

Municipal Authority Notes

Donegal Township – April 2024

The following facts were pulled from documents distributed by the Governor's Center for Local Government Services and directly from the Municipalities Authority Act of 1945. The items presented below are based on the Public Hearing comments and conversation held by Donegal Township on April 25th, 2024 at 6P.M. and is not to serve as an all encompassing summary of the creation of a municipal authority.

a. Purpose of Authorities

- i. Authorities are governmental bodies created to finance and/or operate specific public works projects without tapping the general taxing powers of the municipality.

b. Authorities are Government Entities

- i. They are exempt from taxation.
- ii. They must have bylaws and follow the rules and regulations set forth by state legislation, like municipalities.
- iii. They have certain powers and opportunities similar to municipalities:
 1. Possess power of eminent domain
 2. May participate in the Pennsylvania Municipal Retirement System
 3. Both are subject to state laws protecting the public interest, including the Sunshine Law, the Open Records Act and the State Ethics Act.
 4. Similar bidding/RFQ procedures that must be followed when spending money
- iv. However, they do have appointed boards that are thus some distance removed from voters. This allows them to spend money to keep running vital community services slightly removed from direct political pressure, while still being ultimately held responsible by the municipalities they serve.

c. Reasons for Creating Authorities

- i. User charges can result in a more equitable distribution of the burden of government by shifting costs to actual consumers with payments based on the level of service consumed.
 1. Currently, the water and sewer system of Donegal Township tap into the consultants used by the Township.
 2. Liabilities can extend to the entire pot of the Township
- ii. They do not pay corporate taxes or sales taxes when they purchase supplies, they can issue tax-exempt debt at a lower rate than private corporations and their rate structure does not need to include a return to shareholders.
 1. IE selling to an existing water company may or may not increase the level of service without raising rates.
- iii. Proposed that an authority can administer certain entrepreneurial-type services more efficiently than a municipal government.

- iv. Opportunity to hire specialized managers and operators and appoint professional advisors with this exact expertise.
- v. Many functions commonly provided by authorities are in traditional areas of public utilities where business traditions and concepts of administration are needed.
- vi. Authority functions often require intensive planning and long-range approaches are more likely to be found in a business-type operation than in government.
 - 1. ****Different management styles/managers are beneficial
 - 2. Example: Tap-In fee investigations. Does the current system cover costs?
- vii. Delegation of overseeing complex function to a group of citizens other than the elected official spread the workload and responsibility for providing public services to a wider base in the community and relieve some of the burden from the elected government body.
- viii. Authorities are able to select their own employees. Capable people are more likely to be attracted because tenure is more certain. There is no immediate change in office with elections
- ix. Authorities often attract more qualified people as board members who would hesitate to run for elective office.
- x. Authorities are not restricted by political boundaries. See discussion on West Alexander Borough proposition below.

d. Authorities are not totally independent from their establishing body.

- i. Municipalities create authorities and authorities cannot dissolve without the approval of the municipality that created it
- ii. Board appointments.
 - 1. At least one member HAS to be a representative of the municipalities that it represents.
 - 2. Representation is determined when the authority is created (i.e., how many reps from each municipality)
 - a. If a new municipality joins, they must get representation on the board
 - 3. Board members must be a taxpayer in, maintain a business in, or be a citizen of a municipality into which one or more of the projects of the authority extends or is to extend to
 - 4. Supervisors CAN serve as authority members, but a supervisor is not mandated to be on the board.
 - 5. Municipality can remove a member of the authority if they miss more than three board meetings or through court of common pleas.
 - 6. They appoint the board members to rotating 5-year terms. So, they can choose to not re-appoint if the authority is going in a direction they don't like.
- iii. Can vote to take over authority projects without the approval of the authority board.

- iv. Municipality has little direct control over the operations and business affairs of the authority. But the authority must take into the consideration the needs and desires as expressed by the elected officials because they are the individuals who appoint them to the board.
- v. Municipality and authorities can also enter into contractual agreements that grant the elected officials' additional controls over authority activities. And, of course, they can take over authority projects.
- vi. "The need for cooperation among the officials of the municipality and the authority board along with the officers, agents and consultants of both entities is necessary. On one hand, the municipality must remember the board is composed of qualified and competent citizens, giving of their time, effort, interest, and talents toward accomplishing the authority's goals to serve the community. On the other hand, the authority board must realize it is not an entity unto itself. It was created by the municipality to perform a public service. The cost of that service is paid by the property owners within the authorities' service area, and those property owners elect the officials who appoint the members of the authority board. Neither the municipality nor the authority can operate effectively within a vacuum. Open communication and willing cooperation between them are necessary to maintain the viability of the public services for the community."
- vii. According to documents produced by the office of the governor "The general record of municipal authority operation in Pennsylvania indicates that they are usually responsive to public opinion. While it is possible for municipal authorities to disregard the public welfare, in actual practice very few have done so. The relatively small size of most Pennsylvania municipal authorities and the consequent direct and personal accessibility of board members to the public they serve may help to explain [this]"
- viii. Can get special funding such as bonds and grants
 - 1. Agencies independent of municipal politics may have a better time getting grants, and are more specialized for the grant preparation.
- e. Difference between a committee and an Authority
 - i. Authorities have a lot of rules ensuring compliance, ethics, etc.... for example, they must file financial disclosure statements as required by the Act on an annual basis.
 - 1. This is an added layer of protection that would be missing with a committee.
 - 2. Committee members may not be subject to information that has to do with personnel and litigation.
 - 3. Authorities have organized meetings which are controlled by Sunshine Act laws, etc.... they must have publicly advertised meetings, financials, etc.... which enables transparency.
- f. A new Authority Amidst the possible change in Government Boarders (West Alexander Borough?)

- i. Authorities allow for service areas to be determined outside of political boundaries.
- ii. For example, the West Alexander area, if it were to be established based off the current service area of the water and sewer systems rather than the possible service area, i.e. the sewer shed, if expansion occurs it would likely cross municipal borders. An authority would allow for both municipalities, if they were to exist, to have seats on the board and a say over the authority while allowing more flexibility for expansion of the system not constrained to municipal borders.

NOTE: View "Steps for Initiating a Typical Authority Project" (pg. 25 of Office of the Governors documents) to show how much work is associated with these projects and how this is a lot to add on to the existing roles of municipalities.