately 45% of the land area in Allegheny County (AC SWMP). The major benefit of a county-wide plan is that all municipalities must uniformly adhere to a minimum standard for rate, volume, and quality of stormwater in developed and redeveloped areas.

Regulatory requirements associated with the Municipal Separate Storm Sewer Program (MS4) present a major fiscal and logistical challenge for permit holders. Stormwater regulations associated with the Federal Clean Water Act (CWA) are administered under the MS4 program. The development and implementation of a stormwater management plan (SWMP) is required by MS4 permittees. Mandatory elements of the SWMP include six (6) Minimum Control Measures (MCMs); each MCM has a number of associated BMPs. There are additional requirements for MS4 permittees that discharge to a stream with a Total Maximum Daily Load (TMDL). Of 130 municipalities within Allegheny County, 101 currently hold an individual or general permit under the MS4 program. Flooding associated with drainage channels and piped systems is also a regional concern. Excessive rainfall from large storms causes overland flooding problems. This issue can be an inter-municipal problem when flows increase as they move downstream towards the major rivers.

Excessive flows due to infiltration and inflow (I & I) of stormwater into sanitary sewer systems occur frequently throughout the collection system. Inflow and infiltration can occur through illicit connections such as foundation drains or downspouts, cracked manhole lids, deteriorating pipes, and more. These excess flows often exceed the capacity of the sanitary sewer system, causing overflows and basement backups. Stormwater management in upstream communities also affects downstream communities. Overland stormwater flow as well as contributions from I & I travel into the combined sewer systems of the downstream communities, further affecting their system capacity, operation, and maintenance.

Flooding is an important and related issue to stormwater. Besides regional flooding from large storm events, there is localized flooding on individual properties. Some of this can be addressed using stormwater management techniques, as well as so-called green infrastructure.

Stormwater is an important consideration as the region moves forward with regionalization efforts and regulatory compliance. Consolidation of storm sewer systems and management is an important consideration for the future. As the work of ACCD and Allegheny County progresses, the region will be able to make informed decisions on how to move forward on this topic.

Stakeholders

Identifying the relevant stakeholders in collections management regionalization is an important step in the process so that their work and input can be included. The Sewer Regionalization Evaluation, commissioned by ALCOSAN, chaired by Dr. Jared Cohon, President of Carnegie Mellon University during the study, and administered by, and report written by, the Allegheny Conference on Community Development, on March 15, 2013 already identified stakeholders for the overall process of regionalization. These include subject matter experts, municipalities, Allegheny County, water and sewer authorities, and educational institutions. Subject matter experts include those from both private and non-profit sources. The follow-on committee, the Sewer Regionalization Implementation Committee (SRIC), also has identified and involved a broad range of stakeholders.

The municipalities include not only the periphery communities, but the city of Pittsburgh. In addition to ALCOSAN, the related authorities and entities that must be included are the Pittsburgh Water and Sewer Authority (PWSA), the GRJSA, the Allegheny County Conservation District (ACCD), and the Allegheny County Health Department (ACHD), as well as other relevant authorities and entities that want to be included in the process. Finally, property owners should be included because part of the storm and wastewater collections occur on private property. Other stakeholders that need to be included in the

process include the Pennsylvania Department of Transportation (PENNDOT), the Pennsylvania Department of Environmental Protection (DEP), and the Turnpike Commission.

Guiding Principles

The following “Guiding Principles” have been identified as critical considerations in determining the optimum method for managing collection systems in the Pittsburgh region:

- Lower Transaction Costs – Any change to the status quo should be accompanied by associated costs. Choosing an alternative that minimizes these costs regionally is important to consider. It should be noted, however, that over time, overall costs will tend to increase due to evolving and more stringent regulatory requirements.
- Minimize Lost Revenue to Municipalities and Manage Municipal Debt – Need to consider the potential for lost revenue for a municipality as a result of the management structure and a municipality’s ability to satisfy debt obligations.
- Flow Control – Controlling flow rates and volumes within the collection system is desirable to minimize infiltration/inflow (I/I) and overflows, and prevent overloading of ALCOSAN’s treatment operations. Overall, this would tend towards improvement in water quality in the region. Source reduction is the primary measure by which flow control can be accomplished. (Note that historically, such as in the Project Z agreements, community flows have been accepted by ALCOSAN.)
- Current and Projected Financial Viability – Any decision made must be financially feasible for both the region and the municipalities, individually in order to achieve successful implementation.
- Management Capacity and Efficiency – Decisions should strive to improve the logic and management of the system as a whole and promote efficiency.

- Political Feasibility and Regional Governance – Any decision must be politically feasible in order to achieve successful implementation. Additionally, it should include some form of regional governance.
- Evaluate Compliance with Municipal Consent Order Requirements for Operation and Maintenance Actions should support increased consistency in meeting water quality standards and aid in compliance with municipal Consent Orders.
- Current Condition Assessment of the Sewers (and Facilities) to be Transferred – ALCOSAN wants an up to date assessment of the sewers to better identify current conditions, necessary maintenance and repairs, and their costs.

Overview of Policy Alternatives

The following is an overview of the policy alternatives for new management of the collections systems of the area currently treated by ALCOSAN. Three alternatives have been identified: 1) keep the status quo that has already been described, 2) allow for the voluntary transfer of collection system ownership and management to ALCOSAN, 3) the creation of a new regional entity to handle collection system ownership and management on a voluntary basis. Each alternative has positives that make them an attractive option as well as negatives that urge caution before deciding to implement them. The specifics of these alternatives are discussed in the next few sections of this paper, followed by an analysis that supports the second alternative as being the best option, the transfer of collection systems ownership and management to ALCOSAN.

Status Quo Alternative

Description of Current Practices

Collections management practices in the region have been discussed in detail above. In brief, practices in the region currently consist mostly of each municipality handling their own wastewater collection, as well as storm water where authorized (e.g. often not on private property), only within their own borders. Included are the pipes that convey sewage to the trunk sewers, which in turn convey sewage to the ALCOSAN interceptors and treatment plant. Not included are the “house laterals” which collect and convey storm and wastewater to the municipal collection system, which are the responsibility of the property owners. Collections management for each municipality requires the operation and maintenance of this collection system and the billing of customers.

Revenue from billing customers is then used to pay ALCOSAN what the municipality is billed for the conveyance and treatment of wastewater, as well as to pay for the expenses associated with the above-mentioned operation and maintenance (3 Rivers Wet Weather - Understanding the Collections System). One exception to this arrangement that is worth noting is the GRJSA, which “undertakes the acquisition, operation and maintenance of all the sewer systems within that portion of the Girty's Run watershed situated within the boundaries of the participating municipalities” (Township of Shaler). Currently this is only in portions of 4 of the 83 municipalities in the ALCOSAN service region. There are other examples of “sub-regional authorities” within the ALCOSAN system, as identified in the Regionalization Panel Report. Additionally, there are other examples of “regional” sewer authorities outside of the ALCOSAN service area (Allegheny Valley Joint Sewage Authority, Deer Creek Drainage Basin Authority, Upper Allegheny Joint Sanitary Authority) that could be looked to as a model of “basin-level” sewage management.

Advantages of Keeping Status Quo

There are many advantages to not changing the current arrangement of sewer collections management. The first advantage is that there are no transaction costs involved in keeping the status quo. By maintaining how collections practices are

managed in the region, no transactions are needed, and therefore no transaction costs are incurred.

Additionally, the municipalities have established financing and management practices for collections management. Currently, ALCOSAN is only responsible for the conveyance (via ALCOSAN owned interceptors) and treatment of wastewater in the region. Municipalities are experienced in handling collections management in their jurisdiction. Because of this, they already have these necessary collections practices established.

Another potential advantage of keeping the status quo is that the municipalities have more efficient and expedient responsiveness due to proximity and familiarity. They may also have more flexibility since employees may serve multiple tasks within the municipality, such as road and drainage maintenance. Another advantage of keeping the status quo is the retained municipal revenue.

Disadvantages of Keeping Status Quo

Despite the positive aspects listed above, there are some significant disadvantages to keeping the status quo in collections management in the region. The first is that the current setup is inherently economically inefficient due to the presence of multiple and duplicative municipal management systems, as well as inconsistencies amongst the myriad of documents and agreements that exist among the municipalities and ALCOSAN. An alternative to the status quo could be management at the sewershed level, (e.g. Girty's Run model), the intermediate level (e.g. ALCOSAN's seven planning basins) or at a wider regional level (e.g. entire ALCOSAN service area). The advantages of regional sewer management have long been assumed (Nelson & Knaap), and have also been demonstrated (Nelson & Knaap). Benefits regionalization would have to the Pittsburgh region will be discussed later in this paper.

Another disadvantage of the fractured system of collections management in the region has to do with the cost of sewer maintenance and debt for the municipalities. Under the current system every municipality is responsible for maintenance of their individual

collections system. This is a drawback particularly for municipalities with a smaller tax-base and/or older CSO sewers. Additionally, there is the belief that a non-regionalized system, as currently exists, “spreads limited resources too thinly and fosters unproductive intermunicipal competition rather than mutually-beneficial regional cooperation” (Chalfant).

Alternative 2 – Transfer Collections Management to ALCOSAN

Description

Alternative 2 includes the voluntary transferring of collections systems ownership and management from the municipalities to ALCOSAN. Under this alternative ALCOSAN, which is currently only in charge of the conveyance (via ALCOSAN owned interceptors) and treatment aspects of wastewater, would assume responsibility for all of the collections-related operations, finances and maintenance associated with the transferred conveyance systems. This option may appear particularly attractive to municipalities that would want to divest themselves of responsibility for their collections systems due to limited resources. This alternative carries with it the option of using intermediate “sub-regional collections authorities” as a go-between the municipalities and ALCOSAN.

Advantages of Transferring Collections Ownership and Management to ALCOSAN

One of the main advantages of transferring collections management to ALCOSAN has to do with the organization already being an established entity. In addition to the economic efficiencies and other advantages gained through regional collaboration, start-up costs associated with the creation of a new regional entity would be negligible. There would, however, be costs associated with adding the additional collections management resources to ALCOSAN’s current responsibilities. Additionally, ALCOSAN has established financing management and significant bonding capacity (as compared to municipalities), and is “familiar with the municipal bond market and [has] experience undertaking large public bond issues; [ALCOSAN has] established sources of revenue pledged to [its financing] and a history of providing sufficient revenues to pay [its] outstanding debt...” (Eckert, Seamans, Cherrin, & Mellott, LLC).

Additionally, ALCOSAN is practiced in billing customers indirectly through municipalities and has the requisite mechanisms in place. In the likely event that customer billing

continues to be handled indirectly through the municipalities, ALCOSAN has the ability to add collections billing of municipalities to its pre-existing treatment billing mechanisms (Eckert, Seamans, Cherrin, & Mellott, LLC). For all of these reasons, ALCOSAN's position as an established regional authority in sewage make them an attractive alternative.

There are additional advantages to be gained from allowing for the voluntary transfer of collections management to ALCOSAN. It has been shown many times, and mentioned above, that there are many advantages to regionalization. To summarize, it has been shown that regional collaboration is more economically efficient than a more disaggregated system based on individual municipal management, much like is seen currently in the Pittsburgh region. Arthur C. Nelson and Gerrit J. Knaap tested this idea using the city of Portland, Oregon as a case study. As mentioned earlier, Portland has an interesting dual setup for their sewer system:

"With respect to sewer planning, then, metropolitan Portland consists of two identifiable sewer planning and delivery regions: a western region – [Unified Sewerage Agency] – which has a centralized sewer planning process and a single implementing agency, and an eastern, decentralized region covered by 16 sewer planning process and implementing agencies" (Nelson & Knaap).

Currently, Pittsburgh resembles the eastern decentralized half of the Portland metropolitan area. What the authors found was that land values were higher in the centralized area than the decentralized area. Their given implications for this finding is that their results may provide a "fiscal rationale for centralized regional sewer planning" and that "the need may emerge over time to consolidate the sewer agencies of a decentralized region and make it advantageous to direct some metropolitan growth toward it" (Nelson & Knaap). Closer to home, in their Third Party Review of the ALCOSAN Regional Long Term Wet Weather Control Concept Plan, Greeley & Hansen LLC claim that:

"to take advantage of potentially significant economies of scale in terms of collection system management and compliance with existing and future water quality regulatory requirements, the Partner Communities will have

to restructure themselves. Unless a move toward regional management and operation is made, the wet weather difficulties of today may never be fully resolved" (Greeley & Hansen LLC).

The implication of this statement is that the wider regionalization of the area's sewer systems, beyond the scope of regionalized wastewater treatment, should be a priority. ALCOSAN is in a good position, and seems to be the logical entity, to take on any voluntary transfers of collections systems in the region.

Other advantages of a transfer of collections to ALCOSAN include the greater capability of a central owner / manager to prioritize capital improvements and centrally monitor and manage flow volumes, resulting in greater efficiency. Finally, there is currently a significant amount of political and regulatory support for a regionalized system.

Disadvantages of Transferring Collections Management to ALCOSAN

Despite all of these pros for considering the voluntary transfer of collections ownership and management to ALCOSAN, there still remain some valid concerns. First, with a transfer of collections management to ALCOSAN there is problem of lost revenue for the municipalities. With ALCOSAN assuming responsibility for collections management, municipalities potentially lose a source of revenue that they would otherwise use to help pay off the debt and deferred maintenance costs on their own systems. That revenue now goes to ALCOSAN who will prioritize investments regionally instead of on a municipal-level.

Another concern is that changes to ALCOSAN's internal structure would be required. Currently, ALCOSAN is mainly responsible for handling treatment of wastewater that the municipalities send them. Because of this they have less experience, equipment, or staff that is required to handle the associated duties that come with taking on collections management. Should ALCOSAN eventually allow for the voluntary transfer of collections to their jurisdiction, it would be necessary to expand and change their own internal structures. Because of the difficulties associated with this, ALCOSAN may allow

municipalities to voluntarily transfer their collections management to them, but it would be in the future. The transfer of the multi-municipal trunk sewers would be a first step.

Finally, there would be political challenges that would need to be overcome to allow for this transfer. These challenges are related to the difficulties that are associated with gaining a consensus among the 83 municipalities that make up the ALCOSAN service area. Currently there is continued mistrust between the municipalities and ALCOSAN. Much of this distrust stems from ALCOSAN having unequal municipal representation on its board from - outside the city of Pittsburgh (Eckert, Seamans, Cherrin, & Mellott, LLC). This distrust would need to be overcome to a degree before there could be agreement to allow for voluntary transfer of collections to ALCOSAN.

Alternative 3 – New Regional Entity Created for Collections Management

Description

The final alternative to consider would be the formation of a new regional entity to which the municipalities could voluntarily transfer their collections system management. This alternative is similar to the previous alternative that proposes the transfer of collections system ownership and management to ALCOSAN. However, this alternative involves the creation of a new authority tasked with only collections management. Under this alternative the new regional authority would assume responsibility for all of the Collections-related financial, operations and maintenance burdens. Similar to the second alternative, this one may act as a “safe harbor” alternative to those smaller municipalities that may not necessarily have the resources to adequately manage their collections systems. Also, like the second alternative, this proposal has the option of including “basin-level collections authorities”.

Advantages of Transferring Collections Management to a New Regional Entity

The first important advantage to transferring collections management to a new authority is that this alternative carries with it all of the positive regionalization aspects of the previous alternative. Briefly, it has long been assumed and it has also been shown that

regionalization leads to efficiencies to such a degree that it is the position of the SRIC that regionalization of some variety take place in the Pittsburgh region (Nelson and Knaap, Greeley & Hansen LLC). A specific advantage that a new entity would have over ALCOSAN is that it would be a non-ambiguous, dedicated authority for the handling of collections management. A new entity would be responsible for the financial and maintenance aspects of the collections segment of the sewer system only. This would enable it to provide specialized, and presumably superior, service to collections management in the region than what may be seen from the other proposals.

Another advantage that this alternative has, particularly over the second alternative, is that a new authority would have no negative history with the region's municipalities. ALCOSAN has not always had the best relationship with the municipalities in its service region. Much of this stems from, as discussed above, the fact that there is currently inadequate representation on the ALCOSAN Board of Directors from the municipalities outside of the city of Pittsburgh (CONNECT). A new regional entity would not have the aforementioned negative history. Actions could be instituted to diversify the board of the new authority to adequately represent all the municipalities in the ALCOSAN service area. The possibility of including "basin-level collections authorities" also would help to mitigate this concern.

Another advantage of this course of action is that there is enabling legislation that permits the creation of a multi-municipal regional entity. This legislation, known as the Pennsylvania Municipality Authorities Act, is "The standard approach for financing water and sewer capital projects on a regional basis in Pennsylvania..." (Eckert, Seamans, Cherrin, & Mellott, LLC). This is the same legislation that permits ALCOSAN's existence and it would permit a new regional entity to operate from a collections perspective much as ALCOSAN already does from a treatment standpoint. Other advantages of this plan include the ability to prioritize capital improvements and being better able to monitor and control flow volumes more effectively through a central organization. However, the full impact of these advantages requires further study in the future.

Disadvantages of Transferring Collections Management to a New Regional Entity

Despite the advantages to creating a new regional entity and starting with a clean slate, there are some important disadvantages to consider that may hinder this alternative as a viable option. First, as with any newly created entity, there would be high start-up and transaction costs, as well as a long lead time. This particularly makes this an unattractive option when compared to the ALCOSAN alternative. ALCOSAN, as an already established entity, would have less start-up costs, with regular transaction costs taking up the majority of any costs, as well as less start-up time. Additionally, a new entity would have no prior sewer management experience, unlike either of the other two potential alternatives. ALCOSAN has been involved with the treatment aspect of the local sewer system since the late 1940's (ALCOSAN-History), as well as operating and maintaining 90 miles of intercepting sewers, over 300 regulator structures, 5 pump stations and 950 manholes. Each municipality has a long history of managing their own collections. A new entity would be forced to play catch up and there would be associated growing pains.

Running in parallel with the second alternative, a new regional entity, much like ALCOSAN, would have the issue of lost revenue for the municipalities to pay their existing debt. Should municipalities decide to transfer their collections management to a new regional entity, they would lose a source of revenue that they would otherwise use to help pay off the debt on their own systems. A new regional entity may not reinvest the revenue in a way that would be beneficial to an individual municipality.

A final negative consideration associated with this option is that any new regional entity would have no financing or bonding history. Although there are ways to overcome this potential roadblock for this alternative, it would be more problematic than alternatives 1 or 2 outlined above (Eckert, Seamans, Cherrin, & Mellott, LLC).

Analysis of Policy Alternatives

Using the given advantages and the disadvantages of the three alternatives described above, an analysis can be done to help make a decision about which alternative should be recommended for the voluntary transfer of Collections Management. The guiding principles given in an earlier section of this paper will be used to help in the making this determination.

Low Transaction Costs

The first guiding principle to be analyzed is the desire to keep low transaction costs. As put forward in the Introduction, “Any change to the status quo is going to be accompanied by associated costs. Choosing an alternative that minimizes these costs is important to consider”. When considering this it is obvious that the status quo option is the superior choice, because there are zero transaction costs in keeping things the same. Of the remaining two alternatives, the second alternative is decidedly better than the third alternative. A new entity would see higher start-up/transaction costs from such activities as negotiating with the municipalities and setting up billing mechanisms, as well as the normal growing pains associated with any new entity. ALCOSAN, as an already existing entity in sewer management would see significantly fewer transaction costs than starting a new entity from scratch would. This provides a clear delineation of order of preference from status quo to ALCOSAN to new regional entity.

Minimize Lost Revenue to Municipalities and Manage Municipal Debt

In this concern the status quo alternative is once again the preferred choice compared to the other two, to a considerable degree. With collections management remaining status quo, municipalities continue to receive revenue from billing to use towards ongoing maintenance and operation costs and paying debt on their own systems. Under either of the other two alternatives this revenue would go on to the regionalized entity.

Flow Control

Flow Control is a key issue for not just collections management, but the efficacy of the sewer system and associated impacts to the region's waterways. In the context of collections management, as stated in the introduction, controlling flow is desirable to minimize I/I, overflows and to prevent overloading of ALCOSAN's treatment operations. Overall, this would tend toward improvement of water quality in the region. Under the current setup flow control may not be a priority.. This may have to do with several factors: 1) the historical acceptance of all municipal flows by ALCOSAN (Z agreements), 2) the age of the collection systems and need for repair and upgrade, and 3) the lack of resources to effect a long term solution by individual communities. ALCOSAN is the superior option in this respect because it would not only have the resources and capability to implement a long term improvement to the system to control flow, but they have the experience, resources, and ability to monitor flow over the whole system. A new regional entity also has the potential to effect this change, if only because of the advantages associated with any regionalization. However, it could take much longer and may be much more expensive than the ALCOSAN option.

Financial Viability

Another important guideline to consider when looking at collections management is financial viability. As put forth in the introduction, "Any decision made must be financially feasible in order to achieve successful implementation". Related to the Low Transaction Cost guideline, it is different in that all finances, long and short term, must be taken into account. In this respect, the status quo does not do as well as other options. Though there are no associated transaction costs, over the long term each individual municipality and the region as a whole would be forced to spend more money without any guarantee that the system as a whole would be improved. The ALCOSAN alternative, though containing some transaction costs, would be able to effect regional change in the long term more efficiently from an economic standpoint. Though the

argument could be made that a new regional entity could do the same, the associated start-up costs would likely make this option less economically feasible, comparatively.

Management Capacity and Efficiency

This guideline is important to consider because whichever entity is put in charge of the collections systems going forward, it will only be as effective as their knowledge and ability to effectively manage the collections systems in the region. In this respect ALCOSAN comes out ahead of the other two. They carry with them all of the related advantages associated with a regional entity in terms of capacity given the superior resources they have at their disposal. Additionally, ALCOSAN has the advantage of being experienced in wastewater management. Under the status quo alternative, the individual municipalities have the knowledge of their own systems, but in many cases they do not have the resources to effectively make necessary improvements. A new regional entity may have the resources and capacity associated with a regional entity, but it would not gain them overnight and it would take them longer to gain management experience in sewer system management for the region. This is something that ALCOSAN has already established.

Political Feasibility

Political feasibility may be the most important consideration to make when looking at the voluntary transfer of collections management to a regional entity. According to the introduction, “Any decision must be politically feasible in order to achieve successful implementation. Additionally, it should include some form of regional governance”. Once again, all the alternatives are feasible, but ALCOSAN remains the superior choice. Though the status quo is highly feasible due to non-existent transaction costs while allowing municipalities to keep a source of revenue, it is not the ideal solution due to the lack of the regional governance issue. A new regional entity would have the advantage of providing regional governance, but the potential high start-up costs and possible inexperience in sewer management would not make this the preferred option.

ALCOSAN allows for regionalized governance and as an established sewer authority gives the desired knowledge and experience in sewer management. However, it is still not a perfect solution due to associated transaction costs in adding collections management capacity to current treatment management responsibilities and the continued problem of a lost source of revenue for municipalities.

Policy Recommendation

In utilizing the guiding principles to analyze the three alternatives, alternative 3 immediately drops out. The first (status quo) and second alternatives, (advocating the voluntary transfer of collections management to ALCOSAN) remain the only two viable options. However, there is the caveat that a regionalization aspect should be a part of whatever alternative is chosen. The status quo alternative does not have this, which leaves the best remaining option as a voluntary transfer of collections management to ALCOSAN.

Unfortunately, there are still important negatives to this alternative that need to be addressed. This involves primarily the problem of municipalities losing revenue that they currently derive through their ownership of their collections systems. Additionally, ALCOSAN would require an expansion and reorganization of their internal structure as part of taking on collections management. Both of these problems can be solved by encouraging the widespread adoption of sewershed level authorities in the region, much like is currently seen with the Girty's Run Joint Sewer Authority. By forming series of sewershed level authorities under the wider umbrella of ALCOSAN the advantages of both the status quo and ALCOSAN alternatives could be realized.

A sewershed level authority can better respond to more local concerns and have a greater ability to ensure locally derived revenue is reinvested into the local system. Additionally, this would in theory lower transaction costs as ALCOSAN would not be required to drastically expand their operations in order to take on collections management. Also, the potential new sewershed level entities have the model of the successful implementation of the GRJSA to minimize their own start-up and transaction

costs. These new authorities, while serving a smaller service area, would still, as well as the region as a whole, enjoy the benefits of regionalization including having access to all of the resources at ALCOSAN's disposal. Finally, though the greater details would need to be worked out at a later date, the makeup of the board of these authorities could certainly include at least one member from each municipality and an ALCOSAN representative as well. In addition to establishing a distinct hierarchy in the setup it would mitigate the problem of distrust with ALCOSAN by ensuring the individual municipalities are all represented at this sewershed level at the least.

While no stormwater alternatives have been developed for this paper, information has been included since the stormwater issue is related to sewage collection and will have to be dealt with in the long run.

Conclusion

The preferred alternative, while not perfect, has numerous advantages which make it the best solution. Many details would still need to be worked out before implementation could begin, so it cannot be known what the extent of this proposed solution's effectiveness will be. However, no matter what the final form may take, this "hybrid" solution offers the advantages of regionalization while mitigating the disadvantages of abandoning the current setup.

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REGIONALIZATION UPDATE 2015

IV. SRIC Ongoing Efforts

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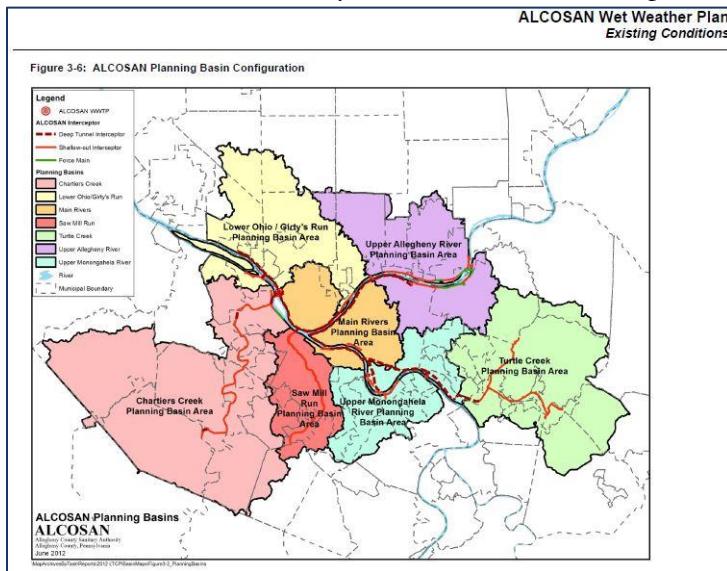
Regionalization Update 2015

While the meetings of the SRIC have concluded, the work on sewer regionalization is only gaining momentum. With the ongoing efforts of the SRIC sponsoring organizations, 3RWW and CONNECT, 2015 will see the following:

1. implementing a municipal outreach process to engage all 83 of the ALCOSAN service-area municipalities;
2. assisting in the due diligence process of ALCOSAN and its service-area municipalities to aid the negotiations that will result in ALCOSAN taking ownership and operations responsibility for the intermunicipal conveyance pipes, other trunk lines, and upstream wet weather facilities beginning in 2016; and,
3. convening of a regional source reduction policy process whereby the municipalities will cooperatively create a source reduction plan that maximizes returns for the region.

Furthermore, recent regulatory developments have invited the region to explore green infrastructure as part of the regional source reduction problem. ALCOSAN, the municipalities within the ALCOSAN service area, and other regional stakeholders are currently engaged with federal and state regulators to determine the best approach for source reduction. Accordingly, SRIC representatives are considering meaningful ways to assist the region in reaching consensus on source reduction, green infrastructure, and flow control elements.

The SRIC municipal outreach program seeks to engage all of the 83 municipalities within the ALCOSAN service area, and intends to initially reach out to the municipalities based on their respective ALCOSAN planning basin(s).



Correspondence will be sent directed to the President of Council and the Municipal Manager for each of the municipalities, providing some background information and inviting them to a planning basin meeting (see ALCOSAN Planning Basin Configuration map from the ALCOSAN draft Wet Weather Plan, June 2012). The outreach effort will require ALCOSAN's support generally, as well as, ALCOSAN's participation at each planning basin meeting to evidence ALCOSAN's commitment to the transfer effort, to provide an overview of the pipes to be transferred including a planning-basin-specific map of pipes and wet weather facilities proposed to be the subject of the transfer, and to schedule follow-up meetings with municipalities as may be required to discuss the pipes and facilities subject to transfer, as well as, due diligence matters.

The follow-up meetings between ALCOSAN and the transferring municipalities will be supported by SRIC representatives as part of the third phase of the outreach program.

Outreach efforts will focus on all 83 municipalities of the ALCOSAN service area because a truly regional sewer system will require system-wide collaboration on matters of governance (*discussed below*, in section IV., "Remaining Challenges") and source reduction. In other words, while not every municipality owns pipes or wet weather facilities that will be transferred to ALCOSAN, all municipalities have a vested interest in the governance of a

regional sewer system and regional source reduction efforts that will be required in order for the region to comply with the federal consent decree.

A regional source reduction plan, an outline of which is set forth in draft form in the SRIC Source Reduction Subcommittee conceptual outline contained herein, invites all of the municipalities in the ALCOSAN service area to commit resources to those source reduction projects that offer the greatest return on investment. In other words, rather than arbitrary flow targets for each municipality, some of which may be cost prohibitive and/or would not contribute to a significant overall reduction of flows within the regional sewer system, 3RWW and SRIC representatives will work with the municipalities to maximize their investment in regional flow reduction.

Additionally, SRIC representatives intend to be a resource for ALCOSAN and the member municipalities as they proceed through the due diligence process and prepare for the execution of pipe transfer agreements and closings on the transferred pipes and facilities. The targeted timeframe for completion of the due diligence process is late summer 2015, so that ALCOSAN may budget for operation of the transferred pipe and facilities in 2016.

In the pursuit of its ongoing efforts, the SRIC faces three major tasks: 1. establishing consensus amongst the 83 municipalities within the ALCOSAN service area to support the sewer regionalization effort; 2. coordinating sewer regionalization with the proposed governance changes to ALCOSAN; and, 3. facilitating collaboration with regulators to enhance efficiency and effectiveness in the pipe transfer and other regionalization efforts, such as source reduction.

First, the principal task within the purview of the SRIC is that of fostering coordination and collaboration amongst the municipalities within the ALCOSAN service area. Regionalization of the sewer system, through trunk line and wet weather facility transfers, regional source reduction, and voluntary regionalization of collections, simply cannot happen without the participation of the municipalities that currently own and operate the regional sewer infrastructure. Facilitating regional collaboration will require engagement through outreach, support through resources, and reduction of barriers to regionalization through expanded capacity. The SRIC was created for this purpose, and is prepared to provide the assistance needed, but an effort of this magnitude will nonetheless be a substantial challenge. ALCOSAN could greatly enhance the SRIC efforts through participation in the outreach effort in order to show its commitment to sewer regionalization and to build trust with the member municipalities. Additionally, ALCOSAN's individual meetings with municipalities to discuss the infrastructure to be transferred and due diligence efforts will be critical to regional success.

Next, perhaps the chief regionalization trust building measure sought by the member municipalities is that of governance changes to the ALCOSAN Board of Directors. The ALCOSAN Regionalization Review Panel recommended, “[a]s the 83 municipalities are in a partnership with ALCOSAN, the legitimacy of the partnership’s governance is indispensable to the success of the joint enterprise. Adequate municipal representation on the ALCOSAN board is crucial to the willingness of the 83 municipalities to take robust regionalization actions.” In response to the ALCOSAN Regionalization Review Panel, the Allegheny County Executive and the Mayor of Pittsburgh called upon the University of Pittsburgh Institute of Politics (IOP), which created the IOP ALCOSAN Governance Committee. The IOP ALCOSAN Governance Committee recommended that ALCOSAN revise its articles of incorporation to create a larger and more regionally inclusive Board of Directors. In order to further regionalization efforts, the SRIC passed Resolution 14-01 seeking to coordinate sewer regionalization and governance change efforts. The SRIC will work with municipal, city, and county elected leaders to develop a coordinated approach for regionalization and governance change.

Finally, a great deal of the work toward sewer regionalization is dependent upon regulatory oversight. From issues of permitting transferred pipes to approval of a regional source reduction plan, all of the region’s ongoing efforts require the assent of regulators at multiple levels of government. Accordingly, the SRIC seeks to serve as a liaison

between the regulatory community and the municipal regionalization efforts, in order to foster a coordinated, deliberative approach toward regulatory compliance such that regionalization efforts are not delayed or thwarted by unsatisfied technical mandates. ALCOSAN aided these efforts by joining 3RWW in hosting federal, state, and county regulators for a discussion with municipal leaders in June 2014. This aspect of SRIC's continued efforts would be greatly served by a continued partnership with ALCOSAN.

Sewer regionalization is a necessary element to cleaning up our regional waterways and compliance with the Clean Water Act, and despite the challenges set forth here, the SRIC representatives and its sponsoring organizations stand ready to support the stakeholders and lead the requisite discussions to ensure success for Southwestern Pennsylvania.



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REGIONALIZATION UPDATE 2015

V. Regionalization Outlook

SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

Regionalization Update 2015

The nature and magnitude of the projected compliance costs emerging from ALCOSAN's wet weather planning process prompted a meaningful discussion among ALCOSAN, its municipal customers, and other stakeholders concerning potential regionalization alternatives for the municipal components of the sewer systems in the ALCOSAN service area.

What has been Accomplished

The ALCOSAN Sewer Regionalization Review Panel ("Regionalization Review Panel"), chaired by Dr. Jared Cohon, President Emeritus of Carnegie Mellon University, and administered by the Allegheny Conference on Community Development was formed in 2011 to seek consensus on a recommended course of action that would lead to a meaningful degree of regionalization. The Regionalization Review Panel's report, published in March 2013, included recommendations to transfer municipally-owned segments of "Intermunicipal Conveyance Lines and Wet Weather Control Facilities" to ALCOSAN together with concurrent changes in the governance of ALCOSAN to recognize the regionalization of the sewer system. Other recommendations included the initiation of follow-on consensus processes concerning the recommended incentivization of source reduction and green infrastructure components in the ALCOSAN wet weather control plan, and the prospect of further regionalization through the transfer of intramunicipal sewer systems to ALCOSAN.

The Regionalization Review Panel Report spawned two implementation stakeholder processes: (1) the ALCOSAN Governance Committee, convened by the Allegheny County Executive and the Mayor of Pittsburgh, and facilitated by the University of Pittsburgh Institute Of Politics ("IOP ALCOSAN Governance Committee") and (2) the Sewer Regionalization Implementation Committee ("SRIC"), created through the partnership of 3 Rivers Wet Weather ("3RWW") and the Congress of Neighboring Communities ("CONNECT") with financial support from the Colcom Foundation. The IOP ALCOSAN Governance Committee issued its recommendations to the County Executive and Mayor of Pittsburgh during 2014. In December 2014, SRIC reached consensus on a legal framework for the transfer of Intermunicipal Conveyance Lines and Wet Weather Control Facilities, as recommended by the Regionalization Review Panel, and produced draft conceptual policy papers regarding a regional source reduction plan and longer term consolidation of municipal wastewater and stormwater collection systems.

The collective work of the Regionalization Review Panel, the IOP ALCOSAN Governance Committee, and SRIC constitutes a real breakthrough in establishing a pathway toward regionalization of the multi-municipal sewer system in the ALCOSAN service territory. If the momentum achieved over the past three plus years can be maintained, the regional cooperation has the potential to propel ALCOSAN and the municipalities in Allegheny County toward additional integrated sewage and storm water management initiatives that will result in improved water quality throughout metropolitan Pittsburgh.

What Remains ...

In order to maintain the momentum achieved over the past three plus years it is critically important that all of the stakeholders in the ALCOSAN service area--not just those who have been actively engaged in the consensus-building processes that have been completed--play their respective parts to complete the tasks required to make the recommended facility transfers to ALCOSAN as expeditiously as possible and implement the recommended

changes to the ALCOSAN governance structure. Of equal importance, it is imperative to engage in further consensus-building on alternatives for satisfying expected regulatory requirements for the incorporation of enforceable source reduction and flow control measures in the wet weather plan for the ALCOSAN service area.

3RWW and CONNECT have earned the reputation of trustworthy facilitators of action among all stakeholders in the region. Moreover, as active participants in each of the consensus processes that have been completed to-date and co-convenors of the SRIC process, 3RWW and CONNECT are exceptionally well positioned to organize and facilitate the next collaborative efforts required to maintain momentum toward achieving regulatory compliance with CSO and SSO obligations, as well as, a more integrated approach to overall water quality in the region.



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REGIONALIZATION UPDATE 2015

Addendum 1 – SRIC Directory

3RWW/CONNECT Sewer Regionalization Implementation Committee Directory



<u>First Name</u>	<u>Last Name</u>	<u>Organization</u>
Chip	Babst	Babst Calland
Jeanne	Clark	ALCOSAN
Kathy	Coder	Borough of Bellevue
Anthony	Colangelo	Gaitens, Turceri & Nicholas
Darla	Cravotta	Allegheny County
Catherine	Deloughry	Allegheny Conference on Community Development (ACCD)
Harry	Dilmore	Borough of Avalon
Grant	Ervin	Office of Mayor William Peduto
James	Good	Pittsburgh Water & Sewer Authority (PWSA)
Robert	Grimm	North Fayette Township
Tim	Inglis	Colcom Foundation
Brian	Jensen	Allegheny Conference on Community Development (ACCD)
Sarah	Koenig	Southwestern Pennsylvania Commission
Jan	Lauer	Allegheny County Conservation District
Tom	Lavorini	Reserve Township
Dave	Montz	Green Tree Borough
Romel	Nicholas	Gaitens, Tucceri & Nicholas, PC
Jan	Oliver	ALCOSAN
Ruthann	Omer	Gateway Engineers
Suzanne	Parks	First Commonwealth Bank
MaryEllen	Ramage	Borough of Etna
Rachel	Rampa	Pittsburgh Water & Sewer Authority (PWSA)
Mohammed	Rayan	Municipality of Penn Hills
David	Ries	Clark Hill Thorp Reed
Kathy	Risko	Congress of Neighboring Communities (CONNECT)
Tim	Rogers	Shaler Township
Wayne	Roller	North Hills Council of Governments
Doug	Sample	Ross Township
Pat	Schaefer	Edgewood Borough
John	Schombert	3 Rivers Wet Weather (3RWW)
Brendan	Schubert	Pittsburgh Water & Sewer Authority (PWSA)
Arletta	Scott Williams	ALCOSAN
James	Stitt	Pittsburgh Water & Sewer Authority (PWSA)
Joseph	Storey	Monroeville Municipal Authority
Erika	Strassburger	Office of City Councilman Dan Gilman
Art	Tamilia	ALCOSAN
Joey	Tolbert	Pittsburgh Water & Sewer Authority (PWSA)
Jack	Ubinger	3RWW/PEC
Peter	Veltri	Babst Calland
John	Weinstein	ALCOSAN Board of Directors
William	Youngblood	The McCandless Township Sanitary Authority
<u>Co-Chairs</u>		
Caren	Glotfelty	Committee Co-Chair
Jim	Turner	Committee Co-Chair
<u>Staff</u>		
Rich	Joyce	Committee Staff
<u>Resources</u>		
Cliff	Levine	Cohen & Grigsby
David	Miller	Center for Metropolitan Studies
Tracy	Schubert	3 Rivers Wet Weather



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Addendum 2 – SRIC Invitation Letter



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November 25, 2013

Regional stakeholders, 3 Rivers Wet Weather (3RWW) and the Congress of Neighboring Communities (CONNECT) are excited to announce a partnership to develop an implementation plan for sewer regionalization. This exciting project is an outcome of the *Sewer Regionalization Evaluation* that was commissioned by ALCOSAN and released in March 2013. In 2011, 3RWW and CONNECT partnered to develop the *CONNECT Multijurisdictional Sewer Management Study* which outlined as one of its recommendations that the multijurisdictional trunk sewers should be transferred to ALCOSAN. This project is the next step in that process and will seek to achieve the following goals:

1. Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
2. Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and
3. Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater to a regional entity.

As a stakeholder in this process we invite you to join the steering committee which will help to guide this process. Caren Glotfelty and Jim Turner have agreed to serve as the Co-Chairs for the committee. Attached is the project outline including steering committee responsibilities and expected outcomes. **Please let us know if you accept this invitation by emailing Rich Joyce, Project Administrator, at rj19@pitt.edu, no later than Tuesday, November 12.**

We will plan to host our first meeting on Monday, November 25, 2013, 3:30 PM, at the Shaler Township Municipal Building. By Monday, November 18, Rich will email all of those who agree to serve on the committee a membership directory, a proposed agenda for the kickoff meeting, and any other materials necessary for the initial gathering of the steering committee. At this initial meeting, we will determine the schedule and location for future meetings.

We hope that you agree to be a member of the steering committee and join us as we work together to achieve these very important regional goals.

Sincerely,

A handwritten signature in black ink, appearing to read "John Schombert".

John Schombert
Executive Director, 3RWW

A handwritten signature in blue ink, appearing to read "Kathy Risko".

Kathy Risko
Executive Director, CONNECT

cc: Caren Glotfelty and Jim Turner, Co-Chairs

Copies of both the CONNECT multijurisdictional sewer management study and the sewer regionalization evaluation can be found here:
<http://www.connect.pitt.edu/WorkingGroups/WaterSewer.aspx>.



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

REGIONALIZATION UPDATE 2015

Addendum 3 – SRIC Mission Statement

Sewer Regionalization Implementation Committee (SRIC)

MISSION and OBJECTIVES

- 1. Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;**
- 2. Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and,**
- 3. Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater systems to a regional entity.**



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

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Addendum 4 – SRIC Meeting Minutes



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Sewer Regionalization Implementation Committee

Initial Meeting

November 25, 2013

Shaler Township

Minutes

In Attendance: Caren Glotfelty (Co-Chair), Jim Turner (Co-Chair), Kathy Coder, Darla Cravotta, Catherine DeLoughry, Harry Dilmore, Deborah Grass, Robert Grimm, Tim Inglis, Jan Lauer, David Miller, Dave Montz, Jan Oliver, Ruthann Omer, Mary Ellen Ramage, Mohammed Rayan, David Ries, Kathy Risko, Wayne Roller, Tim Rogers, Doug Sample, John Schombert, Joseph Storey, Art TAMILIA, Jack Ubinger, John Weinstein, Ed Yim, William Youngblood, Rich Joyce (staff)

3:33 PM **Kathy Risko, Executive Director, Congress of Neighboring Communities (CONNECT) and John Schombert, Executive Director, 3 Rivers Wet Weather (3RWW)** welcomed the Committee members and provided the Committee with background on the efforts that have led to this Committee and an update on wet weather developments. **Risko** and **Schombert** highlighted the following:

- The CONNECT Multi-jurisdictional Sewer Study in 2011 served as a basis for future efforts such as this Committee;
- Public participation efforts by ALCOSAN have attempted to raise awareness of wet weather issues;
- 3RWW, CONNECT, the Allegheny Conference on Community Development (ACCD), the Pennsylvania Environmental Council (PEC), and the Clean Rivers Campaign (CRC) have worked to encourage a regional solution to wet weather issues;
- ALCOSAN submitted its Wet Weather Plan to EPA in January 2013, with a \$2.0 Billion price tag for the initial phase (**Art TAMILIA** of ALCOSAN explained the various plans considered by ALCOSAN, the ongoing process with EPA, and ALCOSAN's efforts to look at green infrastructure);
- In March 2013, the Sewer Regionalization Evaluation Panel, commissioned by ALCOSAN, chaired by Dr. Jared Cohon, and coordinated by ACCD, submitted 6 major recommendations;
- Throughout the spring 2013, CONNECT engaged in a public outreach effort to foster communication between municipal officials on wet weather issues and green infrastructure;
- Municipal feasibility studies were submitted in July 2013;
- Two committees now carry the charge of sewer regionalization forward, a governance committee facilitated by the University of Pittsburgh Institute of Politics and this committee, the Sewer Regionalization Implementation Committee, focused on the transfer of intermunicipal trunk sewers, coordinated by 3RWW and CONNECT, and funded through a grant from the Colcom Foundation.

Risko introduced Committee **Co-Chairs Caren Glotfelty** and **Jim Turner**. The Co-Chairs welcomed the Committee Members, followed by a round of Committee Member introductions.

4:01 PM **Co-Chairs** convened the Committee and called the initial meeting to Order.

Glotfelty reviewed aspects of Committee governance, including:

- Committee mission, as set forth in the invitation letter to all Committee Members, specifically,
 - Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
 - Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and
 - Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater to a regional entity.
- Committee ground rules, specifically,
 - Attendance at Committee meetings will be restricted to Committee Invitees, unless prior arrangements are made with the Committee Chairs. If an Invitee is unable to attend a Committee meeting, the Invitee should contact Committee Staff to discuss arrangements.
 - In order to foster open discussion and thorough deliberation of the important issues under consideration by this Committee, all dialogue from Committee meetings will remain internal to the Committee, until such time as the Committee would deem it appropriate to make a public statement or take a public position.
 - The Committee will strive to reach consensus on major issues wherever possible.
- The Committee process timeline, focusing on three phases:
 - November 2013 – June 2014 - Phase 1: Framework for Transfer of Intermunicipal Trunk Sewer Lines;
 - June 2014 – August 2014 - Phase 2: Municipal and Public Outreach; and,
 - September 2014 – December 2014 - Phase 3: Municipal Endorsement of Framework and Adoption of Implementation Timetable.

- **William Youngblood** raised a concern that the Committee process needs to be approached as a voluntary decision by municipalities to transfer sewer infrastructure to ALCOSAN.
Youngblood suggested that the Committee be clear that municipalities cannot be compelled to transfer sewer infrastructure.

- **David Miller** emphasized that while any municipal transfer would necessarily be voluntary in requirement, such transfers within the ALCOSAN service area are universal in need, and the transfer of intermunicipal trunk sewers must be the focus of this Committee if it is to fulfill its charge from the ALCOSAN Regionalization Panel to fashion a regional integrated conveyance system.
- Proposed meeting dates for Phase 1 of the Committee process*:
 - Monday, February 10, 2014 – Green Tree
 - Thursday, March 13, 2014 – Shaler
 - Monday, April 14, 2014 – Green Tree
 - Thursday, May 15, 2014 – Shaler
 - Monday, June 16, 2014 – Green Tree
- *This list is slightly revised from the proposed dates presented at the November 25 meeting. The January 9, 2014 meeting date has been removed from the calendar. An additional meeting will be scheduled after June 2014.
- Committee outcomes:
 - Produce a legal framework for the transfer of inter-municipal conveyance lines, trunk sewers, and upstream wet weather facilities to ALCOSAN.
 - Produce a “white paper” on the political, legal, and financial issues surrounding municipal flow control.
 - Produce a “white paper” on the political, legal, and financial issues involved in developing a regional collection system.

Rayan excused himself to attend previously scheduled negotiations, but expressed that he believes the Committee process timeline to be aggressive, as there are a number of stakeholders who need to be conferred with in order to accomplish the Committee goals and there a number of terms that need to be defined in order to accomplish a transfer. **Rayan** asked the committee to consider his concerns.

Turner then broke the committee into working groups and facilitated a discussion of the concerns related to the transfer of intermunicipal trunk sewers to ALCOSAN, the information needed to address those concerns, as well as, the opportunities presented by the transfer of intermunicipal trunk sewers.

After the working groups met, a committee-wide discussion elicited the following responses:

- **Concerns:**
 - 83 separate municipalities are impacted;
 - The transfer needs to be voluntary, but universal;
 - Timeframe is aggressive;
 - Loss of municipal control;
 - Debt/legacy issues;
 - Lack of willing partners;
 - If the transfer takes place, all the municipalities are ALCOSAN;
 - Could an individual municipal solution be cheaper?;
 - Existing debt;
 - Perception by municipalities that they are “buying” the problems of other municipalities; and,
 - Impact on Z-Agreements.
- **Information Needs:**
 - Map of ALCOSAN service area that includes municipal sewer infrastructure and municipal easements;
 - Survey assessing the willingness of municipalities to move toward sewer regionalization;
 - Evaluation of cost by municipality v. regional solution;
 - Example of an existing intermunicipal agreement involving the transfer of sewer infrastructure; and,
 - NPDES permit regulations
- **Opportunities:**
 - This is the first step toward a metropolitan sewer district;
 - Fairness – shared burden, economic justice, environmental justice;
 - Transfer of liabilities to a regional entity, ALCOSAN;
 - Good timing for this process as there is political support for regional cooperation from the County Executive and the Mayor-Elect;
 - A shift of political liability for rate increases to ALCOSAN;
 - Municipal transfer of pending implementation orders to ALCOSAN;
 - EPA is believed to be in favor of a regional solution;
 - Transfer of intermunicipal trunk sewers by MOU is the simplest solution;
 - This process is an holistic approach;
 - Some municipalities stand ready to embrace the transfer as early endorsers;
 - Could pose a solution to long-term debt issues for financially-strapped municipalities;
 - Ability to prioritize sewer infrastructure upgrades; and,
 - Municipalities would be relieved of maintenance intensive trunk sewers.

Joyce discussed some Committee administrative matters, including:

- Meeting packets and documents included (**Ruthann Omer** explained two glossaries of terms provided by Gateway Engineers);
- Schedule for future committee meetings (discussion was had regarding a potential change to the meeting times and there was consensus for a Doodle email poll to gauge member preference);
- Meeting minutes will be distributed to members;
- A digital drop box will be created for Committee documents; and,
- In between formal committee meetings, interim outreach and resource meetings are encouraged (contact committee staff at rj19@pitt.edu to discuss scheduling an outreach meeting with a stakeholder or a resource meeting with an expert on sewers or wet weather issues, due diligence for asset transfers, or municipal finance).

4:56 PM Motion to Adjourn – Committee Chairs

NEXT MEETING: Monday, February 10, 2014, time TBD.



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Sewer Regionalization Implementation Committee Meeting

Monday, February 10, 2014

Green Tree Borough

Minutes

In Attendance: Caren Glotfelty (Co-Chair), Jim Turner (Co-Chair), Dennis Blakely, Adam Buchanan, Kathy Coder, Darla Cravotta, Grant Ervin, Brandon Forbes, James Good, Deborah Grass, Robert Grimm, Tim Inglis, Brian Jensen, Sarah Koenig, Jan Lauer, David Miller, Dave Montz, Romel Nicholas, Jan Oliver, Ruthann Omer, Mary Ellen Ramage, Mohammed Rayan, Kathy Risko, Wayne Roller, Tim Rogers, Doug Sample, John Schombert, James Stitt, Erika Strassburger, Joseph Storey, Art Tamilia, John Weinstein, Rich Joyce (staff)

10:04 AM Caren Glotfelty (Co-Chair) called the meeting to Order and welcomed both new and returning members to the second meeting of the Sewer Regionalization Implementation Committee (SRIC), followed by a round of member introductions.

Meeting Minutes from SRIC Initial Meeting, November 25, 2013

Glotfelty provided the opportunity for the Committee to make comments or ask questions regarding the Meeting Minutes from November 25, 2013. Hearing none, Glotfelty asked for a motion to approve the Meeting Minutes from November 25, 2013.

Motion, Second, All in Favor, Minutes approved and adopted.

Meetings between SRIC Chairs and IOP Governance Committee Chairs

Glotfelty informed the Committee that the Co-Chairs of the SRIC Committee and the Governance Committee have met once, and will continue with meetings, to enhance communication and cooperation between the two committees.

SRIC Mission

Since more than two months had elapsed between SRIC meetings, and for the benefit of new members, Jim Turner (Co-Chair) reviewed the Mission and expected Outcomes of the SRIC:

- Committee mission, as set forth in the invitation letter to all Committee Members, specifically,
 - Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
 - Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and
 - Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the

voluntary conveyance of municipal wastewater and stormwater collection systems to a regional entity.

- Committee outcomes:
 - Produce a legal framework for the transfer of inter-municipal conveyance lines, trunk sewers, and upstream wet weather facilities to ALCOSAN.
 - Produce a “white paper” on the political, legal, and financial issues surrounding incentivized source reduction.
 - Produce a “white paper” on the political, legal, and financial issues involved in developing a regional collection system.

David Miller emphasized that although the Mission and Outcomes may be stated in a simple way, this is a very complicated process that would achieve the largest transfer of public assets from multiple municipalities in the United States.

Evidence of Regional Commitment

ALCOSAN – John Weinstein, Chairman of the Board of Directors, pledged his commitment to working with the municipalities to achieve a regional solution to wet weather issues. **Weinstein** expressed his belief that the region is at a turning point with a new Mayor, a supportive County Executive, and now, a new ALCOSAN Board. ALCOSAN is a willing partner in this process.

Allegheny County – Darla Cravotta, County Executive’s Office, explained that if the municipalities want to transfer the trunk sewer pipes to ALCOSAN, the County Executive supports that effort and this Committee’s work.

PWSA – James Good, acting Director, expressed support for the transfer of pipes and the Committee process, as there will be issues to be worked out. But, **Good** reiterated that he believes that this goal can be accomplished.

CONNECT – Kathy Risko, Executive Director, discussed CONNECT’s involvement since the CONNECT Multi-jurisdictional sewer study of 2011. CONNECT is very supportive of this process and has committed resources to help achieve a successful outcome. **David Miller** added that CONNECT’s involvement and support for this process are evidence that this is a municipally-led initiative.

3 Rivers Wet Weather – John Schombert, Executive Director, explained 3RWW’s role and commitment to this process. **Schombert** discussed his ongoing efforts to determine the municipal costs. Finally, **Schombert** expressed hope that the recent EPA statement, relative to opening up the ALCOSAN WWP and the call for greater regionalization, supports our efforts.

Opportunities, Concerns, and Information Needs

Jim Turner reviewed the Committee Opportunities, Concerns, and Information Requests from the SRIC November 25, 2013, and **Turner** provided feedback to the Committee. [The Opportunities, Concerns, and Information Requests that were discussed are listed on the slides from the February 10 SRIC Meeting, a copy of which were uploaded to the Committee’s shared Dropbox Folder.] **Turner** then invited a discussion regarding the Committee opportunities, concerns, and information requests.

Deborah Grass asked whether the cost information would include stormwater system upgrade costs. **John Schombert** explained that the cost data being referenced was the Allegheny County Health Department (ACHD) analysis of the municipal feasibility studies, and that analysis will only include costing on sanitary sewer upgrades.

David Miller provided background on the IOP Governance Committee and surveyed the Committee to see how many dual committee members there were present. Then, a discussion followed regarding how the goals of the two committees must coincide.

Romel Nicholas explained his role, along with **Adam Buchanan** of his firm, as the representative of the 3RWW Solicitor's Group. The 3RWW Solicitor's Group meets semi-regularly, has been involved in these issues with 3RWW since the negotiation of the Consent Decree process, and the Solicitors have formed a core group to work with the Committee throughout this process.

John Weinstein asked whether there has been any assessment to-date gauging the municipalities' favorability toward the trunk line transfer to ALCOSAN.

Jim Turner explained that one of the proposed subcommittees will be charged with assessing the efficacy of the transfer process in the eyes of the municipalities.

David Miller added that although there is not a "survey" to pull off the shelf, the CONNECT communities, a coalition of almost half of the municipalities in the ALCOSAN service area, have endorsed the transfer of trunk sewer lines on multiple occasions, including through Resolutions at its annual legislative session. So, there exists a coalition of the willing.

Subcommittees

Caren Glotfelty explained that the Committee Chairs and staff were proposing that the tasks of the Committee might best be accomplished by utilizing subcommittees as working groups that would report out to the entire Committee for deliberations.

The following subcommittees were proposed:

- | | |
|--------------------|---|
| Goal One: | Transfer of Inter-municipal Conveyance Lines (10+”) |
| | 1. Legal Subcommittee |
| | 2. Communications Subcommittee |
| Goal Two: | Consensus Process to Create Incentivized Source Reduction Programs |
| | 3. Incentivized Source Reduction Subcommittee |
| Goal Three: | Consensus Process for a Regional System Allowing a Voluntary Conveyance of Municipal Wastewater & Stormwater Collection Systems to a Regional Entity |
| | 4. Collection Systems Subcommittee |

Mary Ellen Ramage expressed concern that forming subcommittees could deny the Committee of some of the benefit from convening stakeholders from diverse backgrounds and expertise.

Glotfelty explained that there was no intention to limit anyone's participation in the Committee decisions. Rather, the subcommittee process will, hopefully, allow the Committee to benefit from the strengths and talents of each of its members through their subcommittee work, while maintaining a forum for full-committee discussion, diversity of views, and consensus.

Jan Oliver suggested that ALCOSAN has found it beneficial when convening municipal working groups to pair CSO & SSO communities in order to have both systems represented.

James Good raised the importance of considering financial and indebtedness issues.

Jim Turner recognized the critical importance of financial issues but indicated that our subcommittee model envisioned the financial issues as part of the legal/transfer subcommittee.

Moe Rayan emphasized that the financial issues are primary and require special consideration. **Rayan** indicated that the financial issues may be the most important to municipal officials.

Tim Rogers agreed that the financial issues are critical, but emphasized that the transfer will only work if the municipalities keep their existing debt. Since the municipalities are retaining the revenue, fee producing infrastructure, they will maintain a means to pay existing debt after the asset transfer. Discussion occurred relative to financial and debt issues.

Grant Ervin suggested that a separate “finance” subcommittee might be warranted to explore the issues raised by the Committee.

It was determined by consensus that a “finance” subcommittee would be added under Goal One.

A subcommittee selection form was then distributed and Committee members were asked to rank their subcommittee service preferences. **Caren Glotfelty** explained that once we review the selection forms, the staff will make suggested assignments to the subcommittees and that every effort would be made to provide members with their first or second choice of subcommittees.

Glotfelty further explained that a majority of the time at the March Committee meeting will be spent in subcommittees discussing subcommittee roles and operation.

11:16 AM Motion to Adjourn

NEXT MEETING: Thursday, March 13, 2014, 2:00 PM, Shaler.



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Sewer Regionalization Implementation Committee Meeting

Thursday, March 13, 2014

Shaler Township

Minutes

In Attendance: Caren Glotfelty (Co-Chair), Jim Turner (Co-Chair), Anthony Colangelo, Darla Cravotta, Grant Ervin, Robert Grimm, Josh Hoffman, Tony Igwe, Tim Inglis, Brian Jensen, Sarah Koenig, Cliff Levine, Kristen Michaels, David Miller, Romel Nicholas, Jan Oliver, Ruthann Omer, Mary Ellen Ramage, Mohammed Rayan, David Ries, Kathy Risko, Tim Rogers, Doug Sample, John Schombert, Tracy Schubert, James Stitt, Erika Strassburger, Joseph Storey, Art Tamilia, Joey Tolbert, Jack Ubinger, Ed Yim, Bill Youngblood, Rich Joyce (staff)

2:08 PM Caren Glotfelty (Co-Chair) called the meeting to Order and welcomed both new and returning members to the third meeting of the Sewer Regionalization Implementation Committee (SRIC), followed by a round of member introductions.

Meeting Minutes from SRIC Meeting, February 10, 2014

Glotfelty provided the opportunity for the Committee to make comments or ask questions regarding the Meeting Minutes from February 10, 2014. Hearing none, Glotfelty asked for a motion to approve the Meeting Minutes from February 10, 2014.

Motion, Second, All in Favor, Minutes approved and adopted.

SRIC Mission

Keeping with the Co-Chairs operating principles, Glotfelty reviewed the Mission of the SRIC:

- Committee mission, as set forth in the invitation letter to all Committee Members, specifically,
 - Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
 - Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and,
 - Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater collection systems to a regional entity.

Meetings between SRIC Chairs and IOP Governance Committee Chairs

Glotfelty informed the Committee that the Co-Chairs of the SRIC Committee and the Governance Committee met again on February 17, 2014, along with the staffs of the two committees. The two committees are attempting to coordinate efforts, which will include continued meetings between the Chairs and possibly joint meetings with Mayor Peduto and County Executive Fitzgerald.

Subcommittee Initiation

Jim Turner (Co-Chair) explained to the membership that based on the subcommittee preferences indicated at the February 10 meeting of the SRIC, the Committee staff was able to develop a roster for the five Subcommittees that provided all of the members with one of their top choices. **Turner** reviewed the Subcommittee rosters and introduced the Subcommittee Chairs: **Mary Ellen Ramage (Collections Subcommittee); Kathy Risko and Catherine DeLoughry (Communications Subcommittee); John Schombert (Source Reduction Subcommittee); Brian Jensen (Finance Subcommittee); and, Jack Ubinger (Legal Subcommittee)**. Members were then asked to gather with their respective subcommittee chair for an initial meeting of each subcommittee.

The five subcommittees then met for slightly more than an hour. **Tony Igwe, Principal at Wade Trim** (and engineering consultant to **3RWW**) addressed the Finance, Source Reduction, and Collections Subcommittees collectively regarding the segmental approach of calculating capital improvements and cost sharing in multimunicipal trunk sewers, after which each of those subcommittees met independently.

Subcommittee Reports

Turner re-convened the full SRIC, and asked for a report from each of the subcommittees. In turn, the SRIC Subcommittees reported out the following major points:

- **Mary Ellen Ramage – Collections Subcommittee**
 - Discussed the history of the problem
 - Impact on ratepayers is a primary concern of the subcommittee
 - Part of a bigger wet weather problem
 - Other parties need to be involved to find a solution, including PennDot and the utilities
 - Stormwater is part of the collections issue
 - Discussed the potential and efficacy of a countywide stormwater utility and fee
 - Municipalities seem more concerned with their own unique issues, at this point
 - Green infrastructure should be part of regional facilities
- **John Schombert – Source Reduction Subcommittee**
 - Changing nature of streams, and all water, within the system
 - 200 Million Gallons are treated by ALCOSAN on a dry day and only 80 Million Gallons are metered
 - Bob Grimm from North Fayette spoke to the Subcommittee regarding his municipality's program with ALCOSAN
 - Research for the Subcommittee – what are the opportunities for source reduction and stream removal
 - Explore opportunities for private sewer systems
 - Discussed the Z-Agreement arrangements with ALCOSAN
 - Interested in methods to measure effectiveness in source reduction
 - Looking at how source reduction fits into the bigger picture of regionalization

- **Kathy Risko – Communications Subcommittee**
 - Subcommittee focused on the role of communications in the SRIC mission
 - Expressed the need for a consistent message for outreach – speaking with “one voice”
 - Subcommittee looks to provide support to subcommittees for dealing with stakeholders – FAQ
 - Determining the SRIC audience, including municipalities, residents, ALCOSAN, civic & business leaders, federal and state legislators, and regulators (EPA, DEP, ACHD, et. al.)
 - A timeline needs to be carefully developed for communicating the SRIC message
 - Will consider multiple opportunities for outreach
 - Suggested a website dedicated to the SRIC, including an initial public message and a glossary
- **Brian Jensen – Finance Subcommittee**
 - Anticipating cost numbers from the municipal feasibility studies, which are being reviewed by ACHD
 - After **Tony Igwe** presentation, more convinced that if trunk sewer upgrades are not updated in a regional manner, it will be very complicated for municipalities
 - Subcommittee discussed financial impact on families and municipalities, particularly economically depressed communities
 - A regional approach should look to maximize economies of scale
 - A regional approach, to be sustainable, must deliver financial feasibility for ALCOSAN
 - Major concern is impact on individual municipalities
 - Looking at a timeframe for discussions with municipalities, individually and regionally, regarding the costs that the municipalities are facing, with or without regionalization
- **Jack Ubinger – Legal Subcommittee**
 - Subcommittee identified multiple timelines at work concurrently:
 - The IOP Governance Committee/ALCOSAN BOD timeline;
 - EPA timeline to extend the deadline;
 - Timeline for data from ACHD; and,
 - this Committee’s timeline to produce a pipe transfer framework
 - Considered the need for outreach to municipalities
 - Need to identify which municipalities are receptive to the SRIC process and which municipalities require additional information
 - Gain feedback from the municipalities for legal framework
 - Need to coordinate SRIC efforts with ALCOSAN
 - An indication that ALCOSAN wishes to pursue the transfer might provide a level of comfort to skeptical municipalities

Turner thanked the Subcommittee Chairs for their reports and encouraged the SRIC Subcommittees to communicate and continue their work in between full SRIC meetings. Additionally, **Turner** invited all members to contact the Committee Chairs or Staff with any questions or concerns.

3:54 PM Motion to Adjourn

NEXT MEETING: Monday, April 14, 2014, 3:30 PM, Shaler Township.



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Sewer Regionalization Implementation Committee Meeting

Monday, April 14, 2014

Shaler Township

Minutes

In Attendance: Caren Glotfelty (Co-Chair), Jim Turner (Co-Chair), Adam Buchanan, Kathy Coder, Anthony Colangelo, Josh Hoffman, Tim Inglis, Sarah Koenig, Jan Lauer, Tom Lavorini, David Miller, Romel Nicholas, Mohammed Rayan, David Ries, Kathy Risko, Tim Rogers, Wayne Roller, John Schombert, Brendan Schubert, James Stitt, Art Tamilia, Jack Ubinger, Ed Yim, Bill Youngblood, Rich Joyce (staff)

3:38 PM Caren Glotfelty (Co-Chair) called the meeting to Order and welcomed both new and returning members to the fourth meeting of the **Sewer Regionalization Implementation Committee (SRIC)**. Glotfelty introduced herself as a **Co-Chair** of the **SRIC** and a newly elected member of the Pittsburgh Water and Sewer Authority (PWSA) Board of Directors, then introduced **Jim Turner**, **Co-Chair** of the **SRIC**, and **Glotfelty** asked for a round of member introductions.

Meeting Minutes from SRIC Meeting, March 13, 2014

Glotfelty provided the opportunity for the Committee to make comments or ask questions regarding the Meeting Minutes from March 13, 2014. Hearing none, Glotfelty asked for a motion to approve the Meeting Minutes from March 13, 2014.

Motion, Second, All in Favor, Minutes approved and adopted.

Calendar Adjustment

Glotfelty asked the members to look at the notice on the reverse-side of their Agendas, and to make note on their calendars, that the May and June meetings of the SRIC are being adjusted from the original schedule to avoid conflicts with other events. Glotfelty reminded the members that the May SRIC meeting will take place on **Wednesday, May 21, 2014, 2:00 PM, Location TBD**, and the June SRIC meeting will be held on **Tuesday, June 24, 2014, 10:00 AM, in Green Tree Borough**.

SRIC Mission

Keeping with the Co-Chairs operating principles, Glotfelty reviewed the Mission of the SRIC:

- Committee mission, as set forth in the invitation letter to all Committee Members, specifically,
 - Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;

- Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and,
- Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater collection systems to a regional entity.

Meetings between SRIC Chairs and IOP Governance Committee Chairs

Glotfelty informed the Committee that the Co-Chairs of the SRIC Committee and the Governance Committee are working on coordinating the efforts of the two committees, including the scheduling of a joint meeting with Mayor Peduto and County Executive Fitzgerald. To that end, **Glotfelty** indicated that the Chairs were scheduled to meet on **Tuesday, April 15** at 8 am, along with the staffs of the two committees, as well as, representatives of the City of Pittsburgh and Allegheny County.

Girty's Run & Pine Creek Pilot Studies

Glotfelty asked **John Schombert** to discuss the willingness of the Girty's Run Sewer Authority and the Pine Creek severshed municipalities to serve as the subjects of pilot studies for the implementation principles being drafted by the SRIC.

Schombert discussed the origins of his discussions with Girty's Run and Pine Creek. Based upon the feasibility studies submitted by Girty's Run and the Pine Creek municipalities, the Allegheny County Health Department suggested that there may be both the data and the willingness within Girty's Run and Pine Creek for commencement of a pilot run of trunk sewer transfer. Since the beginning of the year, **Schombert** has met with Girty's Run twice to verify interest in moving forward as a pilot program. **Schombert** made clear that the pilot studies would in no way slow the ongoing work of the SRIC, but rather, would move forward on a parallel track with the hope that the pilot efforts will inform implementing the trunk sewer transfer in all areas of the ALCOSAN service area.

Subcommittee Process

Glotfelty reiterated the Subcommittee Process of the SRIC. In particular, **Glotfelty** emphasized that all material work product of the subcommittees will be presented to the full SRIC Committee for consideration. Once work product is approved by a subcommittee, the process will be that the work product will then be presented to the full committee for deliberation. By way of example, **Glotfelty** explained that the Communications Subcommittee would be offering the SRIC Initial Public Statement for comment at this meeting and the Legal Subcommittee would proffer Initial Guiding Legal Principles for trunk sewer transfer at the May SRIC meeting.

Moreover, **Glotfelty** informed members that anyone who wishes to be more involved in a subcommittee process, other than their assigned subcommittee, should contact the Chair of that subcommittee to ask for meeting dates and updates.

The five subcommittees then met independently for slightly more than an hour. Because no municipal financial data from the feasibility studies had been reported to-date, the Finance Committee members joined with the subcommittee of their choice for purposes of this meeting.

Subcommittee Reports

Turner re-convened the full SRIC, and asked for a report from each of the subcommittees. In turn, the SRIC Subcommittees reported out the following major points:

- **Kathy Risko – Communications Subcommittee**
 - **Risko** distributed a draft of the Initial Public Statement for Consideration
 - Website hosted by 3RWW will be the primary vehicle of public communication
 - A press release may also be a useful vehicle
 - The Initial Public Statement draws on the Cohon Regionalization Report and utilizes much of the same language
 - Audience for the Initial Public Statement is municipal leaders, with the understanding that active citizens may also be reading the statement
 - Any comments on the Initial Public Statement should be emailed to risko@pitt.edu.
 - Some discussion ensued relative to the draft statement
- **John Schombert – Source Reduction Subcommittee**
 - Discussed challenge of defining “source reduction”
 - Reviewed map of Allegheny County streams and discussed how many streams have disappeared
 - Reviewed efforts in Minneapolis – St. Paul to foster source reduction
 - Queried how “Z-Agreements” might be impacted by source reduction efforts
 - Discussed O&M Requirements for municipalities as the final municipal obligations under the last round of consent agreements
 - Discussed the potential efficacy of intergovernmental agreements in municipal source reduction efforts
 - Urged that ALCOSAN must be involved in finding appropriate source reduction opportunities
 - Discussed that “low hanging fruit” projects should be found to gain source reduction momentum
- **Wayne Roller – Collections Subcommittee**
 - Discussed that trunk sewers are not assets, so much as municipal long-term liabilities
 - Discussed the most common obstacles to trunk sewer transfer
 - Suggested that an effort should be made to find ways to incentivize transfer of trunk sewers
 - Mentioned that there should be communication with ALCOSAN regarding capacity for a large-scale increase in its conveyance operations
 - The next Collections Subcommittee meeting will be held Monday, April 21, 2014, 10 AM, in Etna
- **Jack Ubinger – Legal Subcommittee**
 - Working on Preliminary Guiding Legal Principles for trunk transfer
 - It is expected that the Preliminary Guiding Legal Principles will be presented to the full SRIC at the May 21 meeting.
 - Comments to a draft of the Guiding Principles were received from ALCOSAN and PWSA, and the bulk of the subcommittee discussion was focused on those comments
 - Expressed the need to work with the Communications Subcommittee relative to an introductory statement for the Guiding Principles, and queried whether it should mirror the Initial Public Statement drafted by the Communications Subcommittee

- Source reduction has been mentioned in the Legal Subcommittee discussions, but there is not a major mention in the Guiding Principles, which is focused primarily on the transfer of trunk sewers to ALCOSAN
- With a good deal of progress at the meeting that afternoon, there is a path forward to deliberation on the Guiding Principles at the May SRIC meeting, and then perhaps, a meeting with the 3RWW Solicitor's Group shortly after the May 21 meeting, in order to confer with the municipalities' legal counsel in advance of public release of the Guiding Principles

- **Finance Subcommittee – No Report**

Turner thanked the subcommittees for their reports and encouraged the SRIC Subcommittees to communicate and continue their work between full SRIC meetings. Additionally, **Turner** invited all members to contact the Committee Chairs or Staff with any questions or concerns.

Turner then asked for any comments for the good of the Committee.

David Ries raised concern about a press release prior to completion of the Guiding Principles. Discussion ensued relative to the appropriate timing for a press release.

Risko indicated that any press release would be submitted to the full SRIC committee for review and comment prior to release, and that everyone should feel free to submit comments relative to a press release to her at risko@pitt.edu.

Turner asked for any further questions or comments. Hearing none, **Turner** requested a Motion of Adjournment.

5:09 PM **Motion to Adjourn**

NEXT MEETING: Wednesday, May 21, 2014, 2:00 PM, Shaler Township.



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Sewer Regionalization Implementation Committee Meeting Wednesday, May 21, 2014 Shaler Township

Minutes

In Attendance: Caren Glotfelty (Co-Chair), Jim Turner (Co-Chair), Anthony Colangelo, Darla Cravotta, Catherine Deloughry, Grant Ervin, Jim Good, Tim Inglis, Brian Jensen, Sarah Koenig, Jan Lauer, Cliff Levine, Jan Oliver, Ruthann Omer, Mary Ellen Ramage, Mohammed Rayan, Kathy Risko, Tim Rogers, Wayne Roller, Doug Sample, Brendan Schubert, Joseph Storey, Erika Strassburger, Art Tamilia, Jack Ubinger, John Weinstein, Ed Yim, Bill Youngblood, Kim Bellora (IOP Staff), Jim Sutter (CONNECT Intern), Rich Joyce (SRIC Staff)

2:09 PM Caren Glotfelty (Co-Chair) called the meeting to Order and welcomed members to the fifth meeting of the **Sewer Regionalization Implementation Committee (SRIC)**. Glotfelty introduced herself and **SRIC Co-Chair, Jim Turner**. Glotfelty then asked for a round of attendee introductions.

Meeting Minutes from SRIC Meeting, April 14, 2014

Glotfelty provided the opportunity for the Committee to make comments or ask questions regarding the Meeting Minutes from April 14, 2014. Hearing none, Glotfelty asked for a motion to approve the Meeting Minutes from April 14, 2014.

Motion, Second, All in Favor, Minutes approved and adopted.

Calendar Adjustment

Glotfelty asked the members to look at the notice on the reverse-side of their Agendas, and to make note on their calendars, that the next three meetings of the SRIC are scheduled as follows: **Tuesday, June 24, 2014, 10:00 AM, Green Tree Borough; Tuesday, August 5, 2014, 2:00 PM, Shaler Township; Thursday, September 4, 2014, 10:00 AM, Green Tree Borough**.

SRIC Mission

Keeping with the Co-Chairs operating principles, Glotfelty reviewed the Mission of the SRIC:

- Committee mission, as set forth in the invitation letter to all Committee Members, specifically,
 - Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
 - Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and,

- Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater collection systems to a regional entity.

Meetings between SRIC Chairs and IOP Governance Committee Chairs

Glotfelty informed the Committee that the Co-Chairs of the SRIC Committee and the Governance Committee met on April 15, 2014 and the Chairs of the two committees have scheduled a joint meeting with Mayor Peduto and County Executive Fitzgerald.

Girty's Run & Pine Creek Pilot Studies

Glotfelty explained that a letter was sent to the Girty's Run Joint Sewer Authority (GRJSA) providing information on the SRIC's work and inviting GRJSA to participate in a pilot due diligence effort to explore aspects of the transfer transaction that may be common to all transferring parties.

Bill Youngblood indicated that the letter was received by the GRJSA and that a positive response was en route to CONNECT.

Mary Ellen Ramage asked about the Pine Creek aspect of the pilot project, since Etna is a Pine Creek community and there had not been any formal action by those communities to participate in a pilot study.

Rich Joyce suggested that **John Schombert** is the most knowledgeable person regarding the pilot study efforts, but that, GRJSA and Pine Creek were identified by the Allegheny County Health Department (ACHD) as good candidates to be early adopters in the transfer process, since those communities had endorsed the transfer of trunk sewer pipes to ALCOSAN in their feasibility studies. Accordingly, **Joyce** believed that **Schombert** had met with GRJSA to look at the due diligence process for authorities, and that, Pine Creek may be asked to serve as the pilot for due diligence on trunk sewers owned by multiple municipalities.

Glotfelty indicated that while GRJSA and Pine Creek may serve as pilot study subjects, those efforts are not intended to slow the transfer by other municipalities or authorities in any way. If a municipality is ready to begin negotiations with ALCOSAN, those efforts will be supported.

Final Map

Glotfelty indicated the importance of a final and complete map for use by the SRIC in all of its efforts, and **Glotfelty** asked ALCOSAN if it would be willing to finalize the map that it had produced.

Jan Oliver explained the mapping process and indicated that ALCOSAN will work with AECOM and the municipalities to finalize the map.

Glotfelty asked all of the municipalities to review the current draft AECOM map, which is in the Dropbox shared folder.

Joyce stated that the map is in the Dropbox shared folder under "Maps" and that the backup materials for the map are located in the Dropbox shared folder under "Resource Materials."

Meeting Agenda and SRIC Committee Process

Glotfelty explained that there would not be separate subcommittee meetings at this SRIC meeting to allow for an extended plenary session for deliberation on the SRIC Recommended Transfer Legal Principles drafted by the SRIC Legal Subcommittee, as well as, discussion of an outreach strategy for the SRIC message and work product.

Glotfelty emphasized that the important work of the subcommittees will continue and the subcommittees will likely meet as part of future full-committee meetings, but in keeping with the operating principles of the SRIC, it was important for this meeting to allow for full consideration of the SRIC Recommended Transfer Legal Principles and communications strategy.

Subcommittee Reports

While subcommittees would not meet, **Co-Chair, Jim Turner** asked for an update report from the Chair, or a representative, from each of the respective subcommittees.

- **Brian Jensen – Finance Subcommittee**
 - Indicated that the Finance Subcommittee is awaiting ACHD numbers for municipalities
 - Noted that the Finance Subcommittee will look into debt resolution on behalf of municipalities that have debt
 - While the legal subcommittee will further explain the debt resolution piece, the Finance Subcommittee will seek an established policy organization to foster a debt resolution process
- **Caren Glotfelty – Source Reduction Subcommittee**
 - Reviewed research materials related to source reduction
 - Convening a joint meeting with the Collections Subcommittee on June 2
- **Mary Ellen Ramage – Collections Subcommittee**
 - Discussed barriers to a regional collections system
 - Reviewed research materials from 3RWW and Jan Oliver of ALCOSAN
 - Considering Allegheny County Conservation District as a potential administrator for a stormwater utility
 - Meeting jointly on June 2 with Source Reduction Subcommittee
- **Kathy Risko – Communications Subcommittee**
 - Thanked the Committee for their edits and comments to the Initial Public Message
 - The Initial Public Message is now available on a devoted SRIC page on the 3RWW website (<http://www.3riverswetweather.org/regional-solutions/regional-progress/sewer-regionalization-implementation-project>)
 - Next for the Communications Subcommittee will be to develop a strategy for message outreach to the municipalities
- **Jack Ubinger – Legal Subcommittee**
 - Introduced the proposed SRIC Recommended Transfer Legal Principles and discussed the process undertaken by the legal subcommittee
 - Explained the introduction, or preamble, to the legal principles, which outlines the background and process for transfer of the trunk sewer lines
 - Briefly reviewed and summarized the draft legal principles framework
 - **Ed Yim** explained a proposed change by ALCOSAN to move municipal source reduction consideration from Paragraph 5 to Paragraph 4

- **Ubinger** made clear that these are preliminary principles and the hope is to distribute these to the parties to advance the process
- **Ubinger** indicated that the legal subcommittee will continue to work on a due diligence checklist and will provide a proposed checklist to the full committee

SRIC Recommended Transfer Legal Principles Discussion

Turner asked **Ed Yim** to state exactly what the proposed change to the legal principles would be. **Yim** stated that the proposed change would be to remove the third bullet point under paragraph 5 of the principles, and to add a bullet point under paragraph 4, stating as follows:

“The transferring party will consider and implement source reduction measures.”

Jim Good inquired as to the intent of the change.

Yim and **Tamilia** stated that the intent of the change was to include source reduction in a more substantive paragraph of the legal principles.

Members, including **Good**, **Tim Rogers**, and **Moe Rayan**, raised the concern that moving source reduction from Paragraph 5 to Paragraph 4 would change the character of the source reduction element from a suggested provision of the transfer agreements to a quid-pro-quo exchange for transfer of the pipe, which could add a condition precedent requirement to municipalities.

Tamilia explained that the mechanism for regionalization needs to include source reduction, which is a major tenet of the requirements of EPA.

Yim made clear that the change was intended to highlight source reduction as a guiding principle, not to create a new requirement on municipalities.

Ruthann Omer explained that municipalities are engaged in source reduction efforts.

The concern was reiterated by members that the proposed change would create a condition precedent to the trunk transfers.

Cliff Levine, SRIC Legal Resource, indicated that the change would effect a substantive change to the legal principles.

Turner asked **Yim** how he wished to resolve the discussion over the proposed change.

Yim withdrew the proposed change to the principles on behalf of ALCOSAN.

Turner asked for further discussion on the draft principles.

Jan Oliver asked about the proposed wet weather facilities in the municipal feasibility studies. **Oliver** explained that the proposed wet weather facilities were contemplated to be part of the transfer, but that was not clear from the draft principles.

Ubinger explained that it would be difficult to account for the transfer of the proposed wet weather facilities, the transfer encompasses existing facilities, and that ALCOSAN would have broader control once it took over the intermunicipal conveyance system.

Oliver requested that the principle language clearly indicate that proposed wet weather facilities would be within ALCOSAN’s discretion.

Oliver explained that there are some proposed wet weather control facilities that are not intermunicipal , but are still important to creating a regional conveyance system.

Ubinger explained that the principles would be revised to indicate that all “existing and proposed wet weather control facilities” will be transferred to ALCOSAN.

Turner asked **Ubinger** and **Oliver** to work together and draft the revised language while the committee discussed other issues related to the guiding principles.

Turner invited further discussion on the proposed legal principles.

Ramage asked whether the debt proposal would result in an ALCOSAN cost that will be paid by the ratepayers.

Jensen made clear that the debt will not end up as an ALCOSAN cost.

Omer clarified that this debt proposal may help multiple communities deal with debt issues related to upkeep of their sewage pipes.

Risko indicated that upon approval of the legal principles, the next step is to develop a communications strategy for the legal principles.

The process suggested is:

1. distribute to solicitors through 3RWW Solicitors Group
2. distribute to the municipal managers and elected officials
3. in-person outreach to the municipalities

Catherine Deloughry added that we may need a cover letter from the Committee as a mechanism to distribute the legal principles.

Darla Cravotta inquired as to how we should include ALCOSAN as a message carrier, since municipalities are going to want to know where ALCOSAN stands on the issue.

Risko indicated that we have discussed whether a resolution from ALCOSAN would be appropriate to indicate approval.

Turner asked for those members who were present for the IOP meeting with the Mayor and the County Executive to give their thoughts on that meeting.

Cravotta framed the background for the meeting, but asked for municipal representatives to give their input.

Rogers indicated that the Mayor would like for the IOP recommendation and the trunk line transfer to reach legislative action at the same time.

Ramage concurred with **Rogers**'s assessment and indicated that the municipal concern was that this issue was raised for the first time in that meeting.

Discussion occurred on the legislative timeframe and the possibility of conditional approval of the governance changes that would allow them to expire should agreement not be reached on the trunk sewer transfer. Because significant differences existed on the perception of what the Mayor's office is seeking, it was determined that further discussion with the Mayor's office is necessary.

Turner indicated that our timeframe ultimately depends upon the feasibility study numbers from the ACHD. Discussion regarding which finance numbers should be taken to the municipalities ensued. There was question as to whether we could ask municipalities to provide feasibility study numbers. Members expressed the position that the bigger concern is the impact on overall ALCOSAN rates.

Oliver and **Ubinger** indicated that they had completed the revised language for the legal principles.

Turner returned to discussion of the revision to the legal principles and asked **Ubinger** to read the change to the SRIC members.

Ubinger explained that paragraph 3 on page 2 of the legal principles would now read as follows:

“The scope of the recommended transfer relates only to multi-municipal trunk sewer lines, existing upstream wet weather control facilities and, possibly, new wet weather control facilities reasonably required by the municipal feasibility studies. The specific facilities to be transferred will be identified through the completion of a process that is already underway. The recommended transfer does not include municipal collection systems which will continue to be operated and maintained by the respective municipalities or authorities in the ALCOSAN service area.”

Turner then called for a vote on the SRIC Recommended Transfer Legal Principles, as amended by the **Oliver-Ubinger** revised language.

Motion to Adopt the SRIC Recommended Transfer Legal Principles, Motion Seconded

VOTE - ALL IN FAVOR, No Dissenting Votes

Wherefore, the SRIC Recommended Transfer Principles were approved and adopted by the SRIC in plenary session. [A copy of the SRIC Recommended Transfer Principles are attached as an addendum.]

Communications Outreach Strategy

Risko and **Deloughry** asked for Committee view on next steps for distribution on legal principles.

Levine inquired whether ALCOSAN should be showing this document to DEP and EPA to show progress of the regionalization process.

John Weinstein suggested that ALCOSAN would consider the alternatives for communicating adoption of the Recommended Legal Principles.

Ubinger mentioned distribution to the Solicitors Working Group, Tuesday, May 27 – Core Group; Wednesday, June 4, 2014 – Full Solicitors Group [Note: subsequent to the May 21 SRIC meeting, the Full Solicitors Group meeting was rescheduled for June 11, 2014], and then distribution to the municipalities.

Grant Ervin was asked to shed light on the Mayor’s position relative to the timing of the transfer before making the governance changes. **Ervin** explained that he is seeking clarification. A number in the group raised concerns to **Ervin** relative to the difficulty of completing all of the transfers prior to moving forward with the governance changes.

Turner asked for any further questions or comments. Hearing none, **Turner** requested a Motion of Adjournment.

3:36 PM Motion to Adjourn, Second, ALL IN FAVOR - Meeting Adjourned

NEXT MEETING: Tuesday, June 24, 2014, 10:00 AM, Green Tree Borough.



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3601 Wesley W. Posvar Hall | Pittsburgh, Pennsylvania 15260

Sewer Regionalization Implementation Committee Meeting

Tuesday, June 24, 2014

Green Tree Borough

Minutes

In Attendance: Caren Glotfelty (Co-Chair), Jim Turner (Co-Chair), Adam Buchanan, Anthony Colangelo, Catherine Deloughry, Grant Ervin, Deb Grass, Robert Grimm, Josh Hoffman, Tim Inglis, Brian Jensen, Jan Lauer, Cliff Levine, Kristen Michaels, David Miller, Dave Montz, Romel Nicholas, Suzanne Parks, Mohammed Rayan, Jay Rickabaugh, David Ries, Kathy Risko, Tim Rogers, Wayne Roller, Doug Sample, John Schombert, Tracy Schubert, James Stitt, Erika Strassburger, Art Tamilia, Jack Ubinger, Ed Yim, Bill Youngblood, Rich Joyce (staff)

10:07 AM Caren Glotfelty (Co-Chair) called the meeting to Order and welcomed members to the sixth meeting of the **Sewer Regionalization Implementation Committee (SRIC)**. Glotfelty introduced herself and Co-Chair Jim Turner, and Glotfelty asked for a round of member introductions.

Meeting Minutes from SRIC Meeting, May 21, 2014

Glotfelty provided the opportunity for the Committee to make comments or ask questions regarding the Meeting Minutes from May 21, 2014. Hearing none, Glotfelty asked for a motion to approve the Meeting Minutes from May 21, 2014.

Motion, Second, All in Favor, No Dissent, May 21 Minutes approved and adopted.

Coordination with Governance Committee

Glotfelty acknowledged the work of the IOP Governance Committee in preparing a report with governance change recommendations for **Mayor Peduto** and **County Executive Fitzgerald**.

Mayor Peduto has asked for the work of the two committees to be coordinated to the extent possible.

Chairs of both committees are meeting with **Mayor Peduto** and **County Executive Fitzgerald** to discuss an implementation timeline and outreach strategy.

SRIC Mission

Keeping with the Co-Chairs operating principles, Glotfelty reviewed the Mission of the SRIC:

- Committee mission, as set forth in the invitation letter to all Committee Members, specifically,
 - Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather

- facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
- Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and,
- Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater collection systems to a regional entity.

SRIC Immediate Priorities

Glotfelty explained that for the September 4 meeting, it is expected that the following items will be on the agenda for consideration in plenary session:

- A Final Draft of the Map showing the pipes within the ALCOSAN service area that will be subject to transfer;
- A Due Diligence Checklist outlining the due diligence process for the transfer transactions;
- A compilation of financial cost data by municipality based upon the ACHD analysis of municipal feasibility studies;
- Draft Executive Summaries for the Collections and Source Reduction Policy Papers; and,
- A Communications Outreach Strategy.

Review of Committee and Subcommittee Process

Glotfelty explained that during this meeting we will split time between subcommittees and full-committee plenary discussion.

August 5 will be an opportunity for subcommittees to meet and prepare for the September SRIC meeting.

September 4 will be a plenary session to focus on the five critical SRIC outputs stated earlier.

Moreover, **Glotfelty** informed members that anyone who wishes to be more involved in a subcommittee process, other than their assigned subcommittee, should contact the Chair of that subcommittee to ask for meeting dates and updates.

Tim Inglis asked for a critical path analysis or flow chart to illustrate the tasks, sequence of tasks, and target dates for the implementation process.

Glotfelty and **Joyce** suggested that a critical path analysis or flow chart would be useful, but that the dates are fluid at this point.

Kathy Risko stated that the communications piece for outreach is critical for any flow chart analysis of the implementation process. **Risko** indicated that by the September SRIC meeting, the Communications Subcommittee will be prepared to present an outreach strategy.

Glotfelty indicated that the SRIC staff could produce a process summary, which would evolve into a critical path analysis as details are realized.

David Miller suggested that three pieces are critical for September:

1. Due Diligence Checklist;
2. Financial Numbers; and,
3. The Map of assets to be transferred.

Miller stated that once we have those pieces, a critical path analysis would be more plausible.

EPA Meeting

John Schombert provided a summary from the June 17, 2014 EPA municipal meeting hosted by 3RWW. **Schombert** indicated that a written summary of the meeting has been produced, and will be circulated once it is finalized.

Youngblood noted that **Tony Igwe** made a good point at the EPA Meeting that the approach until now has been to get everything to ALCOSAN, but the EPA is changing the plan, which is difficult for municipalities. **Youngblood** explained that some municipalities may feel that the feasibility studies were a waste.

Schombert indicated that he understands the municipal concern, but in his opinion, there was still a lot of value in the feasibility study process.

Grimm concurred with **Youngblood** that the process has been turned upside-down. For the last ten years, it has been expressed that the municipalities need to engineer to get all of its flow to ALCOSAN. Now, EPA is asking ALCOSAN to set a target, and the municipalities will have to engineer to meet a flow limit.

Art Tamilia clarified that the change in approach has been top-down from the federal government. Also, **Tamilia** reminded the members that the final plan with EPA is still in the negotiations stage, and therefore, we do not know exactly what the compliance landscape will be.

A discussion between **Tamilia**, **Youngblood**, and **Rogers** regarding increased municipal participation in the process, especially now that the municipalities will likely have flow limits.

Grimm asked whether the SRIC work will be enough to satisfy the EPA definition of “regionalization.” And, **Grimm** inquired whether we should be part of the process to define “regionalization.”

Cliff Levine suggested EPA has only recently become aware of the SRIC work, and while they are happy with the progress, it will become clearer over time exactly what “regionalization” will need to look like.

Romel Nicholas suggested that we need to know whether our efforts will be wasted time. Before we invest more time or money, we need to know from EPA what “regionalization” is.

David Miller suggested that the glass is half-full. Our work to-date has moved the regionalization process forward to a point that has never been reached before. And, we need to continue our work.

Rogers and **Youngblood** indicated their belief that our level of regionalization would satisfy EPA.

Youngblood raised the issue of timing between the trunk transfer and the governance changes. We need to get a letter of understanding so that all of the parties understand the process ahead.

Nicholas explained that the Governance Committee work has not been public. Municipalities do not know that it is out there.

Grant Ervin suggested that the Mayor's position has always been that the work of both Committees is important, but that they need to work in concert.

Rogers raised concern over flow reduction only recently being added to the equation.

Dave Montz followed that moving targets are a problem. We need to agree to what the terms will be and put them in writing. A letter of understanding could accomplish this. The Committees cannot work toward a moving target. The transfer of pipes is useful, but municipalities will not transfer pipes without governance change.

Jim Turner addressed the issue that we need to move forward with the transfers, as part of the Implementation Committee work, and coordinate with the Governance Committee on an orchestrated implementation timeframe.

Municipal representatives indicated that they are hesitant to transfer pipe without representation on the ALCOSAN Board. While keeping pipes would mean they retain debt, at least they would have control. A number of municipalities indicated that they are hesitant to transfer trunk lines before a schedule for the governance changes is established.

Turner suggested that in the political process windows of opportunity open and close, and this Committee needs to be ready to transfer the pipes when the window of opportunity opens. As the governance changes prepare for implementation, we need to continue our work with the appropriate amount of urgency, so that we are ready when the time comes for implementation of both the governance changes and the trunk transfer.

Discussion took place regarding the EPA schedule for finalizing a plan with ALCOSAN. The municipalities indicated a need to know what the terms will be in order to finalize their transfer.

Rogers suggested that we have the Governance piece and we have the transfer principles from this Committee, there is nothing to wait for in moving forward.

Nicholas indicated that the good work of the committees needs to get to all of the municipalities.

Kathy Risko indicated that the Communications subcommittee will develop that process and ask all of the Committee members to serve as conduits for that message.

ALCOSAN Resolution

Glotfelty asked **Schombert** to inform the Committee regarding the Resolution passed by the ALCOSAN Board of Directors. **Schombert** stated that ALCOSAN passed a Board Resolution supporting the SRIC process. **Schombert** then asked Cliff Levine to summarize the process.

Cliff Levine summarized the ALCOSAN Resolution Process. **Grimm** asked whether ALCOSAN could communicate to the municipalities that it passed a resolution in support of the process, so that all of the communities are on board.

Montz suggested that maybe 3RWW should send a letter explaining that ALCOSAN passed the Resolution.

Map of Pipe to be Transferred, Financial Data, and Pilot Projects

Schombert discussed the process to finalize the map and indicated that ALCOSAN was meeting today with AECOM.

Schombert stated that ACHD completed their review and will be sending letters to municipalities. A few municipalities indicated receipt of letters from ACHD. **Schombert** expects a summary of the cost numbers from ACHD this week.

Also, **Schombert** stated Girty's Run and West View have both agreed to participate in a pilot project process.

Subcommittee Meetings

The subcommittees then met independently for slightly more than thirty minutes. Because no municipal financial data from the feasibility studies had been reported to-date, the Finance Committee members joined with the subcommittee of their choice for purposes of this meeting.

Subcommittee Reports

Turner re-convened the full SRIC, and asked for a report from each of the subcommittees. In turn, the SRIC Subcommittees reported out the following major points:

- **Catherine Deloughry & Kathy Risko – Communications Subcommittee**
 - There needs to be communication to more municipalities, including those not represented on the SRIC
 - The vehicle to initiate communication would most likely be a letter, or a series of letters, as we may need to customize the "ask" to municipalities based on prior engagement
 - A staggered approach to outreach is expected based upon municipalities' previous involvement in the process and institutional knowledge of the SRIC work
 - A presentation to the 3RWW solicitors group, engineers group, and managers group this summer
 - Then, presentation to individual municipalities in the fall
 - Communications Subcommittee will put this plan on a piece of paper to circulate
 - Expect to meet with municipalities in agenda meetings
- **John Schombert – Source Reduction and Collections Subcommittees**
 - Have outlines for policy papers and working on source reduction guiding principles
- **Jack Ubinger – Legal Subcommittee**
 - Outline of Due Diligence process was considered
 - Strategy for testing due diligence process through pilot projects
 - Meetings planned to begin pilot projects
- **Finance Subcommittee – Brian Jensen**
 - Expecting numbers to compile municipal cost analysis
 - Debt Resolution Process discussion ongoing

Turner thanked the subcommittees for their reports and encouraged the SRIC Subcommittees to communicate and continue their work between full SRIC meetings. In light of the important outputs that we intend to consider at the September 4 SRIC meeting, **Turner** encouraged the subcommittees to take advantage of the meeting time and space available at Shaler on August 5 from 2-5 PM. Additionally, **Turner** invited all members to contact the Committee Chairs or Staff with any questions or concerns.

Turner asked for any additional comments for the good of the Committee.

Moe Rayan suggested that ALCOSAN representatives should be present at municipal meetings to discuss the transfer process.

Risko indicated that the Communications Subcommittee will be calling on an array of stakeholders and SRIC members to attend municipal meetings. The Communications Subcommittee intends to consider the specific circumstances of the municipalities when developing the outreach strategy.

David Ries suggested that a step should be considered in the outreach process that would include meetings with the 3RWW Basin Groups.

Deloughry and **Risko** indicated that the mechanics for the outreach process will continue to be discussed. But, it is envisioned that there will be individual meetings with municipalities, as well as, larger group meetings, if necessary.

Turner asked for any further questions or comments. Hearing none, **Turner** requested a Motion of Adjournment.

12:09 PM Motion to Adjourn

NEXT MEETING, Subcommittees Working Session: Tuesday, August 5, 2014, 2:00 PM, Shaler Township.



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Sewer Regionalization Implementation Committee Meeting Wednesday, November 5, 2014 Shaler Township

Minutes

In Attendance: Caren Glotfelty (Co-Chair), Jim Turner (Co-Chair), Chip Babst, Kim Bellora, Dennis Blakely, Dave Borneman, Jeanne Clark, Anthony Colangelo, Darla Cravotta, Grant Ervin, Jim Good, Robert Grimm, Tim Inglis, Bill Inks, Brian Jensen, Sarah Koenig, Tom Lavorini, Cliff Levine, Dave Montz, Jan Oliver, Ruthann Omer, Suzanne Parks, Tim Prevost, Mary Ellen Ramage, Rachel Rampa, Mohammed Rayan, Kathy Risko, Tim Rogers, Doug Sample, Pat Schaefer, John Schombert, Tracy Schubert, Brendan Schubert, James Stitt, Joseph Storey, Erika Strassburger, Jack Ubinger, Peter Veltri, Arletta Scott Williams, Rich Joyce (staff)

12:04 PM Caren Glotfelty (Co-Chair) called the meeting to Order and welcomed members to the seventh meeting of the **Sewer Regionalization Implementation Committee (SRIC)**. Glotfelty introduced herself and Co-Chair Jim Turner, and Glotfelty asked for a round of member introductions.

Meeting Minutes from SRIC Meeting, June 24, 2014

Glotfelty provided the opportunity for the Committee to make comments or ask questions regarding the Meeting Minutes from June 24, 2014. Hearing none, Glotfelty asked for a motion to approve the Meeting Minutes from June 24, 2014.

Motion, Second, All in Favor, No Dissent, June 24 Minutes approved and adopted.

SRIC Mission

Keeping with the Co-Chairs operating principles, Glotfelty reviewed the Mission of the SRIC:

- Committee mission, as set forth in the invitation letter to all Committee Members, specifically,
 - Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
 - Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and,
 - Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater collection systems to a regional entity.

SRIC Outputs To-Date and the Process Moving Forward

Turner reviewed the SRIC outputs to-date and discussed the efforts on the Committee's agenda through the end of 2014, and beyond. Specifically, **Turner** cited the trunk transfer legal documents, the municipal outreach process, and the source reduction and collections policy papers as the expected SRIC outputs. **Turner** then explained that the biggest outstanding items for the SRIC are finalizing an ALCOSAN map, which identifies the pipes to be transferred, and coordinating the ALCOSAN Board reforms with the transfer of the trunk lines.

Turner explained that December 17 would be the last formal meeting of the SRIC, but emphasized that the important goals of the SRIC will require continued diligence beyond the end of the formal meetings. **Glotfelty** and **Turner** outlined the processes that are expected to follow the final SRIC meeting. Then, **Glotfelty** and **Turner** thanked the Committee members for all of their good work to progress the SRIC mission to this point and reminded them that they will be called upon to continue SRIC outreach and other efforts in 2015.

Turner introduced **Jack Ubinger**, Chair of the SRIC Legal Subcommittee, to review the current draft of the Transfer Agreement Legal Framework.

Review of the DRAFT Transfer Agreement Legal Framework

Ubinger summarized the process engaged in by the Legal Subcommittee to produce the draft legal framework. Then, **Ubinger** identified, principle-by-principle, the correlation between the guiding Legal Principles approved by the SRIC and the draft Transfer Agreement. **Ubinger** also reviewed specific sections of the Agreement of particular interest to the Committee members and discussed elements of the legal framework that were still open matters, including right-of-way and indemnity provisions, as well as, the impact of permitting on the legal process.

Further, **Ubinger** explained the due diligence process and the closing process for the transfer transactions. **Ubinger** analogized this process to a real estate closing, but explained that this process is somewhat discrete because here, the agreement will likely be signed after the due diligence process is complete, and at the time of closing.

Tim Rogers raised the issue of coordinating the ALCOSAN Board governance changes and the pipe transfer, and stated that a number of municipalities would like to see the governance changes incorporated into the legal documents related to the pipe transfer.

Darla Cravotta reminded the SRIC membership that County Council will also need to approve the governance changes. Thus, we must be cognizant to keep the County informed and involved as both processes move forward.

Ubinger suggested that the Transfer Agreement may not be the appropriate document to link the governance changes with the pipe transfers, but that the Legal Subcommittee will take it under advisement, and consider an approach for addressing the municipal concern at the next Legal Subcommittee meeting.

ALCOSAN Map of Pipes to be Transferred

Glotfelty introduced **Arletta Scott Williams**, Executive Director of ALCOSAN to explain the mapping process.

Williams began by re-enforcing to the SRIC that ALCOSAN is 100% committed to this process. While there will be challenges, and even disagreements at times, **Williams** assured the members that ALCOSAN is committed to the trunk sewer line transfers. **Williams** explained that ALCOSAN has worked very diligently to make sure that the process is done correctly, so that it succeeds, and ALCOSAN has committed a lot of resources, time and money, to this process. **Williams** then explained the ALCOSAN process in working with its consultant, AECOM, to refine the maps to meet certain criteria that will produce a fair approach and provide the smoothest transition of operations of the trunk lines from the municipalities to ALCOSAN. **Williams** thanked all of the members for their patience,

reminded everyone that this is a process, and introduced ALCOSAN Manager of Wet Weather Programs, **Tim Prevost**, to explain the criteria ALCOSAN considered.

Prevost reviewed the criteria developed by ALCOSAN in consultation with AECOM, and provided criteria justification through several maps projected for the SRIC membership. There was then a discussion amongst the membership relative to the evolution of the map and identification of the process to finalize the map. Members emphasized that clarity on the universe of the “what” being transferred is necessary before the finalization of transfer agreements can occur. Additionally, several members urged that there are a good number of municipalities not represented on the SRIC that have an interest in the final map.

Williams explained that ALCOSAN intends to return to the original lists produced by AECOM [in August 2013], and will work from there to produce maps of the roughly 203 miles of pipes to be transferred, less pipes that may have been identified mistakenly.

Turner clarified that ALCOSAN will be utilizing the original lists of 203 miles of pipe produced by AECOM, subject to a process to identify mistakes.

Glotfelty added that individual meetings with municipalities may produce removal of some pipe lines due to mistake, but may also result in additional pipes being included in the transfer as necessary elements of a regional conveyance system.

Jim Good asked for clarification on the process that ALCOSAN will utilize to engage the communities.

Williams clarified that: 1.) ALCOSAN will produce maps utilizing the original 203 miles [documented in the lists created by AECOM] less any lines that were mistakenly identified as meeting the definition of pipes to be transferred by the Regionalization Review Panel; 2.) ALCOSAN will work through negotiations with municipalities during 2015, so that by August 2015; lines to be transferred can be included in deliberations over the 2016 budget; and, 3.) ALCOSAN’s goal is to begin accepting trunk lines operationally at the beginning of 2016.

SRIC Outreach Process

Kathy Risko explained that the SRIC Communications Subcommittee has been working on a proposed process and has been coordinating with the other SRIC subcommittees to develop a synchronized approach. **Risko** anticipated that the process will include early discussions with some of the municipalities that have indicated their willingness to transfer trunk sewer lines to ALCOSAN, but the process will engage all municipalities within the ALCOSAN service area, as well as municipal professionals, including engineers and solicitors. It is expected that letters will be sent to the municipalities to set up meetings with SRIC and ALCOSAN representatives. **Risko** suggested that a logical approach to reaching the municipalities may be to communicate by watershed. **Risko** emphasized that a critical component to the success of the outreach process will be the continued involvement of SRIC representatives after the final committee meeting in December.

Risko indicated that the expected timeline for outreach corresponds with ALCOSAN’s timeline; to wit, outreach is expected to begin in January 2015 and the goal will be to promote transfers to begin January 1, 2016.

Risko stated that the Communications Subcommittee would have a proposed process for consideration by the full SRIC at the December 17 SRIC meeting.

SRIC Source Reduction and Collections Recommendations

Mary Ellen Ramage informed the SRIC that the Collections Subcommittee had only recently received a draft of their policy paper, and that they were in the process of reviewing the draft. **Ramage** expected that the Collections Subcommittee would meet in the near future to collaboratively revise the document. Moreover, **Ramage** hoped to coordinate policy goals with the Source Reduction Subcommittee.

John Schombert stated that the Source Reduction Subcommittee was working to finalize its policy paper that will propose the most efficient means to achieve a regional flow reduction target. In other words, the Source Reduction Subcommittee's plan will seek to avoid applying arbitrary flow targets on each municipality in favor of recommending projects that will achieve the greatest source reduction per dollar spent, so that regional flow reduction may be maximized. **Schombert** cautioned, however, that the policy paper will not have all of the data necessary to recommend projects at this point. Rather, the Source Reduction policy paper will propose a process by which the municipalities, along with ALCOSAN and other stakeholders, could develop and analyze the necessary data to identify source reduction projects.

Goals for the Final SRIC Meeting on December 17, 2014

Glotfelty and **Turner** established the following goals for the December 17, 2014 Final SRIC Meeting:

- Final Approval of the Legal Framework
- Review Status of Pipe Transfer Maps
- Prepare for Outreach Process

Glotfelty and **Turner** again thanked everyone for their continued efforts and reminded the SRIC representatives that there will be a hot lunch reception at the beginning of the final meeting as an expression of gratitude from 3RWW and CONNECT.

Glotfelty asked for any further questions or comments. Hearing none, **Glotfelty** requested a Motion of Adjournment.

1:46 PM Motion to Adjourn

NEXT MEETING, Final SRIC Meeting: Wednesday, December 17, 2014, 12:00 PM, Green Tree Borough.



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3601 Wesley W. Posvar Hall | Pittsburgh, Pennsylvania 15260

Sewer Regionalization Implementation Committee Meeting

Wednesday, December 17, 2014

Green Tree Borough

Minutes

In Attendance: Caren Glotfelty (Co-Chair), Jim Turner (Co-Chair), Chip Babst, Dave Bingham, Jeanne Clark, Anthony Colangelo, Darla Cravotta, Harry Dilmore, Grant Ervin, Jim Good, Robert Grimm, Herb Higginbotham, Tim Inglis, Brian Jensen, Sarah Koenig, Tom Lavorini, Brian Maloney, Kristen Michaels, David Miller, Rick Minsterman, Dave Montz, Jan Oliver, Ruthann Omer, Suzanne Parks, Mary Ellen Ramage, Rachel Rampa, Mohammed Rayan, David Ries, Kathy Risko, Tim Rogers, Doug Sample, John Schombert, Brendan Schubert, Tracy Schubert, James Stitt, Joseph Storey, Erika Strassburger, Jack Ubinger, Rich Joyce (staff)

12:18 PM John Schombert and Kathy Risko, on behalf of sponsoring organizations **3 Rivers Wet Weather (3RWW)** and the **Congress of Neighboring Communities (CONNECT)** welcomed all of the attendees to the final formal meeting of the **Sewer Regionalization Implementation Committee (SRIC)**, and asked for a round of introductions. Risko and Schombert then presented all attendees with a token of appreciation from their organizations to thank the membership for the time and talent lent to the SRIC process. Finally, Risko and Schombert made a special presentation to the **SRIC Co-Chairs, Caren Glotfelty and Jim Turner**, to thank them for their gracious donation of an extraordinary amount of time, energy, and leadership to steering the SRIC process. Both Co-Chairs were present for all full-committee meetings and attended an innumerable list of subcommittee meetings, working sessions, and planning meetings.

12:28 PM Caren Glotfelty (Co-Chair) called the meeting to Order and welcomed members to the eighth and final meeting of the **Sewer Regionalization Implementation Committee (SRIC)**. Glotfelty and Turner thanked the membership for their tireless work throughout the year, with special thanks to: Tim Inglis and the **Colcom Foundation** for their generous financial support of the SRIC process; Kathy Risko and John Schombert, and their organizations, for staffing and managing the SRIC process; Tim Rogers of Shaler Township and Dave Montz of Green Tree Borough, and their respective staff members, for hosting the SRIC full-committee meetings, as well as, a great number of subcommittee meetings and working sessions; and finally, the **SRIC Subcommittee Chairs, Catherine Deloughry (Communication), Brian Jensen (Finance), Mary Ellen Ramage (Collections), Kathy Risko (Communication), John Schombert (Source Reduction), and Jack Ubinger (Legal)**.

Meeting Minutes from SRIC Meeting, November 5, 2014

Glotfelty provided the opportunity for the Committee to make comments or ask questions regarding the Meeting Minutes from November 5, 2014. Hearing none, Glotfelty asked for a motion to approve the Meeting Minutes from November 5, 2014.

Motion, Second, All in Favor, No Dissent.

November 5, 2014 Minutes approved and adopted.

SRIC Mission

Keeping with the Co-Chairs operating principles, **Glotfelty** reviewed the Mission of the SRIC:

- **SRIC Committee mission**, as set forth in the invitation letter to all Committee Members; specifically,
 - Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
 - Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and,
 - Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater collection systems to a regional entity.

Meeting Agenda

Glotfelty expressed that the intent of the final formal meeting of the SRIC was to deliberate and vote on SRIC work product and reinforce a plan for the upcoming outreach process.

Transfer Agreement Legal Framework

Turner introduced Legal Subcommittee Chair, **Jack Ubinger** and thanked **Ubinger** for his extraordinary effort in guiding the legal subcommittee negotiations and facilitating a workable legal framework for the municipal trunk line transfers.

Ubinger summarized the legal subcommittee process and reviewed the essence of the trunk line transactions. Then, **Ubinger** discussed the due diligence process that municipalities will need to work through with ALCOSAN.

Next, **Ubinger** addressed the outstanding matters raised during review of the draft transfer agreement at the November SRIC meeting. Specifically, **Ubinger** recounted the legal subcommittee discussions relative to indemnity provisions, right-of-way concerns, and permitting issues. Further, **Ubinger** explained that alternative clauses or a placeholder clause were utilized in instances where the committee was unable to settle upon language that would be appropriate for every municipality. Finally, **Ubinger** explained that the transfer agreement will provide a framework and a good starting point for all of the municipalities, but he reminded the membership that individual negotiations between each municipality and ALCOSAN will still be necessary, and also, third party regulation of matters such as permits may impact other terms of the final agreements.

Jim Good suggested that **Ubinger** did an outstanding job facilitating the discussions that produced the framework agreement and **Ubinger** has earned the special thanks of the SRIC.

Ruthann Omer seconded **Good's** expression of gratitude and added that **Ubinger** was an excellent facilitator because he made it a point to ensure that all sides and stakeholders were heard from on all of the issues surrounding the transfer agreement and transfer process.

Ubinger asked the membership for any questions or concerns, but none were raised.

SRIC Resolution 14-01

Resolution 14-01 was introduced and explained by **Ubinger**.

Turner then presented **SRIC Resolution 14-01** for deliberation and vote:

THEREFORE, BE IT RESOLVED, that the SRIC recommends the transfer of intermunicipal conveyance lines, other trunk lines and upstream wet weather facilities from the respective municipalities or municipal authorities to ALCOSAN should be preceded by a governance change in the ALCOSAN Board consistent with the recommendation of the IOP ALCOSAN Governance Committee so as to maximize and encourage the support of the various municipalities and municipal authorities for regionalization within the ALCOSAN system.

Grant Ervin suggested revision of the resolution language from “preceded by a governance change” to “accompanied by a governance change.” **Ervin** explained that there are a number of ongoing considerations relative to the governance changes that make the process difficult to time perfectly, and **Ervin** further pointed out that the City did not want to be in the position of seeking governance changes without assurance that the pipes will be transferred. But, **Ervin** emphasized that it is the City’s intention to pursue both the governance changes and the pipe transfer on parallel tracks.

Tim Rogers expressed concern with the change of language, as the municipalities are contemplating fair representation on the ALCOSAN Board as a necessary piece for pipe transfer. **Rogers** reiterated municipal support for a regional sewage conveyance system, but noted that a regional pipe system should have regional governance.

Turner then guided a discussion on the resolution language.

David Ries suggested that adding “or accompanied by” after “preceded by” may address all of the considerations raised.

Discussion of the suggested change ensued.

Rogers emphasized that if the City and County do not make the governance changes, the municipalities do not intend to transfer the trunk lines.

Ervin and **Good** expressed the intent of the City to go first with the governance changes and the transfer of pipes.

David Miller suggested that the revised language would give both the City and the municipalities the assurances that they are seeking. **Miller** noted that nobody wants to be hung out to dry, and this change to the language should provide all of the parties the protection they are seeking.

Ries offered an amendment to **SRIC Resolution 14-01**, such that, where the resolution reads “preceded by”, it should be amended to “preceded by or accompanied by”, and the balance of the resolution should be left unchanged.

Motion, Second, All in Favor, No Dissent, SRIC Resolution 14-01 so amended.

Turner then asked for a Motion to offer **SRIC Resolution 14-01, as amended**, for a vote.

THEREFORE, BE IT RESOLVED, that the SRIC recommends the transfer of intermunicipal conveyance lines, other trunk lines and upstream wet weather facilities from the respective municipalities or municipal authorities to ALCOSAN should be preceded by **or accompanied by** a governance change in the ALCOSAN Board consistent with the recommendation of the IOP ALCOSAN Governance Committee so as to maximize and encourage the support of the various municipalities and municipal authorities for regionalization within the ALCOSAN system. **(Emphasis added).**

Motion, Second, All in Favor, No Dissent.

SRIC Resolution 14-01, as amended, approved and adopted.

Ubinger then moved to endorse the Transfer Agreement proffered by the Legal Subcommittee.

Rogers seconded the motion.

All in Favor, No Dissent.

The Transfer Agreement prepared and proffered by the Legal Subcommittee approved and adopted.

Turner thanked everyone for their efforts and turned the meeting over to **Caren Glotfelty**.

SRIC Resolution 14-02

Resolution 14-02 was introduced and explained by **Glotfelty**. **Glotfelty** provided the background of the mapping process and the role of maps in the pipe transfer discussions, and **Glotfelty** invited **Jan Oliver** to speak to the maps on behalf of ALCOSAN.

Oliver provided paper copies of the current maps to the SRIC in paper form and indicated that ALCOSAN will proceed to produce digital maps by planning basin and municipality. **Oliver** explained that ALCOSAN will support the outreach process by providing whatever mapping may be necessary, and **Oliver** informed the membership that ALCOSAN has retained the professional services of AECOM to assist with all aspects of the pipe transfer process.

Ruthann Omer offered that the maps produced to-date are subject to clarification during individual meetings between ALCOSAN and the respective municipalities.

Glotfelty then presented **SRIC Resolution 14-02** for deliberation and vote:

THEREFORE, BE IT RESOLVED, that the SRIC endorses the ALCOSAN/AECOM Lists from 2013, incorporated herein by reference and attached as Exhibit A (by POC) and Exhibit B (by municipality) as the subject and corpus of the transfer agreements between the ALCOSAN service area municipalities, and municipal authorities, and ALCOSAN.

BE IT FURTHER RESOLVED, that the SRIC formally requests ALCOSAN to prepare a map, or maps, of the proposed assets subject to transfer consistent with this Resolution and make the map(s) readily available to the municipalities within the ALCOSAN service area as soon as practicable.

Glotfelty then guided discussion of the resolution.

Omer reiterated that there will be individual discussions between ALCOSAN and the municipalities.

Good inquired as to the ALCOSAN representative to attend the municipal meetings.

Glotfelty explained that ALCOSAN has committed to participate in both the SRIC outreach process and individual meetings with municipalities through staff, and through its consultant AECOM.

Glotfelty emphasized that the maps are a starting point, but a critical starting point, since although individual meetings may produce modifications; we need to start with a shared point of view as to the scale of the pipe transfer.

Glotfelty then asked for a Motion to adopt **SRIC Resolution 14-02** by a vote.

Motion, Second, All in Favor, No Dissent.

SRIC Resolution 14-02 approved and adopted.

Glotfelty thanked the membership and introduced **Kathy Risko** to discuss the SRIC outreach process.

SRIC Outreach Process and Resolution 14-03

Risko reviewed the three-phase municipal outreach process developed by the SRIC Communication Subcommittee.

PHASE ONE

Information about SRIC sent to municipal officials

PHASE TWO

Informational meetings by ALCOSAN Regional Planning Basins

PHASE THREE

Follow up from meeting by municipality (or grouping of municipalities depending on preference) to be conducted by ALCOSAN with SRIC member

Risko explained that the outreach process will be refined as it proceeds. While the framework encompassed by the phases will be pursued as designed, some of the timing and specifics may be altered depending upon the needs of the municipalities.

Omer praised the efforts of the Communication Subcommittee and lauded the phased approach. **Omer** suggested an agenda item to discuss the municipal feasibility studies in the context of the pipe transfers during the planning basin outreach meetings.

Risko indicated that the expected timeline for outreach corresponds with ALCOSAN's timeline; to wit, outreach is expected to take place during 2015 with the goal to promote transfers beginning January 1, 2016.

Risko asked for any questions or objections relative to the outreach process, and hearing none, **Risko** presented **SRIC Resolution 14-03** for deliberation and vote:

THEREFORE, BE IT RESOLVED, the SRIC representatives hereby commit to provide capacity, leadership, and advocacy, through their best efforts to assist and support the SRIC outreach strategy during 2015.

Miller inquired into funding for the outreach process. **Risko** and **Schombert** indicated that there is funding for outreach through the first quarter of 2015, but that additional funding will be sought for the long-term.

Risko then asked for a Motion calling for a vote on **SRIC Resolution 14-03**.

Motion, Second, All in Favor, No Dissent.

SRIC Resolution 14-03 approved and adopted.

SRIC Source Reduction and Collections Recommendations

Mary Ellen Ramage informed the SRIC of the Collections Subcommittee work on their policy paper. **Ramage** explained that the paper, which will be finalized over the next month or so, will adhere to the outline that follows:

- Background on the collection system within the ALCOSAN service area;
- Exploration of the stakeholders in a regional collection system;
- Delineation of guiding principles for a voluntary regional collection system;
- Discussion of alternatives for a regional collection system;
- Critical analysis of the potential alternatives;
- Recommendation of management on a sewershed level under the ALCOSAN umbrella; and,
- Proposed considerations for flood control, source reduction, and operation & maintenance.

John Schombert stated that the Source Reduction Subcommittee was working to finalize its plan that will propose a regional source reduction approach, seeking to avoid applying arbitrary flow targets on each municipality in favor of recommending projects that will achieve the greatest source reduction per dollar spent, so that regional flow reduction may be maximized. **Schombert** cautioned, however, that the policy paper must remain in draft form until the details of the next ALCOSAN Consent Decree are known. Finally, **Schombert** pledged that the Source Reduction Subcommittee will continue to work with the Collections Subcommittee as the two subcommittees finalize their respective policy papers.

Glotfelty and **Turner** again thanked everyone for their time and dedication throughout the formal SRIC process. **Turner** asked for any additional questions, comments, or concerns.

Hearing no questions, comments, or concerns, **Glotfelty** and **Turner** requested a Motion of Adjournment.

1:19 PM Motion to Adjourn, Second, All in Favor, No Dissent.

The Sewer Regionalization Implementation Committee stands adjourned.



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

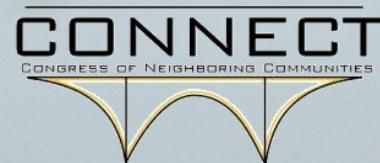
REGIONALIZATION UPDATE 2015

Addendum 5 – SRIC Committee Presentations

Wet Weather Update

Prepared for the Sewer Regionalization
Steering Committee Inaugural Meeting

November 25, 2013



Wet Weather Timeline

CONNECT Multijurisdictional Sewer Study

- Released June 2011
- Study recommended that ALCOSAN take title to approximately 73 miles of multijurisdictional trunk sewers
- Recommendation from CONNECT was sent to ALCOSAN in September 2011
- Became a recommendation in the Sewer Regionalization study



Wet Weather Timeline

RainWays

- Funded by a grant from the Colcom Foundation
- Launched in March 2012
- RainWays upgrade funded by Colcom in June 2013
 - Calibration with ALCOSAN models
 - Expansion to include all of Allegheny County



RainWays

An interactive tool to change your waterways

Welcome to RainWays, the 3 Rivers Wet Weather green infrastructure tool created to support the planning and implementation of green solutions to address the region's wet weather problem. Property owners will find the necessary tools to determine the best green infrastructure options for their homes or businesses. Engineers and planners will find a more technical tool that helps to determine the impact of green infrastructure in public spaces. Together these tools will help to capture stormwater, reduce sewage overflows, improve water quality and human health, enhance groundwater recharge, and increase property values. In short, RainWays can help us change our waterways.



Rain Garden Contest

Know of a community or residential rain garden that is particularly beautiful and effective? Enter it into the Three Rivers Rain Garden Alliance contest.

[Learn More](#)

Allegheny County Act 167 Plan

Participate in the county-wide Act 167 stormwater management plan, which helps to protect residents from flooding and pollution risks associated with stormwater.

[Learn More](#)

Spotlight on green infrastructure

Can a green roof be both functional and beautiful? See how the Allegheny County Office Building accomplishes both. [Learn more](#).

Welcome, Beth

Admin

[Update Account](#)

[Logout](#)

Find Select Plan

Step 1: Enter project name. [?](#)

Enter your address (e.g. 3901 Penn Ave.15224) and click on the search button below it.

3901 Penn Avenue 15224

Step 2: Draw property boundary by clicking on each corner of your property. (To adjust view, hover over satellite button and select/deselect 45-degree angle.)

Step 3: Click on the icon to confirm your boundary selection.

Step 4: Select your green infrastructure.

Map Satellite

Google Imagery ©2013 Sanborn - [Terms of Use](#) Report a map error

Annual Runoff: 71,156 gal.

Reduction: 0 gals.

Area Treated: 0 sq. ft.

	Reduction (gals.)	Area (sq.ft)	% area treated
Yard	0	0	0
Paved	0	0	0
Roof	0	0	0

Total Green Practices: 0

Total Costs(\$): \$0

Roof Area: 1441 SQ.FT.

Yard Area: 6145 SQ.FT.

Paved Area: 1451 SQ.FT.

Google [Terms of Use](#)

Enter your address

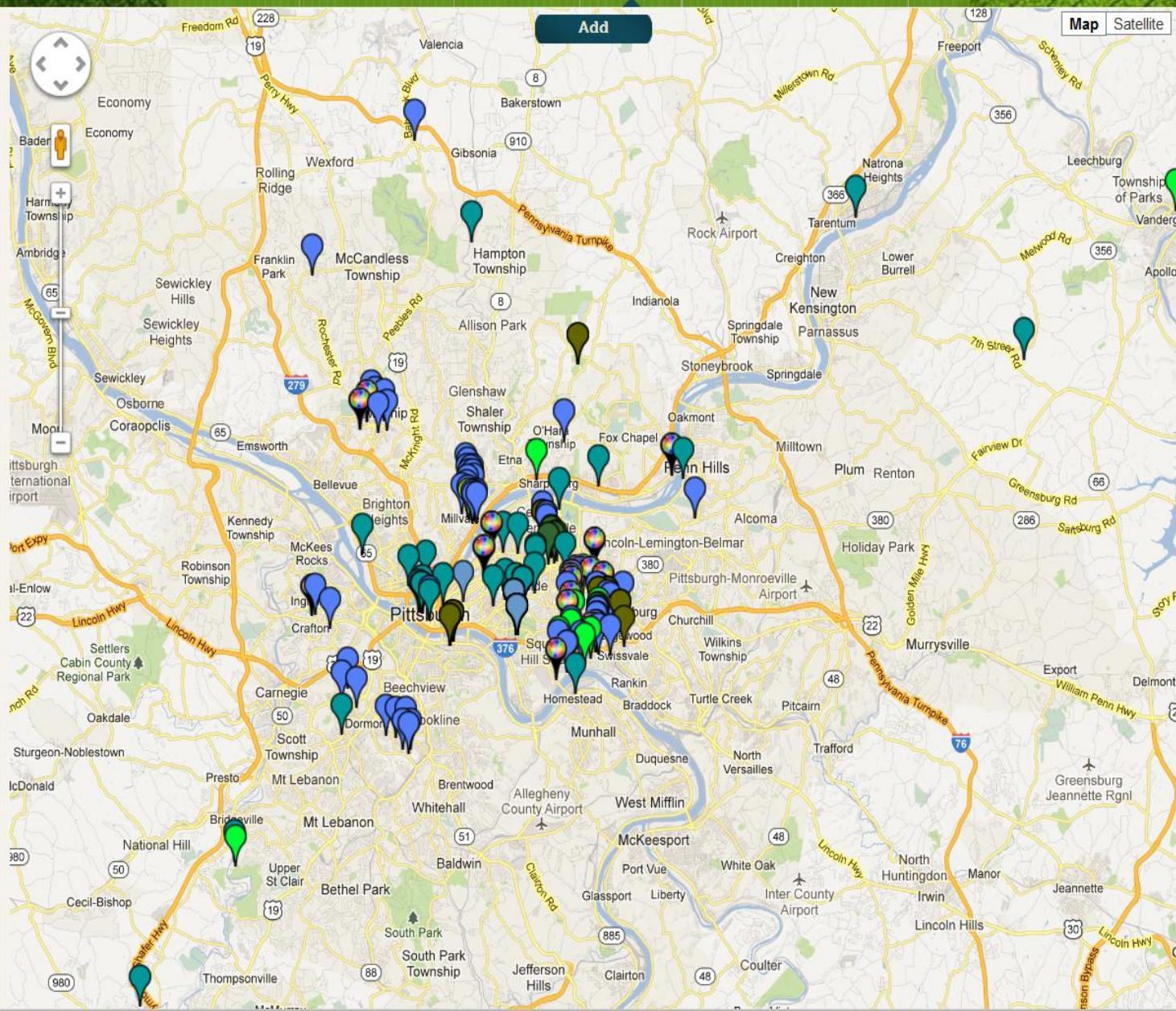
Green Infrastructure Filter

- All BMP Types
- Bioretention
- Bioretention (Lined)
- Bioswale
- Dry Pond
- Filter Strip/Grass Buffer
- Vegetated Filter Strip/Grass Buffer
- Green Roof
- Infiltration Basin/Dry Pond
- Infiltration Trench/Basin
- Permeable Pavement
- Permeable Interlocking Paver
- Permeable Interlocking Paver (Lined)
- Planter Box
- Porous Asphalt
- Porous Asphalt (Lined)
- Porous Concrete
- Porous Concrete (Lined)
- Rain Barrels
- Other

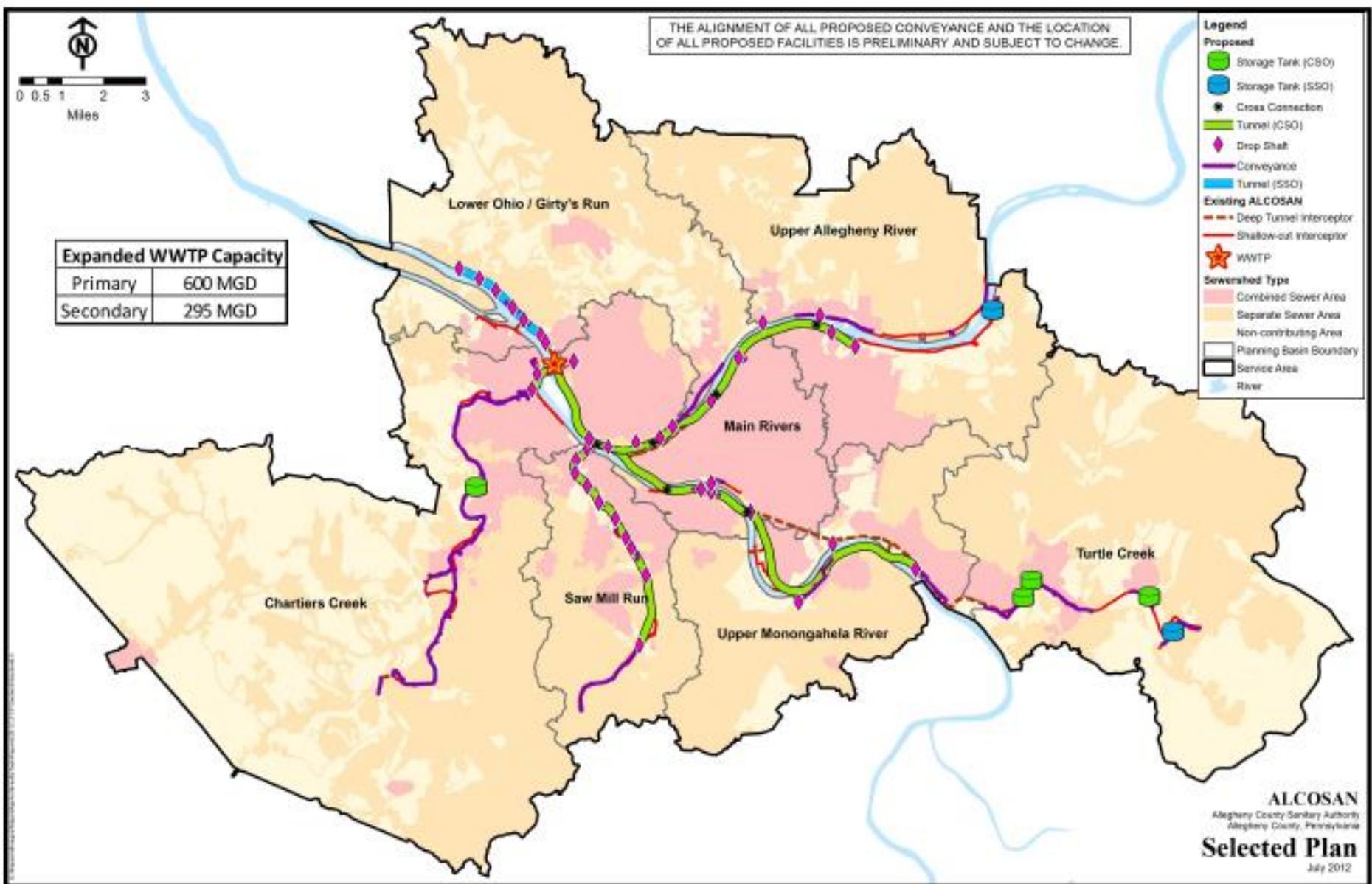
Municipality

All Municipalities

-  Carnegie Library, Pitt Branch
-  Carnegie Mellon University, Doherty Hall
-  Carnegie Mellon University, Gates Center
-  Carnegie Mellon University, Hamerschlag Hall
-  Carnegie Mellon University, Mellon Institute
-  Carnegie Mellon University, Porter Hall
-  Carnegie Mellon University, Posner Center
-  Century Building
-  Children's Hospital of Pittsburgh
-  Conservation Consultants, Inc. Office Building
-  Conservation Consultants, Inc. Office Building
-  Consol Energy, Monessen
-  County Office Building
-  E&B's



July 2012: ALCOSAN releases draft Wet Weather Plan



Wet Weather Timeline

August-October 2012:

- ALCOSAN public participation period
- 3RWW, PEC, CONNECT, ACCD and CRC working in coordination



Wet Weather Timeline

October 2012-January 2013

- Ongoing engagement with County Executive Rich Fitzgerald
- ALCOSAN charged by public comment with including green alternatives in the wet weather plan



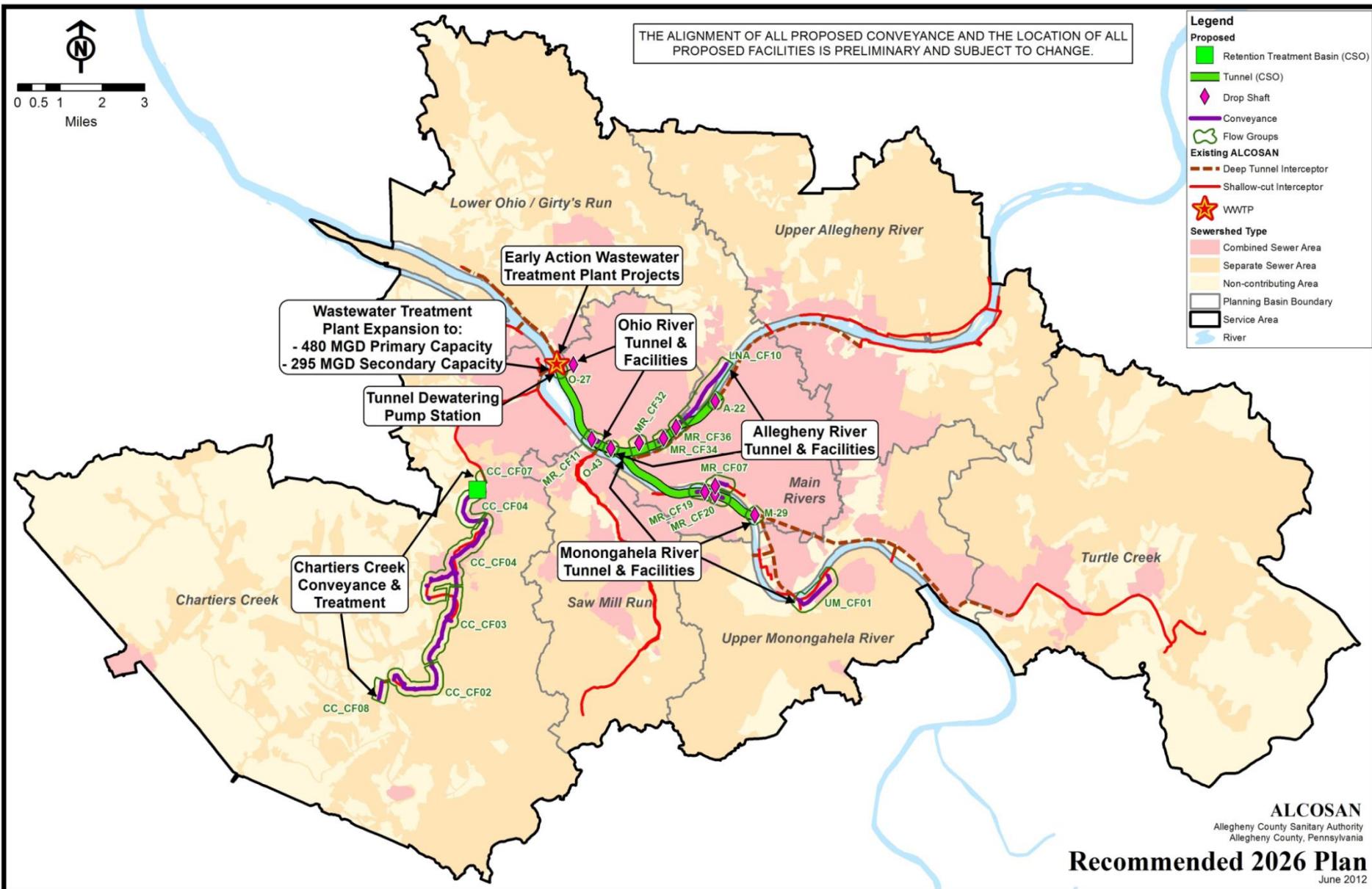
Wet Weather Timeline

January 2013: ALCOSAN submits Wet Weather Plan to EPA

- Contains \$2.6 billion Recommended Plan
- Submitted as draft with a request for an 18-month planning extension for stormwater source reduction and green infrastructure analysis



January 2013: ALCOSAN Wet Weather Plan Submittal



Wet Weather Timeline

January-June 2013

- CONNECT municipal outreach to elected officials
- CRC municipal blitz, town hall and speaker series
- **3RWW ongoing basin group and solicitors' meetings**
- Local Government Academy outreach and education
- Sustainable Pittsburgh financing green workshop
- Conservation District being reinvented



Wet Weather Timeline

March 2013: Sewer Regionalization Evaluation Report released

- 40-member panel of stakeholders formed in September 2011
- Chaired by Dr. Jared Cohon, CMU president
- Coordinated by Allegheny Conference



Wet Weather Timeline

Regionalization Study Recommendations:

- Governance changes to promote partnership and multijurisdictional decision-making
- Transfer of approximately 200 miles of inter-municipal conveyance lines and wet weather control facilities to ALCOSAN
- Financial incentives to promote flow control
- Consolidation of wastewater collection systems
- Consolidation of stormwater collection systems
- Conversion to integrated municipal stormwater and wastewater planning



Wet Weather Timeline

- Allegheny Conference convened a working group comprising PEC, CONNECT, 3RWW, County Executive's Office and ALCOSAN
 - Purpose: Develop strategies for implementation of study recommendations
- University of Pittsburgh Institute of Politics initiating a panel to evaluate ALCOSAN's governance



Wet Weather Timeline

Spring 2013

- PWSA presents integrated water planning process to EPA
 - DEP & EPA advise that the process does not follow the consent order requirements
 - EPA responds that County, DEP & EPA will lead discussion with ALCOSAN
- **EPA responds to ALCOSAN's plan submittal**
 - EPA rejects 18-month extension planning request
 - Begins review of January wet weather plan submittal
 - Identifies remaining issues of governance & flow control



Wet Weather Timeline

ALCOSAN's Source Reduction and Green Infrastructure Plan

- Builds on the initial analysis performed by 3RWW for 1,900+ acres of combined sewer areas
- Scope includes 11 tasks spanning through June 2014
- \$1 million service authorization for 3RWW
- 3 Rivers to provide deliverables on GSI placement to municipalities (3RWW-funded)



Wet Weather Timeline

July 2013

- Submission of Municipal Feasibility Studies
 - Most submitted as multi-municipal plans
 - ACHD reports that only one community failed to comply
 - Feasibility Studies being reviewed by priority watersheds
 - Many Feasibility Studies chosen alternative is the transfer of truck sewer and wet weather projects to ALCOSAN
- Financial affordability analysis being reviewed by an outside consultant.



Ongoing Efforts

3RWW/CONNECT Regionalization Implementation Project

- Goals:
 - Transfer of Inter-municipal Conveyance Lines and Wet Weather Control Facilities to ALCOSAN
 - Financial Incentives to Promote Municipal Flow Control
 - Consolidation of Municipal Wastewater and Stormwater Collection Systems
- Steering Committee formed, Chairs named meeting November 2013- December 2014

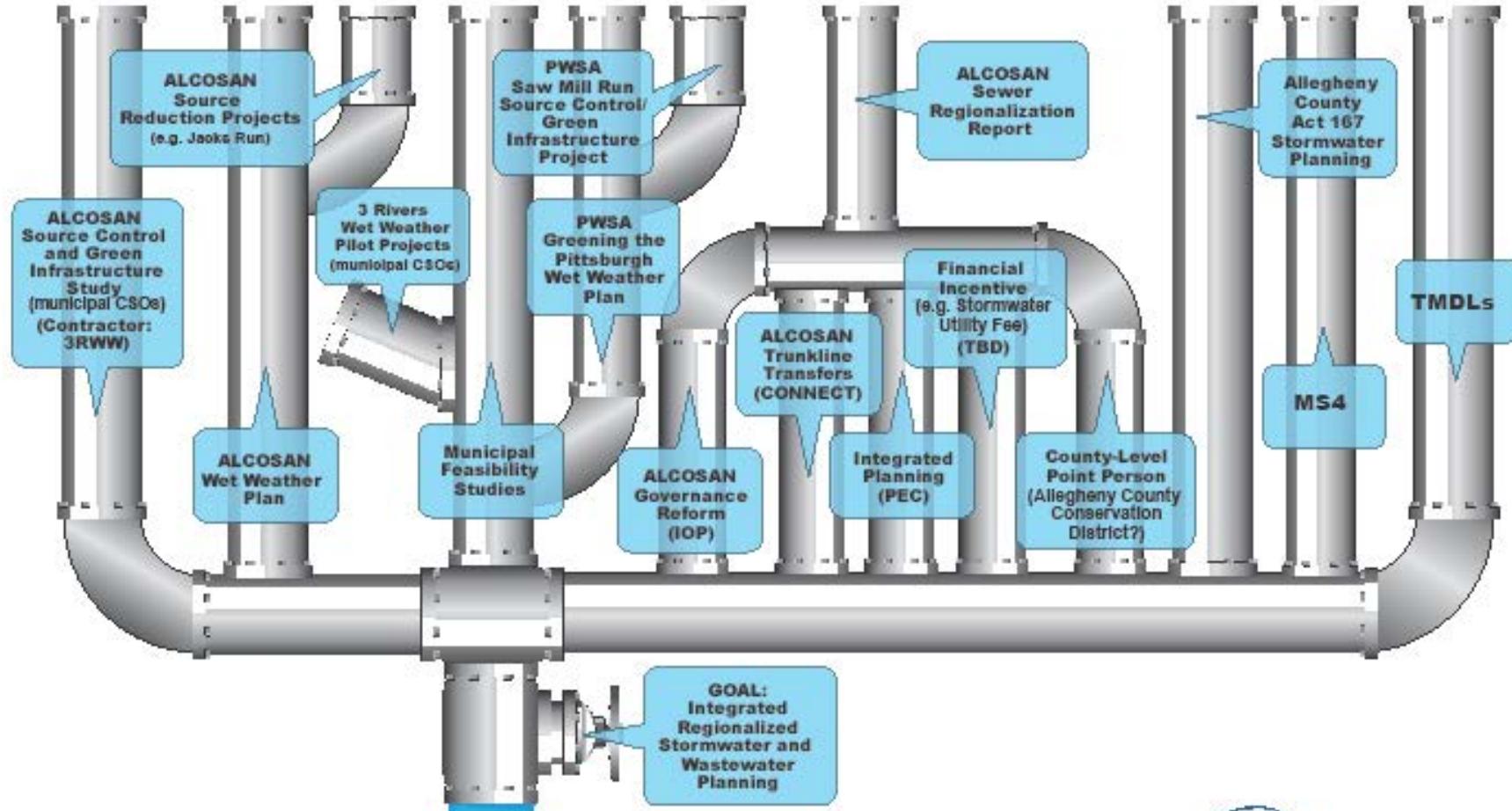


Ongoing Efforts

PEC/PWSA Integrated Planning Strategy

- Change approach for sewage/stormwater issues to watershed-based Integrated Water Planning
- Facilitate process with actionable inter-municipal agreements
- Open to all Allegheny County municipalities focused on targeted watersheds (e.g. Saw Mill Run)





Future of Water Quality

SOURCE:
Allegheny Conference on Community Development
DRAFT

What's Next?

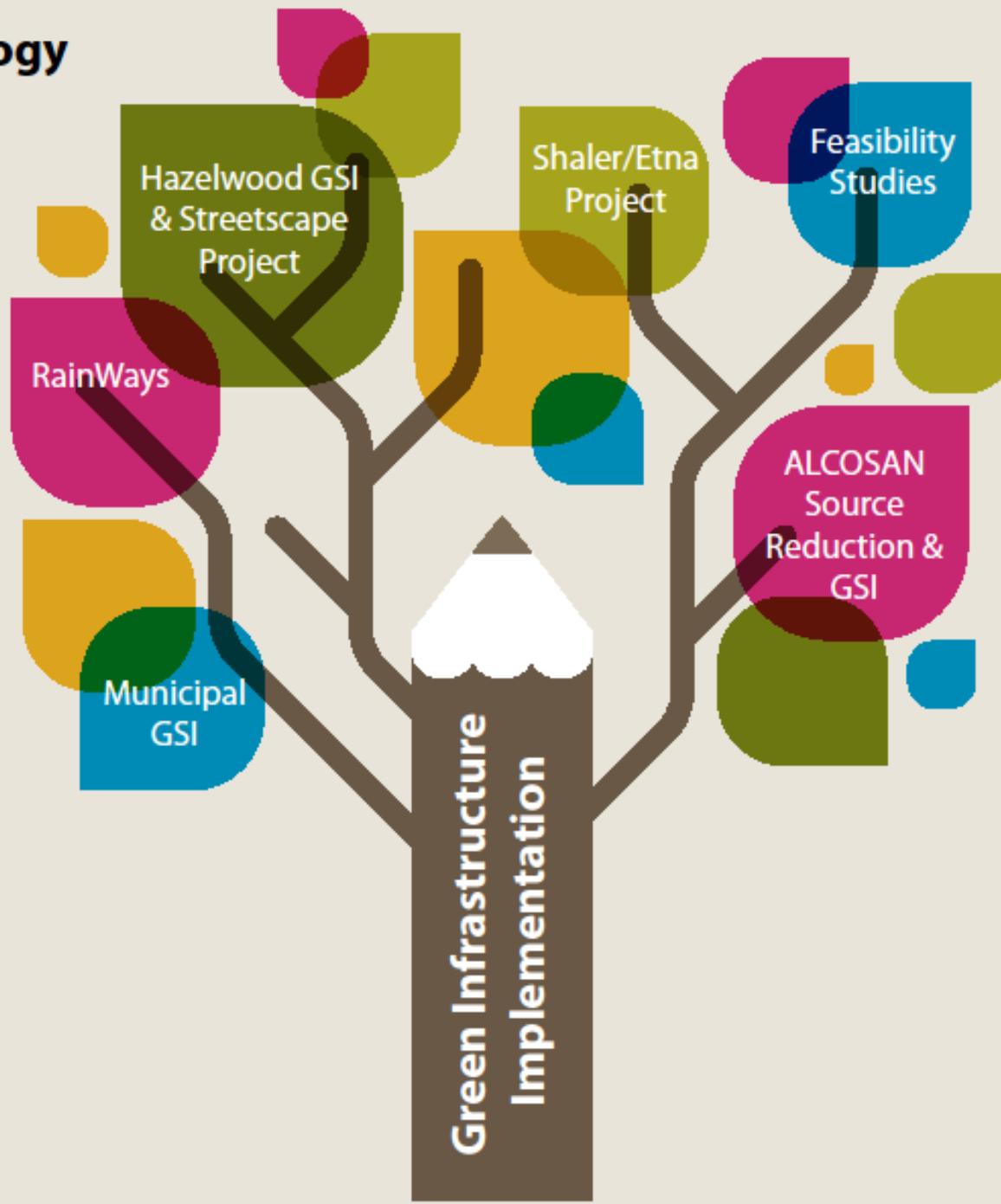
- Stormwater utility
- ACHD/DEP's review of municipal feasibility studies could be lengthy
- EPA currently reviewing ALCOSAN Wet Weather Plan for completion in January 2014
- Water quality emphasis



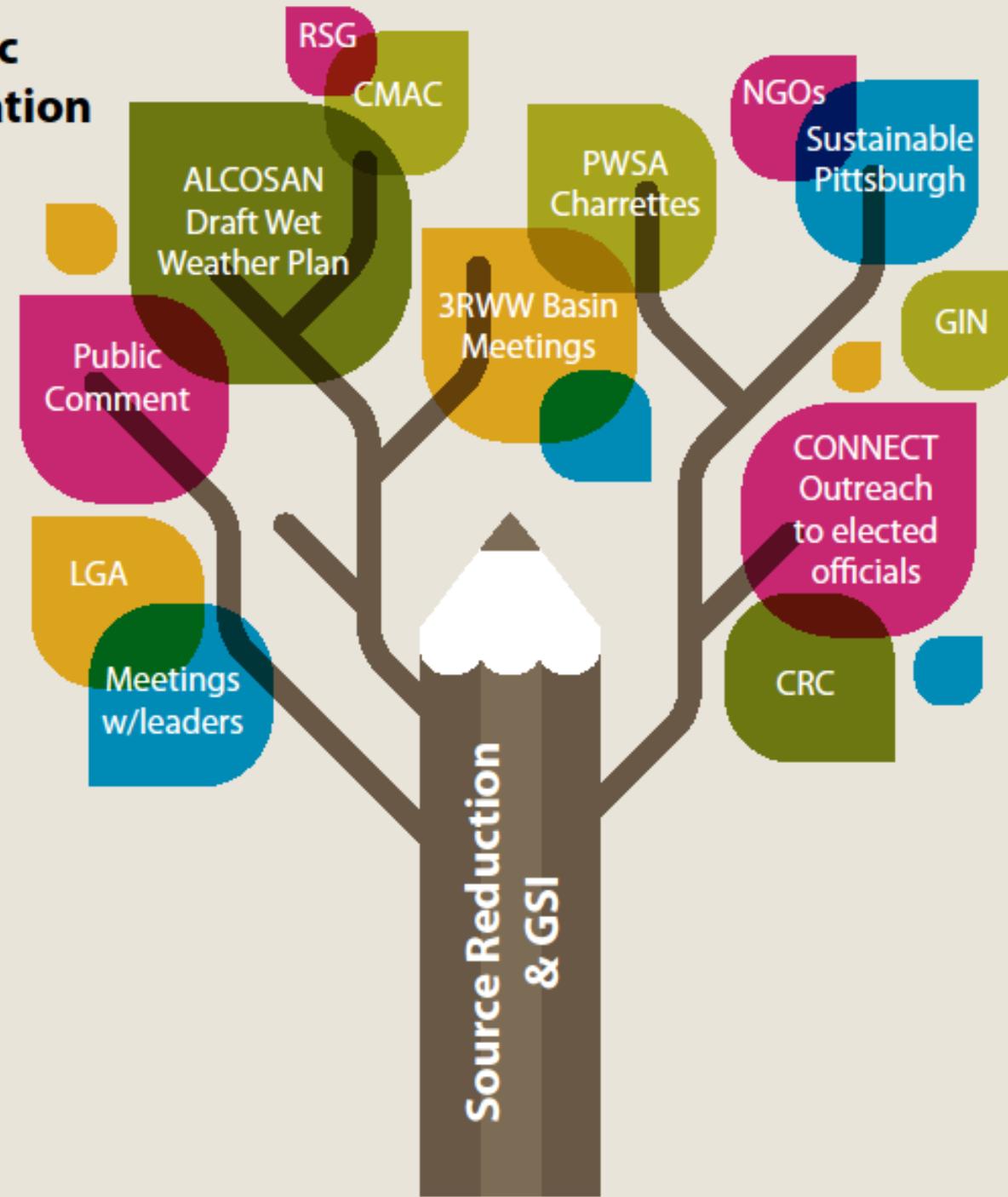
Regionalization



Technology



Public Participation







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Sewer Regionalization Implementation Committee Initial Meeting

11.25.2013

Committee Mission

November 25, 2013

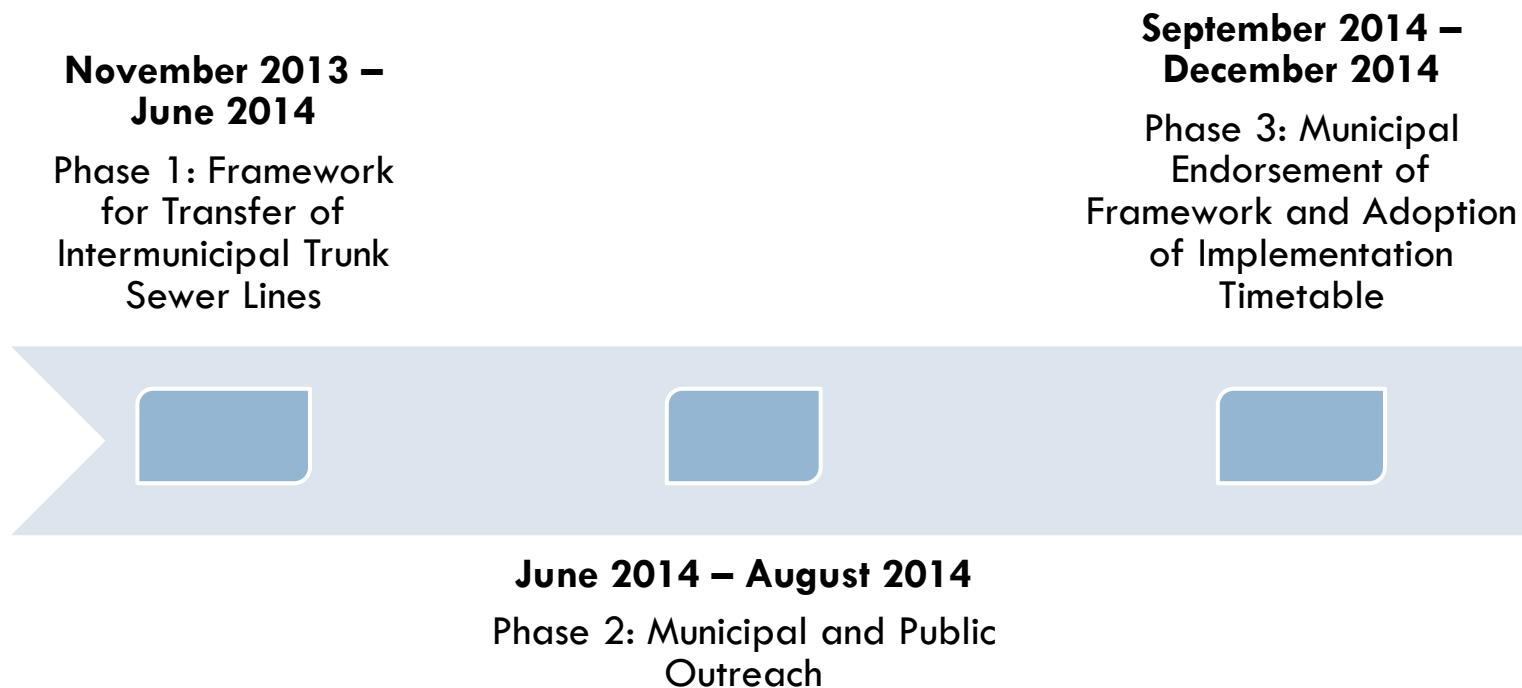
Regional stakeholders, 3 Rivers Wet Weather (3RWW) and the Congress of Neighboring Communities (CONNECT) are excited to announce a partnership to develop an implementation plan for sewer regionalization. This exciting project is an outcome of the *Sewer Regionalization Evaluation* that was commissioned by ALCOSAN and released in March 2013. In 2011, 3RWW and CONNECT partnered to develop the *CONNECT Multijurisdictional Sewer Management Study* which outlined as one of its recommendations that the multijurisdictional trunk sewers should be transferred to ALCOSAN. This project is the next step in that process and will seek to achieve the following goals:

- 1. Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;**
2. Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and
3. Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater to a regional entity.

Committee Ground Rules

- Attendance at Committee meetings will be restricted to Committee Invitees, unless prior arrangements are made with the Committee Chairs. If an Invitee is unable to attend a Committee meeting, the Invitee should contact Committee Staff to discuss arrangements.
- In order to foster open discussion and thorough deliberation of the important issues under consideration by this Committee, all dialogue from Committee meetings will remain internal to the Committee, until such time as the Committee would deem it appropriate to make a public statement or take a public position.
- The Committee will strive to reach consensus on major issues wherever possible.

Committee Timeline



Committee Meetings

Sewer Regionalization Implementation Committee Proposed Meeting Schedule

All Meetings to be scheduled from 3:30 – 5:00 PM

Thursday, January 9, 2014 – Green Tree

Monday, February 10, 2014 – Shaler

Thursday, March 13, 2014 – Green Tree

Monday, April 14, 2014 – Shaler

Thursday, May 15, 2014 – Green Tree

Monday, June 16, 2014 – Shaler

Committee Outcomes

1. Produce a legal framework for the transfer of inter-municipal conveyance lines, trunk sewers, and upstream wet weather facilities to ALCOSAN.
2. Produce a “white paper” on the political, legal, and financial issues surrounding municipal flow control.
3. Produce a “white paper” on the political, legal, and financial issues involved in developing a regional collection system.



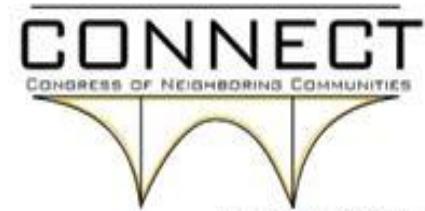
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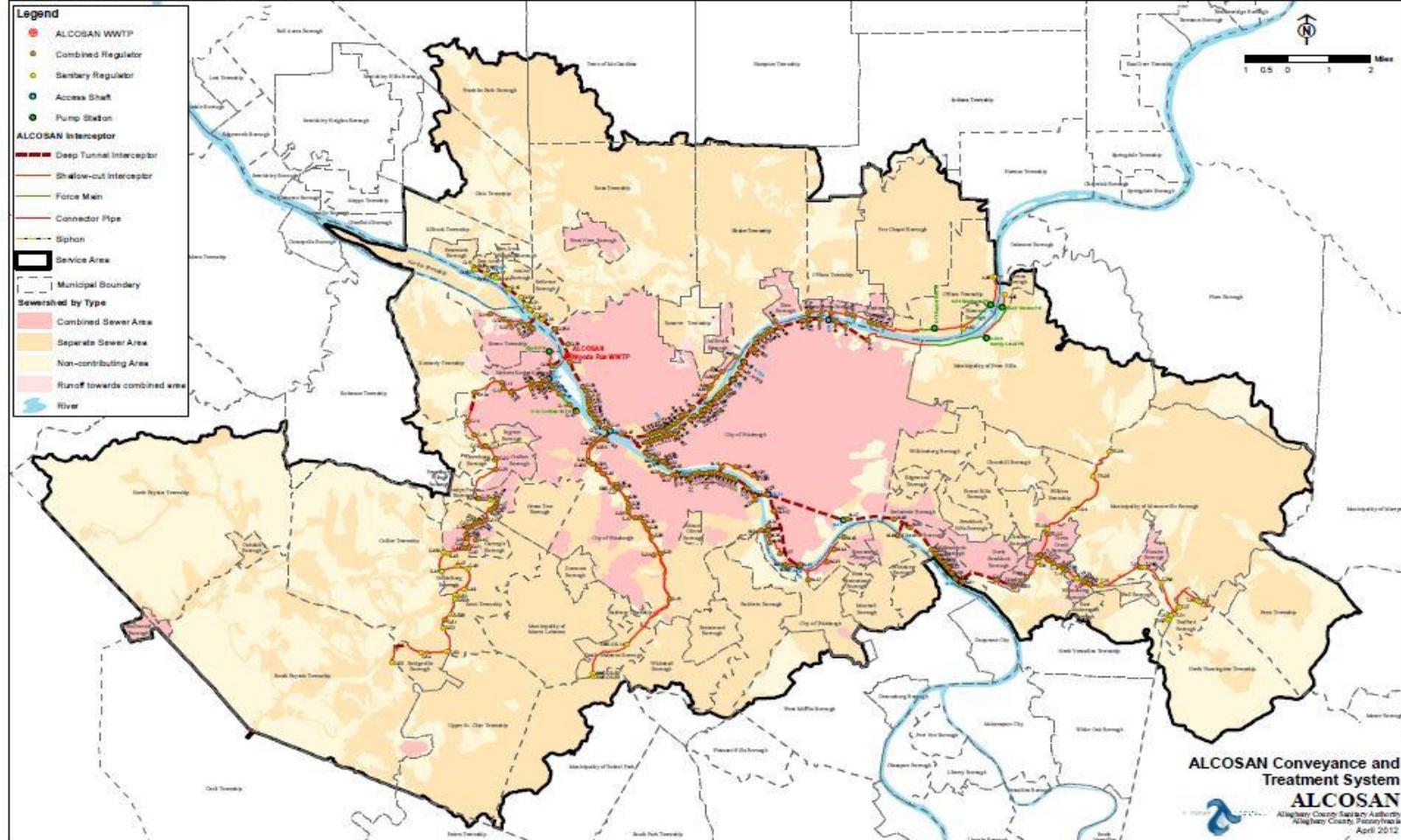
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Sewer Regionalization Implementation Committee

February 10, 2014 Meeting

Many municipalities . . . One service region

Figure 3-1: ALCOSAN Conveyance and Treatment System



The Regional Challenge . . .

	Responsibility	Miles	Estimated Costs
Interceptor Pipe	ALCOSAN	91+	1.5B (Includes Treatment)
Intermunicipal Trunk Pipe (10"+)	Municipal or Municipal Authority	200+	0.5 B+
Collection Lateral Pipes	Municipal or Municipal Authority	4,000+	Not Available at This Time

... This Committee's Mission

As indicated in the Committee invite letters that each of you received, this Committee is charged with the following three items:

1. Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
2. Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and
3. Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater to a regional entity.

Turning Mission into Outcomes

- 1. Produce a legal framework for the transfer of inter-municipal conveyance lines, trunk sewers, and upstream wet weather facilities to ALCOSAN.**
- 2. Produce a “white paper” on the political, legal, & financial issues surrounding incentivized source reduction programs.**
- 3. Produce a “white paper” on the political, legal, and financial issues involved in developing a regional collection system.**

Opportunities Identified by SRIC

- 1st step toward functional sewer regionalization
- EPA wants a regional solution
- Political support for regional cooperation from the County Executive and the Mayor
- Transfer capital improvements to a regional entity
- Municipal transfer of pending implementation orders to ALCOSAN
- Shift political liability for rate increases
- Fairness – shared burden, economic justice, environmental justice

Opportunities *continued*

- Creation of a template for transfer of intermunicipal trunk sewers
- This process is an holistic approach
- Some municipalities embrace the transfer
- Solution to LTD issues for strapped municipalities
- Municipalities relieved of capital maintenance
- Prioritize sewer infrastructure upgrades regionally

Concerns Identified by SRIC

- 83 separate municipalities are impacted
- Transfer must be voluntary but universal
- Timeframe is aggressive
- Loss of municipal control
- If the transfers takes place, all the municipalities are ALCOSAN

Concerns *continued*



- Debt/legacy issues
- Lack of willing partners
- Impact on Z-Agreements
- Could an individual municipal solution be cheaper?
- Perception by municipalities that they are “buying” the problems of other municipalities

Information Needs Identified by SRIC

- **Map of ALCOSAN service area that includes municipal sewer infrastructure/easements**
- Survey assessing the willingness of municipalities to move toward sewer regionalization
- Cost evaluation by municipality vs. regional solution
- **NPDES permit regulations**
- **Example of an existing inter-municipal agreement involving the transfer of sewer infrastructure**

Recommended Subcommittees

- 1. Transfer of Inter-municipal Conveyance Lines (10+”)**
 - Legal Subcommittee
 - Communications Subcommittee
- 2. Consensus Process to Create Incentivized Source Reduction Programs**
 - Incentivized Source Reduction Subcommittee
- 3. Consensus Process to a Regional System Allowing a Voluntary Conveyance of Municipal Wastewater & Stormwater Collection Systems to a Regional Entity**
 - Collection Systems Subcommittee

Transfer – Legal Subcommittee

- A draft framework for the transfer of inter-municipal trunk sewer lines (authority & municipal model)
- Consider requirements for municipal conveyance of physical infrastructure
- Research any statutory or regulatory issues relative to the sewer line transfers
- Recognize intergovernmental cooperation aspects of transferring inter-municipal trunk sewer lines
- Create a checklist for municipal adoption and implementation of transfer agreement

Transfer - Communications Subcommittee

- Strategy for outreach to municipalities
- Communicate with outside organizations where necessary to satisfy Committee information needs
- Consider timeframe and vehicles for communication of Committee Mission to the public
- Serve as media liaison for Committee where necessary

Source Reduction Subcommittee

- Research issues surrounding incentivized municipal source reduction programs
- Consider case studies of incentivized source reduction
- Determine barriers to source reduction
- Develop recommendations relative to a consensus process for creating incentivized source reduction programs
- Draft a “white paper” explaining the subcommittee’s findings

Collection Systems Subcommittee

- Research issues and examine case studies on regional wastewater and stormwater collection systems
- Determine barriers to regional wastewater and stormwater collection systems
- Develop recommendations relative to a consensus process for creating voluntary regional wastewater and stormwater collection systems
- Draft a “white paper” explaining the subcommittee’s findings



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Sewer Regionalization Implementation Committee

November 5, 2014 Meeting

Committee Mission

Goal #1

- Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10" or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies.

Committee Mission

Goal #2

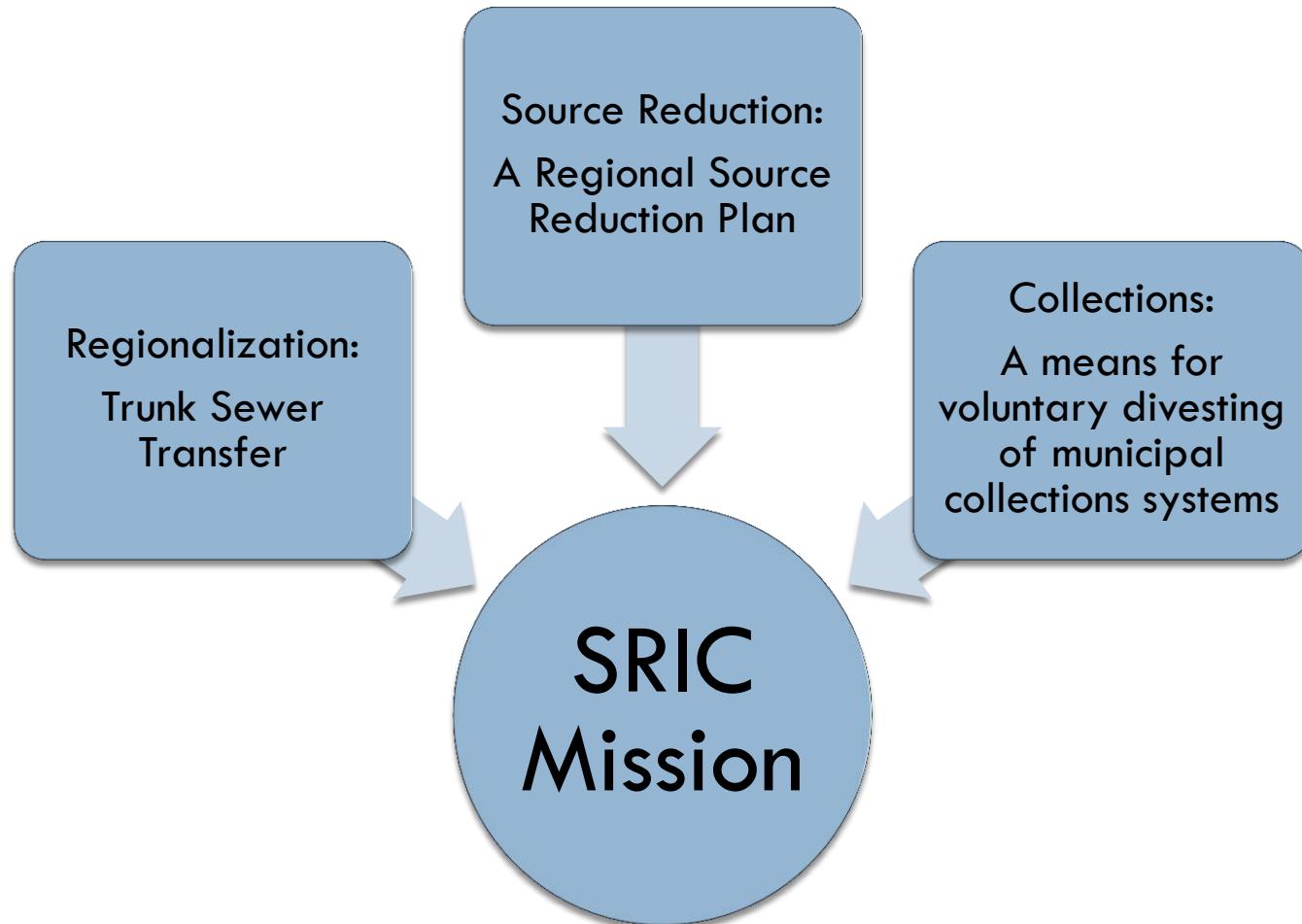
- **Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN.**

Committee Mission

Goal #3

- **Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater collection systems to a regional entity.**

SRIC Approach to Accomplish Mission



SRIC Outputs – Items Accomplished

- Trunk Transfer Guiding Principles
- Trunk Transfer Agreement Framework
- Trunk Transfer Due Diligence Checklist
- Trunk Transfer Closing Process Outline
- Trunk Transfer Municipal Outreach Process
- Source Reduction Policy Paper and Process Outline for Developing a Regional Source Reduction Plan
- Collections System Policy Paper and Process Outline for Convening Deliberations on Voluntary Divestiture of Municipal Collections Systems

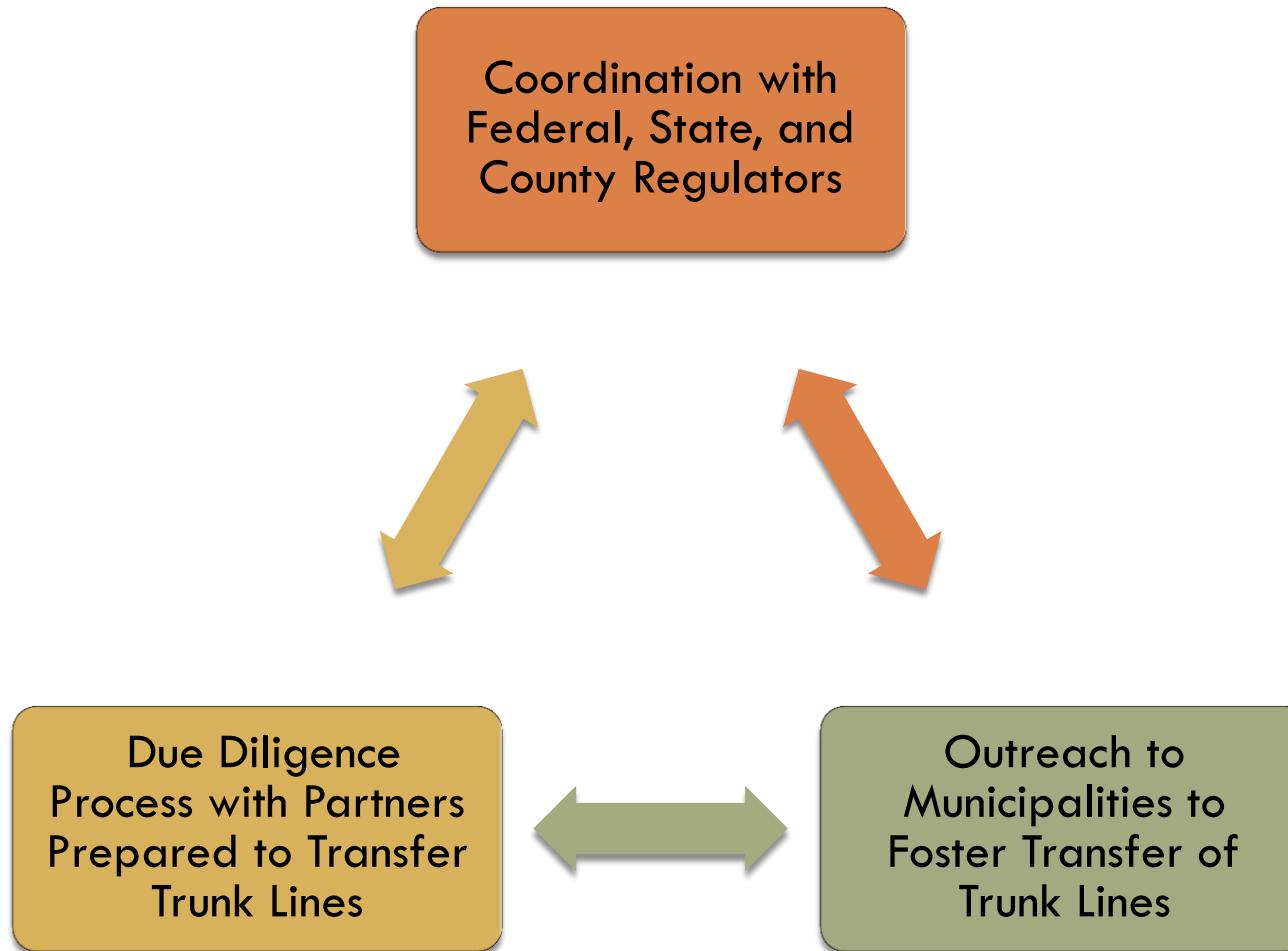
SRIC Outputs – Outstanding Items

- Resolve identification of trunk lines to be transferred
- Pittsburgh issue of going to City Council combining the ALCOSAN Board reforms with the transfer of lines

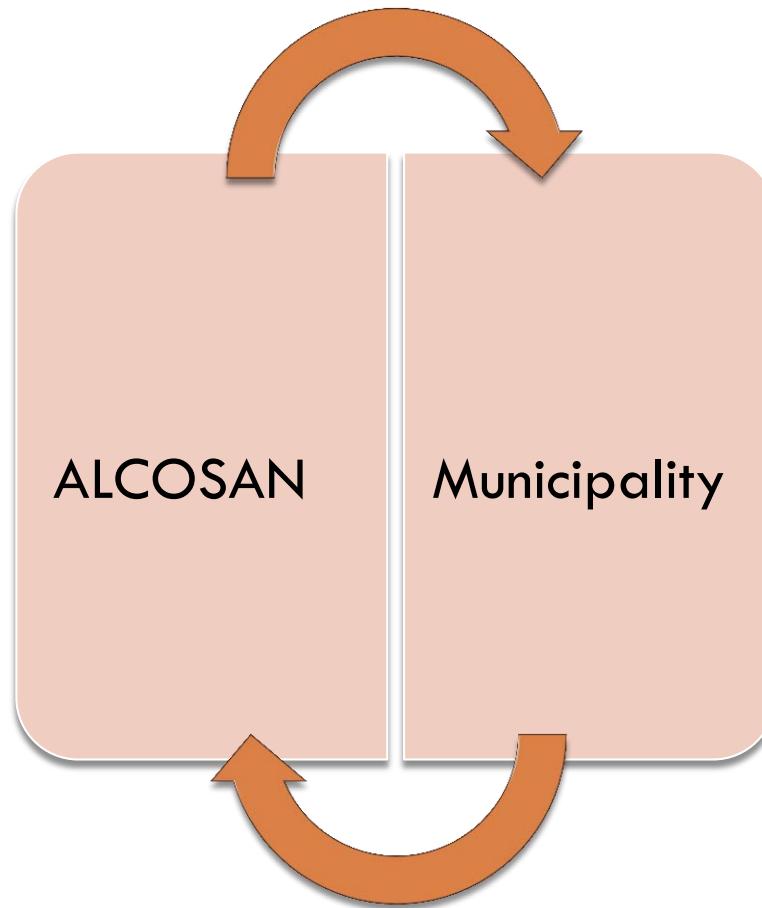
Path Forward – Trunk Transfer



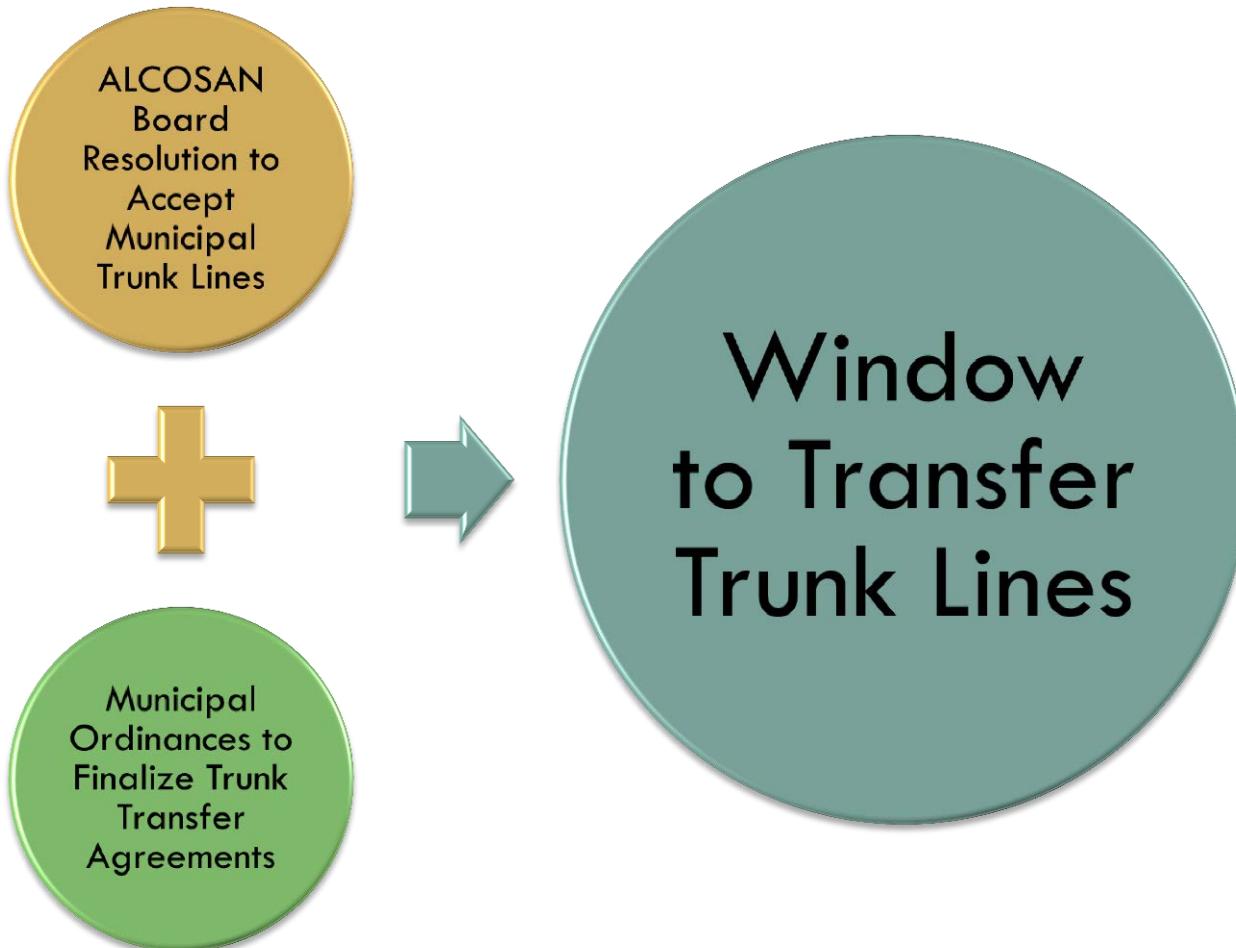
Path Forward – Due Diligence and Outreach Processes



Path Forward – Finalizing Trunk Transfer Agreements



Path Forward - ALCOSAN and Municipal Legislative Action



Path Forward – Trunk Transfer Closings

- Closings will need to be scheduled on a municipality-by-municipality basis.
- Time to Closing may differ between municipality based on factors related to the Due Diligence Process.
- 3RWW and CONNECT will work together to coordinate and oversee the Trunk Transfer Process.

Legal Subcommittee Process

- 3RWW Commissioned Preparation of First Draft of Transfer Agreement
- Legal Subcommittee has Met Five Times Since End of July
- 3RWW Meeting with DEP re Permit Questions on September 12

Legal Subcommittee Process

- Drafting Work Group Includes 3RWW Counsel and ALCOSAN Counsel
- Input from 3RWW Solicitors' Committee Core Group
- Discussed at 3RWW Solicitors Group meeting on October 21
- Draft document remains Work in Progress

The Approved Transfer Principles

- **Principle No. 1 -- Designation of Facilities to be Transferred**
 - Designated “Multi-municipal Trunk Sewers” and Existing Wet Weather Control Facilities
 - Depicted on Map to be Attached to Transfer Agreement [5th Recital]
 - Selection Criteria reviewed and endorsed by SRIC
 - Final Review of Map and Agreement by Municipality and ALCOSAN

The Approved Transfer Principles

- **Principle No. 2 -- Facilities to be Transferred in “As-Is” Condition [Sec. 3.9]**
 - Municipality Demonstrates Compliance with Initial Inspection, Repair and Replacement Requirements in Administrative Consent Order [Sec. 3.8]
 - Municipality Demonstrates Continuing Compliance with Applicable Inspection and Maintenance requirements, Nine Minimum Controls Applicable in CSO Areas. [Sec. 3.8]
 - Demonstration to Satisfaction of ALCOSAN [Sec. 3.8]

The Approved Transfer Principles

- **Principle No. 3 -- ALCOSAN's Post-Transfer Responsibilities**
 - Future Operation, Inspection, Maintenance and Repair (Including Measures Specified in Approved Feasibility Studies) [Sec. 2.4]
 - New or Upgraded Facilities Required by Approved Feasibility Studies [Sec. 2.4]
 - ALCOSAN may Propose Revisions to Original Feasibility Studies for Approval by Regulatory Agencies [Sec. 2.4]

The Approved Transfer Principles

- **Principle No. 4 -- Consideration for Assumption of Responsibility by ALCOSAN**
 - No Additional Monetary Consideration to Municipality by ALCOSAN [Sec. 2.3]
 - Cost of Performing the Assumed Liabilities to be Reflected in ALCOSAN System Wide Rates

The Approved Transfer Principles

- Principle No. 4 -- Consideration for Assumption of Responsibility by ALCOSAN (Cont.)
 - Municipality Retains Sewage System Revenues from its Retained System [“Excluded Assets,” Sec. 2.2 and Schedule 2.2]
 - Existing Debt not Transferred to ALCOSAN [“Retained Liabilities” (ii)]
 - Exploration of Possibility for Debt Resolution Process by Finance Subcommittee

The Approved Transfer Principles

- **Principle No. 5 -- Elements of Transfer Agreement**
 - Due Diligence Cooperation
 - Basis for Representations and Warranties
 - Identification of Required Consents and Approvals, if any [Sec. 5.3].
 - Identification of Records and Information to be Delivered at Closing [Sec. 2.1]
 - Execution of Transfer Agreement at Closing
 - Satisfaction or Termination of Transferring Municipality Obligations [Retained Liabilities (v)]

The Approved Transfer Principles

- **Principle No. 5 -- Elements of Transfer Agreement (cont.)**
 - Implementation of Source Reduction Measures
 - Duty to Participate in Collaborative Discussions [Sec. 8.8]
 - Source Reduction Concept Paper
 - Protocols for Communication and Collaboration
 - “Assumed Liabilities” [Sec. 2.4]
 - “Retained Liabilities” [Sec. 2.5]
 - Additional Agreements at the Option of the Municipality and ALCOSAN

The Approved Transfer Principles

- **Principle No. 5 -- Elements of Transfer Agreement (cont.)**
 - Cooperation in Transfer of Permits -- Pending Reaching an Understanding with DEP
 - Resolution of Unique Issues

Open Matters

- Documentation of Rights-of-Way, Easements, Licenses, or other Access Agreements to Transferred Assets
 - Degree of Uncertainty [Sec. 3.4, “Municipality’s Knowledge” and “Title Defects”]
 - Municipality Indemnification of ALCOSAN for Defects in Access Rights [Sec. 6.1]
 - Considering Alternative Provisions

Open Matters

- Allocation of Responsibility for Issues at the Interface of “Transferred Assets” and “Excluded Assets”
 - “Direct Connections” (by Service Lateral to Transferred Trunk Sewer)
 - “Illegal Connections” (within the Control of the Municipality)
 - “Assumed Liabilities” [Sec. 2.4]
 - “Retained Liabilities” [Sec. 2.5]

Open Matters

- ALCOSAN Post-Transfer Access Rights [Sec. 7.2]
 - Considering License Agreement
- DEP Permit Process
 - WQM Part 2 Permits for Trunk Sewer Lines
 - NPDES Permits for CSO Structure Outfalls

Other Provisions

- Conflict Resolution Provisions [Sec. 8.9 Placeholder]
- Municipality's Release of ALCOSAN [Sec. 8.11]
 - Increases in System Wide Rates relating to "Assumed Liabilities"

Other Provisions

- No Modification of Existing Agreements (e.g. the “Z” Agreements) [Sec. 8.12]
- Documentation of Real Estate Interests in Recordable Form [Sec. 5.2 (iii)]
- Responsibility for Closing Costs [Sec. 7.1]

SRIC Transfer Maps

□ John Schombert and Arletta Williams

SRIC Outreach Process

□ Kathy Risko and Catherine DeLoughry

Path Forward – Regional Source Reduction Plan



Path Forward – Regional Source Reduction Plan

- 3RWW will convene the stakeholders necessary to develop a Regional Source Reduction Plan.
- 3RWW will coordinate with regulators to ensure that a regional plan will satisfy regulatory requirements.
- This process will seek to identify the best practices for applying source reduction measures on a regional scale, but will not seek to alter the existing Z-Agreements or create flow reduction requirements on a municipal basis.

Path Forward – Collections Systems



Path Forward – Collections Systems

- 3RWW and CONNECT will foster the political process necessary to consider the options for creating a regional collections system.
- The process will consider the appropriate structure for an entity prepared to receive collections systems from municipalities intending to divest their municipal collections system.
- This process will not seek to interfere with municipalities that intend to retain their municipal collections system.

Goals for December Meeting

- Final SRIC Meeting – Wednesday, December 17, 2014, Noon, Green Tree Municipal Building
- Final Approval on the Legal Issues
- Review Status of the Maps
- Discuss Outreach Process
- Lunch will be served during the meeting to celebrate the work of the SRIC, so please RSVP to Jodi Gamble of 3RWW – Jgamble@3rww.org



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

Update to the Allegheny County Sanitary Authority (ALCOSAN)

BY: CAREN GLOTFELTY AND JIM TURNER

SRIC CO-CHAIRS

ALCOSAN Board of Directors Meeting

January 22, 2015

SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

Update to the Allegheny County Sanitary Authority (ALCOSAN) Board of Directors Meeting January 22, 2015

The Sewer Regionalization Implementation Committee (“SRIC”) was created through a partnership of 3 Rivers Wet Weather (“3RWW”) and the Congress of Neighboring Communities (“CONNECT”), with financial support from the Colcom Foundation, in order to implement a process for sewer regionalization in response to the charge of the ALCOSAN Sewer Regionalization Review Panel (“Regionalization Review Panel”), chaired by Carnegie Mellon University President Emeritus, Dr. Jared Cohon and administered by the Allegheny Conference on Community Development (“ACCD”). Specifically, in the Regionalization Review Panel’s formal findings, published in March 2013, it was recommended that the municipalities within the ALCOSAN service area should transfer “Intermunicipal Conveyance Lines and Wet Weather Control Facilities to ALCOSAN”, and charged those municipalities in its “Specific Action Steps” to “immediately initiate an expeditious process to determine how intermunicipal conveyance lines, other trunk lines and upstream wet weather facilities will be conveyed to ALCOSAN.” The SRIC was convened as a response of ALCOSAN, Allegheny County, and a number of municipalities and municipal authorities within the ALCOSAN service area to the charge of the Regionalization Review Panel.

The SRIC effort has been driven by stakeholders from more than a dozen municipalities, ALCOSAN, Allegheny County, PWSA, municipal engineers, municipal solicitors, non-profits, and private business. Since its inception, the SRIC has worked to facilitate the transfer of approximately 200 miles of intermunicipal pipes, other trunk sewers, and upstream wet weather facilities to ALCOSAN. The intended outcome of this effort is a more integrated regional sewer system that will help ALCOSAN to meet the standards of the Clean Water Act and will ultimately provide our region with a more equitable distribution of the costs to operate and maintain a regional sewer system.

To facilitate and support the work of the SRIC, public policy executives Caren Glotfelty (environmental policy, public policy management, and regional consensus building) and Jim Turner (public finance, regional governance, and regional consensus building) were invited to serve as Co-Chairs of the SRIC. Caren and Jim lend more than a half-century of public policy leadership experience to the SRIC effort.

I. SRIC Process

Throughout the SRIC process, the Committee focused on the three-pronged Mission of the SRIC, established at its initial meeting in November 2013. In order to achieve its Mission, the SRIC utilized a subcommittee approach and matched subcommittees to the three goals established from the Committee Mission. The Committee Mission was stated as follows:

1. Develop the framework needed for an expeditious transfer of intermunicipal conveyance lines (at least 10” or larger), trunk sewers and upstream wet weather facilities to ALCOSAN, including any proposed wet weather infrastructure included in the municipal feasibility studies;
2. Develop an efficient and coordinated consensus process to create incentivized source reduction programs through amended municipal service agreements between the communities and ALCOSAN; and,
3. Create a consensus process, including the County Executive and local elected officials with the goal to establish a regional management system that will allow for the voluntary conveyance of municipal wastewater and stormwater to a regional entity.

The subcommittees met diligently throughout 2014 and proffered drafts of a number of outputs that were subject to deliberation by the SRIC in plenary session. The SRIC hosted eight full-committee meetings from November 25, 2013 to the final SRIC full-committee meeting on December 17, 2014.

SRIC Subcommittees

Goal One: Transfer of Intermunicipal Conveyance Lines, other Trunk Lines, and Upstream Wet Weather Facilities

Legal Subcommittee

Chaired by Jack Ubinger (3RWW Consultant)

Finance Subcommittee

Chaired by Brian Jensen (ACCD)

Communications Subcommittee

Co-Chaired by Kathy Risko (CONNECT) & Catherine Deloughry (ACCD)

Goal Two: Consensus Process to Create a Regional Incentivized Source Reduction Program

Incentivized Source Reduction Subcommittee

Chaired by John Schombert (3RWW)

Goal Three: Consensus Process for a Regional System Allowing a Voluntary Conveyance of Municipal Wastewater & Stormwater Collection Systems to a Regional Entity

Collection Systems Subcommittee

Chaired by Mary Ellen Ramage (Manager, Etna)

II. SRIC Outputs

The SRIC held eight full-committee meetings for deliberation and approval of SRIC work-product. These sessions produced the following outputs:

- ✓ Initial Public Message – May 21, 2014 (**A**)
- ✓ Recommended Transfer Principles – May 21, 2014 (**B**)
- ✓ Form Transfer Agreement – December 17, 2014 (**C**)
- ✓ Proposed Due Diligence Process – December 17, 2014 (**D**)
- ✓ Municipal Outreach Process – December 17, 2014 (**E**)
- ✓ Resolution 14-01: Coordination with ALCOSAN Governance Changes – December 17, 2014 (**F**)
- ✓ Resolution 14-02: Pipes Subject to Transfer – December 17, 2014 (**G**)
- ✓ Resolution 14-03: Commitment to SRIC Outreach Process – December 17, 2014. (**H**)

The two outstanding outputs from the SRIC are a Regional Source Reduction policy paper and a Regional Collections System policy paper. On December 17, 2014, the respective chairs of the subcommittees producing those reports reported that the policy papers are both in near final form, but await some information regarding the final regional regulatory scheme. It is anticipated that both of those policy papers will be included in the SRIC Final Report, expected in February 2015.

III. Ongoing Efforts

While the meetings of the SRIC have concluded, the work on sewer regionalization is only gaining momentum. With the ongoing efforts of the SRIC sponsoring organizations, 3RWW and CONNECT, 2015 will see the following:

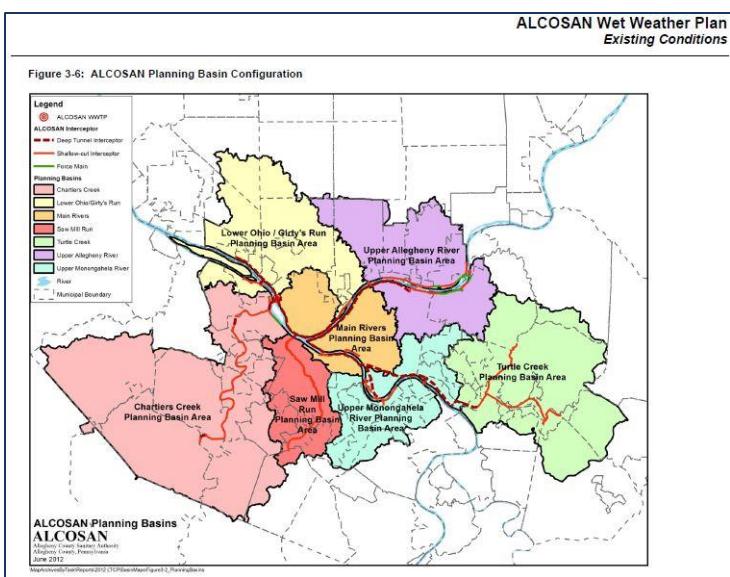
1. implementing a municipal outreach process to engage all 83 of the ALCOSAN service-area municipalities;
2. convening of a regional source reduction policy process whereby the municipalities will cooperatively create a source reduction plan that maximizes returns for the region; and,
3. overseeing the due diligence process of ALCOSAN and its service-area municipalities to aid the negotiations that will result in ALCOSAN taking ownership and operations responsibility for the intermunicipal conveyance pipes, other trunk lines, and upstream wet weather facilities beginning in January 2016.

The SRIC municipal outreach program seeks to engage all of the 83 municipalities within the ALCOSAN service area, and intends to initially reach out to the municipalities based on their respective ALCOSAN planning basin(s). Correspondence will be sent

directed to the President of Council and the Municipal Manager for each of the municipalities, providing some background information and inviting them to a planning basin meeting (*see* ALCOSAN Planning Basin Configuration map from the ALCOSAN draft Wet Weather Plan, June 2012). The outreach effort will require ALCOSAN's support generally, as well as, ALCOSAN's participation at each planning basin meeting to evidence ALCOSAN's commitment to the transfer effort, to provide an overview of the pipes to be transferred including a planning-basin-specific map of pipes and wet weather facilities proposed to be the subject of the transfer, and to schedule follow-up meetings with municipalities as may be required to discuss the pipes and facilities subject to transfer, as well as, due diligence matters. The follow-up meetings between ALCOSAN and the transferring municipalities will be supported by SRIC representatives as part of the third phase of the outreach program.

Outreach efforts will focus on all 83 municipalities of the ALCOSAN service area because a truly regional sewer system will require system-wide collaboration on matters of governance

(*discussed below*, in section IV., "Remaining Challenges") and source reduction. In other words, while not every municipality owns pipes or



wet weather facilities that will be transferred to ALCOSAN, all municipalities have a vested interest in the governance of a regional sewer system and regional source reduction efforts that will be required in order for the region to comply with the federal consent decree.

A regional source reduction plan, which will be set forth in the SRIC Source Reduction Subcommittee policy paper, would invite all of the municipalities in the ALCOSAN service area to commit resources to those source reduction projects that offer the greatest return on investment. In other words, rather than arbitrary flow targets for each municipality, some of which may be cost prohibitive and/or would not contribute to a significant overall reduction of flows within the regional sewer system, 3RWW and SRIC representatives will work with the municipalities to maximize their investment in regional flow reduction.

Additionally, SRIC representatives intend to be a resource for ALCOSAN and the member municipalities as they proceed through the due diligence process and prepare for the execution of pipe transfer agreements and closings on the transferred pipes and facilities. The targeted timeframe for completion of the due diligence process is late summer 2015, so that ALCOSAN may budget for operation of the transferred pipe and facilities in 2016.

IV. Remaining Challenges

In the pursuit of its ongoing efforts, the SRIC faces three major challenges: 1. establishing consensus amongst the 83 municipalities within the ALCOSAN service area to support the sewer regionalization effort; 2. coordinating sewer regionalization with the proposed governance changes to ALCOSAN; and, 3. facilitating collaboration with regulators to enhance efficiency and effectiveness in the pipe transfer and other regionalization efforts.

First, the principal challenge within the purview of the SRIC is that of fostering coordination and collaboration amongst the municipalities within the ALCOSAN service area. Regionalization of the sewer system, through trunk line and wet weather facility transfers, regional source reduction, and voluntary regionalization of collections, simply cannot happen without the participation of the municipalities that currently own and operate the regional sewer infrastructure. Facilitating regional collaboration will require engagement through outreach, support through resources, and reduction of barriers to regionalization through expanded capacity. The SRIC was created for this purpose, and is prepared to provide the assistance needed, but an effort of this magnitude will nonetheless be a substantial challenge. ALCOSAN could greatly enhance the SRIC efforts through participation in the outreach effort in order to show its commitment to sewer regionalization and to build trust with the member municipalities. Additionally, ALCOSAN's individual meetings with municipalities to discuss the infrastructure to be transferred and due diligence efforts will be critical to regional success.

Next, perhaps the chief regionalization trust building measure sought by the member municipalities is that of governance changes to the ALCOSAN Board of Directors. The ALCOSAN Regionalization Review Panel recommended, “[a]s the 83 municipalities are in a partnership with ALCOSAN, the legitimacy of the partnership’s governance is indispensable to the success of the joint enterprise. Adequate municipal representation on the ALCOSAN board is crucial to the willingness of the 83 municipalities to take robust regionalization actions.” In response to the ALCOSAN Regionalization Review Panel, County Executive and the Mayor called upon the Pitt Institute of Politics (IOP), which created the IOP ALCOSAN Governance Committee. The IOP ALCOSAN Governance Committee recommended that ALCOSAN revise its articles of incorporation to create a larger and more regionally inclusive Board of Directors. In order to further regionalization efforts, the SRIC passed Resolution 14-01 seeking to coordinate sewer regionalization and governance change efforts. The SRIC will work with municipal, city, and county elected leaders to develop a coordinated approach for regionalization and governance change.

Finally, a great deal of the work toward sewer regionalization is dependent upon regulatory oversight. From issues of permitting transferred pipes to approval of a regional source reduction plan, all of the region’s ongoing efforts require the assent of regulators at multiple levels of government. Accordingly, the SRIC seeks to serve as a liaison between the regulatory community and the municipal regionalization efforts, in order to foster a coordinated, deliberative approach toward regulatory compliance such that regionalization efforts are not delayed or thwarted by unsatisfied technical mandates. ALCOSAN aided these efforts by joining 3RWW in hosting federal, state, and county regulators for a discussion with municipal leaders in June 2014. This aspect of SRIC’s continued efforts would be greatly served by a continued partnership with ALCOSAN.

Sewer regionalization is a necessary element to cleaning up our regional waterways and compliance with the Clean Water Act, and despite these challenges, the SRIC representatives and its sponsoring organizations stand ready to support the stakeholders and lead the requisite discussions to ensure success for our region.

We would be happy to answer any questions that you might have. Thank you for the opportunity to speak with you today and for your continued support of SRIC efforts.



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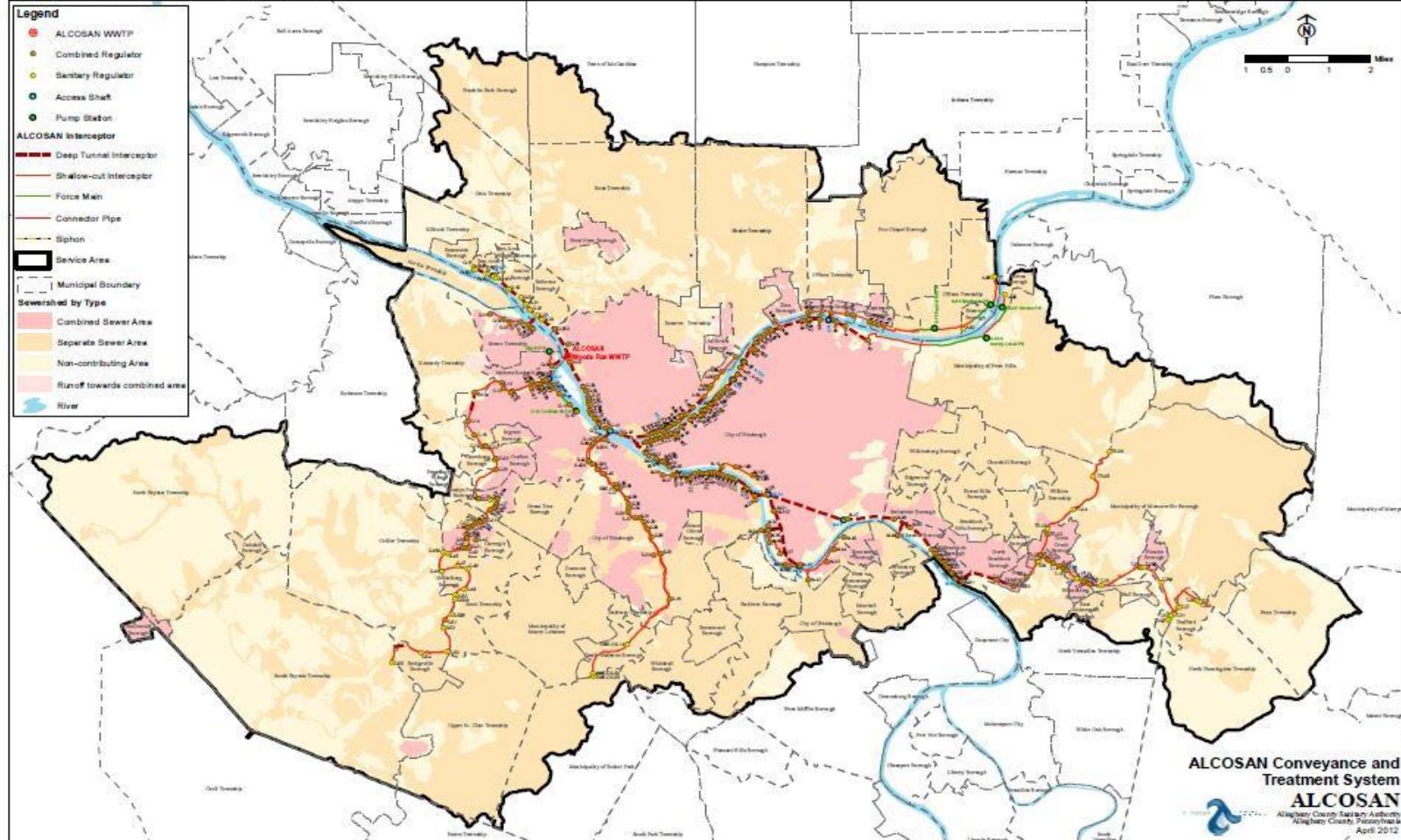
Sewer Regionalization Implementation Committee

Report to CONNECT Legislative Session

April 2, 2015

Many municipalities . . . One service region

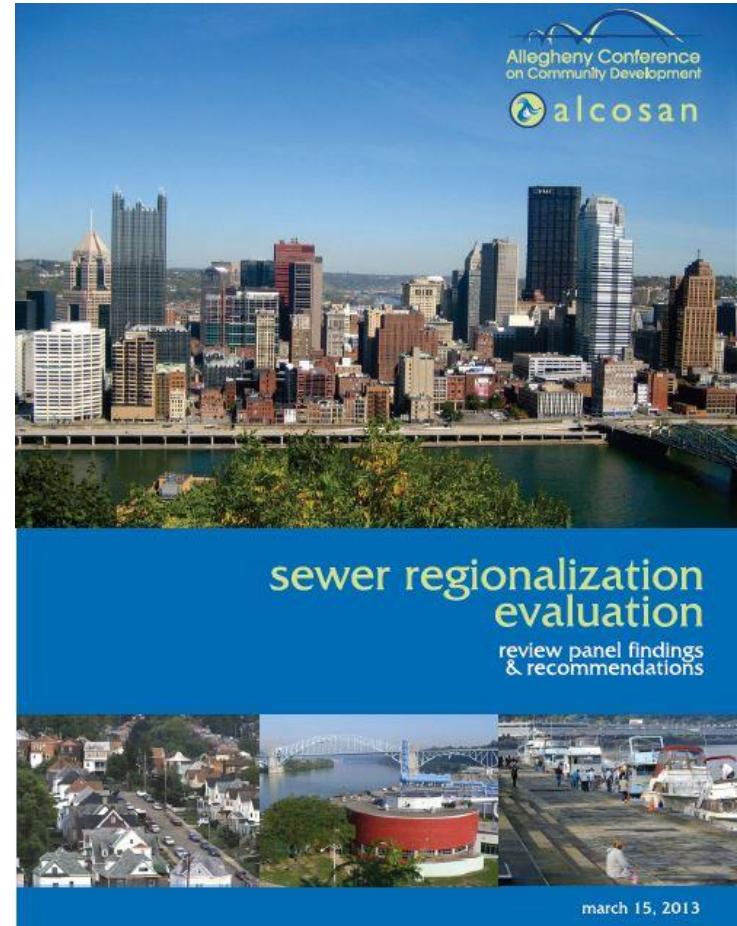
Figure 3-1: ALCOSAN Conveyance and Treatment System



Sewer Regionalization Review Panel

- Chaired by Dr. Jared Cohon
- Broad representation of municipalities and other stakeholders
- Produced six (6) primary recommendations for sewer regionalization in March 2013
- The Sewer Regionalization Implementation Committee (SRIC) was a direct outgrowth of the Sewer Regionalization Review Panel

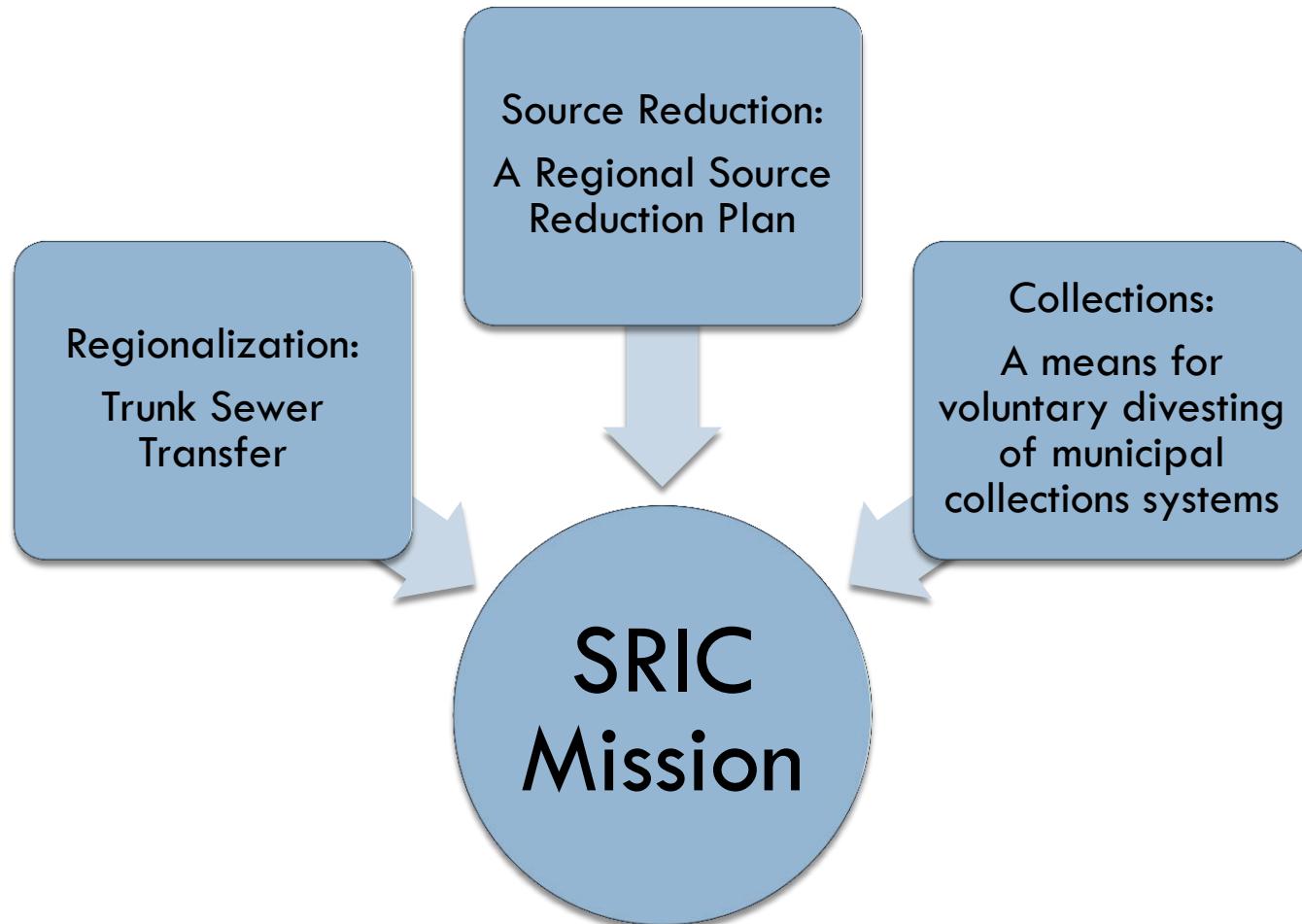
<http://www.alcosan.org/MediaRoom/NewsReleases/tabid/79/selectedmoduleid/460/ArticleID/47/Default.aspx>



The Regional Challenge . . .

	Responsibility	Miles	Estimated Costs
Interceptor Pipe	ALCOSAN	91+	1.5B (Includes Treatment)
Intermunicipal Trunk Pipe (10"+)	Municipal or Municipal Authority	200+	0.5 B+
Collection Lateral Pipes	Municipal or Municipal Authority	4,000+	Not Available at This Time

SRIC Three-Part Mission



Municipal Outreach Presentations

DATE	BASIN	LOCATION
2/24/15	Saw Mill Run Basin	Whitehall Borough Building <i>100 Borough Park Drive, Whitehall 15236</i>
2/25/15	Turtle Creek Basin	Gateway Hall <i>4370 Northern Pike, Monroeville 15146</i>
2/26/15	Chartiers Creek Basin	Green Tree Municipal Bldg. <i>10 West Manilla Ave, Green Tree 15220</i>
3/23/15	Upper Mon Basin	Carnegie Library of Homestead <i>510 E. 10th Ave, Munhall 15120</i>
3/24/15	Lower Ohio / Girty's Run Basin	Girty's Run Joint Sewer Authority <i>2236 Babcock Blvd, Pittsburgh 15237</i>
3/25/15	Upper Allegheny Basin	Shaler Municipal Bldg. <i>300 Wetzel Road, Glenshaw 15116</i>

SRIC Outputs – Items Accomplished



- Trunk Transfer Guiding Principles
- Trunk Transfer Agreement Framework
- Trunk Transfer Due Diligence Checklist
- Trunk Transfer Process Outline
- Trunk Transfer Municipal Outreach
Process

SRIC Outputs Continued . . .



- SRIC Resolution 14-01 – Coordination with ALCOSAN Governance Changes
- SRIC Resolution 14-02 – Pipes Subject to Transfer
- SRIC Resolution 14-03 – Commitment to SRIC Outreach Process

SRIC Outputs Continued . . .

- Source Reduction Policy Paper and Process for Developing a Regional Source Reduction Plan
- Collections System Policy Paper and Process for Convening Deliberations on Voluntary Divestiture of Municipal Collections Systems

SRIC Outstanding Items

- Outreach to Municipal Representatives
- Assist with Municipal Due Diligence
- ALCOSAN meetings with individual municipalities
- Monitor pending regulatory oversight and serve as a resource and liaison to municipalities
- Coordination with ALCOSAN Governance Changes



Thank you!



Improving our region's water quality

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In Partnership for Sewer Regionalization



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SEWER REGIONALIZATION IMPLEMENTATION COMMITTEE

REGIONALIZATION UPDATE 2015

Addendum 6 – June 17, 2014 Regulatory Meeting Summary

EPA MUNICIPAL UPDATE

A Summary of the June 17, 2014 Event



For the first time in over 10 years, more than 200 representatives of the Allegheny County Sanitary Authority, and 68 ALCOSAN as well as representatives from the Pennsylvania Department of Environmental Protection and Allegheny County Health Department gathered for a Municipal Update by the Environmental Protection Agency and Department of Justice. The event was hosted by 3 Rivers Wet Weather in Green Tree.

County Executive Rich Fitzgerald and Mayor Bill Peduto set a collaborative tone for the gathering by emphasizing the need for the municipalities to seize this opportunity to work together to build a system that is more cost-effective and sustainable for the benefit of the next generation. "We may not all get everything we want, but we need to make this work in order to solve this regional problem," said County Executive Fitzgerald. Mayor Peduto stressed the need to "Do this right," and indicated a willingness to modify the City's representation in ALCOSAN to effect better inter-governmental cooperation and break down historic barriers.

ALCOSAN

ALCOSAN Executive Director Arletta Scott Williams reviewed the key elements of the treatment authority's long-term wet weather plan submitted to the regulatory agencies in January 2013. EPA's review and the municipal and public comments to the plan have lead to an opportunity for a phased approach to affordably achieve water quality goals.

Arletta noted that while the EPA will insist on ultimate compliance with the Federal Clean Water Act, EPA recognizes that implementation of ALCOSAN's \$3.6 billion "Selected Plan" is not affordable for the region, and would consider modifying the Consent Decree if the following conditions are met. The region must:

- Meet water quality goals by maximizing water quality improvements to the regional system;
- Proceed with gray projects that would be necessary with or without green infrastructure and source reduction;
- Work toward regionalization of the CSO and SSO systems and establish flow targets to motivate green infrastructure, source reduction, and system rehabilitation;
- Propose an "Interim Wet Weather Plan";

- Base the Interim Wet Weather Plan (WWP) on the ALCOSAN proposed Water Quality Priority Alternative with consideration of the addition of some Chartiers Creek improvements;
- Evaluate progress through post-construction monitoring and refine the remaining projects needed to achieve full Consent Decree compliance.

ALCOSAN has proposed an “adaptive management” framework to allow for adjustments to the Interim WWP to include replacing gray infrastructure with green infrastructure where cost-effective and appropriate. They also proposed an extension to the deadline for implementing the Interim WWP to September 30, 2032, with check-in points every six years. The \$2 billion for the Interim WWP proposed by ALCOSAN consists of \$1.4 billion in ALCOSAN capital projects and \$575 million in municipal projects.

ALCOSAN has also developed a list of Water Quality Alternative-based projects, the most cost-efficient of these being the expansion of the treatment plant to 480 million gallons per day for wet weather capacity and construction of deep tunnel systems along the Ohio, Allegheny, and Monongahela rivers. The Water Quality Alternative Projects and additional time would help to reduce overflow volume by seven billion gallons per typical year, and achieve 72% of the long-term water quality improvement goals. This maximizes the water quality benefit for the region in the most cost-effective manner, and provides flexibility to incorporate regionalization, green infrastructure, and sustainable sewer maintenance projects.

ALCOSAN’s next steps are to develop a schedule and approach for addressing regionalization and the flow targets required by the regulatory agencies, to negotiate specific Consent Decree modification language, and to continue working with municipal customers to evaluate green infrastructure and source reduction opportunities.

ENVIRONMENTAL PROTECTION AGENCY

David McGuigan, Associate Director of EPA Region 3 NPDES Permits and Enforcement, presented the need for a collaborative approach to implementing the regional wet weather plan. He emphasized that in order for the region to successfully comply with the Clean Water Act in an affordable way, we must achieve regionalization and flow reduction goals. He noted that municipalities complied exceptionally well with their feasibility study requirements, but since the regional plan isn’t affordable, EPA is working with ALCOSAN to develop an alternative approach to achieve better environmental results at a lower overall cost over time. ALCOSAN’s proposed Adaptive Management Plan will serve as the backbone, with flow control and regionalization as critical components.

Regionalization – David said EPA expects significant progress over the next six years in sewer system regionalization while recognizing the current progress being made in the transfer of multi-municipal trunk sewers, which are “liabilities rather than assets” for municipalities.

He highlighted several advantages to transferring the trunk sewers to an entity that is willing to assume the burden for maintenance and implementing wet weather controls.

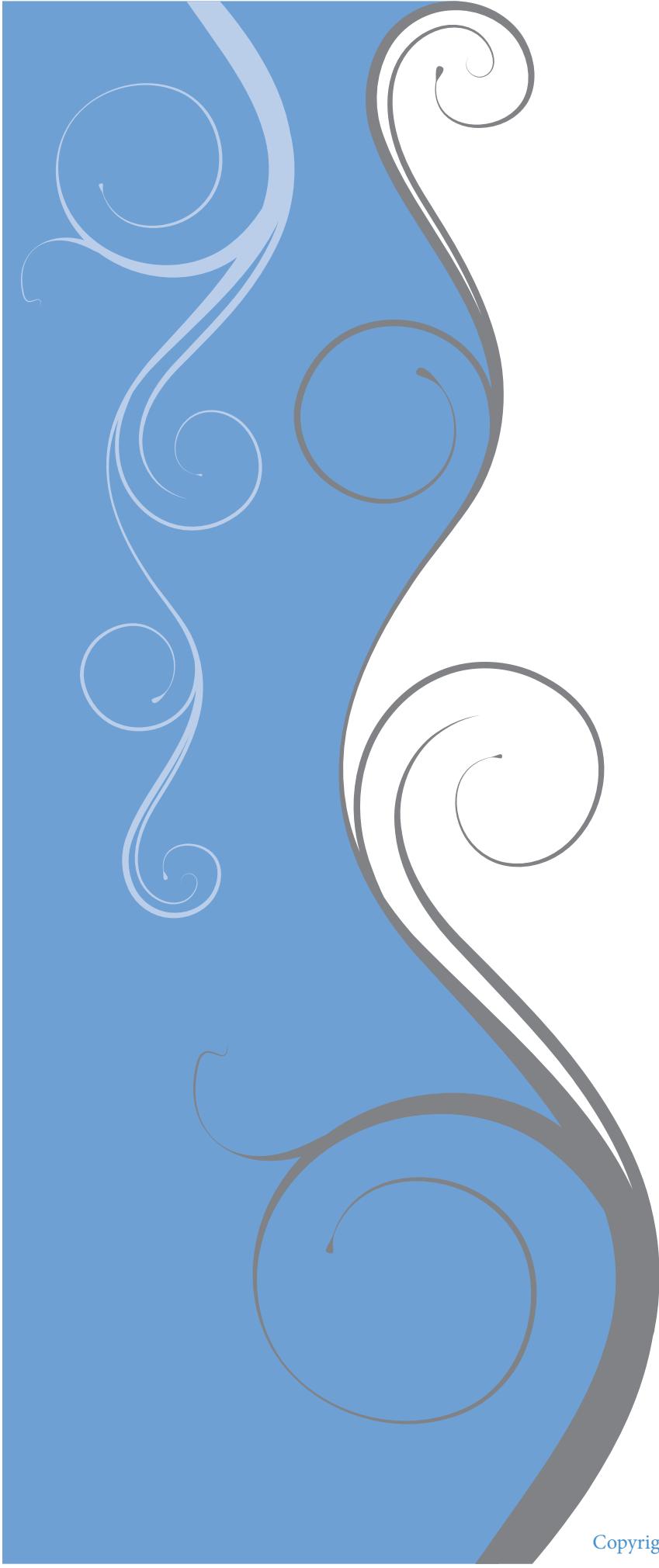
- It will remove the responsibility from municipalities for compliance for these trunk sewers;
- Contracts are easier for a single entity assuming the sewers;
- The decisions about where to place wet weather controls can be made in a more strategic manner for the region.

(Update on current regionalization efforts – *The region has already begun to address the transfer of ownership and control of multi-municipal trunk sewers and existing wet weather facilities to ALCOSAN through the Sewer Regionalization Implementation Committee (SRIC). The recommended transfer does **not** include municipal collection systems, which will continue to be operated and maintained by the respective municipalities or authorities in the ALCOSAN service area. The SRIC has adopted proposed transfer principles which have been distributed to the municipalities and municipal authorities for their feedback. These proposed principles will serve as the foundation for the further development of a legal framework for completing the municipal transfer transactions with ALCOSAN. It is anticipated that the excellent momentum and progress for regionalization will continue, and result in transfers occurring in 2015.)*

Flow Control – EPA will require that ALCOSAN identify the amount of sewage that can be accepted in the conveyance system without an overflow. EPA then expects that the municipalities meet these flow targets by modifying their feasibility studies (using gray, green, or a hybrid) to reduce their flows. Municipal flow-reduction programs will need to be initiated over the next six years and may include:

- Collection system operation and maintenance;
- Infiltration/Inflow controls;
- Stream daylighting, where possible;
- Municipal ordinances requiring lateral inspection and repair at the time of sale;
- Municipal ordinances that advance green infrastructure in development and redevelopment;
- Gray and green infrastructure to address specific problems.

Moving Forward – David praised the efforts in the region to date. Basically, EPA would allow Adaptive Management with six year check-in points. In the first six years ALCOSAN and the municipalities must successfully implement regionalization of the multi-municipal sewers and proposed infrastructure improvements, set flow limits and develop flow reduction (I/I and GSI) approaches. If achieved, EPA would allow the water quality-based Interim WWP to move forward. However, if the region doesn't make adequate progress, a more aggressive and potentially more expensive implementation plan would be required. He stated that the regulatory agencies are in discussion on the development of appropriate enforceable document(s) that would provide the certainty and accountability necessary to implement this approach.



**3 Rivers Wet Weather (3RWW)
and the Congress of Neighboring
Communities (CONNECT) would
like to thank the Colcom Foundation,
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support of the Sewer Regionalization
Implementation Committee
(SRIC) and its mission of sewer
regionalization and cleaner water
for Southwestern Pennsylvania.**