

CAPABILITIES / MUNICIPAL SERVICES

Obermayer Municipal Services

The Solution to Your Community's Infrastructure Challenges.

OVERVIEW

Pennsylvania communities that own large-scale infrastructure, such as wastewater collection and treatment systems or water treatment and distribution 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 because equally as often the community has a limited customer base that will be required to absorb the increased costs. In the meantime, you have many who will stop at nothing to convince you that privatization is the root of all evil and would saddle future generations with exorbitant fees and rate increases. While, on the other hand, you have regulated utilities coaxing municipalities into selling by dangling hefty money offers. Here's the thing: the right answer solely depends on your specific set of circumstances … and a team of advisors who understand those circumstances. Real analysis, not "one size fits all" talking points is what these communities need.

We focus on the totality of the situation, work with our clients to fully understand their goals, and then assist them in considering all options. If a sale makes the most sense, we will diligently consider logical buyers based on geography and operational capacity. We also consider whether a lease might be more beneficial; or, if merging to grow the utility provider is the best solution. We also ensure that the municipality considers any other viable options unrelated to the water or wastewater when trying to meet its objectives. For instance, a bond offering might enable the municipality to make necessary capital improvements.

Every municipality is unique. Some municipalities have a large and complicated water or wastewater systems, and some do not. Some have substantial deferred maintenance and low rates, and some do not. Rather than using a "one solution" fits all approach, we take a deep dive into the needs and opportunities of each municipality and work with the municipality to tailor the "right" approach to meet those needs

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and opportunities. Moreover, we have the expertise in contract negotiations, PUC processes, labor relations, employee benefits, tax, land use and litigation and we efficiently deploy that broad expertise to assist each municipality. Our team provides experienced, strategic and proactive counsel to municipal clients seeking to form partnerships, renegotiate long-term agreements or fully monetize their existing infrastructure.

EXPERIENCE

Our success stories include the following:

1. Butler Area Sewer Authority

This $231.5M deal will be the second largest in the Commonwealth, once approved by the PUC. This Authority, and its two creating municipalities, had already been approached by a buyer, but knew they needed help from experienced counsel in order to maximize all the potential benefits of a transaction. With our team's guidance on how to achieve the best deal, we collaborated with the client and laid out plans to sell the wastewater collection and treatment assets so that the proceeds could be reinvested back into the region for economic redevelopment projects, social services and other goals of the community.

2. Warrington Township

This was another municipality that wanted to sell because the effort and costs to manage its wastewater system were too much for one municipality to absorb. In addition, the Township particularly did not want to sell to a regulated utility even though those offers were significantly more than the public authorities the Township ultimately sold too. We assisted in determining their goals, and while working closely with Township officials, executed upon those goals. As a result, we were able to achieve both financial and other positive results for the community as a result of the sale.

3. East Norriton Township

In this case, the Township wanted to sell its wastewater collection system, however, the flow from the collection system is treated by a plant owned by a regional authority which was only partially owned by the East Norriton Township. We navigated the intricate details regarding obligations and guarantees of East Norriton for the authority's debt. We helped navigate the Township through these complications in order to permit the sale of its system while respecting and addressing the obligations the Township had to the authority.

4. City of York

We represented the surrounding municipalities who send their wastewater to be treated by the City of York when the City was trying to sell its treatment plant to PA American for $235 million. Our clients collectively represent 54% of the flow treated by the City's plant and wanted to make sure they were

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treated fairly in the sale process. Initially, we protested PA American's application at the PUC and brought an arbitration proceeding against the City for breach of contract. Through united and strategic negotiations, however, our clients eventually settled with the City and entered into a fair 40-year treatment agreement with AW. The PUC ultimately approved the treatment agreements. Our clients now have a good treatment provider and long-term budgetary certainty regarding the cost of service. What pleased the clients the most is how Obermayer kept such a large group of clients informed and aligned through a pretty complicated negotiation process. If each municipality had gone alone, it would not have been able to get the deal they got collectively. We structured the deal in order to anticipate certain issues that might arise at the PUC and at DEP in order to ensure success long-term.



"Tom and his team at Obermayer are not only knowledgeable in their technical expertise, but also possesses the vision and creativity to help any organization excel. Their exceptional ability to blend their different areas of expertise provides for the more forward-thinking approach that achieves results. I am confident in saying that any organization would benefit greatly from their unique professional and personal approach."

Kelly Kelch

Manager, West Manchester Township

"I am grateful to have had the opportunity to work with the Obermayer Team. We had a complicated multi-municipal sanitary sewer legal matter involving numerous parties and Attorney Thomas Wyatt and the team at Obermayer provided prompt, comprehensive, and insightful counsel to put our municipal group in the best negotiated place we could have hoped. Looking back, I don't know that we could have asked for anything more than the effort and ultimate result that we received from the Obermayer team."

Tim James

Manger, Manchester Township

"From the first day, I knew right away we had made the right choice in contracting with Obermayer. The team explained in great detail what their role would be and what was expected from our group. All questions were explained in great detail, and the team made all of us a part of their team. Since this was the first experience we all encountered of this type, no question was too small to answer, no rock was left unturned."

Fred Vero

Vice Chair, Butler Area Sewer Authority

"I had talked to another township that utilized the Obermayer firm and was very pleased with their

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results. I have already referred this firm to others. Hopefully others in the future can learn from what we were able to gain in our negations to help them achieve the best results in their negotiations."

Dave Zarnick

President, Butler Township

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