



## CAPABILITIES / BUSINESS & FINANCE

# Municipal Services

We provide experienced, strategic and proactive counsel to municipal clients seeking to form partnerships, renegotiate long-term agreements or fully monetize their existing infrastructure.

## OVERVIEW

*"We use our industry-leading knowledge, key relationships, and decades of regulatory and corporate experience to offer innovative legal guidance to clients who own large infrastructure."*

— Thomas S. Wyatt

Municipalities are facing greater environmental regulation and aging capital infrastructure, leading to increased capital and operating expenses. We specialize in counseling Pennsylvania municipal entities in effectively addressing their infrastructure challenges. Exploring alternatives and implementing programs to unlock value require highly experienced guidance. The Obermayer Municipal Services team specializes in counseling Pennsylvania municipal entities in effectively addressing their infrastructure challenges.

### Overview

Pennsylvania municipalities that own large-scale infrastructure, such as wastewater treatment plants or water systems, are increasingly finding themselves in a financial dilemma. Costs are escalating due to the need for capital improvement, increasing regulation, and unfunded mandates, while funding and revenue generation options are often severely restricted. Obermayer's Municipal Services practice provides experienced, strategic and proactive counsel to municipal clients seeking to form partnerships, renegotiate long-term agreements or fully monetize their existing infrastructure.

### Our Value

The Obermayer team brings to each engagement unmatched experience in the rapidly evolving field of implementing financial structures for realizing the full value of municipal infrastructure while ensuring residents get good service at an appropriate rate. Many municipalities are shackled by rate structures disconnected from the actual cost of service and/or the inability to keep up with the ever-increasing

regulatory and capital improvement needs of their systems. We are unique in both the depth of our knowledge, and our ability to develop and put in place innovative approaches.

We routinely collaborate effectively with the financial and engineering experts who are also instrumental in finding the right solutions. Common solutions include transferring assets to a capable, well-financed utility or authority, or raising debt and passing the expense on to users. There may also be ways to lower expenses by effectively partnering with a neighboring municipality in order to create economies of scale. Regardless of the alternative, we provide strategic, knowledgeable guidance in structuring and implementing a workable, effective program, as well as shepherding it through the legal and regulatory process to a satisfactory conclusion.

### Our Clients

Our Municipal Services clients are typically Pennsylvania governmental entities grappling with outdated, inefficient or overly costly financial structures for their infrastructure. We also assist municipal authorities seeking to grow and capture economies of scale. In the Commonwealth, there are approximately 1,500 second-class townships, 300 boroughs and thousands more municipal authorities. Hundreds of these entities are operating large infrastructure with an inability to realize economies of scale, operate efficiently, or charge financially appropriate rates. Many of these entities are also grappling with significantly increased pressure elsewhere on their balance sheets, such as underfunded pension plans, aging recreational facilities or other programs that require financial support. Realizing the full value of their infrastructure systems can help rebalance finances, deliver needed services, and help deliver services more efficiently.

### Our Focus

In advising clients considering a change in the financial structure in their municipal infrastructure, our emphasis is on being absolutely objective. As one of the most experienced Municipal Services teams in the Commonwealth, we work closely with clients to fully understand their situation and priorities, and evaluate potential courses of action based on their goals. We pride ourselves on being agnostic concerning whether a sale is the right option and who is the right buyer—our sole priority is understanding the best approach, and then guiding the client through the necessary steps.

In addition to assisting clients with initial analysis and the development of a strategy, we are also exceptionally conversant in all the steps involved in what can be an intricate process. We can handle every aspect of these complicated transactions from negotiation to closing, assigning and renegotiating bulk sale agreements, obtaining regulatory approvals from the Department of Environmental Protection, the Public Utilities Commission and other administrative and regulatory bodies.

### EXPERIENCE

- Represented a city in selling its large treatment plant and collection system in order to bring some rate stability, finance a

- program to beautify significant parts of the city and help fund its pension (approx. \$158 million).
- Represented a large township in selling its treatment plants and collection system in order to build a new municipal building and potentially not raise taxes for many years (approx. \$75 million).
- Represented a borough in selling its collection system to a neighboring regional authority in order to get out of the sewer business (and the associated regulatory burdens) and ensure budget stability (approx. \$10 million).
- Represented a small township in selling its small and complicated water and sewer system to a regional authority in order to lower rates for many years and put the assets into the hands of a capable operator (approx. \$5 million).
- Represented a group of boroughs and townships in the sale of a sewer trunk line to an affiliate of a regulated utility (but on a non-regulated basis) in order to bring rate stability and ensure long-term compliance and capital investment (approx. \$29 million).

## ATTORNEYS

### Key Contacts

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## RELATED CAPABILITIES

Obermayer Municipal Services