

For Immediate Release: December 9, 2015

Mayor Courtright's statement after review of the proposed Sewer Authority transaction.

(Scranton, Pennsylvania) – “Yesterday my Administration and the Scranton Sewer Authority announced that we will be moving into the next stages of the proposed sale of the Scranton sewer system to Pennsylvania American Water, one of the leading public utilities in the world. Although we're far from finished and our teams have a lot of work to do, the transaction promises to substantially and continuously lower rates and offer the City an estimated payment of well over \$90 million that will be used to ensure systemic reforms that permanently place the city on solid footing.”

“After reviewing the proposal outlined by the professionals' presentation at Tuesday's public Sewer Authority meeting, I am confident that we have the opportunity to achieve a win-win for Scranton and Dunmore residents, our city, and our future.”

“My administration has committed our team to ensuring the best possible outcome for Scranton ratepayers and all of our residents. Through my Administration and the Authority's constant negotiation and careful work, we now have a proposed plan that, if advanced, will be of true benefit to Scranton ratepayers and taxpayers.”

“Though I am pleased to acknowledge the top flight job Executive Director Eugene Barrett and his team, have done at the Authority, the reality is, if we don't responsibly monetize the sewer authority, it has the potential to become an unaffordable liability for Scranton ratepayers. In large part because of an order from the Environmental Protection Agency and the Department of Justice, \$95 million of planned and \$140 million of extraordinary capital improvements will be required by law that the Authority cannot afford without annual extraordinary rate increases. The proposed plan protects ratepayers, keeping rate increases at 1.9 percent for the next ten years and then the Pennsylvania Utility Commission approved statewide rate after a three year stabilized increase. This is opposed to what happens if we do nothing: a minimum 4.57 rate increase *every year* for the next 40 years and \$350 million in projected additional costs.”

“Further, the proposed plan preserves the jobs of every sewer authority employee while bringing 100 brand new jobs to a Pennsylvania American Water regional office that will be located in Scranton. Approximately \$400,000 in new real estate taxes will be realized as well.”

“Ultimately, the responsible monetization of the sewer system under this plan would enable us to make critical improvements to our infrastructure and stabilize property tax rates in coming years by bringing control to our long term obligations. It is and always has been my Administration's sole intention to use the proceeds of this monetization to permanently stabilize the city's finances and leave Act 47 after more than 20 years.”

“There is a lot of work that still needs to be done, but the proposed plan is a good start. We will continue our efforts to make sure that we keep our city marching steadily down the path to prosperity.”

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