

**ROBINSON RUN INTERCEPTOR SEWER
OPTIONS FOR FUTURE
REGIONAL MUNICIPAL SEWER OPERATIONS**

**The Municipal Authority of the
Township of South Fayette
McDonald Sewage Authority
North Fayette Township
Oakdale Borough**

September 2011

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I. FOREWORD

As an example for constructive municipal cooperation, the Robinson Run entities of North Fayette Township, Oakdale Borough, and McDonald Sewage Authority, along with the Municipal Authority of the Township of South Fayette (“MATSF”, as manager), have been provided a grant through Three Rivers Wet Weather Inc., to evaluate the benefits of enhanced municipal cooperation. The four Robinson Run entities that are the focus of the grant have more than 20 years of experience with positive municipal collaboration. This experience combined with the work of the Robinson Run Advisory Group demonstrates that successful inter-municipal collaboration is possible. The map labeled, Exhibit 1 illustrates the geographical orientation of the Robinson Run Communities.

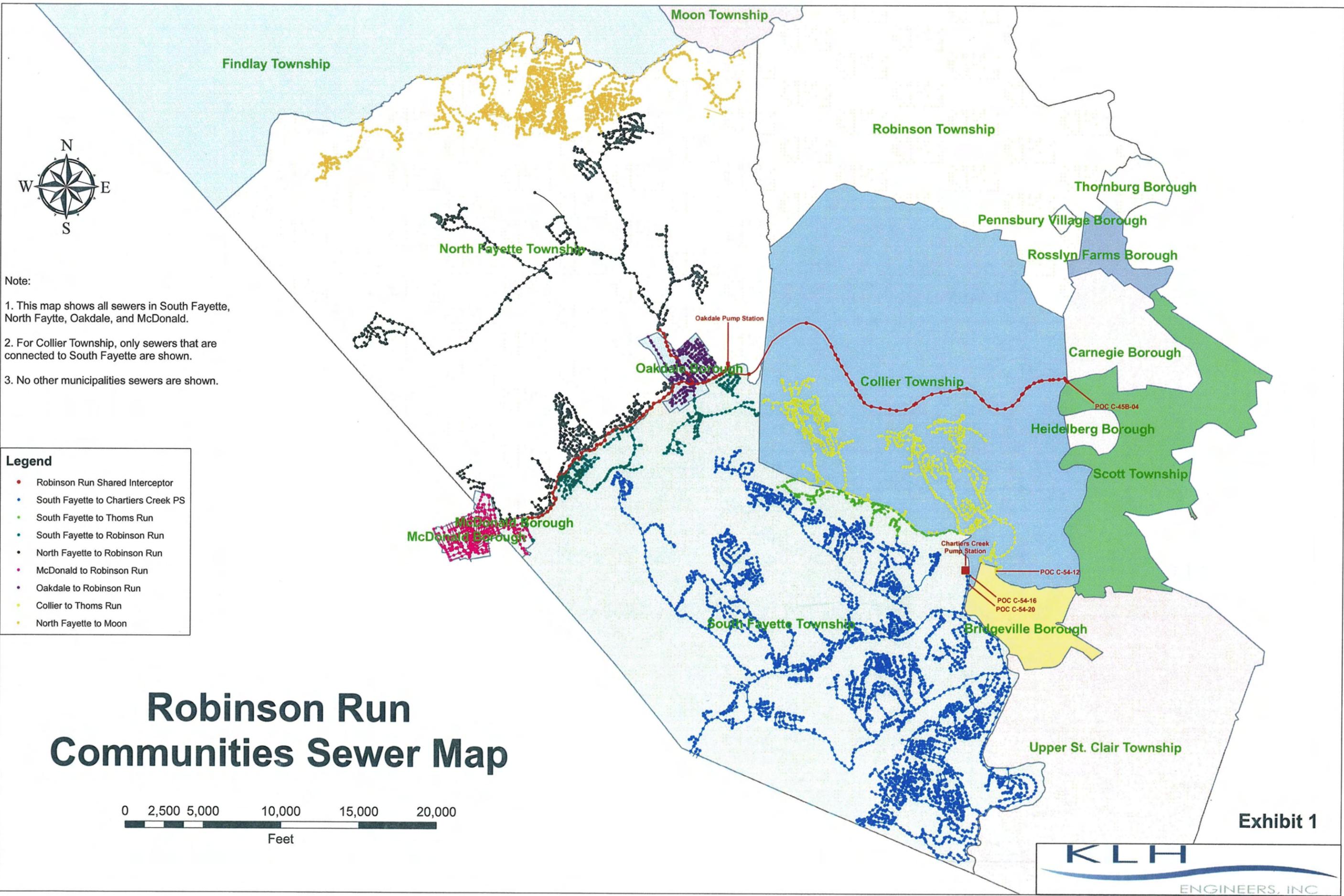
The goal of study will be to define the current individual operations, look at the operational relationships between the entities, and to identify a set of options available to the grant participants for increased collaboration, operational efficiency, continued compliance with environmental and other regulatory requirements, future access to capital, and solving future capacity challenges.

This study will examine:

- The existing agreements among the Robinson Run Communities,
- The possibilities for expansion of such agreements, and the potential for consolidation of the respective municipal entities.
- The current state of the operation and maintenance of the individual and jointly owned facilities.
- The rate structures found within the study area.
- Four future options for the participants to discuss.
- The strengths and weaknesses of each option.

The future options presented in the report emerged from a detailed analysis of the overall status of sanitary sewer service in the region, future regulatory requirements, the current state of ALCOSAN planning and thorough discussion by each of the entities, the Robinson Run Advisory Group met four times formally to facilitate completion of this report.

At a minimum, the study seeks to foster affiliation among the existing relationships of the Robinson Run Communities. A series of future planning or strategic thinking options for consideration are also included in the report. In the end, the Communities intend that this report serve as an invaluable reference for progressive inter-municipal cooperation moving forward.



Note:

1. This map shows all sewers in South Fayette, North Fayette, Oakdale, and McDonald.
2. For Collier Township, only sewers that are connected to South Fayette are shown.
3. No other municipalities sewers are shown.

- Legend**
- Robinson Run Shared Interceptor
 - South Fayette to Chartiers Creek PS
 - South Fayette to Thoms Run
 - South Fayette to Robinson Run
 - North Fayette to Robinson Run
 - McDonald to Robinson Run
 - Oakdale to Robinson Run
 - Collier to Thoms Run
 - North Fayette to Moon

Robinson Run Communities Sewer Map

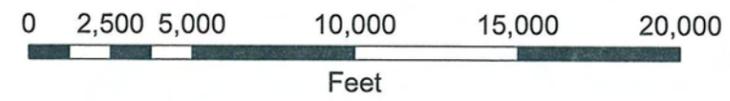


Exhibit 1



II. INITIAL CONSIDERATIONS

Initially, the group evaluated options to proceed, including several factors that would impact and ultimately shape the focus of the study:

- Infrastructure and demographics of the individual communities, including the general conditions of the respective sanitary sewer systems in both the Robinson Run System as well as the individual tributary sewer systems;
- The current workforce of each municipal entity; dedicated for sewer system operation and management.
- The existing contractual relationships among the respective municipalities and individual contracts with the Allegheny County Sanitary Authority (“ALCOSAN”);
- Rate Structures under ALCOSAN;
- Current Rate Structures of each municipal entity;
- The effect of ALCOSAN’s Consent Decree with the Environmental Protection Agency, the Pennsylvania Department of Environment Protection , and the Allegheny County Health Department; and
- The practical aspects of the existing relationships among the municipalities.

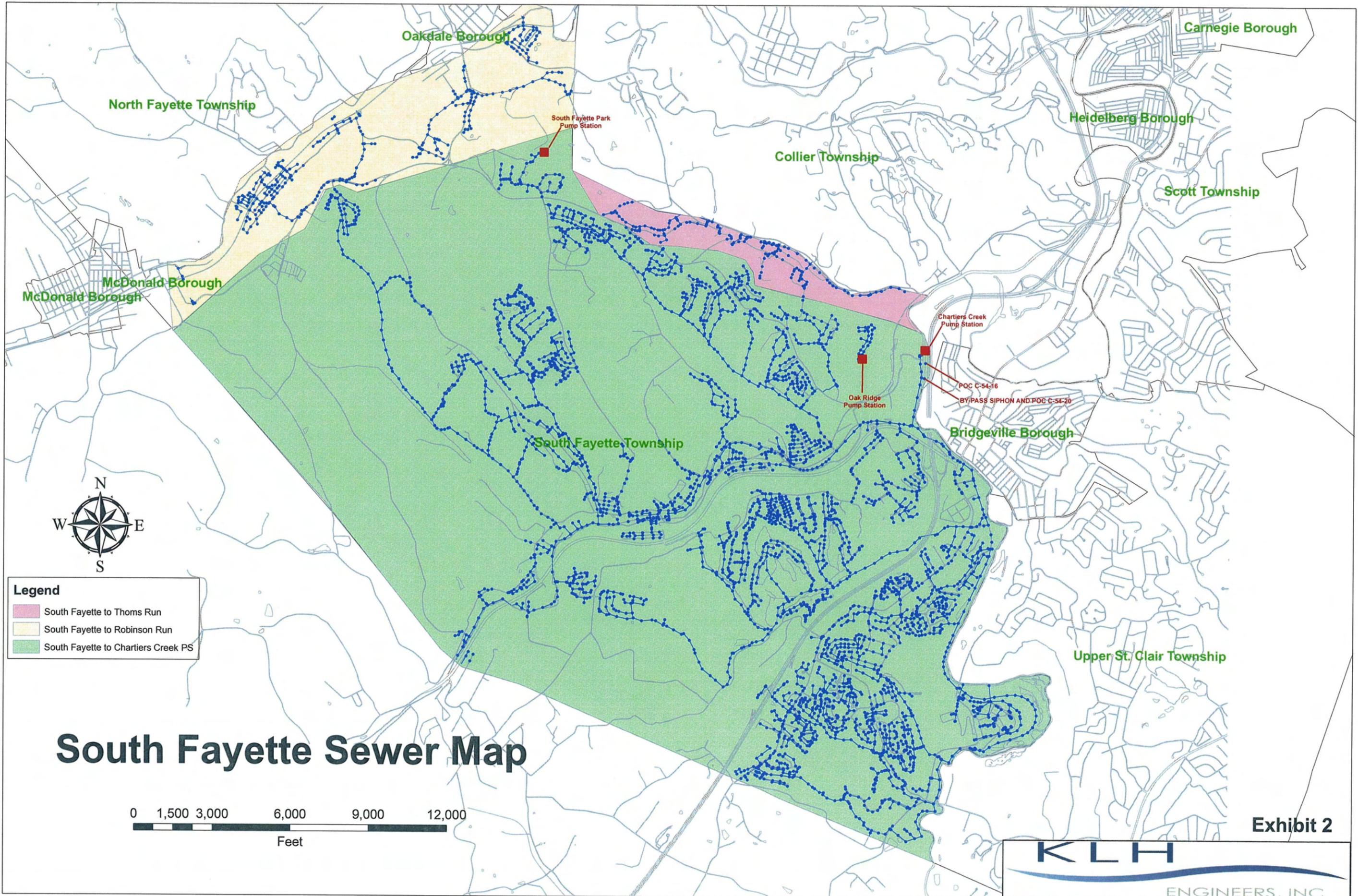
The following is an overview of each community and the joint facilities. It offers a general description of the systems, capital improvements constructed and planned, staffing and budgets.

A. South Fayette Township / Municipal Authority of the Township of South Fayette

The Municipal Authority of the Township of South Fayette (MATSF) is a mixed sewershed tributary to Chartiers Creek Basin in the Allegheny County Sanitary Authority (ALCOSAN) service area in Pennsylvania. MATSF owns and operates the system which includes over 126 miles of sanitary sewer ranging in size from 6” through 27” with over 4,000 manholes serving over 5,900 customers. The MATSF system is made up of 3 distinct sewersheds. The largest being Chartiers Creek, which serves 93% of the customers in 89% of the Township, the smallest, Thoms Run, serves 2% of the customers in 3% of the Township. The remaining 5%, in 8 % of the Township, are served by the Robinson Run Interceptor. Additionally, the Authority owns and operates three (3) pump stations. A map defining the MATSF service area is included as Exhibit 2. The total population in the sewershed is approximately 10,900 and the sewershed total area is 29.70 miles² (19,007 acres or 76.92 km²), with the Township adding over 100 new customers to the system over the past several years. A similar growth rate is anticipated into the near future.

The system piping and manholes may be best described as better than average, with all of the critical defects which were identified during system wide inspection corrected. MATSF continues to identify defects and sources of infiltration and inflow ("I/I") in the system and schedule corrective action as required. The field staff continues to find, document, and inspect previously unknown or unlocated manholes.

The initial wastewater collection and treatment system was built between 1973 and 1975 serving less than 2,000 customers. As the Township experienced growth, a significant amount of sanitary sewer was installed by the private sector. Also, the Authority undertook several additional publicly financed sewer extension projects to comply with their Act 537 Plan. Two of those projects were multi-municipal efforts. In Robinson Run (POC C45B-08) and Thoms Run (POC C54-12) areas the interceptor system is jointly owned with each municipality retaining individual ownership of the connecting sewers and customers.



Legend

- South Fayette to Thoms Run
- South Fayette to Robinson Run
- South Fayette to Chartiers Creek PS

South Fayette Sewer Map

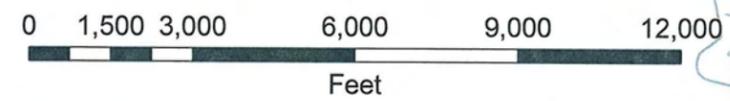


Exhibit 2



The most significant event in the Authority history was the elimination of the wastewater treatment facility in 1987. This was accomplished by entering into an Agreement with ALCOSAN. The original ALCOSAN agreement was for 2.4 Million Gallons/Day (MGD) (based on an annual flow average) of capacity that was purchased from ALCOSAN. A copy of this agreement can be found in Appendix A. The Chartiers Creek Pump Station was subsequently built upstream of the Authority's then existing wastewater treatment plant along Presto-Sygan Road. In 1987, the pump station was placed in operation. This facility pumps to the nearby ALCOSAN interceptor sewer at Point of Connection (POC) C54-16.

The Authority co-owns various multi-municipal sewage conveyance facilities in the Robinson Run and the Thoms Run areas. The jointly owned Robinson Run facilities are also managed on a day-to-day basis by MATSF personnel. Those facilities include interceptor sewer from McDonald Borough to the ALCOSAN interceptor in Carnegie along with the 2.2 MGD (5.5 MGD peak) Oakdale Pump Station. The Thoms Run interceptor is co-owned with Collier Township Municipal Authority who is responsible for day-to-day operations and maintenance. MATSF also owns and operates two smaller pump stations (Oakridge and South Fayette Park).

The Authority has completed several capital projects over the past year, including construction of a new office and garage along Presto-Sygan Road. This structure serves as the main office for the Authority's field personnel. The project was completed in early 2011. The Authority also rehabilitated manholes within the system. Work included sealing the manholes to eliminate I/I. Also completed was a manhole rehabilitation project in the Cannongate Drive area of the Township. Additionally, pump station electrical, communication and monitoring upgrades were completed at all three pump stations.

For the future, the Authority recently bid a project to reconnect the existing siphon chamber back to the ALCOSAN system. A plan to limit or potentially eliminate future Sanitary Sewage Overflows ("SSOs") at the Chartiers Creek Pump Station emergency bypass facility has been developed and is currently in the construction phase. The plan will utilize a previously abandoned point of connection to the ALCOSAN interceptor at manhole C-54-20. Utilizing the existing inverted siphon will allow excess flows during extreme wet weather to bypass through the connection at a lower elevation than the existing emergency bypass, thus having the potential to eliminate future SSOs to Chartiers Creek.

Phase 1 sanitary sewer lining is expected to be completed in the fall of 2011. Work includes lining approximately 5,600 LF of sanitary sewer and installing tee liners in approximately fifty (50) service laterals.

KLH Engineers is currently designing improvements to the Chartiers Creek Pump Station. This project will include a new grinder, level controls, electrical upgrades, ventilation and odor control, and structural rehabilitation. This project is scheduled for construction in 2012.

The MATSF is the only municipal entity with a full-time staff dedicated only to oversee maintenance and operations of their system. Overall day-to-day operations and management are handled by the Authority Manager. Administrative tasks are handled by one (1) office manager and one (1) customer service representative. Field operations are undertaken by one (1) field supervisor, three (3) collection system operators with Class E collection system licenses, and one (1) collection system laborer. All employees of the Authority are considered at will and are not represented by or covered by any labor agreements. The Authority contracts with Pennsylvania American Water to provide customer billing services.

In terms of available resources, the Authority owns and operates an inspection van capable of inspecting mainline and lateral sewers. The Authority owns an excavator and other similar equipment in order to make repairs and maintain the sanitary sewer system. In addition to this equipment, MATSF owns and maintains a trailer-mounted high pressure sewer cleaner to enhance the ability to respond to blockages and perform routine cleaning tasks on a continuous basis throughout the collection system.

A detailed copy of the MATSF Operating and Capital budget can be found in Table 1.

Table 1

2011 BUDGET
OPERATING REVENUE

Income	2009 Actual	2009 Budget	% of Budget	Jan 1 - Nov 1, '10	2010 Budget	% of Budget	2011 Budget
600.00 Charges for Services							
601.20 Commercial - Surcharges	19,992.21	23,000.00	86.92%	16,975.35	30,000.00	94.86%	20,000.00
601.30 PAWC-Collect	2,359,912.82	2,417,000.00	97.63%	1,845,761.22	2,500,000.00	74.23%	2,500,000.00
601.40 PAWC- Delinquent	89,145.54	85,000.00	101.25%	71,802.62	80,000.00	89.75%	80,000.00
601.45 Cecil Sewer Reimbursement	3,502.83	0.00	100.0%	5,659.33	5,000.00	113.19%	5,500.00
601.70 Charge-off Payments	2,345.80	500.00	728.8%	170.85	800.00	34.10%	300.00
604.00 Public	83,374.13	48,000.00	173.69%	44,612.00	21,000.00	211.90%	0.00
Total 600.00 - Charges for Services	2,534,853.68	2,570,500.00	98.63%	1,998,963.18	2,825,500.00	76.03%	2,605,800.00
616.00 Other Reimbursements							
616.20 Misc. Rebates	3,437.62	1,000.00	313.76%	4,314.53	2,000.00	215.73%	3,500.00
616.30 Lien Letters	0,040.00	5,000.00	100.8%	5,665.00	6,500.00	101.39%	5,500.00
616.40 Developer Deposits	12,692.75	50,000.00	15.62%	60,841.72	100,000.00	50.64%	75,000.00
616.50 Dye Testing	27,781.00	24,000.00	115.04%	26,200.00	24,000.00	93.37%	30,000.00
616.60 Insurance Rebate	4,629.19	3,500.00	132.26%	4,738.20	3,500.00	135.35%	4,000.00
616.70 Agency Rebates	12,183.31	12,000.00	101.53%	36,820.34	12,300.00	300.17%	15,000.00
Total 616.00 Other Reimbursements	62,414.17	128,500.00	48.56%	135,419.26	151,300.00	91.48%	133,000.00
620.00 Robinson Run Reimbursement							
620.40 North Fayette	37,145.04	37,149.00	100.0%	32,311.48	39,181.00	62.47%	42,315.00
620.50 Oakdale	17,034.94	17,035.00	100.0%	16,139.94	17,734.00	61.01%	19,153.00
620.60 McDonald	22,931.55	23,041.00	98.64%	21,364.53	23,365.00	91.44%	25,235.00
Total 620.00 Robinson Run Reimbursement	77,111.53	77,225.00	99.86%	69,815.95	80,281.00	86.96%	86,703.00
625.00 Investment Income							
625.10 PLGIT Term CD's	9,933.50	10,300.00	94.94%	0.00	4,500.00	0.0%	4,000.00
625.20 PNC Sweep Account	1,706.85	6,000.00	28.45%	693.87	1,800.00	39.7%	1,500.00
625.30 PLGIT Plus/Case - MM	1,161.01	7,600.00	15.4%	53.23	2,000.00	2.51%	1,000.00
625.40 Escrow CD's	35.01	30.00	116.7%	8.64	30.00	28.8%	50.00
625.50 PLGIT - Class Interest	223.64	0.00	100.0%	892.07	0.00	100.0%	1,000.00
Total 625.00 Investment Income	13,811.33	23,930.00	57.71%	1,647.58	8,300.00	19.24%	7,550.00
650.00 Tap In Fees							
650.30 Tap Fee for Thoms Run	0.00	0.00	0.0%	0.00	0.00	0.0%	0.00
650.20 Tap Fee for Robinson Run	0.00	3,050.00	0.0%	0.00	0.00	0.0%	0.00
650.10 Tap Fee for Chartiers Creek	178,850.00	182,850.00	100.34%	270,411.64	179,950.00	150.27%	225,000.00
Total 650.00 Tap In Fees	178,850.00	185,900.00	117.99%	270,411.64	179,950.00	150.27%	225,000.00
660.00 Benefit Assessment/Liens Paid							
660.00 Benefit Assessment/Liens Paid	5,056.76	0.00	100.0%	957.64	0.00	100.0%	0.00
Total 660.00 Benefit Assessment/Liens Paid	5,056.76	0.00	100.0%	957.64	0.00	100.0%	0.00
675.00 Project Reimbursements							
3 RWW DP Grant	0.00	50,000.00	0.0%	50,000.00	0.00	100.0%	0.00
3 RWW RO Grant	0.00	0.00	0.0%	0.00	0.00	0.0%	95,000.00
Total 675.00 Project Reimbursements	0.00	50,000.00	0.0%	50,000.00	0.00	100.0%	95,000.00
680.00 Miscellaneous Income							
680.00 Miscellaneous Income	0.00	0.00	0.0%	4,699.68	0.00	100.0%	10,000.00
Total 680.00 Miscellaneous Income	0.00	0.00	0.0%	4,699.68	0.00	100.0%	10,000.00
Total Income	2,877,005.69	2,999,601.00	95.91%	2,532,916.38	3,046,061.00	83.15%	3,163,053.00

**2011 BUDGET
OPERATING EXPENSES**

Operating Expenses	2009 Actual			2009 Budget			Jan 1-Nov 1, 10			2010 Budget			2011 Budget		
			% of Budget			% of Budget			% of Budget			% of Budget			% of Budget
Total 700.00 · Sewer System Expense	25,018.93	10,189.00	40.72%				28,074.31	39,390.00	71.27%				39,500.00		
Total 720.00 · South Fayette Pump Station	1,037.75	1,250.00	83.20%				11,430.36	8,450.00	135.27%				8,250.00		
Total 725.00 · Oakridge Pump Station	5,513.24	5,000.00	110.26%				10,754.37	6,300.00	170.70%				6,250.00		
Total 730.00 · Robinson Run Interceptor Fac.	47,214.37	85,000.00	55.66%				48,191.36	89,950.00	54.69%				97,146.00		
Total 740.00, 744.00 Main Pump Station	32,251.73	31,280.00	103.11%				17,687.11	36,560.00	48.38%				32,300.00		
Total 747.00 · Vehicle Expense	12,234.96	16,000.00	76.47%				11,568.08	15,500.00	74.63%				20,000.00		
Total 750.00 · Alcosan Treatment Costs	1,591,295.72	1,625,500.00	97.90%				1,140,663.31	1,549,378.00	73.62%				1,624,378.00		
Total 780.00 · Accounting	60,861.50	71,200.00	85.62%				43,461.03	62,700.00	82.47%				53,200.00		
Total 790.00 · General Office	41,013.84	74,000.00	55.42%				38,837.69	72,910.00	53.27%				66,200.00		
Total 800.00 Employee Benefits	185,671.11	378,170.00	49.09%				185,428.36	254,487.00	72.86%				287,590.00		
Total 798.00 · Administrative	150,691.31	125,000.00	120.55%				161,806.96	223,000.00	72.56%				165,000.00		
Total 699.00 Payroll Expense	152,607.61	192,000.00	79.48%				288,986.22	398,034.00	72.60%				413,408.00		
Total 710.00 O & M Building	12,317.00	15,000.00	82.11%				27,872.04	34,800.00	80.09%				20,300.00		
Total Debt Service	195,538.52	261,200.00	74.86%				166,293.99	221,725.68	75.04%				359,932.00		
Total Operating Expenses	52,574,146.38	52,633,020.00	99.89%				\$2,182,054.19	\$3,003,184.68	72.66%				\$2,833,522.00		
Transfer to Capital and Special Projects	\$352,856.80	\$329,278.00	107.19%				\$350,862.19	\$42,866.32	81.88%				\$329,531.00		
Total Budget	\$2,827,003.19	\$2,959,401.00	95.53%				\$2,532,916.38	\$3,046,051.00	83.16%				\$3,163,053.00		

**2011 BUDGET
CAPITAL REVENUE AND EXPENSE**

Capital Revenue	2009 Actual	2009 Budget	% of Budget	Jan 1 - Nov 1 10	2010 Budget	% of Budget	2011 Budget
Transfer / Beginning Capital Balance	329,328.00	329,328.41	100.00%	347,896.27	42,866.32	810.42%	329,531.00
Aim Loan	0.00	0.00	0.0%	0.00	0.00	0.0%	100,000.00
PNC Note 2010	329,328.00	329,328.41	100.0%	0.00	0.00	0.0%	1,500,000.00
Funds Available for Capital Projects	329,328.00	329,328.41	100.00%	347,896.27	42,866.32	810.42%	\$1,929,531.00
Capital and Special Projects							
921 System Upgrades							
Manhole Rehabilitation	0.00	0.00	0.0%	0.00	0.00	0.0%	45,000.00
Pipeline Rehabilitation	0.00	0.00	0.0%	0.00	0.00	0.0%	150,000.00
Siphon Connection	0.00	0.00	0.0%	0.00	0.00	0.0%	60,000.00
Main Pump Station Improvements	0.00	0.00	0.0%	0.00	0.00	0.0%	650,000.00
Total 921 System Upgrades	0.00	0.00	0.0%	0.00	28,000.00		905,000.00
922 Capital Purchases							
Office Equipment/ IT Buildout	0.00	0.00	0.0%	2,591.46	10,000.00	25.92%	45,000.00
Field Equipment	0.00	0.00	0.0%	0.00	0.00	0.0%	35,000.00
Vehicles	0.00	0.00	0.0%	0.00	0.00	0.0%	74,000.00
Total 922 Capital Purchases	0.00	0.00	0.0%	2,591.46	10,000.00		154,000.00
924 - Alcosan Capital Project							
924.10 - Lateral Rebate	0.00	0.00	0.0%	3,800.00	0.00	100.0%	50,000.00
924 - Alcosan Capital Project - Other	0.00	0.00	0.0%	6,805.50	138,000.00	4.75%	15,000.00
Total 924 - Alcosan Capital Project	0.00	0.00	0.0%	10,605.50	138,000.00		65,000.00
926 - O & M Building Design/Construction	0.00	0.00	0.0%	102,202.91	880,531.00	11.61%	660,368.00
Total O&M Building Design/Construction	0.00	0.00	0.0%	102,202.91	880,531.00	11.61%	690,368.00
Total Capital and Special Projects	0.00	0.00	0.0%	\$120,182.79	\$1,104,531.00	10.88%	\$1,784,396.00
Retained for Capital Reserves	\$329,328.00	\$329,328.41		\$227,213.48	(\$1,061,664.68)		\$145,133.00

B. North Fayette Township

The Township currently maintains approximately 179,751 linear feet (“LF”) of sanitary sewer. These lines are approximately 8” or larger, and are used to convey flow to the ALCOSAN system through the Robinson Run Interceptor. Additionally, a second sewer shed is maintained by North Fayette which conveys flow to Moon Township for treatment. A map defining the North Fayette Sewer System can be found in Exhibit 3.

Within the system piping, segments have been identified as critical by the Township. These 167 segments, ten inches in diameter and greater, were tested as recently as 2009. All segments have been determined to have available capacity for the Township sewage flow.

Routine maintenance is performed by the Township’s Public Works Department. In the previous five years, the Public Works department has thoroughly inspected the vast majority of the lines; a mere 20 LF of lines remain untested or uninspected.

As part of a routine Operation and Maintenance (O&M) program, the Township implements a preventative O&M program. The Township identifies and then prioritizes structural deficiencies in order to develop both short and long term solutions to address observed defects.

Throughout a five year rotation, the Township televises all sanitary sewers eight inches and larger. After this inspection, the Township undertakes any necessary repairs. Two major subdivisions, Hanky Farms and Glen Gormley, are inspected annually. On alternating years, the Township performs rehabilitative repairs on existing manholes. Such repairs include replacing ladder rungs, grouting, and shaping manhole inverts. During seven year intervals, the Township places flow monitoring devices within pre-determined critical junctures. The flow monitoring is implemented over an average of a three month period. Over this time frame, the Township seeks out data from major storm events to establish peak flows. Otherwise, the Township determines a base average flow in order to determine the capacity of the lines.

Up until 2007, the Township had experienced limited SSOs due to faulty sewer segments. In 2007, the Township conducted an extensive rehabilitation project to correct sewer segments that the Township identified as a significant source cause of infiltration and inflow.

Two major sewer extension projects are scheduled by the Township. The first, the Logan Road Extension, has been designed and permitted. Funding is required from the Pennsylvania Infrastructure Investment Authority or another financing source prior to commencement. The site is located along Old Steubenville Pike (SR 3066), west of Logan Road and northwest of the

intersection of Old Steubenville Pike and Logan Road in North Fayette Township, Allegheny County. The project generally consists of the installation of approximately 3,300 LF of 8" PVC sanitary sewer line with laterals, bores under Old Steubenville Pike Road (SR 3066) with 6" ductile iron pipe and casing and restoration. The other, the Bateman Road Extension, currently is in the process of being designed and permitted. The site is located along Old Steubenville Pike (SR 3066), west of Logan Road and northwest of the intersection of Old Steubenville Pike and Logan Road in North Fayette Township, Allegheny County.

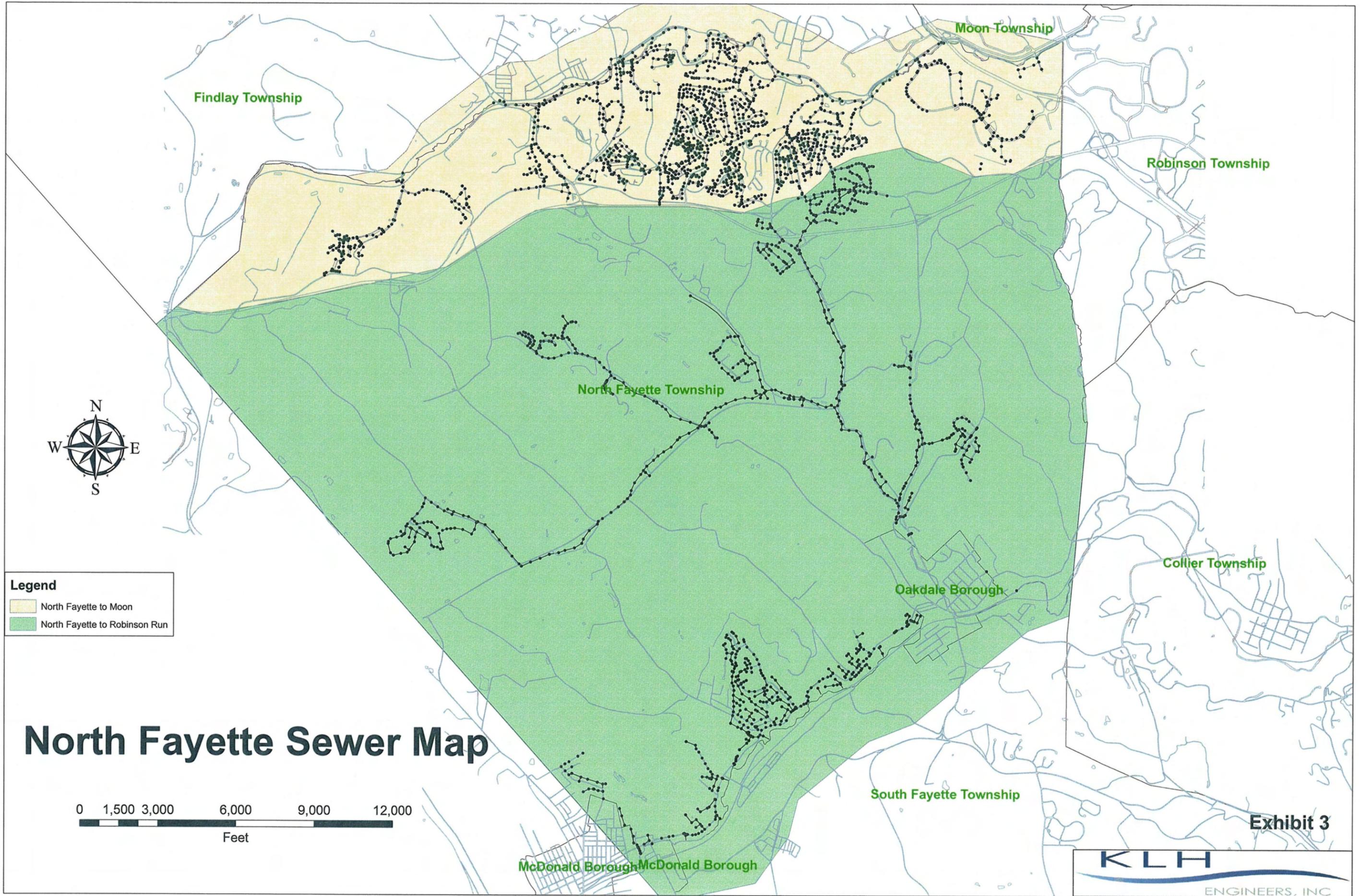
North Fayette does not retain an exclusively dedicated staff to maintain the sewers. Instead, the Township utilizes the Public Works Department, which is divided into three departments: Road, Sewer, and Maintenance. Structurally, the Township Manager oversees the Public Works Department. This Public Works Department is comprised of a Public Works Director and Public Works Supervisor, two (2) Crew Leaders and the respective Public Work's Crew. Rank and file public works employees are represented by formally recognized labor unions and are covered under collectively bargained labor agreements. The Township administrative staff also supports activities related to sewer operation as needed, specifically they handle customer billing in house.

In terms of physical assets, the Township retains a variety of construction equipment that may be utilized in activities from road to manhole repair. Specifically for the sewerage system, the Township owns a Closed-Circuit Televising Unit ("CCTV") for sewer inspection.

A detailed copy of the North Fayette Sewer Fund budget can be found in Table 2.

Table 2

SEWER FUND REVENUE				
Account	Description	2010 YTD 9 Months	2010 Budget	2009 Actual
A08-341-0	Interest Earnings	\$797.36	\$6,000.00	\$5,046.77
A08-364-0	Sewer Rental Revenues	\$1,110,174.28	\$2,099,400.00	\$2,132,352.13
A08-364-0	Sewer Tap Fees	\$28,080.00	\$215,000.00	\$210,463.01
A08-380-0	Miscellaneous Revenues	\$3,450.00	\$8,800.00	\$7,044.50
A08-390-0	Transfer From Debt Service	\$0.00	\$0.00	\$1,900,000.00
A08-392-0	Transfer from General Fund	\$0.00	\$0.00	\$0.00
A08-392-0	Transfer from Capital Improvem	\$0.00	\$0.00	\$0.00
A08-392-0	Transfer from Capital Reserve	\$0.00	\$0.00	\$0.00
A08-392-0	Transfer from Liquid Fuels	\$0.00	\$0.00	\$0.00
A08-392-0	Transfer from Police Pension	\$0.00	\$0.00	\$0.00
A08-392-0	Transfer from Non Uniform Pens	\$0.00	\$0.00	\$0.00
	Total Revenue	\$1,472,801.64	\$2,329,200.00	\$4,284,906.43
SEWER FUND EXPENSE				
Account	Description	2010 YTD 9 Months	2010 Budget	2009 Actual
A08-404-3	Legal Services	\$2,750.00	\$7,000.00	\$4,308.75
A08-408-3	Engineering Services	\$63,505.31	\$70,000.00	\$46,060.62
A08-429-2	Office Supplies and Printing	\$3,463.52	\$2,000.00	\$3,080.42
A08-429-2	Postage	\$5,013.90	\$4,800.00	\$7,358.27
A08-429-2	Maintenance Supplies	\$0.00	\$7,500.00	\$89.75
A08-429-2	Data Processing	\$3,985.66	\$25,000.00	\$24,220.38
A08-429-3	Communications	\$0.00	\$0.00	\$0.00
A08-429-3	Advertising	\$0.00	\$0.00	\$0.00
A08-429-3	Utilities	\$76.92	\$0.00	\$0.00
A08-429-3	Treatment Charges - MTMA	\$502,970.73	\$800,000.00	\$712,962.46
A08-429-3	Maintenance - Oakdale Pumping	\$26,120.64	\$40,000.00	\$40,240.46
A08-429-3	Treatment Charges - Alcosan	\$369,087.85	\$457,000.00	\$450,282.19
A08-429-3	Treatment Charges - Excess //I	\$0.00	\$0.00	\$0.00
A08-429-3	Repairs and Maintenance	\$7,215.60	\$6,000.00	\$6,419.16
A08-429-3	Vehicle - Equipment Maintenanc	\$3,403.03	\$3,000.00	\$1,564.42
A08-429-4	Bad Debt Provision	\$0.00	\$2,600.00	\$0.00
A08-429-4	Miscellaneous	\$8,286.85	\$10,000.00	\$11,747.59
A08-429-6	System Evaluation and Rehab	\$0.00	\$60,000.00	\$0.00
A08-429-7	Capital Purchases	\$0.00	\$0.00	\$0.00
A08-429-7	Equipment Escrow	\$0.00	\$20,000.00	\$0.00
A08-429-8	Depreciation Expense	\$19,006.56	\$25,300.00	\$122,434.64
A08-471-0	Debt Service Principal	\$46,800.00	\$108,550.00	\$0.00
A08-472-0	Interest - Pennvest	\$25,228.76	\$20,450.00	\$38,061.90
A08-472-0	Interest - 1993 G.O. Bond	\$2,076.76	\$0.00	\$65,415.42
A08-472-0	Bond Discount Amortization	\$4,938.21	\$0.00	\$5,235.84
A08-475-0	Fiscal Agent Fees	\$0.00	\$0.00	\$0.00
A08-480-4	Miscellaneous-Sewer	\$0.00	\$0.00	\$660,000.00
A08-491-4	Refund of Prior Years Revenue	\$0.00	\$0.00	\$0.00
A08-492-0	Interfund Transfer - General	\$0.00	\$660,000.00	\$0.00
A08-492-0	Interfund Transfer - Cap Projt	\$0.00	\$0.00	\$0.00
A08-492-0	Interfund Transfer - Cap Resrv	\$0.00	\$0.00	\$0.00
A08-492-0	Interfund Transfer - Hghwy Aid	\$0.00	\$0.00	\$0.00
A08-492-0	Interfund Transfer - Pol Pensn	\$0.00	\$0.00	\$0.00
A08-492-0	Interfund Transfer - Mun Pensn	\$0.00	\$0.00	\$0.00
	Total Expense	\$1,093,930.30	\$2,329,200.00	\$2,198,982.27
	Balance	\$378,871.34	\$0.00	\$2,085,924.14



Legend

- North Fayette to Moon
- North Fayette to Robinson Run

North Fayette Sewer Map

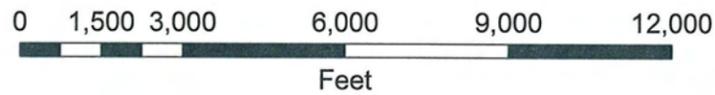


Exhibit 3



C. McDonald Sewage Authority

McDonald Borough, similar to South Fayette Township, retains a municipal authority to oversee the sewer operations within its municipal limits. As its own entity, the Authority operates separately and distinctly from the Borough. A map outlining the McDonald System can be found as Exhibit 4.

The McDonald system is comprised of sewers ranging in size from 4" to 36". The majority of sewers located within McDonald are combined sewers. In terms of growth, the Authority has no planned extensions or release of sewer tap-ins for the fiscal year of 2010. These combined portions of the system are, at a minimum, sixty years old, with a vast majority in excess of eighty years old.

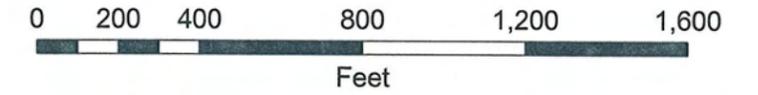
In order to remedy the conditions of the system, the Authority has submitted to ALCOSAN and regulators, a seventeen year plan by which the Authority will replace and separate the combined sewer system. More details of the Separation Project can be found in the McDonald Sewage Authority Corrective Action Plan found in Appendix F. A list of completed projects and cost can be found in Table 3 followed by a detailed copy of the Budget in Table 4.

The McDonald Sewage Authority maintains a staff of one administrator who oversees the daily activities of the Authority. Routine sewer maintenance within the Borough of McDonald is completed utilizing the public works department and outside contractors. Larger projects are managed by the Authority's Consulting Engineer. The Authority contracts with Pennsylvania American Water to provide customer billing services.

Table 3
Completed Separation Projects - McDonald Sewage Authority

Project Name/Date	Estimated Cost
Barr Street / 1995 Includes a portion of S. McDonald St.	\$ 70,450
North Street / 1997 Includes a portion of Station St.	\$ 450,000
Center Avenue / 2001 Paid by 3RWW Grant Includes a portion of Coal St.	\$ 206,000
Fannie Street/ 2001 Includes Ada St. and portion of Coal St.	\$ 262,000
North McDonald & Liberty Streets/2006 Includes a portion of N. McDonald & Liberty Sts	\$ 255,000
West Lincoln Avenue & Heritage Park/2007 Includes a portion of W. Lincoln Ave. and Heritage Park Restrooms	\$ 160,000
Total	\$ 1,403,540

McDonald Sewer Map



Legend
• McDonald to Robinson Run

North Fayette Township

McDonald Borough

McDonald Borough

South Fayette Township

Exhibit 4



Table 4

MCDONALD SEWAGE AUTHORITY					Adopted 6/20/2011
PROPOSED 2011-2012 BUDGET					
	BUDGET	EST.	OVER	PROPOSED	
	10-'11	THRU 6-30	(UNDER)	11-'12	
LIEN LETTERS	420	370	-50	400	
MISC.	300	50	-250	300	
BILLING COLLECTIONS	470000	501065	31065	487391	
PA WATER CONNECTION FEES	2000	1000	-1000	2000	
SEWAGE CONNECTION FEES	0	0	0	0	
LIENS	1000	1445	445	1000	
INTEREST	500	800	300	500	
ALCOSAN BILLING REIMB.	2320	2338	18	2340	
BAD DEBT COLLECTED	6000	7600	1600	6000	
CONSTRUCTION LOAN	410000	410000	0	0	
TOTAL	892540	924668	32128	499931	
EST. BAL. AS OF 6-30-11	200000	227785	27785	448466	
TOTAL	1092540			948397	
DISBURSEMENTS					
SECRETARY'S WAGES	14616	14671	55	17004	
PAYROLL TAXES/LIABILITIES	1330	1400	70	1516	
INSURANCE REIMBURSEMENT	984	410	-574	0	
SEWER MAINTENANCE	5000	3500	-1500	5000	
CONTRACTED EXPENSES	5000	0	-5000	5000	
POSTAGE	675	600	-75	675	
OFFICE SUPPLIES	1000	1501	501	1000	
BAD DEBT	6000	13000	7000	6000	
BILLING & COLLECTIONS FEES	8400	8471	71	8300	AVG. 1010 ACCOUNTS/MONTH @ \$8.68/ACT.
SHUT-OFF CHARGES	2000	900	-1100	2000	
INSURANCE	3100	2973	-127	3100	
ENGINEER/OPERATING	7000	3000	-4000	5000	
LEGAL/OPERATING	1500	1000	-500	2000	
MISC.	250	100	-150	225	
DUES	600	633	33	650	
TELEPHONE	900	890	-10	900	
EQUIPMENT REPAIRS	200	0	-200	200	
SYSTEM DESIGN PROJECT	412000	248509	-163491	163491	
CSO/SSO COMPLIANCE	20000	15192	-4808	1700	
PENVEST PAYBACK	0	0	0	0	
RRIS INTERMUNICIPAL CHARGES	25000	22198	-2802	28835	
LEGAL RETAINER	1000	1000	0	1000	
ENGINEER RETAINER	1800	1800	0	1800	
AUDITING EXPENSES	4000	4271	271	4350	
LOAN REPAYMENT	144600	144600	0	144730	
ALCOSAN CHARGES	191000	202045	11045	202045	
BANK CHARGES	1000	50	-950	100	
TOTAL	858955	692714	-166241	606621	
Service Fee is \$19.50 per month per customer	\$236340.00/yr.		inc. from \$17.25 to \$19.50 1/1/07		
Usage Fee is \$6.43 per 1000 gals.	\$266125.00/yr.		usage fee increased 7% from 6.01 to 6.43 Jan, 2009		
TOTAL		\$502465.00/yr. x 97% collectible = \$487931			

D. Oakdale Borough

Oakdale has approximately eight miles of separate sanitary sewer lines, ranging in size from 8" to 21" in diameter. Due to the small size of the municipality, there are no pump stations or SSOs in the Borough. Oakdale's entire system has been completely separated, meaning that there are no combined sewers within the municipality. Customers in Oakdale are largely residential users, with no significant industrial users. A map outlining the Borough's system can be found in Exhibit 5.

Oakdale currently has no staff dedicated to the operation and maintenance of the sanitary sewer system. The Public Works Department concentrates on roads and other facilities. Sewer repair projects are contracted out either directly by the Borough or in conjunction with the South Hills Area Council of Governments. Sanitary sewer cleaning and televising are currently conducted on an as-needed basis by outside contractors. The Borough's administrative staff tracks daily activities related to the sewer system additionally they support customer billing in house.

The Borough is nearly fully developed, it retains small isolated parcels for individual residences or townhomes. Currently, a twenty-two (22) unit townhome development has reached the construction stage, but no other residential projects have been identified. There is potential for commercial or light industrial development along the railroad/trail on the south side of Robinson Run. Potential developers must be wary that any project must address flood plain issues. No specific projects have been officially proposed. Increases in sewage flow from the Borough, therefore, are expected to be minimal for the foreseeable future.

A detailed copy of the Borough's Sewer Operating Fund budget is included in Table 5.

Table 5

Acct. No.	BOROUGH OF OAKDALE SEWER FUND BUDGET	2010 BUDGET	Actual as of 9/30/2010	3 Months Projected	Projected Expenses 2010	Under/Over Budget	2011 BUDGET
	REVENUES						
	Revenue (Interest)				0.00	0.00	
	Sewer Penalties				0.00	0.00	
1213	Sewer Receipts	263,500.00	163,853.00	64,000.00	247,853.00	-15,647.00	265,000.00
1215	Other Revenues		25,000.00	0.00	25,000.00	25,000.00	25,000.00
	PENNVEST Grants				0.00	0.00	
	PENNVEST Loans				0.00	0.00	
	Returnable Tap-In Deposits				0.00	0.00	
1218	Tap-In Fees		2,000.00	0.00	2,000.00	2,000.00	2,000.00
	ALCOSAN Reim				0.00	0.00	
	TOTAL REVENUES	263,500.00	210,853.00	64,000.00	274,853.00	11,353.00	292,000.00
	COST OF OPERATIONS						
1251	Labor Costs - Main	1,000.00	1470.00	490.00	1,960.00	-960.00	1,500.00
1252	Operation Costs of p.sta.	18,000.00	13,242.00	4,414.00	17,656.00	344.00	19,000.00 S.F. Muni Auth
1253	Salaries - Administration	10,300.00	7,344.00	2,448.00	9,792.00	508.00	11,300.00 Kelly/Laura 1/4
1254	Materials	500.00	0.00	200.00	200.00	300.00	500.00
1255	G. Expense		84.00	0.00	84.00	-84.00	0.00 Pennvest Ltr
1256	Legal Fees	500.00	0.00	0.00	0.00	500.00	500.00
1257	Engineering	40,000.00	56,552.00	18,851.00	75,403.00	-35,403.00	90,000.00 Chesler
	Engineering - S.System				0.00	0.00	
1259	Insurance	2,900.00	1,916.00	1,000.00	2,916.00	-16.00	2,700.00
1261	Outside Services	6,000.00	21,353.00	20,000.00	41,353.00	-35,353.00	40,000.00 Vactor/Meyers
1262	ALCOSAN User Fee	133,500.00	96,895.00	32,198.00	128,793.00	4,707.00	140,000.00
	ALCOSAN I&I Payment				0.00	0.00	
1268	PENNVEST Debt svc prin	0.00			0.00	0.00	
	PENNVEST Debt svc int.				0.00	0.00	
	PENNVEST II Debt svr prin					0.00	
	PENNVEST II Debt svr int.					0.00	
	Contingency				0.00	0.00	
1273	Dye Testing/Consent Order	20,000.00	0.00	0.00	0.00	20,000.00	0.00
1274	SHACOG Jt CCTV				0.00	0.00	
1275	SHACOG Jt Pt Repair	50,000.00		54,000.00	54,000.00	-4,000.00	50,000.00
1275.1	SHACOG Admin Fee					0.00	
	Flow monitoring repair				0.00	0.00	
1277	Audit	1,800.00	1800.00	0.00	1,800.00	0.00	1,800.00
1278	Advertising	1,000.00	0.00	0.00	0.00	1,000.00	1,000.00 SHACOG
1279	Mis - Bank Serv Fee		114.00	38.00	152.00	-152.00	200.00
	TOTAL COST OF OPERATI	285,500.00	200,470.00	133,639.00	334,109.00	-48,609.00	358,500.00
	TOTAL REVENUE						
	OVER EXPENSES	-22,000.00	10,383.00	-69,639.00	-59,256.00	186,603.00	-66,500.00



Oakdale Sewer Map

Legend

- Robinson Run Shared Interceptor
- Oakdale to Robinson Run
- Unclaimed Sewers

North Fayette Township

South Fayette Township

Oakdale Pump Station

Oakdale Borough

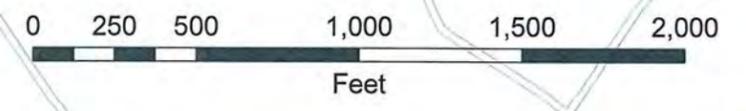


Exhibit 5



E. Robinson Run Sewer System

Historically, the idea of a joint sewer shed was promulgated by the Pennsylvania Clean Streams Law of 1937 and the Federal Clean Water Act. In 1964, the Pennsylvania Sanitary Water Board, predecessor to the Pennsylvania Department of Environmental Resources (DER), currently the Pennsylvania Department of Environmental Protection (DEP), issued an adjudication against the Borough of McDonald ordering them to discontinue discharging untreated or partially treated wastewater to Robinson Run. Steps were taken to construct a treatment works in McDonald, but due to litigation, never reached the construction phase. In the meantime, the EPA began to foster the idea of a regional approach to the pollution problems in the Robinson Run watershed. In 1971, the Pennsylvania Department of Environmental Resources (DER) issued orders to the Oakdale Municipal Authority to upgrade treatment levels in order to meet new Ohio River Basin water quality standards. In order to comply, the Authority directed William J. Murdoch Engineers to proceed with a Robinson Run Wastewater Facilities Plan. The Federal Water Pollution Control Act Amendments of 1972, P.L. 92500, authorized the EPA to provide grants consisting of 75% of the total eligible project costs. The Oakdale Municipal Authority submitted an application for Federal funding on February 20, 1973 and received notification that the project was in the fundable range. In the meantime new EPA regulations required more detailed analysis before the project could proceed.

At the time, Section 201 of the Federal Water Pollution Control Act mandated the formulation of specific guidelines prior to disbursement of any funds. Required was the study of four major areas: cost effectiveness, environmental assessment, public participation and infiltration and inflow. Further discussion and agreement was reached with the then DER and it was agreed that a single plan would be established for the entire watershed. The area initially included lower Robinson Run communities of McDonald Borough, Oakdale Borough, North Fayette Township and South Fayette Township and upper Robinson Run communities of Midway Borough, Cecil Township Mount Pleasant Township and Smith Township all in Washington County. The result of this effort was the approval of the facilities plan by DER in August of 1976. The project never reached the construction phase as a result of the inability to reach agreement between the involved municipalities. With the 1976 plan now tabled, the project languished until 1981 when new orders were issued establishing a time table for the upgrades and civil penalties for non-compliance.

This action resulted in new agreements between the communities to complete a new feasibility or Section 201 Wastewater Facilities Planning Study. Schneider Consulting Engineers submitted the report in September of 1981 and a supplemental report in April of 1982. These reports formulated what would ultimately become the joint Robinson Run facilities. The construction of a regional plant in Oakdale never came to fruition since it was negotiated to send all flows through a newly constructed interceptor and pump station to ALCOSAN. A pump station in Oakdale was placed on line in August of 1990, and the joint facilities have been in continuous operation with no further regulatory compliance issues. The current operational arrangements of the sewershed will be addressed in other portions of this report.

A map depicting the Robinson Run Joint System can be found as Exhibit 6.

The Robinson Run System is broken down into Stage 1 and Stage 2 facilities. The Stage 1 Facilities include the interceptor sewer from the POC in Carnegie to and including the Oakdale Pump station. These facilities service all four (4) Robinson Run Entities and maintenance costs of these facilities is shared by all four (4) communities.

The Stage 2 facilities include the sewers from the Oakdale Pump Station to the McDonald Border. These facilities are shared by North Fayette Township, South Fayette Township and McDonald Borough. The maintenance cost of these facilities is shared by these three (3) communities.

A section of sewer extends from the center of Oakdale and parallels Rt 978 to a manhole in the Oakdale Borough Park. This section carries the majority of North Fayette Township's flow contributing to the Robinson Run Interceptor Sewer. This section is considered a trunk sewer with limited connections and it has never been formally accepted as part of the joint facilities, furthermore neither North Fayette nor Oakdale takes formal responsibility for the section. The Robinson Run Advisory Group is in agreement that this section should be part of the joint facilities.

The current service agreement can be found in Appendix B.

ROBINSON RUN SEWERSHED INTERCONNECTION MAP



NORTH FAYETTE

SOUTH FAYETTE

Oakdale Pump Station

OAKDALE

MCDONALD

MCDONALD

LEGENDS

- 3RWW Regional Flow Monitoring
- C-45B-04 Sewershed Structures
- Unclaimed Sewers
- Interconnections
- Interceptor
- Unclaimed Sewers
- C-45B-04 Sewershed Sewer Lines
- ▭ Municipal Boundaries
- ▭ Robinson Run C-45B-04 Sewershed

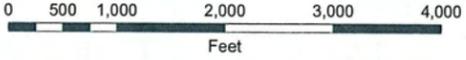


Exhibit 6



Robinson Run Joint Interceptor Operation and Maintenance

O&M in the joint portions of the interceptor is managed by MATSF and requires the approval of the contributing communities when completing work in phase 2 sections, this work is often completed by private contractors. Work completed to date has included CCTV inspection, and all requirements to comply with the ACO executed with ACHD in 2004. MATSF submits all the administrative reports required to comply with all regulatory requirements.

Since 1990 the four communities have an integrated flow monitoring system consisting of four permanent ADS flow meters and a recording rain gauge to help quantify the flow contribution from each municipality. Detailed information from these meters is compiled and submitted to ALCOSAN on a regular basis. The meters are not used for billing and require reasonable assumptions to be made when calculating the flows. The assumptions are reviewed and changed as necessary. Since the meters and operating software are over 20 years old now the Robinson Run Advisory Group (RRAG) is beginning to look at the options for updating the metering requirements in the system. The group recognizes that the pending capital projects will require a new look at who is contributing flows to the interceptor as well who will be contributing future flows. Each community also participated in the 2008 regional flow monitoring program that was conducted by ALCOSAN. This information has been reviewed by the RRAG, and future flow projections along with preliminary peak flow control options have been provided to ALCOSAN.

The sewers and manholes in the joint system are generally in good condition. Televising has revealed a limited amount of root intrusion near Carnegie and some hydrogen sulfide deterioration at certain locations on the interceptor downstream of the pump station. In 2009, the sewer segments with the worst root intrusion were addressed by cleaning and grouting of the pipe joints in those segments. Additional funds were budgeted for 2010 to evaluate the effectiveness of this work and to possibly perform the same maintenance on the segments with less root intrusion. The hydrogen sulfide deterioration in the upper most segments of the gravity portion of the interceptor is being monitored on a regular basis. These segments have been televised on three (3) occasions since 2004 and will be televised again in 2011. While the deterioration has caused the pipe wire reinforcement to be visible at certain locations, it is not cause for immediate concern due to the class / thickness and location of the concrete pipe. The Robinson Run Advisory Group is aware of the situation and had previously discussed relining the affected portions of the sewer no later than 2012. However, this rehabilitation work has been tabled and will continue to be monitored annually. The work would involve lining approximately 3,000 feet of the interceptor. With the uncertainty surrounding the ultimate

outcome of the regional wet weather plan, the advisory group is taking a more conservative approach to large scale rehabilitation projects in the shared system.

Pump Station

The jointly owned and operated Oakdale Pump Station was constructed under PADEP permit # 0288457 and is rated at 2.2 MGD (5.5 MGD Design Peak) flow. The pump station is located off Noblestown Road near the Oakdale Borough boundary in North Fayette Township. The pump station was placed into operation in August 1990. The pump station includes three (3) 75 Hp shaft driven centrifugal pumps. The pumps are controlled by a pressure operated level control system and variable frequency drives.

In 2008, pump upgrade work was completed for conversion of the seal system on one of the main sewage pumps from one that utilizes gland packing material to a split mechanical seal system. This was done to improve maintenance of the pumps without the need to remove and send out the pump for repairs. This same type of seal conversion on the remaining two main sewage pumps was completed in 2009. Also in 2009, the Variable Frequency Drive system that operates the main sewage pumps underwent a preventive maintenance inspection by DRV, Inc. The pump control system at the Oakdale Pump Station allows the pumps to pump at rates greater than the 5.5 MGD design rate for limited periods of time. The ability for the third pump to come on-line provides a peak discharge rate of up to 7.5 MGD. This rate is attainable only if the wet well is operating at higher than design conditions and only for relatively short duration.

The pump station was originally constructed utilizing the headworks of the original Oakdale Treatment Plant. A cost savings initially has resulted in operational short comings that will need addressed as the RRAG plans for the future. One of the options presented in the Robinson Run Alternatives Evaluation would require upgrading the pump station and these issues could be addressed at that time. Some of the issues that have presented themselves are; the wet well which was not redesigned does not appear to have the capacity to handle increased flows during wet weather, the grinding and screening was not upgraded and remained from the original plant and is often overwhelmed during periods of high flow, the change from an on/ off pumping cycle to constant level variable speed pumping has presented problems with pumping during low flow periods, the pumps that were designed to meet higher flow conditions will often lose suction and controls cannot be adjusted to avoid excessive starting and stopping during low flow periods which has resulted in control equipment failures. The retrofitting of the original drive motors and shafting to new pumps requires additional maintenance and has resulted in drive line failures that would not have resulted if newer pumping technology was employed.

III. ALCOSAN: FUTURE OUTLOOK

Pursuant to a consent decree issued to ALCOSAN, they are required to present a Wet Weather Plan on or before September 30th, 2012. This plan, to be submitted, requires the coordination of the customer municipalities. In support of ALCOSAN the RRAG jointly prepared and submitted the Robinson Run Sewershed Alternative Evaluation Report. As the deadline approaches, it is still unclear what alternatives ALCOSAN will present for eliminating Wet Weather Flows in the ALCOSAN system. The impact of the eventual proposed plan will materially alter the course of action to be taken by all customer municipalities moving forward. The RRAG is currently looking at and has presented several options for handling the regions flows in the future. The group has looked at options including; upgrading the pump station and force main, constructing storage in Oakdale, building a gravity interceptor to the P.O.C. in Carnegie, and has explored the feasibility of local treatment. The RRAG will continue to look at all these options and variations as all the municipalities work toward final submission of their respective Alternative Evaluations.

The current climate of uncertainty will continue to present the RRAG with many challenges. ALCOSAN, pursuant to the consent decree, must submit a comprehensive plan to address wet weather flows within its service area. In turn, the respective customer municipalities are required to address their own environmental issues in a similar fashion. The RRAG will continue to work in support of the overall process. The demands of the ACO on the municipalities and the group have and will continue to require the expenditure of more group resources.

On September 25, 1997, a Corrective Action Agreement (“CAP”) was executed between the Municipal Authority of the Township of South Fayette (MATSF) and ALCOSAN. The other communities subsequently entered into similar agreements. The agreements are one of the reasons why rates within the basin have remained relatively stable. The Agreement allows the Authority to utilize excess I/I penalty funds accrued since June 1996 for approved projects within the South Fayette system which will reduce I/I. An initial Capital Action Plan (CAP) was submitted to ALCOSAN in January 1998, and ALCOSAN approved the plan later in the year. While this Agreement did not address the long term ALCOSAN system-wide policy for handling excess I/I and associated penalties, it did provide a positive step forward for South Fayette and the other communities to undertake projects which may not have been previously possible. An example agreement is included as Appendix C.

IV. RATE STRUCTURES WITHIN THE ROBINSON RUN BASIN

Based on information from the 3 Rivers Wet Weather, ALCOSAN and the participating entities the following rate information is provided. Currently ALCOSAN charges \$ 69.08 per quarter for 15,000 gallons of use. In addition to the ALCOSAN fees, the municipal entities impose a schedule of rates and fees upon customers within their municipal boundaries. A summary of each Communities residential rates is detailed in Table 6. The average 2011 quarterly cost in the ALCOSAN Southern basin for the same flow is \$ 128.51. This study also assumed that ALCOSAN rates will not remain static. In light of the expected improvements to be undertaken by ALCOSAN, this study assumes that rates will increase and be varied. With this in mind, this study focused on the ability to provide the most cost effective service to customers in the Robinson Run Basin.

The rate structures within the group vary since all have differing priorities and demographics. An example would be the communities of Oakdale and McDonald which have little or no new development and are relatively small, their rates need to generate income for rehabilitative projects being undertaken now and in the future. Oakdale bills its customers at a high variable rate, McDonald on the other hand, charges a higher fixed monthly rate in exchange for a lower variable rate. The expanding communities of North and South Fayette Townships are also dynamic in their rate structures. MATSF is similar to McDonald Sanitary Authority in that it opts for a higher fixed service fee with a lower variable rate. In the end, however, North Fayette provides its services at the lowest cost to its customers out of all the Robinson Run Communities. As can be seen from Table 6, each Community charges its customers based on varying rate structures.

Based on 2011 rates provided to the RRAG, and based on 15,000 gallons usage per quarter including the ALCOSAN cost, North Fayette provides the lowest cost service at \$ 82.50 per quarter, followed by MATSF at \$ 121.50, then Oakdale at \$ 124.35 and finally McDonald at \$ 154.95 . The wide variation in rates within the region present a challenge to the group and to the pursuit of the options presented in this report. There will be perceived winners and losers if regionally a plan is developed where rates are adjusted to be more uniformly distributed across all of the communities. Furthermore joint capital costs will have differing impact on each community's budgets.

Table 6
Robinson Run Interceptor Sewer- Fees, Area, Connections and Population Served for each Municipality

Municipal Entity	Service Fee Monthly	Usage Fee (\$/1000 gal)	Area (Acre)	Connections	Population Served
Municipal Authority of the Township of South Fayette	\$12.00	\$5.70	1184	304	866
North Fayette Township	\$16.50 ¹	\$5.50	11,187	1956	4,395
Oakdale Borough	\$14.25 ²	\$6.80	302	700	1,419
McDonald Sanitary Authority	\$19.50	\$6.43	328	1060	2,259

¹ Includes 3000 gal

² Includes 1000 gal

V. PRACTICAL ASPECTS OF THE RELATIONSHIPS BETWEEN COMMUNITIES

As of 1990, the Robinson Run Communities have operated under two controlling documents: the Operation and Maintenance Agreement and Service Agreement. The two documents are codependent; the Service Agreement gives rise to the manager position which is governed by the Operations and Maintenance Agreement.

The driving force of the Service Agreement remains in an “Robinson Run Advisory Group” (RRAG), composed of two members from the since dissolved Oakdale Municipal Authority now the Borough, two Members from North Fayette Township, one member from South Fayette Township, one member from the Municipal Authority of South Fayette Township, one member from McDonald Borough and one member from the Municipal Authority of McDonald Borough.

This entity retains authority over a limited variety of decisions, leaving the remainder to the discretion of the named manager-entity (MATSF). Routine repairs are outside of the authority of the Advisory Committee. Extraordinary repairs, defined as relocation of existing sewer lines, major sewer reconstruction or alterations, and those expenses related to the rehabilitation and expansion of the interceptor sewer, remain within. As directed, MATSF continues to maintain and manage the Robinson Run Interceptor Sewer as authorized by both the Service and Operation and Maintenance Agreements.

A. Provisions of Service and Operation and Maintenance Agreements

While there is a reference to the term of the contract, no express date or event is explicitly set forth in the agreement. Gleaning from the documents themselves, it appears that the only method to abandon the Service Agreement is through the mutual consent of all of the respective municipal-signatories to the agreement.

Costs for maintenance and repair are represented by two distinct categories, fixed and variable costs. Fixed costs are recognized as the costs associated with insurance, administrative costs and third party services; variable costs are largely represented by utility and chemical costs.

Variable costs are allocated on an Equivalent Dwelling Unit (“EDU”) basis. As such, these costs are variable based upon the billing cycle. Currently this was changed to reflect a set monthly fee allowing for accumulation of reserves. Thus eliminating variable cost and providing for a set budget. The named Manager (MATSF) is reimbursed for the fixed costs, as follows:

Stage 1: ALCOSAN to Oakdale

Oakdale: 24.12 %

North Fayette: 34.31 %

South Fayette: 16.33%

McDonald: 25.24%

Stage 2: Oakdale to McDonald

South Fayette: 20%

North Fayette: 21%

McDonald: 59%

Capital additions are within the sole discretion of the Advisory Group. An interesting dynamic arises in that the Advisory Group directs the respective Municipalities to undertake the necessary steps to construct any and all capital additions. In the event that the capital addition benefits one Municipality, though, written approval must be secured prior to the undertaking.

VI. FUTURE OPTIONS FOR PARTICIPATING MUNICIPAL ENTITIES

During the preparation of this report, the RRAG met several times to outline the topics which the group would further evaluate. Four options were discussed and it is hoped that an enhanced level of cooperation amongst the respective municipal entities will result. Status Quo was evaluated due to its established success, however it is clearly evident that continuing as such will not be possible. Existing agreements were evaluated as a possible nexus for expanding intermunicipal agreements to provide more regional solutions. Consolidation under a joint Authority is discussed. And finally some additional conceptual ideas are discussed that may lend themselves to one of the other options or take the group in a new direction. The following sections are intended to provide the reader with an overview of each option.

Option I: Status Quo

Utilizing the existing agreements to govern the Operation and Maintenance of the Robinson Run System consistent with the present operations was discussed as the first option. Without any apparent discontent with the existing relationship, this option was appealing to all communities involved. Therefore, at a minimum, keeping an agreement in place is acceptable to all municipal entities.

This option assumes and has proven that the agreements will withstand variances in the political, socio-economic and demographic variables. Additionally, this option presupposes that the respective municipalities will retain a socioeconomic baseline that is affordable to provide the basic sewage treatment services to its customers. Even further, this option assumes that the respective municipalities will be able to afford the costs associated with environmental compliance in addition to the cost of service in the future.

However, the two document system appears to be in need of revision; especially given future expectations regarding ALCOSAN and natural maturation of the service required and the requirements for future capital projects.

Aside from minor logistical negotiations, there does not appear to be any other impediment to continued use of this alternative. The majority of items for negotiation will be grounded in terms of selecting the mutually agreeable variables for allocating expenses and revenues and clearly defining potential addition to the joint facilities.

This recommendation serves as the easiest short-term alternative. As noted above, there are unresolved variables that may be better addressed through a different option. In light of the

uncertainty with the aforementioned variables associated with regulatory, economic, and demographic factors, this alternative may provide the easiest, but not necessarily the most prudent course in the long term. As this arrangement has been beneficial for all communities, and as change is always resisted, there may be little impetus to implement change. The following summarizes the advantages and disadvantages for the Status Quo Option.

Advantages

1. This arrangement has already stood the test of time "20 plus years".
2. Economically attractive to all entities.
3. Management stability and operations experience.

Disadvantages

1. Long term cost savings do not appear prevalent with this option.
2. Municipal entities will still retain employees for duplicated services.
3. Creates borrowing issues for future capital projects. Constraints of Municipal debt limits.
4. Agreements do not clearly address how future cost will be allocated between each entity. Current percentage of allocation will most likely be challenged.
5. The Advisory Group Structure, although successful, is cumbersome and costly.

Option II Expansion of Service Utilizing New Intermunicipal Agreements

This option proposes an increased operational role for the selected manager-authority. Territorially, the Manager-entity will be entrusted with specific services up to and including the operation and maintenance of most, if not all, of the sewer systems in the Robinson Run sewer shed.

Building upon Option I, this alternative simply develops new agreements. The relative mechanics of the underlying agreements will not need adjustment in light of this possible increased managerial role.

Under a new agreement, the municipal entities could select a service and negotiate a new agreement to provide such independently of the RRAG. Monitoring, maintenance, and day to day services in the joint facilities would continue as is. Municipal entities may request additional services from the Manager on an ongoing basis. This option is consistent with the existing model. Recognizing the reluctance of municipal entities to cede total political power over their respective revenue stream from sewerage services, this option provides a level of flexibility that the municipal entities may find comfortable.

This option could still be considered a disjointed association based upon contractual obligations, the potential for disagreements and breakdown in relationships may arise.

Some of the services that currently could be provided on a contract basis by member entities at this time are:

- CCTV Inspection
- Sewer cleaning
- Basic emergency repairs, initial emergency response.
- Time of sale inspections.
- Dye Test
- Billing services

Other professional services could be evaluated to find regional solutions for potential cost savings such as:

- Centralized billing
- Engineering services
- Joint purchasing
- Project management

Some advantages and disadvantages of intermunicipal agreements are as follows:

Advantages

1. Dedicated Manager that handles the day-to-day operations frees up resources of contributing municipal entities.
2. This concept eliminates the need to seek out skilled employees to handle such operations, permitting better allocation of resources.
3. Allows for quick response to any and all emergency issues within the system.
4. Implementation of the directives from a regulatory agency is addressed more efficiently.

Disadvantages

1. This option also does not address long term implementation of the ACO.
2. May not reduce overall staffing.
3. Maintenance scheduling could be problematic with competing priorities.
4. Does not address future funding of Capital Improvements.
5. Still allows for the duplication of professional services.
6. There could be conflicts with existing labor agreements.

Option III – Regional Authority

Since the first regional study in 1976, it was thought a Joint Authority would be the best institutional arrangement for operating facilities in the watershed. The reasons this was recommended and still can be considered a viable regional solution are presented below. Universally in Pennsylvania, an authority is a vehicle for accomplishing purposes which are not possible or practical by direct action of a municipality or county. They undertake and operate projects of a self-sustaining nature which are in the public's interest in a specialized area. Furthermore, by forming an Authority which conducts all of the business functions associated with constructing, operating and maintaining the public facilities, the day to day affairs of the Authority are separate and specific from the multiple interests of the governing bodies which formed it. There are two options for implementing a regional authority in the Robinson Run watershed, first would be to have all jointed an existing authority and second would be to create an entirely new authority. Following is a detailed explanation of the potential benefits and disadvantages to a regional authority. Appendix D outlines the steps required to proceed with both.

Given the history of the contributing Robinson Run Municipal Entities, the ground is fertile for expanding the already existing cooperative agreements.

Advantage of a Regional Authority

The municipal entities may better protect their revenue interests through consolidation. If ALCOSAN would determine in the future to pass along significant rate increases to the communities to comply with their Regional Wet Weather Plan, a regional Authority would be in a better position to deal with a significant rate increase as opposed to each individual community.

Through consolidation, the Municipalities may effectively utilize all resources available. The smaller communities of Oakdale and McDonald benefit from having the available staff of North Fayette and MATSF. North Fayette and MATSF, in exchange for this, have an additional three thousand customers to add to their revenue stream. In addition, the rate structure would favor consolidation as the costs associated with ALCOSAN could be allocated over a larger customer base. This rationale also applies for the purpose of possible future borrowings. The Local Government Unit Debt Act does not expressly apply to Authorities, a point that may or may not benefit future obligations of the municipal entities.

Regionally, variances in the respective municipal entities can be taken into consideration. Factors such as potential growth, existing demographics, unique characteristics of system-circumstances, can be comprehensively reviewed by unified authority that takes into account all variables. Such an authority can be in a better position to address such matters moving forward. Moreover, a unified authority can act more quickly and efficiently.

Increased revenues provide the ability to apportion expenses over a greater revenue base. A larger, consolidated entity will be in a better financial position to address major as well as minor capital expenditures. Ultimately, it may reduce or even eliminate the need for long term rate structure revisions.

Disadvantage of a Regional Authority

As a double edged sword, this path lends itself to a time consuming overhaul that may, in light of the existing agreements, present minimal enhancement of already working relationships. Ultimately, the law of diminishing returns may make enhanced cooperation through consolidation an unfavorable method to proceed.

In exchange for long term stability, the respective municipal entities must sacrifice already scarce resources to consolidate. However, in exchange for the short term costs associated with consolidation, the entity will be in a better position to weather the uncertainty that occurs under the dictates of the current Consent Order.

The uncertainty of future projects to be implemented by ALCOSAN may make consolidation a wasted effort. With the combined efforts of the municipal entities, it may be established that ALCOSAN expand its regional territory, thus making consolidation unnecessary.

Ultimately, the municipal entities need to evaluate the benefits that come with enhanced cooperation. However, given the nature and extent of the cooperation, the potential for expansion through regionalization may be marginalized in the long term.

With the sharing of revenues comes the elimination or diminishing of revenues of the municipal entities. The communities with a smaller sewer budget may embrace the increase in revenue, the increase in diversity of customers, and the elimination of responsibility of their sewer systems. North Fayette and MATSF, the change may not be so palatable. Even further, as North Fayette has the highest potential for growth in the future, the Township may not be so willing to reassign expansion revenues to a joint authority.

As it stands now, however, the Advisory Group has several intangible benefits that would not normally arise in a consolidated authority. The diversity of opinions, the input of all

communities is put through a screening mechanism, ensuring that decisions will not be hastily made. A Joint Authority will not have this system of checks and balance. Additionally, the Advisory Group will always have a fresh palate of opinions and recommendations. A unified authority will undoubtedly result in the refraction of these channels of communications, leading to the potential (or perceived) usurpation of power.

This alternative still presents some uncertainty. What will happen to the residual portions of the sewer systems that are not served by the Robinson Run Interceptor was not discussed or addressed in this report.

Advantages

1. Allows for financing projects without tapping the general taxing or borrowing power of the municipality.
2. Provides for integration of a fragmented infrastructure.
3. Facilitates the cooperative involvement of several municipalities.
4. Distances the operation from the political considerations inherent in direct municipal operations.
5. Removes inherent problems associated with matters of joint ownership, joint financing, and joint operational control.
6. Allows for operation in an effective and businesslike manner.
7. Provides a dedicated staff.
8. Consolidates professional services

Disadvantages

1. Loss of local autonomy.
2. Appointed Boards less politically accountable to public.
3. Potential disagreement in formation of the Authority structure.
4. Start up labor issues, potential loss of staff in some municipalities.
5. Loss of future revenue for some municipalities.
6. Ability to impact a municipality's land development negatively.
7. May increase cost for rate payers in some municipalities.
8. Will require the expenditure of scarce resources to form.

Option IV Additional Concept Discussion

The ideas presented in this section represent separate stand alone projects or concepts that could have the potential to positively impact the future of the watershed. Some of the ideas may lend themselves to inclusion in or certainly may be better suited for one of the presented options.

The first concept was championed by Oakdale Borough and is universally accepted by the RRAG as desirable and feasible. It proposes transferring all facilities downstream and including the pump station to ALCOSAN as an extension of their regional collection and conveyance system. It is hoped that ALCOSAN will recognize the groups resolve to pursue this option going forward. It appears that the current ALCOSAN plans presented for the Chartiers Basin will require the Robinson Run communities to construct one of the costliest municipal alternatives. If ultimately it is determined that the flows from Robinson Run must be controlled upstream as far as Oakdale then ALCOSAN should extend their system to construct and operate the facilities. Exhibit E is a letter from Oakdale Borough to the ALCOSAN Board on this subject.

Secondly, a more localized concept that would transfer ownership of the joint facilities to one of the member entities thus makes the other three customers. It would simplify O & M of the facilities and would release the others from involvement in the operation of the facilities. An additional twist to this concept would be the transfer of one or more individual systems to one of the existing entities, most likely this would involve the acquisition of one of the municipal systems by an Authority.

As a radical shift in regionalization, a third concept intends to repeat history by installing a regional plant that would effectively reduce the role of ALCOSAN on the tributary communities of Oakdale, McDonald, North Fayette and South Fayette. Under this alternative, three sub-options explored.

The first sub-option would be to create a treatment plant for all communities within the Robinson Run sewer shed. Whether or not this is geographically, financially, and practically possible, was not evaluated and was considered outside the scope of this grant.

The second sub-option set forth was the creation of a treatment plant for the entirety of South and North Fayette only. As part of this alternative, the installation of new interceptors to convey flow to the new treatment plant would be necessary.

The last sub-option discussed was a wastewater facility that would serve North Fayette only. Much akin to the second option, a new interceptor to direct flows would be necessary to achieve completion.

In terms of relative costs, this alternative presents an interesting option for the respective communities. Exchanging a large cost in the short run, the potential effect of eliminating nearly two million dollars in fees to ALCOSAN as well as the potential for penalties may be quite appealing. Additionally, the unobservable benefit of added control alone may be sufficient for the respective municipal entities.

Regardless of the appropriate sub-option to be pursued, several considerations were given effect. In light of ALCOSAN's uncertain plans for regionalization, the creation of a regional plant may eliminate some, if not all of the risks involved with planning. After all, without the need for ALCOSAN, the respective customer-municipalities effectively control the future of both rates and requirements within their basin.

While the benefits of this option may be appealing, several realities must be addressed. The first being the outstanding legal obligations that the respective municipal entities have with ALCOSAN. Given the nature of these agreements, it would be unlikely that ALCOSAN would permit the nullification of these longstanding agreements.

Similarly discussed above, the loss in potential revenue to ALCOSAN would lead a casual observer to believe that the regional authority would find these alternatives appealing. The elimination of nearly two (2) million dollars in revenues in ALCOSAN's budget impresses the potential legal impediments that would present the respective municipal entities in seeking this option.

In terms of political costs, the municipal entities must recognize that they are effectively reversing twenty-three (23) years of established history. The public at large would need to be convinced of the potential exchange of opportunity costs involved with this alternative. Such a strategy may be met with political disagreement.

XII. CONCLUSIONS

The 23 years of combined experience of the four Robinson Run collaborating communities has provided the basis for completing this report. The report presents a set of opportunities for further collaboration through consolidation of services, management of overhead, unified strategic planning, enhanced access to capital, avoidance of redundant facilities and access to emerging technology. All of these opportunities are balanced with a discussion of the governance options which could be designed to provide for local control of the system. The existing contractual relationship between the entities provides the assurance of effective day to day sewage services to the citizens of the communities served. The positive relationship that the four entities have experienced allows for a candid dialogue and has lead to thoughtful and detailed future options for regional municipal sewer operations.

Whether the municipal entities decide to remain unchanged, or the entities favor a consolidated regional entity cannot be addressed in a simple report. This group intended to provide an avenue to open fruitful discussions to proceed in an uncertain future. Accordingly, the group remains hopeful that this report will impress the benefits of intermunicipal cooperation on the reader.

In terms of practical options to proceed, two of the options proposed involved contractual expansion. As a baseline, the communities recognize that the current agreements in place require some modifications and status quo is not an option. Moving forward, the group intends to further explore the deficiencies in the current agreements and the potential benefits that may accrue through enhanced exchange of services.

On the other side of the spectrum, the option for a regional plant may be enticing to the respective municipal entities. In exchange for a large upfront expenditure, the benefits of independence and control may present a viable option to proceed. Regardless the prospect large capital projects in the future will be the catalyst for change in Robinson Run basin as well as the region.

In the near term the group has several issues which are manifesting themselves and requires more immediate attention. The requirement to complete a final Alternatives Evaluation will be the main focus of the RRAG the remainder of 2011 and 2012. Ground work has already been completed on what will ultimately be proposed. Several options exist which may include pump station upgrades, storage, new gravity sewer or treatment.

The Robinson Run entities remain committed to the mission of serving customers through effective wastewater management that protects the health and environment of the region while enhancing quality of life. The group has a vision to be a leading environmental organization

that sustainably manages the region's water resources to protect public health and promote economic development.

The future discussions and plans will be guided by six core values:

- ***Environmental Stewardship:*** Leadership focused on responsible regional watershed protection.
- ***Ethics, Honesty, and Transparency:*** Maintain the highest standards with customers, business partners and each other.
- ***Balanced and Informed Decision Making:*** Quality decisions based on objective metrics, analysis of the systems, customer needs, and organizational goals.
- ***Customer Focus:*** Keep the customers in mind in all the decisions, policies, and programs.
- ***Progressive Culture:*** Embrace and promote innovation in our organization, region, and industry.
- ***Accountability:*** Demonstrate responsibility for our obligations and deliver on our commitments.

This report is not intended to endorse or select any of the aforementioned options. Rather, this report has been intended to serve as a catalyst to better prepare the Robinson Run Communities for solving the regional environmental problems within the system. With fast approaching deadlines of the ACO, consent order and ALCOSAN requirements, the anticipatory discussions that are represented in this report will better serve the communities in shaping the future of sanitary sewage services in the Robinson Run Basin. The municipal entities must ensure that the diversity of opinions and sharing of responsibilities that have made the Robinson Run System a model for inter-municipal cooperation continue in the future. Implementation of strategies in this plan leads to the belief that the Robinson Run entities will understand and meet customer needs, enhance water quality, provide for cost effective and efficient capital improvements, and continue to build on its already strong reputation as a leader in regional cooperation.

APPENDIX A

Example ALCOSAN Service Agreement

July 25, 1983

RECEIVED

1984 MAY 17 AM 10:01

CITY CONTROLLER'S OFFICE

This Agreement made as of this 12th day of September 1983, by and among Allegheny County Sanitary Authority (hereinafter referred to as "ALCOSAN"), a body corporate and politic of the Commonwealth of Pennsylvania created and existing under the provisions of the Municipality Authorities Act of 1945, as amended,

A

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D

City of Pittsburgh (hereinafter referred to as "City"), a municipal corporation of the Commonwealth of Pennsylvania located within the County of Allegheny, Pennsylvania,

A

N

D

South Fayette Township, (hereinafter referred to as "Municipality"), a first class township situate in Allegheny County, Pennsylvania,

A

N

D

The Municipal Authority of the Township of South Fayette (hereinafter referred to as "Municipal Authority"), a body corporate and politic of the Commonwealth of Pennsylvania created and existing under the provisions of the Municipality Authorities Act of 1945, as amended,

WITNESSETH:

WHEREAS, ALCOSAN was organized by the County Commissioners of Allegheny County to collect, transport, treat and dispose of sewage and industrial wastes of municipalities in the County of Allegheny; and

WHEREAS, prior to the organization of ALCOSAN, the City had constructed sewers but did not have facilities for the treatment and disposal of sewage and sewage entering into the sewers of the City was being discharged into the rivers and streams; and

WHEREAS, a number of other municipalities in Allegheny County had their sewers connected with the City's sewerage system; and

WHEREAS, there were many industries in the Pittsburgh Area which were discharging large quantities of industrial waste without treatment either directly into such rivers and streams or indirectly through the sewers of the municipalities in which they were located; and

WHEREAS, such discharge of untreated sewage and industrial sewage and industrial wastes had polluted the rivers and streams, and such pollution had made the rivers and streams undesirable as sources of public water supply and unsafe for bathing, boating, and other recreational purposes; was detrimental to business and commercial interests in the Pittsburgh Area; and constituted a serious menace to the health and safety of the inhabitants of such municipalities; and

WHEREAS, the Sanitary Water Board of the Commonwealth of Pennsylvania acting to abate stream pollution, pursuant to authority conferred upon it by the Act of the General Assembly of Pennsylvania approved June 22, 1937, R.L. 1987, as amended, ordered and directed the City and all other sewered municipalities in Allegheny County to discontinue the discharge of untreated sewage into the waters of the Commonwealth and to submit construction plans and specifications for the necessary sewers, pumping stations and sewage treatment works to collect and convey their sewage to a suitable site or sites and provide treatment thereof; and

WHEREAS, ALCOSAN, after extensive studies and investigations, submitted a metropolitan project to serve; under a uniform schedule of rates, almost all of the sewered municipalities in Allegheny County and the Cities of New Kensington and Arnold in Westmoreland County, but such project was not accepted by the affected municipalities; and

WHEREAS, ALCOSAN thereupon prepared a number of zone projects to serve groups of such municipalities, among which projects was "Project Z", which was designed to serve the City and all or portions of fifty-eight municipalities adjacent to the City; and

WHEREAS, the City had from time to time loaned to ALCOSAN sums totaling FIVE HUNDRED THOUSAND (\$500,000.00) DOLLARS for the preparation of the aforementioned preliminary studies and recommendations to enable the City and surrounding municipalities to comply with said order of the Sanitary Water Board; and

WHEREAS, after study of ALCOSAN'S report and consideration of several zone projects prepared by ALCOSAN at the City's request, the City accepted Project Z; and

WHEREAS, pursuant to such decision the City engaged ALCOSAN to prepare detailed construction plans and specifications for the Project Z sewage collection and treatment facilities (hereinafter referred to as the "Sewage Disposal System"), and agreed to loan to ALCOSAN TWO MILLION (\$2,000,000.00) DOLLARS for such purpose, which money was duly advanced, pursuant to an agreement dated August 1, 1949 (hereinafter referred to as the "Project Z Design Agreement") authorized by City Ordinance No. 373 of 1949; and

WHEREAS, in order to make certain that the plans would not become valueless and that the cost of constructing the Sewage Disposal System would be fully paid by its users, the City and

ALCOSAN executed Municipal Agreements with each of the sewerred boroughs and townships located wholly or partially within the Project Z area, and later authorized the inclusion of several more municipalities, with which Municipal Agreements were also executed; and

WHEREAS, the City also authorized sewage service through the Sewage Disposal System to a number of industrial entities with which the City and ALCOSAN executed Industrial Agreements; and

WHEREAS, in each of said aforementioned Municipal Agreements, the City covenanted that the rates and charges for sewage service (hereinafter referred to "Project Z Rates") would be uniform throughout the Project Z service area and that all duties and obligations imposed upon the other municipalities would likewise be assumed and borne by the City; and

WHEREAS, thereafter the City authorized sewage service through the Sewage Disposal System to the Boroughs of Blawnox and Verona, to additional portions of the Townships of O'Hara and Penn, and to the Allegheny County Work House and Inebriate Asylum, by means of a connecting sewage collecting system hereinafter called the "Upper Allegheny System", at special rates comprising the Project Z rates plus such extra charges as may be necessary to amortize the construction cost of the Upper Allegheny System and to pay all operating and other expenses thereof; and

WHEREAS, in each of the Municipal Agreements and Industrial Agreements, and in the Upper Allegheny Agreement, the City reserved the right to designate the agency (in such agreements called the "Sewage Agency") which would construct and operate the Sewage Disposal System (and, in the Upper Allegheny Agreement, the Upper Allegheny System as well) following completion of construction plans and specifications by ALCOSAN and the approval thereof by the State Board, and the City undertook to make such designation within a reasonable time after the State Board ordered construction to begin; and

WHEREAS, the State board approved such construction plans and specifications and by its Sewerage Permits Nos. 8507-S and 8593-S duly recorded in the Recorder's Office of Allegheny County in Deed Books Vol. 3355, page 1 and Vol. 3390, page 684, ordered ALCOSAN, its successors or assigns, to promptly begin construction of the Sewage Disposal System and the Upper Allegheny System and complete and place them in operation on or before June 30, 1958; and

WHEREAS, by Ordinance No. 152 approved April 22, 1955, the City formally designated and appointed ALCOSAN to be the Sewage Agency under the said Municipal Agreements, Industrial Agreements and Upper Allegheny Agreement; and

WHEREAS, on May 1, 1955, an agreement was executed by the City and ALCOSAN pursuant to City Ordinance No. 160, April 27, 1955 wherein ALCOSAN agreed to finance, construct and operate the Project Z Sewage Disposal System and the Upper Allegheny System; and

WHEREAS, pursuant to the aforesaid agreement of May 1, 1955, and the Municipal Agreements and the Upper Allegheny Agreements, ALCOSAN financed, constructed and has continued to operate, maintain and replace the plant and equipment of the Project Z Sewage Disposal System and the Upper Allegheny System; and

WHEREAS, the revenues required for the financing, construction, operation, maintenance and replacement of plant and equipment of said Sewage Disposal Systems were obtained from the rates, fees and charges to users of the systems in the 77 municipalities comprising the Project Z Area and the Upper Allegheny and other sources; and

WHEREAS, as of the date of the execution of this Agreement, ALCOSAN has a total capital investment in plant and equipment in the Sewage Disposal System less accumulated depreciation and less plant and equipment for the Upper Allegheny System of Ninety-seven million, six hundred sixty-one thousand, seven hundred and twenty-three (\$97,661,723.00) Dollars; and

WHEREAS, the current ALCOSAN treatment plant capacity is an average flow of 200 million gallons of sewage per day under the terms of its prevailing Federal and State permits; and

WHEREAS, the Municipal Authority is currently collecting, transporting, treating and disposing the sewage and industrial wastes in the Municipality; and

WHEREAS, the Municipality and the Municipal Authority desire to engage ALCOSAN to provide sewage service for the

Municipality in accordance with the terms and conditions hereof;
and

WHEREAS, the Municipality and the Municipal Authority have projected that the Municipality will need a sewage treatment and disposal capacity of 2.4 million gallons per day to satisfy their service area requirements; and

WHEREAS, this Agreement, executed by the Municipality and the Municipal Authority in conformity with the provisions of the May 1, 1955 Agreement between ALCOSAN and the City and the Municipal Agreements and the Upper Allegheny Agreements, will benefit the Municipality and its residents.

NOW, THEREFORE, in consideration of the premises and the understandings of each party to the other, the parties hereto each intending to legally bind itself, its successors and its assigns, covenant and agree as follows:

1. The City and ALCOSAN hereby enlarge the Project Z service area to include all of the Municipality and agree that ALCOSAN shall provide sewage service to the Municipality and its residents through the facilities of the Sewage Disposal System at the Project Z rates prevailing in the City of Pittsburgh and uniformly throughout the remainder of the Project Z service area; provided, however, that the Municipality and/or the Municipal Authority shall jointly and severally hereby agree to pay to ALCOSAN an additional Capital Fee in accordance with Paragraph 7 hereinbelow and provided further that the Municipality or the Municipal Authority shall, at their own expense and in compliance

with the requirements hereinafter set forth, design, construct, operate and maintain the sewage collection and conveyance system necessary to collect the municipal sewage and acceptable wastes within the service area of the Municipality and deliver the same through a single outfall sewer to a point of connection with ALCOSAN'S intercepting sewer as hereinafter set forth.

The Municipality and/or the Municipal Authority agree to proceed at once with the preparation of detailed construction plans and specifications for such sewage collection and conveyance system, and to construct and complete the system in accordance with such plans and specifications. Such plans and specifications shall be approved by all regulatory agencies having jurisdiction thereover; shall also be subject to approval by ALCOSAN; and ALCOSAN shall have the right to inspect the construction work.

In no event shall the rights of the Municipality or the Municipal Authority under this Agreement exceed the rights of the other municipalities in the Project Z service area under earlier Municipal Agreements executed by them.

2. ALCOSAN shall:

(a) continue to operate and maintain the Sewage Disposal System at its existing capacity or at such capacity as may be determined from time to time by the Board of Directors of ALCOSAN; and

(b) upon completion of the construction and acceptance by ALCOSAN of the Municipality's sewage collection and conveyance system, to grant to the Municipality or to the Municipal Authority the right to connect such sewage collection and conveyance system to the ALCOSAN intercepting sewer;

(c) upon completion of such connection, intercept all sewage and wastes of the Municipality which are discharged into ALCOSAN'S intercepting sewer (subject to the provisions of Paragraphs 3 and 4 of this Agreement), transport such sewage and wastes to its treatment plant, provide such treatment and disposal thereof as may be required by law, and operate the Sewage Disposal System; and

(d) make such changes in and additions to the Sewage Disposal System as may be necessary to enable ALCOSAN, the Municipality and the Municipal Authority to comply with Federal, State, and County of Allegheny laws, rules and regulations in respect of the treatment and disposal of the municipal sewage and wastes which enter ALCOSAN'S interceptor sewers, and shall if determined by the Board of Directors of ALCOSAN at their sole discretion, issue additional revenue bonds for such purpose or purposes; provided, however, that ALCOSAN shall have the right to increase its sewage service charges to such extent as will yield the additional revenue needed to meet all bond requirements and operating and other expenses incurred by ALCOSAN in the design, construction and operation of such added facilities.

It is understood and agreed that the ALCOSAN shall indemnify and save the Municipality harmless from all costs and expenses (except those provided for in this Agreement), liability, claims and demands of any sort arising out of the construction, extension, replacement, operation, maintenance, repair or possession of the Sewage Disposal System by ALCOSAN. The Municipality shall similarly indemnify and save ALCOSAN harmless as to all matters in connection with the Municipality's and the Municipal Authority's sewers and sewage collection and conveyance system.

3. The ALCOSAN intercepting sewer serving the Municipality is designated and further identified on "Exhibit A" which is attached hereto and incorporated herein by reference. It shall be the obligation of the Municipality or the Municipal Authority to bring the Municipality's sewage to the ALCOSAN point designated and further identified on Exhibit A.

The Municipality and the Municipal Authority understand and agree that the said intercepting sewer is of limited capacity and that therefore this Agreement is limited to handling the Municipality's sanitary sewage only, with no admixture of storm water. The Municipality and the Municipal authority covenant that they will not connect to ALCOSAN'S intercepting sewer any sewer which discharges storm water from roof drains or other connections or into which flows a surface or sub-surface stream or the acid drainage of a coal mine.

The Municipality and the Municipal Authority shall at their own cost and expense construct, operate and maintain the necessary sanitary sewers and sewage collection and conveyance system required to bring the Municipality's sewage to said point.

To protect itself against the overloading of its intercepting sewer ALCOSAN may, at the Municipality's expense, install and maintain sewage measuring devices to measure the gross volume of sewage emanating from the Municipality and the Municipality shall install and maintain at each of its pumping stations a sewage measuring device of the recording type to which ALCOSAN shall have access. If during any quarter year or other

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billling period, the gross volume of sewage from the Municipality shall exceed the aggregate quantity of water used by all of the Municipality's water users as hereinafter defined plus a quantity equal to ~~1,000~~⁶⁰⁰ gallons per day per inch of pipe diameter per mile of the Municipality's gravity lateral and collecting sewers, the Municipality covenants to pay to ALCOSAN, out of the Municipality's current revenues as hereinafter provided, ALCOSAN'S prevailing sewage charges for handling such excess, in addition to the sewage charges hereinafter required to be paid by the Municipality or its residents.

Upon the occurrence of such excessive quantities of sewage from the Municipality due to infiltration or any other cause, or upon the detection in the Municipality's sanitary sewage of storm water, water from streams or acid mine drainage, the Municipality shall take immediate action to locate and eliminate the cause or causes of the violations of this Agreement or to implement such alternate measures as are acceptable to ALCOSAN to mitigate or diminish the adverse impacts to ALCOSAN resulting therefrom. If the Municipality does not do so promptly after receiving written notice from ALCOSAN, ALCOSAN shall have the right to terminate this Agreement and to disconnect and divert all of the sewage from the Municipality. In such event the Municipality covenants and agrees to take immediate action to provide its own facilities for the treatment and disposal of its sewage as required by law and ALCOSAN covenants and agrees that it will not disconnect and divert sewage from the Municipality

without having first given the Municipality a reasonable period of time to construct such facilities and place them into operation. In the event that such infiltration or other cause shall be the cause of or tend to be the cause of damage, injury or harm to ALCOSAN, nothing herein contained shall be interpreted or is intended to waive or prevent ALCOSAN from seeking any form of legal or equitable relief.

4. The Municipality and the Municipal Authority understand and agree that any sewage or wastes that are discharged from ALCOSAN sewers are subject to full compliance with the laws, rules, permits, orders and regulations of ALCOSAN, the County of Allegheny, the Commonwealth of Pennsylvania and the United States of America and their respective departments and agencies as may be amended from time to time (hereafter referred to collectively as "Laws").

Under the National Pollutant Discharge Elimination System as is amended from time to time by the Laws, ALCOSAN is prohibited from discharging certain types of sewage and wastes. Such types of sewage and wastes are defined and described more fully and specifically in said Laws and are hereafter referred to as "Prohibited Sewage".

Said Laws also prohibit the discharge of certain types of sewage and wastes unless acceptable pretreatment occurs prior to entry into a sewage system. Such types of sewage and wastes are hereafter referred to as "Tolerable If Pretreated". Other types of sewage and wastes require treatment by ALCOSAN that is

not normally required for Domestic Sewage. "Domestic Sewage" is herein defined as human body waste and waste from toilets and other receptacles intended to receive or retain body wastes including normal household laundry, cleaning, bath and shower wastes. Such other types of sewage and wastes are hereinafter referred to as "Tolerable But Requiring Additional Treatment".

It is understood and agreed that the Municipality and the Municipal Authority may connect to ALCOSAN's intercepting sewer any sanitary sewer conveying Domestic Sewage and any other sewage or wastes except for Prohibited Sewage, Tolerable If Pretreated Sewage and Tolerable But Requiring Additional Treatment Sewage.

Neither the Municipality nor the Municipal Authority shall discharge or permit the discharge into their sewage collection and conveyance system any Prohibited Sewage. Further, neither the Municipality nor the Municipal Authority shall discharge or permit the discharge into their sewage collection and conveyance system any Tolerable If Pretreated or Tolerable But Requiring Additional Treatment without first obtaining the written approval of ALCOSAN for such a discharge. It is understood and agreed that ALCOSAN may as a condition to granting such approval require acceptable pretreatment or the payment of additional service charges.

The Municipality and the Municipal Authority hereby covenant and agree that they will fully comply with the aforementioned Laws and they will indemnify, defend and hold

ALCOSAN harmless from any damage, costs, expenses or fees (including but not limited to attorney's fees and engineering fees) arising out of or resulting from any non-compliance of said Laws because of any sewage or waste that is conveyed to ALCOSAN sewers from the Municipality's sewers.

Upon the discovery of the discharge or conveyance of Prohibited Sewage, or of any Tolerable If Pretreated Sewage or Tolerable But Requiring Additional Treatment Sewage without the written approval of ALCOSAN, from the Municipality's sewers to ALCOSAN sewers, the Municipality shall take immediate action to locate and eliminate the cause or causes of the violations of this Agreement or to implement such alternate measures as are acceptable to ALCOSAN to mitigate or diminish the adverse impacts to ALCOSAN resulting therefrom. If the Municipality does not do so promptly after receiving written notice from ALCOSAN, ALCOSAN shall have the right to terminate this Agreement and to disconnect and divert all of the sewage from the Municipality. In such event the Municipality covenants and agrees to take immediate action to provide its own facilities for the treatment and disposal of its sewage as required by law and ALCOSAN covenants and agrees that it will not disconnect and divert sewage from the Municipality without having first given the Municipality a reasonable period of time to construct such facilities and place them into operation. In the event that such discharge or conveyance shall be the cause of or tend to be the cause of damage, injury or harm to ALCOSAN, nothing herein

contained shall be interpreted or is intended to waive or prevent ALCOSAN from seeking any form of legal or equitable relief.

5. The City and ALCOSAN reserve the right, subject to the approval of the legal agencies having jurisdiction thereover but without consulting or notifying the Municipality or the Municipal Authority, to permit additional municipalities to pump or drain additional sewage or wastes into the Sewage Disposal System for treatment and disposal by ALCOSAN. It is understood and agreed that the Municipality and/or the Municipal Authority have not by these covenants waived or any way granted approval to such additional municipality or municipalities to use the Municipality's or Municipal Authority's sewage collection and conveyance system and facilities.

The City and ALCOSAN also reserve the similar right to enter into agreements with industrial firms within and without the service area for the treatment and disposal of their sewage and wastes which do not enter a municipal sewer; provided, however, that the service charges shall be at least as high as those imposed on other industrial customers in the Project Z service area. It is recognized by the Municipality and the Municipal Authority that such an agreement currently exists with Koppers Company Inc.

6. The Municipality covenants and agrees that ALCOSAN shall be the sole and exclusive agency, during the entire life of this Agreement, to provide sewage treatment and disposal service to the Municipality and to all its water users therein who or

which discharge sewage or wastes into the Municipality's sanitary sewerage system. The Municipality hereby permits and authorizes ALCOSAN to impose upon and collect from all such water users the sewage service charges hereinafter set forth, and covenants to perform all the acts and discharge all the duties and obligations imposed upon it by this Agreement.

7. In consideration for the rights and services provided for herein by ALCOSAN to the Municipality and for the benefits arising from the use of the Sewage Disposal System for the treatment and disposal of the Municipality's sewage and waste, the Municipality shall make a capital contribution based on the proportionate share of the present ALCOSAN capacity covered by this Agreement, in the form of a Capital Fee. Such Capital Fee shall be a sum equivalent to the book value of all ALCOSAN existing capitalized property, plant and equipment as determined by the actual cost and expense to ALCOSAN and as capitalized in the financial records of ALCOSAN minus any accumulated depreciation on such property, plant and equipment, excluding any cost, expense and accumulated depreciation pertaining to property, plant and equipment which was or is specifically designated for the upper Allegheny System and not for the total Sewage Disposal System, divided by the current plant capacity in million gallons per day and multiplied by the gross volume per day in gallons of sewage and waste projected by the parties hereto to satisfy the Municipality's requirements.

A. Cost of ALCOSAN capitalized property, plant and equipment (excluding Upper Allegheny System)	\$155,723,339.00
B. Minus Accumulated Depreciation	<u>(\$ 58,061,616.00)</u>
C. Current Asset Value of capitalized property, plant and equipment	\$ 97,661,723.00
D. Value per million gallons per day (Item C ÷ 200 M.G.D.)	\$ 488,208.62
E. Capital Fee (Item D. x Municipality's projected requirements: 2.4 M.G.D.)	\$ 1,171,700.69

The Capital Fee shall be due and payable to ALCOSAN upon execution hereof or at the election of the Municipality may be paid in part upon execution hereof and thereafter in annual installments due and payable on the first day of September of each year for a period not exceeding twenty years, commencing with the year following the execution hereof. In the event that the Municipality shall elect to make annual installment payments, interest at the annual rate of 6.79125% percent on the remaining balance shall be paid together with the annual principal payment. Attached hereto as "Exhibit B" and incorporated herein by reference thereto is the Capital Fee schedule of payments of principal and interest which the parties hereto have reviewed and agree is in accordance with terms hereof. The Municipality may prepay any portion of the Capital Fee without any penalty. An annual payment shall be made each year until such Capital Fee is paid. It is understood and agreed by the Municipality and the Municipal Authority that the Capital Fee is in addition to and not in lieu of any other fees and charges described herein. It is further understood and agreed that the revenue obtained from Capital Fee paid by the Municipality and any other municipalities shall become part of the general fund of ALCOSAN and can be used for any lawful purpose as may be determined by the Board of Directors of ALCOSAN from time to time. The payment of such Capital Fee does not entitle the Municipality to any proprietary interest in ALCOSAN property, plant and/or equipment.

In the event that the municipal sewage exceeds the average volume of sewage per day projected for the Municipality for a period of twelve (12) consecutive months, in addition to all other remedies set forth herein, ALCOSAN may at its election recalculate the Capital Fee in accordance with the terms of this Agreement and upon such recalculation, the Capital Fee shall be adjusted in accordance with such recalculation and the Municipality shall pay the adjusted Capital Fee to ALCOSAN as if it had been the original Capital Fee together with the annual interest at the rate set forth above from the date of the execution hereof.

Until such time as the Municipality has paid the Capital Fee in total to ALCOSAN, the Municipality hereby agrees to exercise the option set forth in Paragraph 14 hereof and the Municipality shall pay all sewage service charges in accordance with the option described in said Paragraph 14.

8. Upon completion of the construction and acceptance by ALCOSAN of the Municipality's collection and conveyance system, ALCOSAN shall, for the services and facilities furnished or to be furnished by it, impose upon and collect from the Municipality or from the owner, tenant or occupant of each lot or parcel of land within the Municipality from which sewage or wastes enter a Municipality sewer and thence reach the Sewage Disposal System (hereinafter sometimes called a "user" or "water user"), Project Z rates, fees or charges (hereinafter sometimes called "sewage service charges" or "charges"), which shall be

based or computed upon the quantity of water used in or upon such lot or parcel as determined by gauging or metering or otherwise.

Except for the additional Capital Fee described in the previous paragraph and except those additional charges and fees contained in the Upper Allegheny Agreement and those additional service fees charged to industrial firms under industrial agreements and for Tolerable But Requiring Additional Treatment Sewage, ALCOSAN'S schedule of sewage service charges shall be uniform throughout the entire Project Z service area of the Sewage Disposal System, and shall be so calculated as to yield in the aggregate during each month or quarter year the amount required in each such month or quarter year for paying all current administrative, operating, maintenance and replacement costs and expenses of ALCOSAN including reserves therefor, and the interest on and the principal of all outstanding bonds and other obligations as the same become due and payable, and to create such reserves for such purposes as may be required by the resolution authorizing the issuance of its bonds or in the trust indenture securing the same. The schedule shall impose reasonable minimum charges, may include such block rates for metered water users and such charges for flat-rate water users as ALCOSAN shall determine, and shall provide extra charges for commercial and industrial wastes which impose an extraordinary burden on the Sewage Disposal System. The schedule shall be subject to adjustment from time to time in such manner as ALCOSAN shall deem necessary or proper to insure the collection of adequate revenues to meet its financial requirements.

In case any water user is not the owner of the premises in or on which the water is used, ALCOSAN may also impose such sewage service charges upon and demand payment thereof from the owner of such premises, so that if payment is not made promptly, a lien therefor against the premises served may be filed by the Municipality as assignee of ALCOSAN delinquent accounts, as provided in Paragraph 12 of this Agreement.

9. The Municipality and the Municipal Authority covenant that during such time as sewage service charges of ALCOSAN are in effect the Municipality and the Municipal Authority will not impose upon any person, firm or corporation, or upon any property, any rental, rate or charge whatever for the use of or for the privilege of using any Municipality sewer connected with the Sewage Disposal System, to the end that no person, firm or corporation shall be subject to both the ALCOSAN sewage service charge, as herein provided, and a Municipality or Municipal Authority sewer rental, rate or charge of any kind whatever excepting general real estate taxes, sewer connection and street opening permit or license fees, and special assessments imposed according to law upon property benefited by the construction of additional sewers, and excepting charges imposed on other municipalities for the joint use, maintenance or repair of a Municipality sewer or sewers.

The provisions of this Paragraph shall not apply so long as the optional method of payment provided for in Paragraph 14 of this Agreement is in effect.

10. All bills for sewage service charges shall be computed on the basis of the quantity of water used, whether the water is furnished by the waterworks system of the Municipality or the Municipal Authority or secured from any other source.

The sewage service charge to be paid by each water user within the Municipality shall be computed as follows:

(a) Metered water customers -- by applying the ALCOSAN schedule of charges then in effect to the quantity of water delivered to each water customer during the preceding quarter year or other metered period, as measured by the most recent water meter reading;

(b) Flat-rate water customers -- by applying the percentage set forth in the ALCOSAN schedule of charges then in effect to the flat-rate water bill;

(c) Users of water taken from a private water source or public stream -- by applying the ALCOSAN schedule of charges then in effect to the quantity of water used as estimated by ALCOSAN; provided, however, that if any such water user shall at his or its own expense install and maintain in good operating condition a meter or other measuring device of a type approved by ALCOSAN, the amount payable by such water user shall be based upon the quantity of water used as so measured.

If the Municipality or the Municipal Authority or other water supplying agency does not make available promptly to ALCOSAN the necessary data for computing the sewage service charge of any water user, such water user shall be deemed to be a flat-rate water customer, and the sewage service charge for such water user shall be calculated in the same manner as for

flat-rate water customers, based upon the estimated flat-rate water bill such customer would have to pay.

There shall be no free service rendered by the Sewage Disposal System, and the Municipality and the Municipal Authority (or any department, agency or instrumentality thereof) and all public corporations, all charitable or non-profit institutions and all school districts and other political sub-divisions shall pay for the use of the service and facilities thereof in accordance with the established schedule of sewage service charges.

If any substantial portion of the water used regularly on any lot or parcel of land used for commercial, manufacturing or industrial purposes does not enter the Municipality's sanitary sewerage system, the owner, tenant or occupant of such lot or parcel may secure a reduction in the amount of the sewage service charges to be paid by him, subject to the established minimum charges, by installing, at his own expense and subject to such regulations as may be prescribed by ALCOSAN, a separate meter or other measuring device approved by ALCOSAN or measuring the water so used, in which event the quantity of water so used shall thereafter be excluded in computing the sewage service charges to be paid by the owner, tenant or occupant of such lot or parcel.

11. In order to enable ALCOSAN to compute its sewage service charges based thereon, as provided in Paragraph 10 hereof, the Municipality or the Municipal Authority, if either operates its own waterworks system, shall furnish to the ALCOSAN,

not later than the 15th day of the month following the month during which water bills are issued, a list or lists of all water meter readings and flat-rate water bills issued during the preceding calendar month together with the basis for each flat-rate water user's water bill, and shall include therein the meter reading of meters installed by water users taking water from a private water source or public stream. ALCOSAN will request similar information from the private water company, or other agency supplying water to any water users within the Municipality. If by reason of failure to obtain such data promptly ALCOSAN is compelled to treat any water users as though they were flat-rate customers, as further provided above in the said Paragraph 10, and in doing so is obligated to survey the premise of such water user for the purpose of determining his or its flat-rate water status, the cost incurred by ALCOSAN in making such survey or surveys shall be repaid to it by the Municipality. The Municipality authorizes ALCOSAN to make such survey or surveys, and it is agreed that every water user, in accepting ALCOSAN service, authorizes ALCOSAN to enter upon his or its premises for such purpose.

ALCOSAN will reimburse the Municipality or Municipal Authority and other water supplying agencies, on or before April first of each year, for the reasonable added clerical expense incurred by each of them during the previous calendar year in preparing the lists of metered water data and of flat rate bills hereinabove referred to, but not for the cost of reading meters,

excepting only the cost of reading such meters as may be installed by or for users of water who are not connected with their respected waterworks system.

12. The schedule of sewage service charges to be imposed and collected during any year by ALCOSAN shall be so calculated and adjusted as to provide revenues which will be sufficient to pay all current expenses and meet all obligations of ALCOSAN during such year. It is understood by the Municipality that not all bills for sewage service charges will be paid promptly, and that some of such bills in an indeterminate amount will become delinquent each year. In consideration of the services rendered by the ALCOSAN to the Municipality under the provisions of this Agreement, which will effect compliance by the Municipality with the duty imposed upon it by law to refrain from the pollution of the waters of the Commonwealth, and in further consideration of the assignment to it of the delinquent accounts, as hereinafter provided, the Municipality agrees to pay to ALCOSAN, out of the Municipality's current revenues as hereinafter provided, the face amount of all delinquent accounts of ALCOSAN.

If any water user shall fail to pay the sewage service charges of ALCOSAN within sixty (60) days after the due date of the bill therefor, the account of such water user shall be deemed delinquent. ALCOSAN shall prepare and submit to the Municipality, on or before January 1, April 1, July 1 and October 1 of each year, a list of all delinquent accounts, showing the

face amount of each account, the penalty thereon, and the interest accrued. The Municipality shall, within 60 days after the furnishing of such list, pay to ALCOSAN the face amount of all such delinquent accounts. Upon receipt of such amount from the Municipality, ALCOSAN shall promptly assign to the Municipality all such accounts, for the sole use and benefit of the Municipality.

ALCOSAN agrees that the Municipality shall have the right to pursue and enforce any and all remedies now available or hereafter to become available to it, to compel payment by any delinquent water user of the sewage service charges, together with penalties, interest and costs, which may be due and owing by him or it.

13. The Municipality agrees that if the schedule of sewage service charges in effect at any time does not, or in the opinion of ALCOSAN may not, yield sufficient revenue to meet the ALCOSAN financial requirements, or if ALCOSAN finds that the schedule has proved to be inequitable, ALCOSAN shall have the right at any time and from time to time to revise and adjust its sewage service charges in such manner and to such extent as it may deem necessary or advisable.

At least sixty (60) days before any revised sewage service charges shall become effective, ALCOSAN shall submit in writing to the Municipality a statement setting forth the new schedule for sewage service charges and the reasons why it was found necessary or advisable to put them into effect. Such new

schedule of charges shall go into effect at the time specified in said statement (not earlier, however, than sixty (60) days from the furnishing of such statement), unless suspended by a final decree of a court of competent jurisdiction.

14. The Municipality shall have the option of paying the aggregate amount of all sewage service charges which, under Paragraphs 8-13 of this Agreement, would be payable by its water users, in consideration of the performance by ALCOSAN of the Municipality's legal duty to refrain from the pollution of the waters of the Commonwealth. In such event, the individual charges of each water user shall be computed in the same manner as hereinbefore set forth, but instead of sending individual bills to all water users, all such individual bills shall be totaled and the aggregate amount thereof shall be billed quarterly to the Municipality. The Municipality covenants that so long as such method of payment is in effect it will pay each such quarterly aggregate amount, out of the Municipality's current revenues as hereinafter provided, within sixty (60) days after the date of the bill therefor. ALCOSAN will refund to the Municipality, on or before April first of each year, as a credit for the saving in billing expense, a sum equal to the average cost per customer incurred by ALCOSAN during the preceding calendar year for billing and collecting its charges from individual water users in all other municipalities served by it, multiplied by the average number of individual water users in the Municipality.

Before the execution of this Agreement, ALCOSAN shall request the Municipality in writing to indicate whether it desires to adopt the method of payment provided for in Paragraphs 8-13 of this Agreement. Unless the Municipality shall so indicate by ordinance duly enacted not later than ninety (90) days after the date of the ALCOSAN written request, and shall promptly send to the ALCOSAN a certified copy of such ordinance, the method of payment provided for in this Paragraph 14 shall become effective.

No change in the method of payment applicable to the Municipality and its water users shall be made except at the request of the Municipality, made by ordinance duly enacted, and with the approval of ALCOSAN, formally given by ordinance or resolution.

15. Except for the 300 residences in the Miller's Run Drainage Area in Cecil Township covered by the Agreement of January 8, 1976 by and among the Municipality, the Municipal Authority and Cecil Township and the Municipal Authority of the Township of Cecil, neither the Municipality nor the Municipal Authority shall permit any connection through which sewage or wastes emanating from any territory outside the corporate limit of the Municipality enters the Municipality's sewage system and thence reaches the ALCOSAN interceptor sewer. It is further understood and agreed that neither the Municipality nor the Municipal Authority will agree to, or effectuate any change or amendment to said January 8, 1976 Agreement.

16. The Municipality shall annually provide in its budget for obtaining the funds necessary to meet its obligations under this Agreement. On or before October 1 of each year ALCOSAN shall supply to the Municipality's governing body a written estimate of the total aggregate amount of all sewage service charges or (if the optional method of payment is applicable to the Municipality) of the total amount of delinquent accounts, which the Municipality will probably be required to pay to ALCOSAN during the ensuing fiscal year; plus, in either case, the estimated amount (if any) due under Paragraphs 3, 4, 7 and 8 of this Agreement. The Municipality shall, by proper ordinance, promptly levy a special tax, or provide for obtaining revenues in any other lawful manner, or resort to any two or more methods of securing the funds required under this Agreement, in such manner as to assure that the Municipality shall obtain or collect during the ensuing fiscal year a sum which, together with any unused moneys remaining from previous years, will be at least 120% of such estimated amount to become due under this Agreement during such year. The revenues collected from such tax levy or from any other source so designated by the Municipality, or from any combination thereof which the Municipality elects to employ, shall be deposited to the credit of a special fund to be designated "ALCOSAN FUND", the moneys in which shall be used by the Municipality to meet its obligations under this Agreement and shall not be used for any other purpose whatsoever.

If the entire amount due ALCOSAN under this Agreement for any year is not paid out of the current revenues of the Municipality for such year the balance thereof shall be paid out of the current revenues of the next succeeding year.

17. ALCOSAN shall have the right to promulgate, issue, publish and enforce rules and regulations governing its activities and carrying into effect the provisions of this Agreement. Such rules and regulations may include provisions prohibiting or regulating the discharge into the Municipality's sewage system of oils, acids and other substances which maybe prohibited under Paragraph 4 hereof or harmful to the ALCOSAN sewers, pumping stations or other structures or which may interfere with the sewage treatment processes of the ALCOSAN plant, and prohibiting the discharge into any Municipality sanitary sewer of surface or ground water.

The Municipality may, in its own discretion and without let or hindrance from ALCOSAN, permit the connection with any Municipality sewer that discharges into an ALCOSAN interceptor sewer of any and all premises used wholly as private dwellings, but no permit shall be issued by the Municipality for the connection with any such sewer or any premises used wholly or in part for commercial or industrial purposes unless the application for such permit shall first have been submitted to and been approved by ALCOSAN.

The Municipality recognizes that the carrying out by ALCOSAN of its obligations under this Agreement will enable the Municipality to perform the duty imposed upon it by law to provide for the proper treatment and disposal of its sewage, and the Municipality, therefore, agrees to exercise for the benefit of ALCOSAN all rights and powers which it may possess to carry into effect the purpose and intent of this Agreement. The Municipality accordingly agrees, on request of ALCOSAN, to enact an ordinance incorporating all or designated portions of the ALCOSAN rules and regulations and providing appropriate penalties for the violation thereof, to amend such ordinance from time to time as requested by ALCOSAN, and to enforce the provisions thereof fully and prosecute all violators thereof diligently.

18. This Agreement shall become effective immediately, and shall remain in full force and effect, subject to the provisions of Paragraphs 3 and 4 hereof, until the date of expiration of the legal existence of ALCOSAN or until the expiration of one calendar year following the payment in full of all bonds, notes and other obligations of ALCOSAN, original and refunding, issued by it to finance the construction, replacement, maintenance and operation of the Sewage Disposal System and additions thereto, whichever date shall be later.

19. This Agreement shall supersede and replace the Agreement dated December 23, 1980 by and between ALCOSAN, the Municipality and the Municipal Authority.

IN WITNESS WHEREOF, City of Pittsburgh has caused this Agreement to be executed by its Mayor and Director of the Department of Public Works and its official seal to be hereunto impressed, pursuant to Resolution No. 207, duly enacted and approved on the 22 day of MARCH, 1984; Allegheny County Sanitary Authority has caused this Agreement to be executed by its Chairman and its official seal to be hereunto impressed and attested by its Secretary, pursuant to a resolution duly adopted by its Board on the _____ day of _____, 1984; Township of South Fayette has caused this Agreement to be executed by its President of the Board of Township Commissioners and its official seal to be hereunto impressed and attested by its Secretary, pursuant to Ordinance No. _____, duly enacted and approved on the _____ day of _____, 1984; and The Municipal Authority of the Township South Fayette has caused this Agreement to be executed by its Chairman and its official seal to be hereunto impressed and attested by its Secretary, pursuant to a resolution duly adopted by its Board on the _____ day of _____, 1984.

Attest: Richard A. Talmer
Secretary to Mayor

CITY OF PITTSBURGH
BY: Richard A. Talmer
Mayor

WITNESS:

John Trillburt

By *[Signature]*
Director, Dept. of Public Works

EXAMINED BY:

[Signature]
Assistant City Solicitor
DND

APPROVED AS TO FORM:

[Signature]
City Solicitor

COUNTERSIGNED: *MAY 22 1984*

[Signature]
DEPUTY City Controller



Approved as to form:
Grishy, Gaca & Davies, P.C.
the Controller

[Signature]
26932

Attest:

ALLEGHENY COUNTY SANITARY AUTHORITY

J. Omany
Secretary

BY: Eng. B. P. Gass
Chairman

Approved as to form:

F. P. [Signature]
Solicitor

Attest:

SOUTH FAYETTE TOWNSHIP

Mildred Q. Hande
Township Secretary

BY: Harold Chapp
President of the Board of
Township Commissioners

Approved as to form:

Thomas P. O'Reilly
Township Solicitor

Attest:

THE MUNICIPAL AUTHORITY OF THE
TOWNSHIP OF SOUTH FAYETTE

Fred Damscher
Secretary

BY: Steve Zeman
Chairman

Approved as to form:

John R. Bowman
Solicitor

RESOLUTION

RESOLUTION providing for a long term agreement by and among the Allegheny County Sanitary Authority, South Fayette Township and the Municipal Authority of the Township of South Fayette, to enlarge the Project Z service area serviced by the Allegheny County Sanitary Authority by providing for sewage service for the service area of South Fayette Township including certain residences located in Cecil Township, Washington County, Pennsylvania, upon certain terms and conditions.

~~Be it resolved by the Council of the City of Pittsburgh as follows:~~

~~Section 1XX~~

WHEREAS, the Allegheny County Sanitary Authority (herein called "Alcosan") is an Authority organized and existing under the Municipality Authorities Act of 1945 as amended of which Authority the City of Pittsburgh and the County of Allegheny are members; and

WHEREAS, on May 1, 1955, an agreement was executed by the City and Alcosan pursuant to City Ordinance No. 160, April 27, 1955 wherein Alcosan agreed to finance, construct and operate the Project Z Sewage Disposal System and the Upper Allegheny System; and

WHEREAS, the revenues required for the financing, construction, operation, maintenance and replacement of plant and equipment of said Sewage Disposal Systems were obtained from the rates, fees and charges to users of the systems in the 77 municipalities comprising the Project Z Area and the Upper Allegheny and other sources; and

WHEREAS, the current Alcosan treatment plant capacity is an average flow of 200 million gallons of sewage per day under the terms of its prevailing Federal and State permits; and

WHEREAS, the Municipal Authority of the Township of South Fayette is currently collecting, transporting, treating and disposing the sewage and industrial wastes in South Fayette Township, a first class township situated in Allegheny County, Pennsylvania, and disposing the sewage or wastes emanating from certain residences in Cecil Township, Washington County, Pennsylvania, as hereinafter set forth; and

WHEREAS, South Fayette Township and the Municipal Authority of the Township of South Fayette, desire to engage Alcosan to provide sewage service for South Fayette Township and those residences in the Miller's Run Drainage Area in Cecil Township, Washington County, Pennsylvania, covered by the Agreement

of January 8, 1976, by and among South Fayette Township, the Municipal Authority of the Township of South Fayette and Cecil Township and the Municipal Authority of the Township of Cecil; and

WHEREAS, South Fayette Township and the Municipal Authority of the Township of South Fayette have projected that South Fayette Township will need a sewage treatment and disposal capacity of 2.4 million gallons per day to satisfy their service area requirements; and

WHEREAS, South Fayette Township or the Municipal Authority of the Township of South Fayette shall, at their own expense and in compliance with certain requirements design, construct, operate and maintain the sewage collection and conveyance system necessary to collect the municipal sewage and acceptable wastes within the service area of the Municipality and deliver the same through a single outfall sewer to a point of connection with Alcosan's intercepting sewer as hereinafter set forth; and

WHEREAS, such enlargement of the Project Z service area to include all of the South Fayette Township service area will benefit South Fayette Township and the residents.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PITTSBURGH AS FOLLOWS:

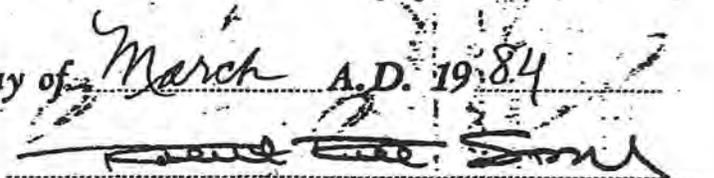
Section 1. The Mayor and the Director of the Department of Public Works on behalf of the City of Pittsburgh are hereby authorized to enter into a long term Agreement in form approved by the City Solicitor by and among Alcosan, South Fayette Township and the Municipal Authority of the Township of South Fayette to effectuate an enlargement of the Project Z service area serviced by Alcosan by providing sewage service for the service area of South Fayette Township including those residences located in the Miller's Run Drainage Area in Cecil Township, Washington County, Pennsylvania, covered by the Agreement of January 8, 1976, by and among South Fayette Township, the Municipal Authority of the Township of South Fayette and Cecil Township and Municipal Authority of the Township of Cecil. The said Agreement shall contain the following conditions:

- (a) The said Agreement of January 8, 1976, by and among South Fayette Township, the Municipal Authority of the Township of South Fayette and Cecil Township and the Municipal Authority of the Township of Cecil shall not be changed or amended.

(b) Neither the Township of South Fayette nor the Municipal Authority of the Township of South Fayette shall permit any additional connections through which sewage or wastes emanating from any territory outside the corporate limit of the Township of South Fayette to enter South Fayette Township's sewage system and thence reach the Alcosan interceptor sewer.

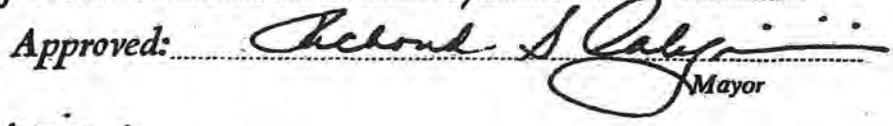
SECTION 2 Any Resolution or Ordinance or part thereof conflicting with the provisions of this Resolution is hereby repealed so far as the same affects this Resolution.

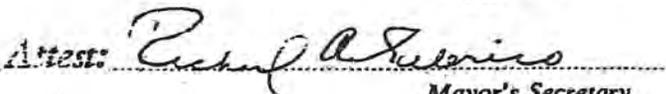
Enacted in Council, this 19th day of March A.D. 1984


President of Council.

Attest: 
Clerk of Council.

Mayor's Office March 27, 1984

Approved: 
Mayor

Attest: 
Mayor's Secretary.

Recorded in Resolution Book, Vol. 118 Page 171, 22nd day of March 1984

EFFECTIVE DATE APR 3 1984

Handwritten #8

212

File No. 209

Bill No. 312

No. 207 Vol. 118 Page 171

RESOLUTION

Resolution providing for a long term agreement by and among the Allegheny County Sanitary Authority, South Fayette Township and the Municipal Authority of the township of South Fayette, to enlarge the Project Z service area serviced by the Allegheny County Sanitary Authority by providing for sewage service for the service area of South Fayette Township including certain residences located in Cecil Township, Washington County, Pennsylvania, upon certain terms and conditions.

In Council, March 5, 1984, referred

to Committee on PUBLIC WORKS.
Michael Rees

Clerk.

In Committee on PUBLIC WORKS.

MAR 7 1984, ordered to

be returned to Council with an affirmative recommendation.

Michael Rees

Clerk.

In Council March 12, 1984, bill was RECOMMENDED.

In Committee on Public Works

MAR 14 1984, ordered to

be returned to Council with affirmative recommendation.

Michael Rees

Clerk

Presented by

MR. GIVENS

In Council MAR 19 1984...
Bill read, and finally passed.

Michael Rees

Clerk

Drawn By *J. Sellors*
As Reported By *J. Sellors*
Director, Dept. of Public Works

APPENDIX B

Original Robinson Run Service Agreements

OPERATION AND MAINTENANCE AGREEMENT

FROM

BOROUGH OF OAKDALE,
OAKDALE MUNICIPAL AUTHORITY,
TOWNSHIP OF NORTH FAYETTE,
TOWNSHIP OF SOUTH FAYETTE,
THE MUNICIPAL AUTHORITY OF THE TOWNSHIP OF SOUTH FAYETTE,
BOROUGH OF McDONALD

AND

McDONALD SEWAGE AUTHORITY
Owners,

TO

THE MUNICIPAL AUTHORITY OF THE TOWNSHIP OF SOUTH FAYETTE,
as Manager

Dated as of May 15, 1989, for reference purposes only.

OPERATION AND MAINTENANCE AGREEMENT

Made and entered into as of this 15th Day of May, 1989, for reference purposes only, by and between

BOROUGH OF OAKDALE, a municipal corporation of the Commonwealth of Pennsylvania, located in the County of Allegheny (hereinafter referred to as "BOK"),

and

OAKDALE MUNICIPAL AUTHORITY, a body corporate and politic, organized and existing under the laws of the Commonwealth of Pennsylvania, located in the County of Allegheny (hereinafter referred to as "OMA"),

and

TOWNSHIP OF NORTH FAYETTE, a municipal corporation of the Commonwealth of Pennsylvania, located in County of Allegheny (hereinafter referred to as "NFT"),

and

TOWNSHIP OF SOUTH FAYETTE, a municipal corporation of the Commonwealth of Pennsylvania, located in the County of Allegheny (hereinafter referred to as "SFT"),

and

THE MUNICIPAL AUTHORITY OF THE TOWNSHIP OF SOUTH FAYETTE, a body corporate and politic, organized and existing under the laws of the Commonwealth of Pennsylvania, located in the County of Allegheny (hereinafter referred to as "SFMA"),

and

BOROUGH OF McDONALD, a municipal corporation of the Commonwealth of Pennsylvania, located in the Counties of Allegheny and Washington (hereinafter referred to as "BOM"),

and

MCDONALD SEWAGE AUTHORITY, a body corporate and politic, organized and existing under the laws of the Commonwealth of Pennsylvania, located in the Counties of Allegheny and Washington (hereinafter referred to as "MSA").

WHEREAS, Oakdale Municipal Authority ("OMA"), Borough of Oakdale ("BOK"), Township of North Fayette ("NFT"), The Municipal Authority of the Township of South Fayette ("SFMA"), Township of South Fayette ("SFT"), McDonald Sewage Authority ("MSA"), and Borough of McDonald ("BOM"), hereinafter collectively referred

to as the "Municipalities", have jointly participated in the planning and design of an interceptor sewer line (hereinafter referred to as the "Robinson Run Interceptor Sewer" and "Interceptor Sewer") to serve the Robinson Run Watershed areas in each of the Municipalities; and

WHEREAS, the Municipalities have jointly undertaken the construction of said Interceptor Sewer in two stages, the Stage I Construction Project being the portion of the Interceptor Sewer which is being constructed from the Allegheny County Sanitary Authority ("ALCOSAN") Chartiers Creek Interceptor Sewer to the Borough of Oakdale by OMA ("Stage I"), under the Agreement, dated May 13, 1987, by and among the parties hereto, and the Stage II Construction Project being the balance of the Interceptor Sewer from the Borough of Oakdale to the Borough of McDonald, being constructed by MSA ("Stage II") under and pursuant to a Construction Agreement, dated as of May 15, 1989, for reference purposes only; and

WHEREAS, pursuant to a Sewer Service Agreement, dated as of May 15, 1989, for reference purposes only, the ownership of the Interceptor Sewer shall be jointly held between the parties hereto in accordance with the various percentages set forth in said Sewer Service Agreement, and the Municipalities in this capacity are hereinafter collectively referred to as the "Owners"; and

WHEREAS, SFMA is an operating authority possessing experienced employees and the requisite equipment needed to maintain and operate the Interceptor Sewer; and

WHEREAS, the Owners have jointly determined that SFMA should operate and maintain the Interceptor Sewer on behalf of the Owners, and SFMA is willing to operate and maintain the Interceptor Sewer pursuant to the provisions of this Operation and Maintenance Agreement.

NOW, THEREFORE, THIS OPERATION AND MAINTENANCE AGREEMENT WITNESSETH:

That in consideration of the premises and the sum of One Dollar (\$1.00) lawful money of the United States of America paid by each of the parties hereto to the other at or before the ensealing and delivery of these presents, the receipt of which is hereby acknowledged, and in consideration of the mutual obligations of the parties hereunder as hereinafter set forth, the parties do covenant and agree as follows:

ARTICLE I

The Owners hereby engage and appoint SFMA, as the Manager (hereinafter in this capacity referred to as the "Manager"), to maintain the Interceptor Sewer, both Stages I and II, for a term of twenty-one (21) years from the date of this Agreement with said term thereafter automatically continuing on a year to year basis unless written notification of its termination is given by the Owners or the Manager in accordance with Article IV hereof, and the Manager hereby accepts such employment on the terms hereinafter in this Operation and Maintenance Agreement set forth.

Subject to the general supervision, discretion and control of the Advisory Committee established pursuant to the Sewer Service Agreement, dated as of May 15, 1989, for reference purposes only, in all broad policy matters, including the allocation of the expenses of operating and maintaining the Interceptor Sewer and further subject to the budget for the Interceptor Sewer established each year by said Advisory Committee, the Manager shall have charge and direction of the ordinary and routine maintenance and operation of the Interceptor Sewer and shall render to the Owners the following services to the extent said services are necessary to the ordinary and routine maintenance and operation of the Interceptor Sewer:

(a) The Manager shall keep accurate accounts and records with respect to the operation and maintenance of the Interceptor Sewer separately as to Stages I and II and shall prepare and furnish to the Owners such statements with respect to the financial affairs of the Manager with respect to the Interceptor Sewer as the Owners may reasonably request or as the law requires.

(b) The Manager shall employ and direct the work of all persons required to operate and maintain the Interceptor Sewer and, subject to budget limitations, shall fix, determine and negotiate the rates of pay of such persons. To the degree possible, practical and timely, prior to entering into any third party contracts, the Manager will utilize personnel and equipment first from North Fayette Township and second, if necessary, from the other participating municipalities when required to perform work associated with the operation and maintenance of the Stage II area of the Interceptor Sewer and, as to the Stage I area the Manager will utilize personnel and equipment from any of the participating municipalities with no order of priority. The cost of said services will be recorded and reimbursed in a fashion consistent with the limitations of this Agreement and as approved by the Advisory Committee.

(c) The Manager will furnish or will contract for and purchase all utilities, supplies, materials and services required to operate and maintain the Interceptor Sewer.

(d) On or before December 1 of each year, beginning December 1, 1990, the Manager will prepare and furnish to the Owners a statement setting forth its best estimate, in reasonable detail, of the payments that will be required to be made during the following fiscal year in respect of the operation and maintenance expenses of the Interceptor Sewer (stating separately therein the cost and expenses and proportionate shares of each Owner for Stages I and II), which statement shall be given to the Advisory Committee and the Owners, and shall be utilized to the extent that is reasonable by the Advisory Committee in the preparation of the budget for the following fiscal year for the Interceptor Sewer Stages I and II.

(e) The Manager covenants and agrees to perform each of the duties and discharge each of the responsibilities accepted by it hereunder in the most effective and economical manner and within budget limitations as reasonably as possible.

(f) "Ordinary and routine maintenance" of the Interceptor Sewer shall include all inspections, opening a clogged sewer line, manhole repair and cover adjustment, flushing, television monitoring as needed, and such other minor repairs that can be made by a regular

inspection/maintenance crew. Ordinary and routine maintenance shall not include the following, which shall be classified as "extraordinary maintenance" and which shall be performed by the Manager only under specific written authorization and direction of the Advisory Committee:

- (1) Relocation of existing sewer lines;
- (2) Major sewer reconstruction or alterations;
- (3) General engineering and administrative services necessary for the planning, establishment, construction and rehabilitation off the Interceptor Sewer.

Ordinary and routine maintenance shall not include capital additions including, but not limited to, the construction of new sewers or new improvements therein or thereon, which shall be governed by article IV of the Sewer Service Agreement among the parties dated as of May 15, 1989.

(g) The Manager shall monitor or contract for the monitoring of sewage and infiltration/inflows being discharged by each municipality to the system and from the RRIS system to the Allegheny County Sanitary Authority. The Manager shall also calculate and apportion among the parties hereto the surcharges imposed by the Allegheny County Sanitary Authority as a result of excessive wet weather flows based on the monitoring of sewage and infiltration/inflows.

ARTICLE II

The Manager shall establish and maintain proper, adequate and separate records of the costs and expenses incurred by each of the Owners with respect to Stages I and II in the performance of the Manager's obligations hereunder, including without limitation, (i) the salaries and wages and related payroll costs of the Interceptor Sewer, and (ii) the costs of all third party contracts, utilities, supplies, materials and billing and accounting and other services required to operate and maintain the Interceptor Sewer.

On or before August 1 each year, and at least quarterly thereafter, the Manager shall deliver to the Advisory committee and the Owners a statement from the Manager, setting forth a bill for all costs and expenses incurred by the Manager in the performance of its obligations under this Operation and maintenance Agreement for the previous billing period, and within thirty (30) days thereafter the Owners shall each reimburse the Manager for their respective shares thereof.

ARTICLE III

In the event of any dispute between the Owners and the Manager with respect to any matter arising out of this Operation and Maintenance Agreement, such dispute shall be settled by arbitration with the provisions of the Act of April 25, 1927, P.L. 381, of the Commonwealth of Pennsylvania. In any such case, three arbitrators shall be appointed, one shall be appointed by the Owners (as determined by the Advisory Committee), one shall be appointed by the Managers, and the third shall be selected by the two arbitrators so appointed by the Owners and the Manager. The decision of the majority of the arbitrators appointed pursuant to the provisions of this Article III shall be binding and conclusive upon both the Owners and the Manager.

If either the Owners or the Manager each as a party to this Operation and Maintenance Agreement shall appoint an arbitrator and shall notify the other party of such appointment, and if such other party shall fail within one week to appoint a second arbitrator as herein provided, such first party may apply for the appointment of a second arbitrator to the Court of Common Pleas of Allegheny County, Pennsylvania, and the arbitrator appointed by such Court shall be deemed to be the arbitrator appointed by such other party.

If the two arbitrators appointed by the Owners and the Manager shall fail to effect the appointment of a third arbitrator within two weeks after the appointment of a second arbitrator, the third arbitrator shall be appointed by the Court of Common Pleas of Allegheny County, Pennsylvania.

The expenses of such arbitration shall be born equally by the Owners and the Manager.

ARTICLE IV

This Operation and Maintenance Agreement may be terminated by either the Owners or the Manager as a party hereto upon sixty (60) days' written notice to the other party if arbitrators appointed by the provisions of Article III hereof shall have determined that the party not exercising the right to termination has defaulted under this Operation and Maintenance Agreement, and said party has continued in default in the performance of its obligations hereunder for said period of sixty (60) days after notice in writing by the other party specifying and objecting to the alleged default.

~~This Operation and Maintenance Agreement may also be terminated for any reason whatsoever by either party upon twelve (12) months written notice to the other party hereto.~~

IN WITNESS WHEREOF, the parties hereto, in their various capacities, have caused this Operation and Maintenance Agreement to be executed on their behalf by their duly authorized officers, all as of the day and year first above written, but actually on October 9, 1990.

(BOROUGH SEAL)

Attest:

Gayle Morgan
Borough Secretary

BOROUGH OF OAKDALE

By Jack Bateman
President of Borough Council

By C. W. Madolun
Mayor

OAKDALE MUNICIPAL AUTHORITY

(AUTHORITY SEAL)

Attest:

Marlene E. Phillips
Secretary

By Jack Bateman
Chairman

TOWNSHIP OF NORTH FAYETTE

(TOWNSHIP SEAL)

Attest:

Paula C. Thomas
Township Secretary

By Lucas Elward
Chairman, Board of Township
Supervisors

TOWNSHIP OF SOUTH FAYETTE

(TOWNSHIP SEAL)

Attest:

Claudia A. Smelko
Township Secretary

By William F. Duchesne
President, Board of Township
Commissioners

THE MUNICIPAL AUTHORITY OF THE
TOWNSHIP OF SOUTH FAYETTE, both
as an Owner-Municipality and as Manager

(AUTHORITY SEAL)

Attest:

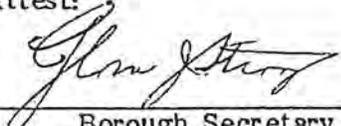
Fred F. Tomaska
Secretary

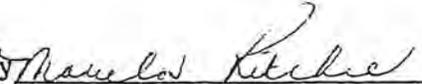
By Steve Zeman
Chairman

BOROUGH OF McDONALD

(BOROUGH SEAL)

Attest:


Borough Secretary

By 
President of Borough Council

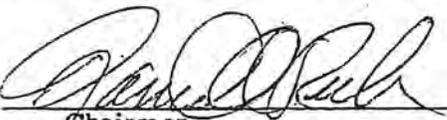
By 
Mayor

McDONALD SEWAGE AUTHORITY

(AUTHORITY SEAL)

Attest:


Secretary

By 
Chairman

SEWER
SERVICE AGREEMENT

Between

BOROUGH OF OAKDALE
(located in Allegheny County, Pennsylvania)

And

OAKDALE MUNICIPAL AUTHORITY
(located in Allegheny County, Pennsylvania)

And

TOWNSHIP OF NORTH FAYETTE
(located in Allegheny County, Pennsylvania)

And

TOWNSHIP OF SOUTH FAYETTE
(located in Allegheny County, Pennsylvania)

And

THE MUNICIPAL AUTHORITY OF THE TOWNSHIP OF SOUTH FAYETTE
(located in Allegheny County, Pennsylvania)

And

BOROUGH OF McDONALD
(located in Allegheny and Washington Counties, Pennsylvania)

And

McDONALD SEWAGE AUTHORITY
(located in Allegheny and Washington Counties, Pennsylvania)

Dated as of May 15, 1989, for reference purposes only

SEWER
SERVICE AGREEMENT

Between

BOROUGH OF OAKDALE
(located in Allegheny County, Pennsylvania)

And

OAKDALE MUNICIPAL AUTHORITY
(located in Allegheny County, Pennsylvania)

And

TOWNSHIP OF NORTH FAYETTE
(located in Allegheny County, Pennsylvania)

And

TOWNSHIP OF SOUTH FAYETTE
(located in Allegheny County, Pennsylvania)

And

THE MUNICIPAL AUTHORITY OF THE TOWNSHIP OF SOUTH FAYETTE
(located in Allegheny County, Pennsylvania)

And

BOROUGH OF McDONALD
(located in Allegheny and Washington Counties, Pennsylvania)

And

McDONALD SEWAGE AUTHORITY
(located in Allegheny and Washington Counties, Pennsylvania)

THIS SEWER SERVICE AGREEMENT, dated as of May 15, 1989, for reference purposes only, by and between the Borough of Oakdale, a municipal corporation of the Commonwealth of Pennsylvania (hereinafter referred to as "BOK"), and Oakdale Municipal Authority, a body corporate and politic, constituting a public corporation and governmental instrumentality, organized and existing under and by virtue of the Act of the General Assembly of the Commonwealth of Pennsylvania, approved May 2, 1945, P.L. 382, as amended (representing the Borough of Oakdale and hereinafter referred to as "OMA"), and the Township of North Fayette, a municipal corporation

of the Commonwealth of Pennsylvania (hereinafter referred to as "NFT"), and the Township of South Fayette, a municipal corporation of the Commonwealth of Pennsylvania (hereinafter referred to as "SFT"), and The Municipal Authority of the Township of South Fayette, a body corporate and politic, organized and existing under and by virtue of the Act of General Assembly of the Commonwealth of Pennsylvania, approved May 2, 1945, P.L. 382, as amended (representing the Township of South Fayette and hereinafter referred to as "SFMA"), and the Borough of McDonald, a municipal corporation of the Commonwealth of Pennsylvania (hereinafter referred to as "BOM"), and the McDonald Sewage Authority, a body corporate and politic, organized and existing under and by virtue of the Act of General Assembly of the Commonwealth of Pennsylvania, approved May 2, 1945, P.L. 382, as amended (representing the Borough of McDonald and hereinafter referred to as "MSA") (collectively referred to herein for convenience as the "Municipalities").

WHEREAS, the Municipalities do not have adequate facilities for the transportation, treatment and disposal of sanitary sewage and industrial wastes emanating in their Robinson Run Watershed service areas; and

WHEREAS, the discharge of untreated sewage and industrial wastes has polluted the streams of the Commonwealth of Pennsylvania, and such pollution constitutes a serious menace to the health and safety of the inhabitants of the Municipalities and adjacent municipalities; and

WHEREAS, under orders from the Pennsylvania Department of Environmental Resources, the Municipalities have jointly undertaken the planning for the construction and financing in two stages (hereinafter called the "Stage I Construction Project" and the "Stage II Construction Project") of an interceptor sewer to service portions of the Robinson Run Watershed from the Allegheny County Sanitary Authority ("ALCOSAN") Chartiers Creek Interceptor Sewer to the Borough of Oakdale ("Stage I")

and from the Borough of Oakdale to the Borough of McDonald through the Townships of North and South Fayette ("Stage II") (hereinafter collectively called the "Robinson Run Interceptor Sewer" and "Interceptor Sewer") to serve certain residents in the Robinson Run Watershed area of the Municipalities and such other territory as it may lawfully serve and shall be directed to serve by the Municipalities and by the Pennsylvania Department of Environmental Resources; and

WHEREAS, each Municipality will finance its proportionate share of the costs associated with the construction of said Interceptor Sewer (Stages I and II) through interim loans with local banks and long term permanent financings through the Pennsylvania Infrastructure Investment Authority ("Pennvest"); and

WHEREAS, each of the Municipalities is desirous of entering into this Sewer Service Agreement upon the terms, covenants and conditions as hereinafter provided.

NOW, THEREFORE, this Sewer Service Agreement witnesseth that for and in consideration of One Dollar (\$1.00) lawful money of the United States of America paid by each of the parties hereto to the other parties hereto at or before the ensembling and delivery of these presents, the receipt of which is hereby acknowledged, and for and in consideration of the respective obligations of the parties hereinafter set forth, the parties hereto, intending to be legally bound hereby, do covenant and agree as follows:

ARTICLE I

SERVICE COVENANT - TERM OF CONTRACT

The Municipalities covenant that they will each finance their respective shares, and, through OMA for Stage I as per the Intermunicipal Agreement, dated May 13, 1987, among all of the parties hereto, and through MSA for Stage II as per the Construction Agreement, dated May 15, 1989, for reference purposes only, among NFT, SFMA/SFT and MSA/BOM, will acquire, construct and complete the Construction

Projects - Stages I and II, respectively, as soon as practicable in accordance with the final Plans and Specifications of the respective Consulting Engineers and in conformity with law and all requirements of all governmental authorities have jurisdiction thereover, and that, from and after the date on which each stage of the Interceptor Sewer shall be placed in operation, will render sewage transportation service to all public, domestic, commercial, industrial and other sewer properties in each of the Municipalities connected directly or indirectly to the Interceptor Sewer, with limitations of permitted Peak Daily Flows and proportionate shares of the total costs of 1.292 MGD (24.12%) for OMA/BOK, and 1.838 MGD (34.31%) for NFT, and 0.875 MGD (16.33%) for SFMA/SFT, and 1.352 MGD (25.24%) for MSA/BOM, with regard to the Stage I Construction Project. With regard to the Stage II Construction Project, the limitations of permitted Peak Daily Flows and proportionate shares of the total costs shall be 0.4775 MGD (21.00%) for NFT, and 0.4265 MGD (20.00%) for SFMA/SFT, and 1.352 MGD (59.00%) for MSA/BOM.

The Municipalities agree to provide sewage transportation service to such portion or portions thereof as are within the service area of the Interceptor Sewer, and to all sewered properties therein. The term "service area" shall mean all that area that can be served by the Interceptor Sewer, the subject of this Sewer Service Agreement, by gravity flow. If any of the Municipalities determine that it is feasible or desirable to add to the service area by the installation of pumping facilities and thence by pumping rather than solely by gravity flow, they may add to such service area such additional service area; provided, however that such additional service area shall not include any area beyond the boundaries of BOK, NFT, SFT or BOM, and that such quantity of

sewage added shall not exceed the capacity of the Interceptor Sewer or the limitations of permitted Peak Daily Flows of each respective Municipality as previously set forth herein, subject to the prior determination of such capacity by the respective Consulting Engineers. The Municipalities covenant that they will not themselves engage in the business of providing sewage transportation service in the Robinson Run Watershed (other than collector sewers which ultimately flow to said Interceptor Sewer) to such sewered properties as are within the Interceptor Sewer's service area, nor will they individually or jointly authorize or permit any other agency, public or private, to do so.

ARTICLE II

MAINTENANCE OF THE INTERCEPTOR SEWER

During the term of this Sewer Service Agreement, the Interceptor Sewer shall continuously be maintained in a state of good repair by mutually agreeable management arrangements among the Municipalities, which initially shall be managed by SFMA in accordance with an Operation and Maintenance Agreement, dated as of May 15, 1989, for reference purposes only, to be entered into among the parties simultaneously herewith. It is understood that these mutual management arrangements will apply to all maintenance and repairs, major as well as minor, with an exception for extraordinary maintenance and repairs, as defined in the Operation and Maintenance Agreement among the parties dated as of May 15, 1989. Fixed costs are herein defined as insurance, administrative costs, miscellaneous costs for third party services (i.e. engineering and legal costs) and one half of labor costs for the operation, repair and maintenance of the Interceptor Sewer. Variable costs are herein defined as costs for utilities, chlorine and other

chemicals, replacement or repair of parts and one half of the labor costs for the operation, repair and maintenance of the Interceptor Sewer. The parties recognize that it is impossible to calculate with any certainty which of the labor costs for the operation, repair and maintenance of the Interceptor Sewer should be attributable to preservation of the system and which of said labor costs should be attributable to the active use of said system. Fixed costs shall be borne and apportioned among the municipalities based on the Peak Design Flow Formulas for the Stage I portion of the Interceptor Sewer and for the Stage II portion of the Interceptor Sewer, respectively, as set forth herein in Articles I and II hereof. Variable costs shall be borne and apportioned among the municipalities based on the number of equivalent dwelling units (EDU) of each municipality connected to the system.

In the case of extraordinary maintenance and repairs, the determination of whether such costs shall be incurred shall first be determined in the sole discretion of an ad hoc Advisory Committee (the "Advisory Committee") composed of two members from OMA, two members from NFT, one member from SFT, one member from SFMA, one member from BCM and one member from MSA. The costs incurred for extraordinary repairs shall then be borne by the Municipalities as determined by said Advisory Committee, with the consent of each municipality which consent shall not be unreasonably withheld.

The Municipalities through the aforesaid mutually agreeable management arrangements shall comply with all lawful acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the repair and maintenance of the Interceptor Sewer and will provide for the giving of prompt written notice to each of the municipalities of any substantial loss or damage to the Interceptor Sewer resulting from any cause whatsoever.

The Municipalities have enacted or will enact and agree to keep in force and to enforce proper ordinances, as provided by law, requiring all improved properties reasonably accessible to a public sanitary or combined sewer of the Municipalities which ultimately flows to the Interceptor Sewer to connect said sewage facilities of each such property to said sewer, providing appropriate fines and penalties for the violation thereof, and prohibiting the discharge of acceptable sewage emanating from each such property in any other manner whatsoever.

The Advisory Committee shall also have the right and duty to promulgate, issue, publish and enforce rules and regulations governing the activities and carrying into effect the provisions of this Sewer Service Agreement, and the Municipalities herewith agree to be bound thereby. Such rules and regulations may include provisions prohibiting or regulating certain discharges into the Interceptor Sewer which may be harmful to the Interceptor Sewer or the sewage treatment facilities of ALCOSAN. Since said Advisory Committee is not empowered to enforce the rules and regulations within any of the Municipalities, the Municipalities shall adopt and enforce such rules and regulations to the extent empowered by law.

ARTICLE III

OPERATIONAL SERVICE CHARGES AND BILLING

The Municipalities covenant and agree as an operating cost of their respective sanitary sewer facilities to reimburse at least quarterly the mutually agreeable operating manager (the "Manager") of the Interceptor Sewer, which shall initially be SFMA, for the fixed costs associated with the operation, repair and maintenance of the Interceptor Sewer, with each of their proportionate shares to be determined in each billing period by the Peak Design Flow Formulas previously agreed upon between the parties hereto, namely:

Stage I

CMA/BOK - 24.12%
NFT - 34.31%
SFMA/SFT - 16.33%
MSA/BOM - 25.24%

Stage II

SFMA/SFT - 20%
NFT-21%
MSA/BOM - 59%

The Municipalities also covenant and agree that as an operating cost of their respective sanitary sewer facilities, they will reimburse at least quarterly the mutually agreeable operating Manager (the Manager) of the Interceptor Sewer, which shall initially be SMFA, the variable costs associated with the operation, repair and maintenance of the Interceptor Sewer with each of their proportionate shares to be determined in each billing period on the basis of actual flows expressed in number of Equivalent Dwelling Units (EDU) of each Municipality connected to the system. Each residential unit will be considered to be a separate customer being equal to one Equivalent Dwelling Unit (EDU). Each commercial/industrial user will be considered to be one EDU for water usage (or estimated usage) of up to 350 gallons/day. Each commercial/industrial user will be pro-rated for all excess usage above 350 gallons/day to determine the total EDU value for that customer. A customer count will be provided by each municipality to the Manager on a quarterly basis. The Municipalities shall be responsible at all times to see to it that no unacceptable sanitary sewage or industrial wastes shall be permitted to enter the Interceptor Sewer. To accomplish this purpose, the Municipalities agree to adopt appropriate ordinances and/or rules and regulations that will be acceptable to the Advisory Committee and its technical advisors and to prosecute faithfully any offenders under said ordinances and/or rules and regulations to insure compliance with its requirements.

In cases where the character of sewage or industrial waste from any commercial, manufacturing or industrial plant, building or premises is such that it imposes a burden upon the Interceptor Sewer or sewage treatment processes in excess of the burden imposed by normal domestic sewage, the Municipalities will require the owner, tenant or occupant of such commercial, manufacturing or industrial plant, building or premises to pretreat and/or equalize the flow of such sewage or wastes before discharging such sewage or wastes into the Interceptor Sewer.

The Municipalities have enacted or will enact and agree to keep in force proper ordinances or resolutions which will provide for the granting of permission to construct and maintain the Interceptor Sewer in streets, roads, alleys and rights-of-way within each of the Municipalities without any special charges (all standard street opening and building permit fees shall nevertheless be paid by each respective contractor working on the Interceptor Sewer) for the same having to be paid to the affected Municipality.

ARTICLE IV

CAPITAL ADDITIONS

The Advisory Committee shall have the right to exercise exclusive discretion as to whether Capital Additions to the Interceptor Sewer shall be constructed or acquired in the future and the appropriate Municipalities shall promptly thereafter undertake to finance and construct the same as so directed; provided, however, that in the event the Advisory Committee, in its discretion, proposes to construct or acquire any Capital Additions, solely for the benefit of any one or more particular Municipalities, but less than all of them, before proceeding therewith, it shall have first obtained the written approval of all of the Municipalities, unless such Capital Additions to the Interceptor Sewer are required in order to comply with a directive of the Commonwealth of Pennsylvania, in which case such approval of the Municipalities shall not be required.

ARTICLE V

TITLE

It is hereby understood and agreed by all the parties to this Sewer Service Agreement that ownership of and title to the Interceptor Sewer - Stages I and II shall be held among the parties in the same proportionate shares as are set forth in Article III hereof (based upon the Peak Design Flow Formulas previously agreed upon by the parties hereto).

ARTICLE VI

DEFAULT

If any of the Municipalities shall default in the due and punctual performance or observance of any of the covenants, conditions, agreements or provisions contained in this Sewer Service Agreement on the part of said Municipality required to be kept, performed or observed, and any such default shall continue for a period of thirty (30) days after written notice thereof shall have been given to said Municipality by the Advisory Committee, then, in either such event, any Trustee or Paying Agent or assignee of the Municipalities under their respective long term permanent financing arrangements on behalf of said Advisory Committee, shall have the right to take such action as may be permitted thereby or in law, equity or otherwise.

ARTICLE VII

MISCELLANEOUS

All existing and future sewer customers in the Municipalities shall continue to be and be customers of the respective Municipalities in which they are situated.

In case any one or more of the provisions of this Sewer Service Agreement shall for any reason be held to be illegal or invalid or otherwise contrary to law, such fact shall not affect any other provision of this Sewer Service Agreement, and this Sewer Service Agreement shall be construed and enforced as if such provision had not been contained herein.

IN WITNESS WHEREOF, each respective Municipality to this Sewer Service Agreement has caused this Sewer Service Agreement to be duly executed on its behalf by its duly authorized officers, all as to the day and year first above written, but actually on October 9, 1990.

BOROUGH OF OAKDALE

(BOROUGH SEAL)

Attest:

Gayle Maggion
Borough Secretary

By: Jack Bateman
President of Borough Council
By: C. H. Madden
Mayor

OAKDALE MUNICIPAL AUTHORITY

(AUTHORITY SEAL)

Attest:

Darlene C. Phillips
Secretary

By: Jack Bateman
Chairman

TOWNSHIP OF NORTH FAYETTE

(TOWNSHIP SEAL)

Attest:

Darla C. Thomas
Township Secretary

By: *James Stewart*
Chairman, Board of Township
Supervisors

TOWNSHIP OF SOUTH FAYETTE

(TOWNSHIP SEAL)

Attest:

Claudia A. Smelke
Township Secretary

By: Mullam F. Durbes
President, Board of Township
Commissioners

THE MUNICIPAL AUTHORITY OF THE
TOWNSHIP OF SOUTH FAYETTE

(AUTHORITY SEAL)

Attest:

Fred F. Zeman
Secretary

By: Steve Zeman
Chairman

BOROUGH OF McDONALD

(BOROUGH SEAL)

Attest:

Gloria J. Strong
Borough Secretary

By: *Marion Kitchie*
President of Borough Council

By: *Lyman L. Belland*
Mayor

McDONALD SEWAGE AUTHORITY

(AUTHORITY SEAL)

Attest:

E. H. Smith
Secretary

By: *John O. Cook*
Chairman

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY)

On this 14 day of August, 1990, before me, the undersigned officer, personally appeared Jack Bateman, Charles Madden and Gayle Muggar, who acknowledged themselves to be the President of Borough Council, the Mayor, and the Borough Secretary, respectively, of the BOROUGH OF OAKDALE, located in Allegheny County, Pennsylvania, and that they as such President of Borough Council, Mayor and Borough Secretary, respectively, being duly authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said Borough by themselves as President of Borough Council, Mayor and Borough Secretary, respectively.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Patrick J. Clair
Notary Public

(N.P. SEAL)

My Commission Expires:

Notarial Seal
Patrick J. Clair, Notary Public
Pittsburgh, Allegheny County
My Commission Expires Feb. 7, 1994
Member, Pennsylvania Association of Notaries

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY)

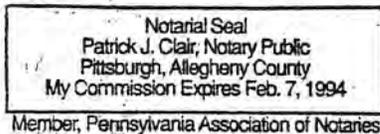
On this 14 day of August, 1990, before me, the undersigned officer, personally appeared Jack Bateman and Darlene Phillips, who acknowledged themselves to be the _____ Chairman and the _____ Secretary, respectively, of the OAKDALE MUNICIPAL AUTHORITY, located in Allegheny County, Pennsylvania, and that they as such _____ Chairman and _____ Secretary, respectively, being duly authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by themselves as _____ Chairman and _____ Secretary, respectively.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Patrick J. Clair
Notary Public

(N.P. SEAL)

My Commission Expires:



COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY)

On this 9 day of October, 1990, before me, the undersigned officer, personally appeared Louis Chauvet and Darla Thomas, who acknowledged themselves to be the Chairman of the Board of Township Supervisors and the Township Secretary, respectively, of the TOWNSHIP OF NORTH FAYETTE, located in Allegheny County, Pennsylvania, and that they as such Chairman of the Board of Township Supervisors and the Township Secretary, respectively, being duly authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said Township by themselves as Chairman of the Board of Township Supervisors and the Township Secretary, respectively.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Regina A. Koreny
Notary Public

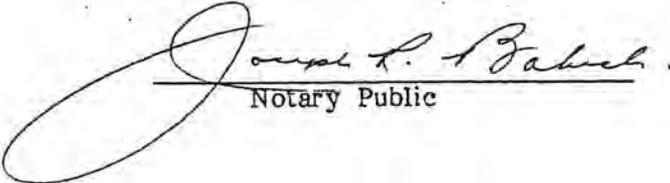
My Commission Expires:

Notarial Seal
Regina A. Koreny, Notary Public
North Fayette Township, Allegheny County
My Commission Expires Oct. 15, 1990
Member, Pennsylvania Association of Notaries

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY)

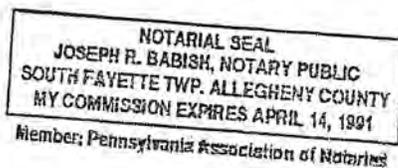
On this 14th day of August, 1990, before me, the undersigned officer, personally appeared William F. Duchess and Claudia A. Smelko, who acknowledged themselves to be the President of the Board of Township Commissioners and the Township Secretary, respectively, of the TOWNSHIP OF SOUTH FAYETTE, located in Allegheny County, Pennsylvania, and that they as such President of the Board of Township Commissioners and the Township Secretary, respectively, being duly authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said Township by themselves as President of the Board of Township Commissioners and the Township Secretary, respectively.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.


Notary Public

(N.P. SEAL)

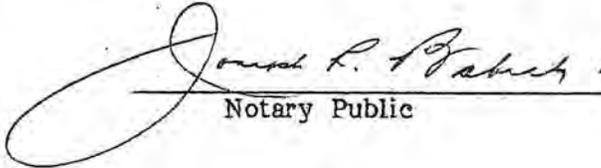
My Commission Expires:



COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY)

On this 24 day of August, 1990, before me, the undersigned officer, personally appeared Steve Zeman and Fred F. Demsher, who acknowledged themselves to be the Chairman and the Secretary, respectively, of THE MUNICIPAL AUTHORITY OF THE TOWNSHIP OF SOUTH FAYETTE, located in Allegheny County, Pennsylvania, and that they as such Chairman and Secretary, respectively, of said corporation, being duly authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by themselves as Chairman and Secretary, respectively.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.


Notary Public

(N.P. SEAL)

My Commission Expires:

NOTARIAL SEAL
JOSEPH R. BABISH, NOTARY PUBLIC
SOUTH FAYETTE TWP. ALLEGHENY COUNTY
MY COMMISSION EXPIRES APRIL 14, 1991
Member, Pennsylvania Association of Notaries

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTIES OF ~~ALLEGHENY AND~~ WASHINGTON)

On this 10th day of September, 1990, before me, the undersigned officer, personally appeared MARILOU RITCHIE, LYMAN L. BELLAIRE and GLORIA STROOP, who acknowledged themselves to be the President of Borough Council, the Mayor, and the Borough Secretary, respectively, of the BOROUGH OF McDONALD, located in Allegheny and Washington Counties, Pennsylvania, and that they as such President of Borough Council, Mayor, and the Borough Secretary, respectively, being duly authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said Borough by themselves as President of Borough Council, Mayor and Borough Secretary, respectively.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Helen R. Engel
Notary Public

(N.P. SEAL)

My Commission Expires:

Notarial Seal
Helen R. Engel, Notary Public
Washington, Westmoreland County
My Commission Expires May 12, 1991

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTIES OF ALLEGHENY AND WASHINGTON)

On this 16th day of July, 1990, before me, the undersigned officer, personally appeared Daniel Rich and Arno Bechetti, who acknowledged themselves to be the _____ Chairman and the _____ Secretary, respectively, of the McDONALD SEWAGE AUTHORITY, located in Allegheny and Washington Counties, Pennsylvania, and that they as such _____ Chairman and _____ Secretary, respectively, being duly authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of said corporation by themselves as _____ Chairman and _____ Secretary, respectively.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Helen A Engel
Notary Public



(N.P. SEAL)

My Commission Expires:

Notarial Seal
Helen R. Engel, Notary Public
Washington, Washington County
My Commission Expires May 12, 1991

APPENDIX C

Example Correction Action Plan

CORRECTIVE ACTION AGREEMENT

THIS CORRECTIVE ACTION AGREEMENT (this "Agreement"), dated as of 9/25, 1997 by and between ALLEGHENY COUNTY SANITARY AUTHORITY ("ALCOSAN"), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania and THE MUNICIPAL AUTHORITY OF THE TOWNSHIP OF SOUTH FAYETTE ("South Fayette"), a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania.

WHEREAS, ALCOSAN owns and operates a sewage conveyance and treatment system (the "ALCOSAN System"); and

WHEREAS, South Fayette owns and operates a sewage collection and conveyance system (the "South Fayette System") serving customers located in the South Fayette Township, Allegheny County, Pennsylvania; and

WHEREAS, ALCOSAN and South Fayette are parties to an Agreement, dated as of September 12, 1983 (the "Service Agreement") among ALCOSAN, City of Pittsburgh, South Fayette Township and South Fayette providing for, among other things, the discharge of sewage from the South Fayette System into the ALCOSAN System for treatment and disposal; and

WHEREAS, the average daily flow of sewage discharged from the South Fayette System into the ALCOSAN System has exceeded and continues to exceed the excess infiltration and inflow discharge limit set forth in the Service Agreement; and

WHEREAS, the inordinate volume of discharge from the South Fayette System into the ALCOSAN System is due to excessive infiltration and inflow into the South Fayette System; and

WHEREAS, in accordance with the provisions of the Service Agreement and ALCOSAN's schedule of rates and charges, ALCOSAN imposes a surcharge for all excessive discharges from the South Fayette System into the ALCOSAN System; and

WHEREAS, South Fayette is willing to (i) undertake a comprehensive study of the South Fayette System to determine the causes and sources of excessive infiltration and inflow and (ii) take appropriate corrective action to eliminate excessive infiltration and inflow from the South Fayette System and excessive sewage flows into the ALCOSAN System; and

WHEREAS, to assist South Fayette with its undertaking to eliminate excessive infiltration and inflow, ALCOSAN is willing to provide for the account of South Fayette during the Remedial Period (as such term is hereinafter defined) credits against the treatment charges incurred by South Fayette for excessive discharges into the ALCOSAN System (the "Surcharge Debt") for costs incurred and paid by South Fayette for the reduction of infiltration and inflow into the South Fayette System;

NOW, THEREFORE, the parties hereto, each intending to be legally bound hereby, covenant and agree as follows:

Section 1. INFILTRATION AND INFLOW STUDY AND REPORT.

(a) South Fayette will authorize and cause KLH Engineers, Inc., South Fayette's Consulting Engineer (the "Consulting Engineer") to (i) undertake and complete a comprehensive investigation and study of the causes and sources of infiltration and inflow into the South Fayette System and (ii) prepare a written report (the "I & I Report") of the infiltration and inflow study.

(b) The I & I Report will be completed as soon as practicable, but in any event, not later than December 31, 1997, and will set forth in reasonable detail the findings, conclusions and recommendations of the

11/17/97

Consulting Engineer for the elimination of excessive infiltration and inflow from the South Fayette System and shall include the following:

- (i) the sources and causes of infiltration into the South Fayette System;
 - (ii) a description in reasonable detail of the work required to eliminate excessive infiltration and inflow and the estimated cost of each segment or type of work; and
 - (iii) a recommended schedule for the rehabilitation of the South Fayette System, including, but not limited to, dates for the advertising for competitive bids, the award of construction and other required contracts and the estimated date of the completion of the work.
- (c) South Fayette will provide to ALCOSAN four copies of the I & I Report promptly after the same is completed by the Consulting Engineer and delivered to South Fayette.
- (d) At ALCOSAN's request, South Fayette will cause the Consulting Engineer to provide to ALCOSAN such information and data used or compiled in connection with the preparation of the I & I Report as ALCOSAN may request and will have representatives of the Consulting Engineer available to meet and discuss the I & I Report with ALCOSAN.
- (e) South Fayette may submit to ALCOSAN as South Fayette's I&I Report one or more prior studies of the South Fayette System prepared by a qualified professional engineer, appropriately updated and containing the information set forth in paragraph (b) of this Section 2.

Section 2. CORRECTIVE ACTION PLAN.

- (a) Within 90 days after its receipt of the I&I Report, ALCOSAN will advise South Fayette in writing as to whether or not the scope of the remedial work and the schedule for the commencement and completion of the remedial work are acceptable to ALCOSAN.
- (b) If a dispute arises between ALCOSAN and South Fayette regarding the scope of the remedial work or the schedule for the commencement and completion of the remedial work, the parties will negotiate in good faith to develop a mutually acceptable corrective action plan.
- (c) The scope and detail of the remedial work to the South Fayette System and the schedule for the commencement and completion of such work which are approved in writing by South Fayette and ALCOSAN shall constitute a "Corrective Action Plan".
- (d) After ALCOSAN and South Fayette have agreed upon the Corrective Action Plan, South Fayette will proceed with due diligence to implement the Corrective Action Plan and cause all work to be completed in accordance with the schedule set forth in the Corrective Action Plan. ALCOSAN and South Fayette agree that time shall be of the essence with respect to all dates in the Corrective Action Plan for the commencement and completion of work or segments thereof.

Section 3. SUSPENSION OF OBLIGATION TO PAY SURCHARGE DEBT. For and during the Remedial Period, ALCOSAN will suspend South Fayette's obligation to pay the Surcharge Debt. The term "Remedial Period" is herein defined to mean the period beginning on June 1, 1996 and ending on the earlier of (i) the date of the completion of all work specified under the Corrective Action Plan or (ii) the date on which ALCOSAN delivers to South Fayette notice that an Event of Default (as such term is hereinafter defined) has occurred and is continuing.

Section 4. SURCHARGE DEBT CREDITS.

(a) There shall be credited against the Surcharge Debt, dollar for dollar, ("Surcharge Debt Credits") all Eligible Costs incurred and paid by South Fayette for the development, implementation and completion of the Corrective Action Plan. As used herein, "Eligible Costs" shall mean, with respect to the Corrective Action Plan and work performed thereunder, all costs properly chargeable thereto in accordance with generally accepted accounting principles and shall include, without limitation, all engineering and inspection fees, fees and costs of financial, legal, professional and other services, obligations incurred for labor and to contractors and materialmen, costs of acquiring any real or personal property, costs of contract bonds and insurance, surveys, estimates, plans and specifications and investigations and supervision of construction. Costs of ordinary maintenance and repair of the South Fayette System will not qualify as Eligible Costs.

(b) South Fayette will apply for and be entitled to receive Surcharge Debt Credits only upon the delivery to ALCOSAN Eligible Cost Certificates in the form of Appendix A hereto duly executed by an authorized officer of South Fayette or its Manager.

(c) ALCOSAN will provide to South Fayette periodic reports setting forth the amount of the Surcharge Debt and the amount of all Surcharge Debt Credits approved by ALCOSAN.

Section 5. EVENTS OF DEFAULT.

(a) "Default" or "Event of Default" is herein defined to mean any failure by South Fayette to observe and perform any covenant, condition or agreement on its part to be observed or performed if such failure or breach continues for a period of 30 days after written notice thereof shall have been given to South Fayette by ALCOSAN, unless ALCOSAN shall agree in writing to an extension of such time prior to its expiration.

(b) Whenever a Default or Event of Default occurs and is continuing, ALCOSAN shall have the right to discontinue its suspension of South Fayette's obligation to pay all accrued Surcharge Debt and may take whatever action at law or in equity may appear necessary or desirable to collect the Surcharge Debt and to enforce performance and observance of any obligation, agreement or covenant of South Fayette under this Agreement or the Service Agreement.

Section 6. NOTICES. Notices, documents, information and legal process to be delivered to or served upon any party hereto shall be deemed to have been duly delivered or served when delivered in written form by hand or a recognized overnight delivery service or three days after posting by registered mail or certified mail with return receipt requested, to the applicable parties hereto as follows:

If to ALCOSAN: Allegheny County Sanitary Authority
3300 Preble Avenue
Pittsburgh, PA 15233-1092
Attention: Executive Director

If to South Fayette: The Municipal Authority of
the Township of South Fayette
P.O. Box 171
Morgan, PA 15064
Attention: Chairman

Section 7. ENTIRE AGREEMENT. This Agreement embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter of this Agreement.

Section 8. AMENDMENT. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally. Any such change, waiver, discharge or termination may be effected only by

an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

Section 9. GOVERNING LAW; SEVERABILITY. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, except to the extent certain matters may be governed as a matter of law by federal law. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision were not contained herein.

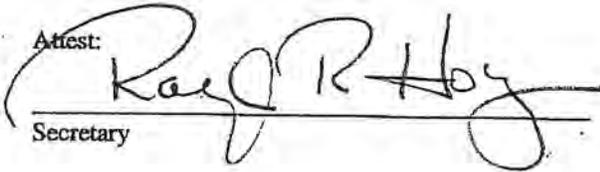
Section 10. WAIVER. No delay or omission to exercise any right, power or remedy accruing to any party upon any breach or default under this Agreement shall impair any such right, power or remedy of such party, nor shall it be a waiver of such breach or default, or an acquiescence therein, or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement, or any waiver of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent in such writing specifically set forth. All rights and remedies, either under this Agreement or by law or otherwise afforded to a party, shall be cumulative.

Section 11. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute one and the same instrument, and in making proof hereof, it shall not be necessary to produce or account for more than one such executed counterpart.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and their respective corporate seals to be thereto affixed and attested as of the date first above written.

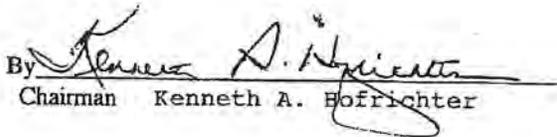
[Seal]

ALLEGHENY COUNTY SANITARY
AUTHORITY

Attest:

Secretary

By: 
Chairman

THE MUNICIPAL AUTHORITY OF THE
TOWNSHIP OF SOUTH FAYETTE

By: 
Chairman Kenneth A. Hofrichter

[Seal]

Attest:


Asst. Secretary Charles L. Rothermel

**THE MUNICIPAL AUTHORITY OF THE
TOWNSHIP OF SOUTH FAYETTE**

Eligible Cost Certificate No. _____ Under Corrective
Action Agreement Dated as of _____, 1997 with
Allegheny County Sanitary Authority

To: Allegheny County Sanitary Authority
3300 Preble Avenue
Pittsburgh, PA 15233-1092
Attention: _____

Pursuant to Section 4(b) of the above-referenced Corrective Action Agreement (the "Agreement"),
you are requested to approve Surcharge Debt Credits in the amounts and for the work described below:

<u>Item No.</u>	<u>Amount</u>	<u>Name of Contractor or Vendor</u>	<u>Description of Eligible Cost</u>
	\$		

In connection with the foregoing, we hereby certify that:

1. Each of the above-stated amounts has been incurred by The Municipal Authority of the Township of South Fayette, is an Eligible Cost and has been heretofore paid by the Authority.
2. No part of any of the above items has been included in any previous Eligible Cost Certificate under the Agreement.

Terms used in this Eligible Cost Certificate which are defined in the Agreement are herein used as therein defined.

THE MUNICIPAL AUTHORITY OF THE
TOWNSHIP OF SOUTH FAYETTE

By: _____

Title: _____

APPENDIX D

Obligations of a Joint Authority

APPENDIX D

Jointing Authority

- I. *Resolution of intent.* Both the joining municipality and the authority must, through resolution or ordinance, express its intent to join/accept the new member-municipality. 53 Pa.C.S. § 5604 (c).
- II. *Publication.* After resolution has been adopted, it must be published in the legal periodical for Allegheny County (and Maybe even Washington County). 53 Pa.C.S. § 5604 (c).
- III. *Application.* Prior to publication, the authorities and municipalities must file an application with the Commonwealth Secretary. 53 Pa.C.S. § 5604 (d). Needs to contain the same information as a general incorporation. *Id.*
- IV. *Secretary Certification.* Secretary shall approve and certify the new authority by issuing a certificate of joinder. 53 Pa.C.S. § 5604 (e).
- V. *Amending AOI.* Amendment must be proposed by the board and submitted for approval by the respective municipalities. 53 Pa.C.S. § 5605 (b).
- VI. *Executing Amended AOI.* Must be executed by the board, verified by two officers, setting forth certain things 53 Pa.C.S. § 5605 (c) (10-4).
- VII. *Advertising Amended AOI.* Must advertise intent to amend as set forth in incorporation; must appear 3 days prior to the day that the AOI are to be presented.
- VIII. *Filing Amended AOI.* Must file the Amended AOI and the proof of advertisement with the Commonwealth Secretary. 53 Pa.C.S. § 5605 (e).

New Authority

- I. *Resolution of intent.* Must first have a public hearing 30 days prior to enacting resolution of intent. 53 Pa.C.S. § 5603 (a).
- II. *Publication.* After resolution has been adopted, it must be published in the legal periodical for Allegheny County (and Maybe even Washington County). 53 Pa.C.S. § 5603 (b).
- III. *Articles of Incorporation.* After resolution and notice has been completed, AOI must be submitted to the Secretary of the Commonwealth, with proof of the notice in (2). 53 Pa.C.S. § 5603 (c).
- IV. *Execution.* After the AOI have been accepted, the duly appointed board shall enact the AOI. 53 Pa.C.S. § 5603 (d).
- V. *Secretary Certification.* The Secretary of the Commonwealth must certify that the AOI are conforming. 53 Pa.C.S. § 5603 (e).
- VI. *Officer Certification.* The secretary of the new Authority shall certify to the Commonwealth Secretary as to the officers and principal location of the new Authority. 53 Pa.C.S. § 5603 (f).

APPENDIX E

Oakdale Letter to ALCOSAN



Oakdale Borough

6115 Noblestown Road, Oakdale, PA 15071

Office: (724) 693-9740

Fax: (724) 693-0100

January 13, 2009

Mr. Harry Readshaw
Chairman, Board of Directors
Alcosan
3300 Preble Ave
Pittsburgh, PA 15233



Re: Robinson Run Sewer Interceptor Ownership

Dear Mr. Readshaw:

I will appreciate your consideration of the following.

As a result of the consent orders issued to ALCOSAN and the Municipalities serviced by ALCOSAN, there are many changes ahead of us. This is also an opportunity to evaluate changes to the regional sewer conveyance systems that might not otherwise be available. Specifically, we have the opportunity to evaluate the change in ownership of the Robinson Run Interceptor.

After our recent meeting with Alcosan's Chartiers Basin Planning Consultant, we recommended that Alcosan consider taking ownership of the Robinson Run Sewer Interceptor that runs from McDonald, PA to its connection into the Alcosan Interceptor in Carnegie. This would be a win-win situation for both Alcosan and the Municipalities that currently operate this interceptor (Oakdale, McDonald, North Fayette and South Fayette).

Although the topic needs further discussion, we have summarized a few advantages for changing ownership to Alcosan.

Alcosan's Benefits:

Increased capacity of the Alcosan Interceptor System – the gravity sewer portion of the system approximately 37,000 feet with most of this length being 24" diameter reinforced concrete pipe. The force main portion of the system consists of 9,300 feet of 18" ductile iron pipe fed by a pump station capable of a maximum flow rate of 8/2 MGD. The interceptor was placed into operation in 1990. This system is an asset to the current Alcosan infrastructure.

Consistency – Alcosan currently operates multiple interceptors similar to this one. There are no lateral taps into this line. There are only trunk line connections from the four (4) municipalities mentioned above. This is consistent with the other interceptor lines Alcosan owns and operates.

Ross Rohbeck, Mayor ■ Huck Gamble, Council President ■ Russ Campbell, Council Vice President ■
Keith Merlino, Council Member ■ Paul Hennemuth, Council Member ■ Tom Potts, Council Member

Regionalization – Having Alcosan own the interceptors flowing to their treatment system allows for a smooth transition of a regional authority to be responsible for the Alcosan conveyance system if desired. One entity owning the entire interceptor system is consistent with the future regional approaches that are being planned for the Alcosan service areas.

Municipal Benefits:

Removes the financial burden from the four (4) municipalities of operating the interceptor. Most other Alcosan customers are not required to operate an interceptor to send their sewage flow to Alcosan. Of course the savings to Oakdale would be significant since Oakdale is one of the smallest communities in the Alcosan system. Money saved could be better spent improving our sewer system.

We see many positive aspects of Alcosan owning the Robinson Run Interceptor and would like the opportunity to discuss them with you. We recommend a meeting with either the Chartiers Planning Basin Consultant, Alcosan staff or even with you directly.

If you have any questions, please contact Richard D. Minsterman, P.E. of The Gateway Engineers at 412-921-4030.

Very sincerely yours,



Huck Gamble, President
Oakdale Borough Council

FRG:kar

APPENDIX F

McDonald Sewage Authority
Corrective Action Plan

McDonald Sewage Authority
Allegheny and Washington Counties, Pennsylvania

Corrective Action Plan

October 19, 1998



CHESTER
ENGINEERS



McDonald Sewage Authority
Allegheny and Washington Counties, Pennsylvania

Corrective Action Plan

October 19, 1998

Prepared by: Mark A. Sember, P.E.

Approved by: Bruce A. Fletcher

Project No.: 3691-03



CHESTER
ENGINEERS

600 Clubhouse Drive · Moon Township, PA 15108
412-269-5700 · Fax 412-269-5749



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Figure 1	3

CORRECTIVE ACTION PLAN

BACKGROUND

The McDonald Sewage Authority's collection system consists of new sanitary only sewers and very old combined sewers located within the Borough of McDonald. In 1989, the Authority constructed new sanitary only sewers in the unsewered areas of the Borough of McDonald. In addition, they constructed an interceptor sewer connecting the combined sewers and the new sanitary only sewers. Also, a trunk sewer was constructed outside of McDonald, following Robinson Run, through North and South Fayette and Oakdale, and connecting to the Allegheny County Sanitary Authority's (ALCOSAN's) conveyance and treatment system at Gregg Station in Collier Township. Within McDonald, there were 22 diversion structures constructed on the combined sewers prior to these sewers connecting to the new interceptor sewer. The diversion structures are designed to permit only 3.5 times the average daily dry weather flow to enter the interceptor sewer. Exhibit 1 shows McDonald Sewage Authority's collection and interceptor sewer system.

CONDITION OF EXISTING SEWERS

A large portion of the combined sewers located in the Borough of McDonald are very shallow, less than three feet deep. The infiltration associated with leaky joints and broken pipe is minimal. Very few manholes exist and are therefore not a major source of infiltration. The major source of excess flow results from the nature of combined sewers. These sources are: precipitation, building foundation drains, and creek backwater effects. In order to reduce the amount of excess flow conveyed to ALCOSAN, the Authority decided to study the feasibility of completely separating the combined sewers.

1992 COMBINED SEWER SEPARATION PROJECT FEASIBILITY STUDY

In 1992, the Authority chose to study the feasibility of constructing new sanitary only sewers in the combined sewer areas as a means to reduce and, hopefully, eliminate the excess surcharge fees paid to ALCOSAN. The theory was to construct not only new public sanitary sewers but to force each customer to construct a new private service lateral to the new sewer. The old combined sewer would serve as both a storm collector and conveyor of surface and groundwater from private sources via old laterals. When a new sanitary only sewer is installed, the Authority constructs service laterals to the property line with the customer constructing a new private service lateral from their home or business to their property line.

The 1992 study identified eighteen subbasins and prioritized separation based on three criteria: (1) the degree of adverse public impact existing sewers were creating, (2) the degree of probability the stream waters rise above the diversion weirs and enter the collection system, and (3) the estimated project cost to eliminate a diversion structure. Table 1 and Figure 1 identify the eighteen subbasins, its associated construction cost, the diversion structures to be eliminated, and the priority established in the 1992 report.

Table 1
Combined Sewer Separation Study
Eighteen Subbasin Summary

Subbasin No.	Diversion Structures to be Eliminated	Total Project Cost	1992 Priority
1	B-2 and B-3 and portion of A-1	\$1,050,400	14
2	B-5 and portion of A-1	319,800	10
3	B-4 and portion of A-1	84,500	9
4	B-11 and portion of A-2	395,200	4
5	B-13 and portion of A-2	122,200	3
6	B-14 and portion of A-2	89,700	2
7	B17 and B-18 and portion of A-2	396,500	11
8	B-16 and portion of A-2	26,000	5
9	B-15 and portion of A-2	13,000	1
10	B-12 and portion of A-2	68,900	6
11	None	323,700	6
12	None	230,100	17
13	None	110,500	15
14	None	253,500	18
15	B-8 and portion of A-4	222,300	8
16	B-9 and portion of A-4	891,800	13
17	B-6 and portion of A-3	179,400	12
18	B-7 and portion of A-3	322,400	16
Total		\$5,099,900	

ELIGIBLE SEPARATION PROJECTS

The Authority began implementing the 1992 report in 1995 by separating a portion of the combined sewers in Subbasin No. 11. This contract consisted of constructing approximately 675 feet of 8-inch diameter sanitary only sewers along Barr Street and South McDonald Street. The contract was awarded to John Mancini Construction in the amount of \$68,053. The contractor was paid a total of \$70,546. His first and only pay request was approved for payment at the Authority's July 1996 meeting. In 1996, the Authority also awarded a contract to Golden Triangle Construction for the installation of new sanitary only sewers to complete the remaining portion of Subbasin No. 11, Subbasin No. 10, and a portion of Subbasin No. 12. This contract consisted of installing approximately 4,400 feet of sanitary only sewers along North McDonald, School Street, and North Street. The original contract price was \$418,819.50. During construction, the

**McDONALD SEWAGE AUTHORITY
COMBINED SEWER SEPARATION PRIORITIZATION PROJECT
ESTIMATED TOTAL PROJECT COST**

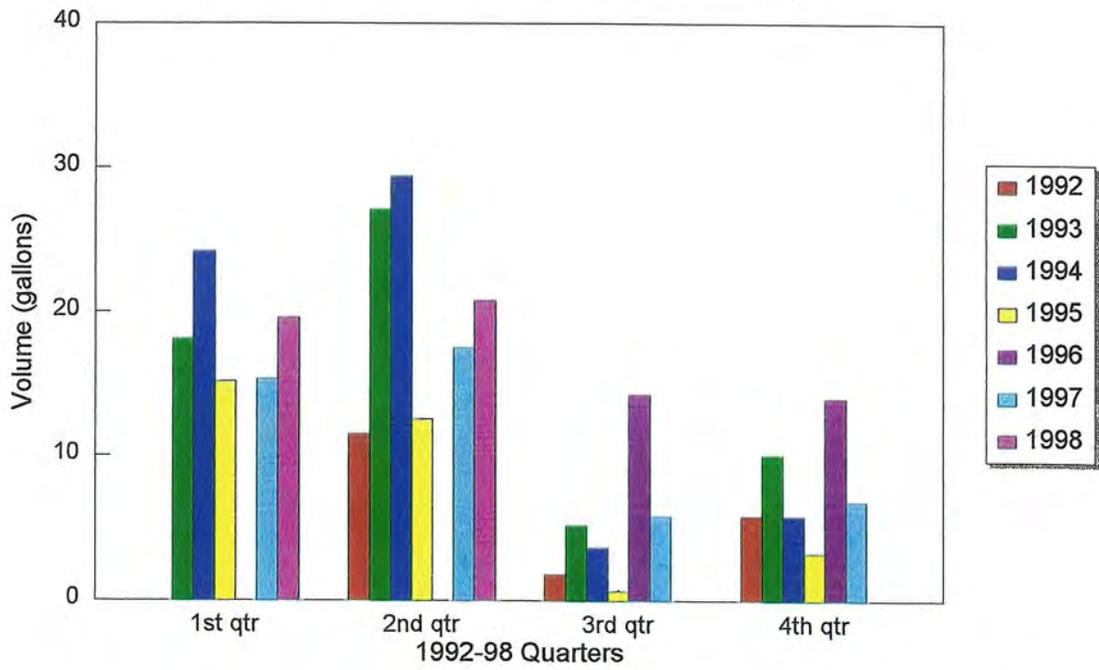
SUBBASIN NO.	DIVERSION NO.	STREET NAME	LENGTH	SIZE (IN)	COST PER FOOT	CONSTR. COST	CONTING. COST (15%)	ENG. & LEG. COST (15%)	TOTAL COST
1	B-2 & B-3	MILLER	1370	8	100	\$137,000			
		SHORT	100	8	100	\$10,000			
		LIBERTY	200	8	100	\$20,000			
		COAL	680	8	100	\$68,000			
		QUEEN	650	8	100	\$65,000			
		LIBERTY	310	8	100	\$31,000			
		CHERRY	530	8	100	\$53,000			
		HILL	100	8	100	\$10,000			
		ROARK	480	8	100	\$48,000			
		FAIRMONT	460	8	100	\$46,000			
		BELOW FAIRMONT	150	8	100	\$15,000			
		BUDASH PROP	190	8	100	\$19,000			
		BELGIUM CLUB	480	8	100	\$48,000			
		SUMMIT	350	8	100	\$35,000			
		POPLAR	180	8	100	\$18,000			
		KAY	440	8	100	\$44,000			
		MAGNOLIA	420	8	100	\$42,000			
EAST LINCOLN	690	8	100	\$69,000					
BARR	300	8	100	\$30,000					
	TOTAL		8080	8	100	\$808,000	\$121,200	\$121,200	\$1,050,400
2	B-5	CENTER	1240	8	100	\$124,000			
		BARR	450	8	100	\$45,000			
		EAST LINCOLN	220	8	100	\$22,000			
		SARAH	190	8	100	\$19,000			
		ADA	190	8	100	\$19,000			
		COAL	170	8	100	\$17,000			
	TOTAL		2460			\$246,000	\$36,900	\$36,900	\$319,800
3	B-4	CHESTNUT	270	8	100	\$27,000			
		BARR	380	8	100	\$38,000			
		TOTAL	650			\$65,000	\$9,750	\$9,750	\$84,500
4	B-11	FANNIE	2210	8	100	\$221,000			
		EAST LINCOLN	360	8	100	\$36,000			
		ADA	120	8	100	\$12,000			
		COAL	120	8	100	\$12,000			
		LIBERTY	230	8	100	\$23,000			
	TOTAL		3040			\$304,000	\$45,600	\$45,600	\$395,200
5	B-13	ARABELLA	900	8	100	\$90,000			
		COAL	40	8	100	\$4,000			
	TOTAL		940			\$94,000	\$14,100	\$14,100	\$122,200
6	B-14	SCHOOL	690	8	100	\$69,000	\$10,350	\$10,350	\$89,700
7	B-17 & 18	NORTH McDONALD	1080	8	100	\$108,000			
		TERRACE	310	8	100	\$31,000			
		BLUFF	430	8	100	\$43,000			
		LIBERTY	430	8	100	\$43,000			
		VALLEY	800	8	100	\$80,000			
	TOTAL		3050			\$305,000	\$45,750	\$45,750	\$396,500
8	B-16	WASHINGTON	200	8	100	\$20,000	\$3,000	\$3,000	\$26,000

**McDONALD SEWAGE AUTHORITY
COMBINED SEWER SEPARATION PRIORITIZATION PROJECT
ESTIMATED TOTAL PROJECT COST**

SUBBASIN NO.	DIVERSION NO.	STREET NAME	LENGTH	SIZE (IN)	COST PER FOOT	CONSTR. COST	CONTING. COST (15%)	ENG. & LEG. COST (15%)	TOTAL COST
9	B-15	MUNICIPAL BLDG	100	8	100	\$10,000	\$1,500	\$1,500	\$13,000
10	B-12	EAST LINCOLN SCHOOL	300 230	8 8	100 100	\$30,000 \$23,000			
	TOTAL		530			\$53,000	\$7,950	\$7,950	\$68,900
11	NONE	SOUTH MCDONALD NORTH WASHINGTON ALLEY GRANT WEST LINCOLN BARR	250 590 220 400 310 290 430	8 8 8 8 8 8 8	100 100 100 100 100 100 100	\$25,000 \$59,000 \$22,000 \$40,000 \$31,000 \$29,000 \$43,000			
	TOTAL		2490			\$249,000	\$37,350	\$37,350	\$323,700
12	NONE	NORTH JEFFERSON ALLEY	990 180 600	8 8 8	100 100 100	\$99,000 \$18,000 \$60,000			
	TOTAL		1770			\$177,000	\$26,550	\$26,550	\$230,100
13	NONE	SOUTH MCDONALD BARR O'HARA	310 270 270	8 8 8	100 100 100	\$31,000 \$27,000 \$27,000			
	TOTAL		850			\$85,000	\$12,750	\$12,750	\$110,500
14	NONE	STATION	1950	8	100	\$195,000	\$29,250	\$29,250	\$253,500
15	B-8	THIRD WEST LINCOLN ALLEY	1070 480 160	8 8 8	100 100 100	\$107,000 \$48,000 \$16,000			
	TOTAL		1710			\$171,000	\$25,650	\$25,650	\$222,300
16	B-9	FOURTH ALLEY JEFFERSON THIRD WASHINGTON ALLEY GRANT FIFTH	1970 1230 310 730 490 340 580 1210	8 8 8 8 8 8 8 8	100 100 100 100 100 100 100 100	\$197,000 \$123,000 \$31,000 \$73,000 \$49,000 \$34,000 \$58,000 \$121,000			
	TOTAL		6860			\$686,000	\$102,900	\$102,900	\$891,800
17	B-6	RAILROAD ALLEY PRIVATE	470 750 160	8 8 8	100 100 100	\$47,000 \$75,000 \$16,000			
	TOTAL		1380			\$138,000	\$20,700	\$20,700	\$179,400
18	B-7	ROUTE 980 ROOSEVELT JOHNSON	650 370 1460	12 8 8	100 100 100	\$65,000 \$37,000 \$146,000			
	TOTAL		2480			\$248,000	\$37,200	\$37,200	\$322,400
	GRAND TOTAL		35,270			\$3,913,000	\$586,950	\$586,950	\$5,099,900
	WORK REMAINING		30,480			\$3,434,000	\$515,100	\$515,100	\$4,477,200

McDonald Sewage Authority

Quarterly Volume of Excess Flow

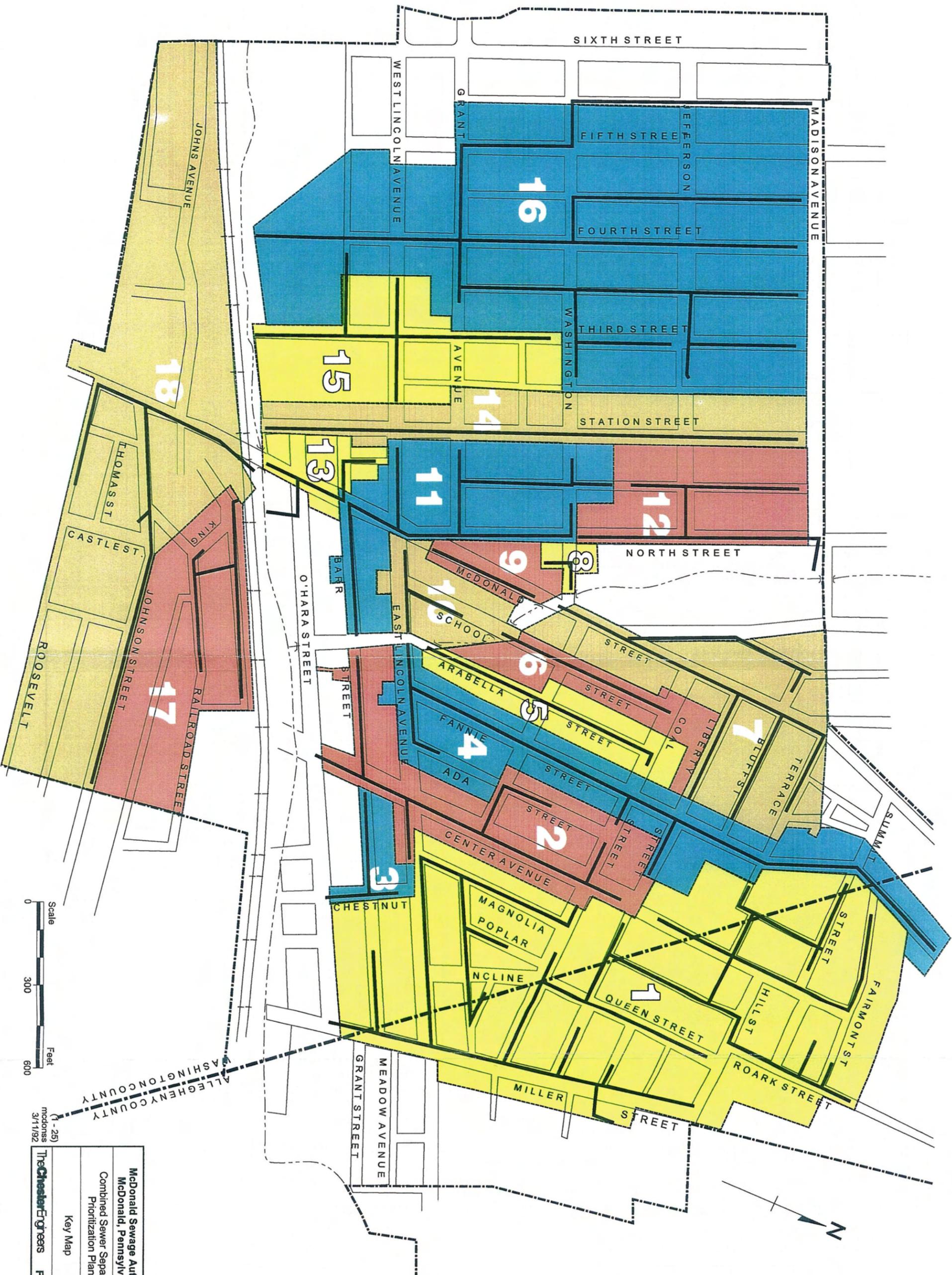


**MCDONALD SEWAGE AUTHORITY
COMBINED SEWER SEPARATION PRIORITIZATION PROJECT
ESTIMATED TOTAL PROJECT COST**

SUBBASIN NO.	DIVERSION NO.	STREET NAME	LENGTH	SIZE (IN)	COST PER FOOT	CONSTR. COST	CONTING. COST (15%)	ENG. & LEG. COST (15%)	TOTAL COST
1	B-2 & B-3	MILLER	1370	8	100	\$137,000			
		SHORT	100	8	100	\$10,000			
		LIBERTY	200	8	100	\$20,000			
		COAL	680	8	100	\$68,000			
		QUEEN	650	8	100	\$65,000			
		LIBERTY	310	8	100	\$31,000			
		CHERRY	530	8	100	\$53,000			
		HILL	100	8	100	\$10,000			
		ROARK	480	8	100	\$48,000			
		FAIRMONT	460	8	100	\$46,000			
		BELOW FAIRMONT	150	8	100	\$15,000			
		BUDASH PROP.	190	8	100	\$19,000			
		BELGIUM CLUB	480	8	100	\$48,000			
		SUMMIT	350	8	100	\$35,000			
		POPLAR	180	8	100	\$18,000			
		KAY	440	8	100	\$44,000			
		MAGNOLIA	420	8	100	\$42,000			
EAST LINCOLN	690	8	100	\$69,000					
BARR	300	8	100	\$30,000					
	TOTAL		8080	8	100	\$808,000	\$121,200	\$121,200	\$1,050,400
2	B-5	CENTER	1240	8	100	\$124,000			
		BARR	450	8	100	\$45,000			
		EAST LINCOLN	220	8	100	\$22,000			
		SARAH	190	8	100	\$19,000			
		ADA	190	8	100	\$19,000			
		COAL	170	8	100	\$17,000			
	TOTAL		2460			\$246,000	\$36,900	\$36,900	\$319,800
3	B-4	CHESTNUT	270	8	100	\$27,000			
		BARR	380	8	100	\$38,000			
		TOTAL	650			\$65,000	\$9,750	\$9,750	\$84,500
4	B-11	FANNIE	2210	8	100	\$221,000			
		EAST LINCOLN	360	8	100	\$36,000			
		ADA	120	8	100	\$12,000			
		COAL	120	8	100	\$12,000			
		LIBERTY	230	8	100	\$23,000			
		TOTAL	3040			\$304,000	\$45,600	\$45,600	\$395,200
5	B-13	ARABELLA	900	8	100	\$90,000			
		COAL	40	8	100	\$4,000			
		TOTAL	940			\$94,000	\$14,100	\$14,100	\$122,200
6	B-14	SCHOOL	690	8	100	\$69,000	\$10,350	\$10,350	\$89,700
7	B-17 & 18	NORTH MCDONALD	1080	8	100	\$108,000			
		TERRACE	310	8	100	\$31,000			
		BLUFF	430	8	100	\$43,000			
		LIBERTY	430	8	100	\$43,000			
		VALLEY	800	8	100	\$80,000			
		TOTAL	3050			\$305,000	\$45,750	\$45,750	\$396,500
8	B-16	WASHINGTON	200	8	100	\$20,000	\$3,000	\$3,000	\$26,000

**MCDONALD SEWAGE AUTHORITY
COMBINED SEWER SEPARATION PRIORITIZATION PROJECT
ESTIMATED TOTAL PROJECT COST**

SUBBASIN NO.	DIVERSION NO.	STREET NAME	LENGTH	SIZE (IN)	COST PER FOOT	CONSTR. COST	CONTING. COST (15%)	ENG. & LEG. COST (15%)	TOTAL COST
9	B-15	MUNICIPAL BLDG	100	8	100	\$10,000	\$1,500	\$1,500	\$13,000
<i>Complete</i>	B-12	EAST LINCOLN	300	8	100	\$30,000			
		SCHOOL	230	8	100	\$23,000			
	TOTAL		530			\$53,000	\$7,950	\$7,950	\$68,900
<i>Complete</i>	NONE	SOUTH MCDONALD	250	8	100	\$25,000			
		NORTH WASHINGTON	590	8	100	\$59,000			
		ALLEY	220	8	100	\$22,000			
		GRANT	400	8	100	\$40,000			
		WEST LINCOLN	310	8	100	\$31,000			
		BARR	290	8	100	\$29,000			
			430	8	100	\$43,000			
TOTAL		2490			\$249,000	\$37,350	\$37,350	\$323,700	
<i>Complete</i>	NONE	NORTH JEFFERSON	990	8	100	\$99,000			
		ALLEY	180	8	100	\$18,000			
			600	8	100	\$60,000			
TOTAL		1770			\$177,000	\$26,550	\$26,550	\$230,100	
13	NONE	SOUTH MCDONALD	310	8	100	\$31,000			
		BARR	270	8	100	\$27,000			
		O'HARA	270	8	100	\$27,000			
TOTAL		850			\$85,000	\$12,750	\$12,750	\$110,500	
14	NONE	STATION	1950	8	100	\$195,000	\$29,250	\$29,250	\$253,500
15	B-8	THIRD	1070	8	100	\$107,000			
		WEST LINCOLN	480	8	100	\$48,000			
		ALLEY	160	8	100	\$16,000			
TOTAL		1710			\$171,000	\$25,650	\$25,650	\$222,300	
16	B-9	FOURTH	1970	8	100	\$197,000			
		ALLEY	1230	8	100	\$123,000			
		JEFFERSON	310	8	100	\$31,000			
		THIRD	730	8	100	\$73,000			
		WASHINGTON	490	8	100	\$49,000			
		ALLEY	340	8	100	\$34,000			
		GRANT	580	8	100	\$58,000			
		FIFTH	1210	8	100	\$121,000			
		TOTAL		6860			\$686,000	\$102,900	\$102,900
17	B-6	RAILROAD	470	8	100	\$47,000			
		ALLEY	750	8	100	\$75,000			
		PRIVATE	160	8	100	\$16,000			
TOTAL		1380			\$138,000	\$20,700	\$20,700	\$179,400	
18	B-7	ROUTE 980	650	12	100	\$65,000			
		ROOSEVELT	370	8	100	\$37,000			
		JOHNSON	1460	8	100	\$146,000			
TOTAL		2480			\$248,000	\$37,200	\$37,200	\$322,400	
GRAND TOTAL			35,270			\$3,913,000	\$586,950	\$586,950	\$5,099,900
WORK REMAINING			30,480			\$3,434,000	\$515,100	\$515,100	\$4,472,200



(1-25)
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The Chester Engineers Figure 1

McDonald Sewerage Authority McDonald, Pennsylvania Combined Sewer Separation Prioritization Plan
Key Map

ALLEGHENY COUNTY
WASHINGTON COUNTY

Authority decided to add the remaining portion of Subbasin No. 12 to the contract. The final construction cost for this project was \$450,735.91. In order to complete this project, the Authority borrowed \$150,000, to be paid within three years.

ELIGIBLE SURCHARGE DEBT CREDITS

Since the Authority was active in eliminating excess infiltration and inflow (I/I) well before the Corrective Action Agreement with ALCOSAN, eligible Surcharge Debt Credits exist. Table 2 identifies the surcharge debt and summarizes the eligible surcharge debt credits from June 1, 1996 through May 31, 1998.

**Table 2
Surcharge Debt and Debt Credits
June 1, 1996 through May 31, 1998**

Billing Cycle	ALCOSAN		McDonald
	Billing Period	Surcharge Debt	Surcharge Debt Credits
149	June through August 1996	\$16,485	\$92,587
150	September through November 1996	16,454	188,940
151	December 1996 through February 1997	18,336	217,267
152	March through May 1997	21,184	4,953
153	June through August 1997	5,945	82,733
154	September through November 1997	7,517	282
155	December 1997 through February 1998	30,193	
156	March through May 1998	35,339	
	Total	\$151,453	\$586,762

Table 2 suggests that the McDonald Sewage Authority has over \$335,000 of Surcharge Debt Credits available. At present the Authority has no intention of immediately depleting their credits. In fiscal year 1998/99, the Authority has budgeted \$101,434 for ALCOSAN's excess I/I fees. In future years, this line item will be reduced to compensate for increased costs.

IMPLEMENTATION PLAN

In order to determine the available new construction money, the current budget must be analyzed. Table 3 represents the 1998/99 fiscal year expenditures and Table 4 represents the corresponding revenues.

Table 3
Fiscal Year 1998/99 Expenditures

Expenditure	1998/99 Budget
PENNVEST	\$153,319
Short-Term Loan	50,234
ALCOSAN User Fees	89,180
ALCOSAN Surcharge Debt	101,434
RRIS	14,574
Legal	3,500
Engineering	11,500
Secretarial	7,438
Sewer Maintenance	16,000
Audit	2,500
Insurance	2,200
Billing	13,500
Office	1,800
Dues and Miscellaneous	3,850
Water Termination	1,400
Total	\$472,429

Table 4
Fiscal Year 1998/99 Revenues

Revenues	1998/99 Budget
Billing collections	\$462,245
Penalties	6,400
Pennsylvania Water Fees	800
Tap-in Fees	2,688
Lien Collection	1,200
Interest	5,000
Miscellaneous	2,000
Lien Letters	310
Total	\$480,643

A careful review of Table 3 will indicate that \$203,553 is debt service. The balance, \$268,876 can be thought of as operating costs. Of the total operating costs, \$190,614 has been budgeted for the ALCOSAN costs, which include the surcharge debt. Unless ALCOSAN's fees increase, these costs are expected to decrease with I/I removal. The remaining \$78,262 are costs that will be expected to increase at a rate of 3 percent per year. The projected revenues are not expected to increase due to limited growth potential.

Using Tables 3 and 4 and making some assumptions, it is possible to determine the amount of cash on hand the Authority will have to implement the Separation Study. Table 5 subtracts the anticipated expenditures from the anticipated revenue to determine the cash on hand.

**Table 5
Sewer Separation Available Construction Money**

Year	ALCOSAN Surcharge Debt (+) ⁽¹⁾	Debt Service (-) ⁽²⁾	Debt Service Revenue (+) ⁽³⁾	Available Construction Revenue ⁽⁴⁾	Accumulative Revenue Total
1997/98	\$72,500	\$208,119	\$224,595	\$88,976	\$ 88,976
1998	101,434	208,119	224,595	117,910	206,886
1999	90,822	208,119	224,595	107,297	314,183
2000	88,403	153,319	224,595	159,679	473,862
2001	85,912	153,319	224,595	157,188	631,051
2002	83,347	153,319	224,595	154,623	785,673
2003	80,704	153,319	224,595	151,980	937,654
2004	77,983	153,319	224,595	149,259	1,086,912
2005	75,179	153,319	224,595	146,455	1,233,367
2006	72,291	153,319	224,595	143,567	1,376,935
2007	69,317	153,319	224,595	140,593	1,517,528
2008	66,254	153,319	224,595	137,530	1,655,058
2009	63,099	49,673	224,595	238,021	1,893,078
2010	59,849		224,595	284,444	2,177,522
2011	56,501		224,595	281,096	2,458,618
2012	53,053		224,595	277,648	2,736,266
2013	49,502		224,595	274,097	3,010,363
2014	45,844		224,595	270,439	3,280,802
2015	42,076		224,595	266,671	3,547,473
2016	38,196		224,595	262,791	3,810,264
2018	34,199		224,595	258,794	4,069,057
2019	30,082		224,595	254,677	4,323,734
2020	25,841		224,595	250,436	4,574,170
2021	21,473		224,595	246,068	4,820,238

(1) ALCOSAN surcharge debt for 1999 and beyond based on 51.191 mg of excess flow per year (\$1.82/1000 gallons) minus the 3 percent anticipated increase in some expenditures

(2) Debt Service based on PENNVEST and short term loan

(3) Debt Service Revenue based on 1085 customers at \$51.75 per quarter

In summary, Table 5 shows that the Authority's budget averages \$138,000 annually for new sewer construction through the year 2008. In 2009, the PENNVEST loan will be retired resulting in an increase of \$153,000 to be used for new sewer construction. Between 2009 and 2021, the annual average construction money available will be \$264,000.

Implementation of this Sewer Separation Study will be expedited because of this new agreement with ALCOSAN. Although the Authority is proactive in resolving the excess I/I situation, a rate increase to finance the construction is not anticipated in the near future. Their current rate structure of \$124.50 per quarter for 15,000 gallons of water is considerably higher than most communities in western Pennsylvania. However, based on Table 5 above, using ALCOSAN's Surcharge Debt account and the Debt Service Revenue, the Authority will be able to aggressively pursue the construction of sanitary only sewers in selected subbasins. In the year 2009, when the PENNVEST loan is retired, the Authority anticipates borrowing more money to construct new sewers in the remaining subbasins. Table 6 identifies the anticipated separation program.

Table 6
Sewer Separation Proposed Projects

Year	Subbasin	Total Project Costs
2000/01	2	\$319,800
2002/03	4	395,200
2004/05	3	84,500
2006/07	5,6,8	237,900
2008/09	7	396,500
2010/12	1,14,15,16	2,418,000
Beyond 2013	17, 18	501,800
Total		\$4,353,700

SUMMARY

The McDonald Sewage Authority will be able to expedite their plan to eliminate all combined sewers by constructing sanitary only sewers using ALCOSAN's Surcharge Debt Credit allowance. The Authority intends on maintaining a positive balance with regard to the Debt to Debt Credit ratio. The projected schedule in Table 6 identifies an aggressive and hopefully realistic time frame for accomplishing the work within 15 years.



ALLEGHENY COUNTY
WASHINGTON COUNTY

Scale
0 300 500
Feet

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McDonald Sewage Authority McDonald, Pennsylvania
Combined Sewer Separation Prioritization Plan
Key Map
TheChesterEngineers Figure 1