

CONSOLIDATION AGREEMENT

This Consolidation Agreement, dated as of November 7, 2022 (the “Consolidation Agreement”), is entered into by and between the Township of Sandy, Clearfield County, Pennsylvania, a Second-Class Township of the Commonwealth of Pennsylvania (the “Township”) and the City of DuBois, Clearfield County, Pennsylvania, a Third-Class City of the Commonwealth of Pennsylvania, governed under the Home Rule Charter and Optional Plans Law as an optional plan city, (the “Existing City,” and together with the Township, collectively, “Municipalities”).

BACKGROUND

WHEREAS, Section 733(a)(2) of Pennsylvania’s Municipal Consolidation or Merger Act (the “Act”), authorizes the consolidation or merger of two or more contiguous municipalities into a single municipal government to be commenced by the initiative of electors of each municipality; and

WHEREAS, Consolidation of the Township and the Existing City into the “City of DuBois” (the “City”) was initiated pursuant to Sections 733(a)(2), 735, and 736 of the Act and was approved by electors in a referendum in November 2021; and

WHEREAS, Pursuant to Section 733(c) of the Act, the voters also approved an optional plan to govern the City; and

WHEREAS, the result of the referendum was certified on November 18, 2021; and

WHEREAS, Section 737 of the Act sets forth the required elements to be included in an agreement as to the consolidation of the governing bodies and the approval of an optional plan to govern the consolidated municipality; and

WHEREAS, In January 2022, the Board of Supervisors of the Township and the Council of the Existing City (the “Governing Bodies”) set out to examine the municipal consolidation of the Township and the Existing City and to develop a consolidation agreement in conformity with Sections 733, 735, and 737 of the Act.

WHEREAS, the Governing Bodies formed a “Joint Board” consisting of the elected officials of each Governing Body to develop the consolidation agreement; and

WHEREAS, the Joint Board engaged Consolidation Consultants (hereafter defined) to provide a financial review and legal technical support in the development of a consolidation agreement, paid for in part by funds from the Pennsylvania Department of Community and Economic Development Governor’s Center for Local Government Services.

NOW THEREFORE, Pursuant to Section 737 of the Act, the Township and the Existing City agree as follows:

1. **Recitals.** The above set forth recitals are incorporated herein by reference and made a part hereof as though fully set forth herein.
2. **Parties.** The parties to this Consolidation Agreement are the Township and the Existing City.
3. **Professionals.** The professionals selected to assist with the consolidation process are Eckert Seamans Cherin & Mellott, LLC and Pennsylvania Economy League (collectively, the “Consolidation Consultants”) and Christopher Gabriel, Esquire, from the firm Gabriel Fera, P.C. (the “Joint Board Solicitor”).
4. **Territorial Boundaries.**
 - (a) Both Municipalities are located within Clearfield County, Pennsylvania, and are contiguous municipalities.

(b) The Municipalities will consolidate to form a new municipality which shall be called the “City of DuBois” and herein referred to as the “City.”

(c) The territorial boundary of the City shall be the combined outer border of what is currently the Township and the Existing City. The boundary distinguishing the Township from the City shall no longer exist.

5. **Governance.**

(a) The City shall be governed by a Council-Manager form of government as provided in the Optional Third-Class City Charter Law (herein, the “Plan”). The Plan is attached hereto as Appendix A and is incorporated as part of this Consolidation Agreement.

(b) The governing body of the City shall be a Council composed of seven (7) members, elected at large, one of whom shall be the Mayor. There shall be an elected Treasurer, and an elected Controller. There shall be no other elected officials.

(c) The City Council may appoint a Manager, assistant Manager, and such other professionals as it deems necessary to function efficiently.

(d) The transitional plan and schedule applicable to the City’s elected officers shall be as set forth in Section 19 of this Consolidation Agreement.

6. **Effective Date.** This Consolidation Agreement shall be effective as of the date that it is approved by the respective Governing Bodies (the “Effective Date”). The effective date of the municipal consolidation shall be upon the swearing-in of the elected officials of the City on January 5, 2026 (the “Consolidation Date”). The period between the Effective Date and the Consolidation Date shall be referred to herein as the “Transition Period.” Upon the occurrence of the Consolidation Date, the City shall begin to function, and the governments of the Township and the Existing City shall be abolished.

7. **Municipal Classification.** The City shall be classified as a Third-Class City with an optional plan form of government under the Home Rule Charter and Optional Plans Law, when required for any legal purpose or for any interaction with, but not limited to, any agency of the United States of America, the Commonwealth or any other governmental agency or entity.

8. **Organizational Structure.** The Municipalities have included a proposed departmental organization structure for the City in Appendix B which is incorporated as part of this Consolidation Agreement.

9. **Continuation of Ordinances.**

(a) Except as provided herein, all ordinances, resolutions, rules and regulations, including, but not limited to, planning, zoning, building, health, taxation, license, nuisance, traffic, parking, outdoor burning, etc., in effect in the Township and the Existing City on the day before the Consolidation Date shall continue in force and effect and shall continue to apply within the territorial limits of the Township and Existing City, respectively, until amended or repealed by Council as required by the Plan.

(b) Codification of all City ordinances must be completed within two years of the Consolidation Date, i.e., by December 31, 2027.

(c) To facilitate the development of a comprehensive and uniform Code of Ordinances for the City, the Municipalities agree that, during the Transition Period, they shall engage in a joint review of the Codes of Ordinances of the Municipalities, to resolve any conflicts between the respective Codes, and to make recommendations for a uniform Code of Ordinances for the City. The Municipalities may engage professional consultants or firms to undertake this process, and may seek grant or other funding for the work. The Municipalities agree to begin this process as soon as practical during the Transition Period.

(d) During the Transition Period, the Municipalities agree to identify the appropriate professionals, staff and other individuals within their respective governments to meet to identify conflicting ordinances and recommend a resolution with respect to any conflict. The Municipalities agree to work together to resolve conflicts in their respective Ordinances during the Transition Period, with the intent that, as of the Consolidation Date, all such conflicts are resolved. In the event that the Municipalities have not resolved any conflict between the Codes of Ordinances of the Existing City and the Township on or before the Consolidation Date, then the following process shall apply for resolution of the conflict after the Consolidation Date and until the City codifies a uniform set of ordinances:

- (1) With respect to any ordinance that imposes a fine or a fee upon any person, if there is a conflict between the Township Ordinance and the Existing City Ordinance, the higher fine or fee shall prevail.
- (2) With respect to any ordinance that imposes any restriction on any activity or which imposes an affirmative duty to act on any person, if there is a conflict between a Township Ordinance and an Existing City Ordinance, then the least restrictive ordinance shall prevail.

(e) All zoning ordinances and rules of the Municipalities shall continue in full force and effect during the Transition Period and after the Consolidation Date. The Municipalities agree, however, that during the Transition Period they will explore comprehensive planning with respect to zoning, with the goal of developing a new zoning and land use comprehensive plan to be adopted by the City in connection with the Codification of Ordinances that is described in Section 9(b), above. The Municipalities may jointly engage such consultants and professionals as deemed necessary and appropriate, and to seek such grant and other funding as may be available to accomplish this objective.

10. **Assets, Liabilities, Property and Equipment.**

(a) All of the existing assets of the Township and the Existing City of any kind whatsoever, including, but not limited to, individually and collectively, any and all real and personal properties, and rights of any nature, tangible or intangible, in which the Township or the Existing City has an interest, shall become the assets of the City on the Consolidation Date.

(b) The Municipalities shall compose a complete and detailed inventory of all assets, liabilities, property and equipment by May, 2025.

(c) As of the Consolidation Date, the City will assume all of the outstanding indebtedness of the Township and the Existing City by way of assumption documentation and/or refinancing of the then-outstanding debt.

(d) The City will assume all other outstanding contractual obligations and liabilities included in any agreement or contract of the Township and the Existing City.

(e) The Municipalities agree to jointly engage appropriate professionals to assist with the process of the transfer and assumption of such assets, property, equipment, outstanding debt, contractual obligations and liabilities, and to seek such grant and other funding as may be available to accomplish this objective.

11. **Water and Sewer Utilities.** The Existing City owns and operates water and wastewater utilities for the benefit of its residents. Water and wastewater services in the Township are provided by the Sandy Township Municipal Authority (the “Sandy Township Authority”), a municipality authority created under the Pennsylvania Municipality Authorities Act of 1945, as amended. The Municipalities have agreed that, upon Consolidation, the City will provide water and wastewater service to all residents of the City upon uniform terms, conditions, and rates. The Municipalities agree that, during the Transition Period, they will undertake steps to enable the City

to offer municipal water and wastewater services to residents, including, as feasible, preparation for the abandonment of the Existing City's Certificate of Public Convenience from the Public Utility Commission, updating existing agreements regarding bulk service customers of the Existing City, and entering into such transactions with the Sandy Township Authority to ensure that the provision of water and wastewater utility services to residents is uninterrupted and uniform throughout the City. The Municipalities further agree to engage such professionals as necessary to review the steps required for this and to educate the Board about them, and to structure and effectuate transactions necessary to implement this Section, and to seek such grant and other funding as may be available to accomplish this objective.

12. **Taxes and Fees.**

(a) As required by Section 737(a)(5) of the Act, the City shall implement a legally consistent uniform tax system throughout the City which will provide the revenue necessary to fund required municipal services and debt service.

(b) All uncollected taxes and assessments levied or assessed, all fines and penalties imposed, and all other uncollected obligations owing to the Township and the Existing City which are uncollected on the Consolidation Date shall continue in full force and effect and shall be collected by and remunerated to the City.

(c) During the Transition Period, the Municipalities shall jointly engage a firm or consultant to study and recommend both the tax structure and the tax rates for the City. Upon the advice of such consultant, the two Municipal Managers and one elected official from each of the Township and the Existing City shall determine and provide a recommended tax structure and tax rates by February 1, 2025.

13. **Employment of Current Employees.**

(a) The Municipalities agree that all non-union employees of the Municipalities on the Consolidation Date shall become employees of City, subject to the usual terms and conditions of employment with the City. The Municipalities agree that on the Consolidation Date, the managers of the Existing City and the Township shall assume roles for the City as interim manager and interim assistant manager of the City, consistent with the Organizational Structure described in Exhibit B, hereto, for a period not to exceed two years beyond the Consolidation Date, to facilitate the consolidation process. The interim manager and interim assistant manager may be considered by the City for permanent appointments.

(b) The Municipalities agree that they each shall work with the collective bargaining units for all uniform and non-uniform employees to discharge any applicable bargaining obligations and to endeavor to negotiate extensions of existing collective bargaining agreements through the Consolidation Date.

(c) During the Transition Period, the Municipalities agree to work with all collective bargaining units and employees to identify and, if required, recognize collective bargaining units that will represent employees beginning on the Consolidation Date. Further, the Municipalities will endeavor to negotiate the terms of new collective bargaining agreements that will be presented to and accepted by the City on the Consolidation Date. The Municipalities agree that the Joint Board Solicitor will work with the Township manager and the Existing City manager to resolve the collective bargaining agreements and appropriate bargaining units and related issues for contracts with the City to be effective after the Consolidation Date.

(d) The Municipalities agree that they shall cooperate in the preparation of amended civil service rules and regulations for those employees covered by civil service and under which

the City retains authority over staffing levels. Further, the Municipalities shall work with the Joint Board Solicitor to recommend an agreed-to mechanism for transition through which police officers of both the Township and the Existing City shall have (i) continued employment with the City, as well as (ii) continued civil service status and protection.

14. **Administrative Services and Programs.** The Municipalities agree to coordinate and cooperate, through each Municipality's respective staff in each administrative discipline, department or area of expertise, including, but not limited to, information technology, payroll, and insurance and recommend a plan for consolidating these services and programs by June 1, 2024.

15. **Municipal Services to Residents.**

(a) All municipal services, including but not limited to, the fire department (as addressed in Section (b) below), police protection, public works maintenance and repair, recycling, leaf collection, etc., being offered to the residents of the Township and the Existing City on the day before the Consolidation Date shall continue to be provided in the same manner to the residents of the City on the effective date of the City and thereafter.

(b) The Municipalities Agree to coordinate fire response activities as soon as practical during the Transition Period, with the intention of having a City fire department on the Consolidation Date. During the Transition Period, the Municipalities agree to develop a system for coordination of box alarms and call systems that will coordinate fire and emergency response activities for all volunteer fire departments within the Municipalities. The Municipalities further agree to identify those volunteer fire companies that will continue to provide services to the City after the Consolidation Date to ensure adequate and efficient coverage to the City. The current intention is to have five fire stations. All such volunteer fire departments that the Municipalities agree shall participate in the City Fire Department after the Consolidation Date shall be offered by

the City to continue to provide fire protection services within the City. The Municipalities may jointly engage such consultants and professionals as deemed necessary and appropriate, and to seek such grant and other funding as may be available to accomplish this objective.

(c) The Municipalities agree to develop and establish a plan for the coordination of municipal services to residents of each Municipality. The Municipalities agree, during the Transition Period, to cooperate in the delivery of municipal services, and to coordinate in the provision of services to all residents without regard to territorial boundaries. To facilitate such cooperation, the Municipalities designate the Transition Committee and any appropriate subcommittees to establish a transition framework by examining tasks that can be done immediately and target complete integration of operations by December 31, 2025. Upon completion of the integration plan, such proposed plan should be presented to the Joint Board for review and comment.

(d) The Municipalities agree to integrate their respective police departments into a single, cohesive police force for the City. The Municipalities agree, during the Transition Period, to establish a transition framework by outlining the method in which the departments can achieve total integration by December 31, 2025. The Municipalities may jointly engage such consultants and professionals as deemed necessary and appropriate, and to seek such grant and other funding as may be available to accomplish this objective.

16. Transition Committee

(a) The Municipalities, through the Joint Board, have established a Transition Committee to assist the Governing Bodies in the implementation of this Consolidation Agreement through the Transition Period up to the Consolidation Date and, thereafter, and to assist Council

with the orderly and seamless transition to the new consolidated municipality. The Transition Committee shall terminate no later than six months after the Consolidation Date.

(b) The Transition Committee shall assist the transition process by: coordinating and reviewing the work of the various subcommittees, volunteers, and professionals to accomplish the objectives set forth in this Agreement and making recommendations to the Joint Board.

(c) The Transition Committee shall be responsible for arranging and advertising, in accordance with this Agreement and applicable law, the first meeting of the newly elected Council, which shall be held on January 5, 2026.

17. **Accounting, Budget, and Audit.**

(a) The Municipalities agree that, during the Transition Period, they shall undertake steps to align their respective accounting and budgeting systems to facilitate consolidation of all financial, accounting, and budgeting operations on or before the Consolidation Date.

(b) The Municipalities currently utilize distinct methodologies for accounting and budgeting with respect to certain expenditures and receipts. To align their respective accounting and budgeting systems, the Municipalities agree that during calendar year 2023, they shall jointly engage appropriate professional consultants to evaluate the respective accounting systems and to recommend steps to be taken by the Municipalities to align accounting procedures, and to seek such grant and other funding as may be available to accomplish this objective.

(c) The Municipalities further agree that, during calendar year 2024, they shall implement the recommendations for alignment of their accounting systems, and in calendar year 2025 shall maintain their respective books of account on this basis, and to seek such grant and other funding as may be available to accomplish this objective.

(d) The Municipalities further agree that they shall engage their respective municipal auditors to perform audits of the financial statements for calendar years 2023 and 2024 that are prepared on the basis of the accounting system to be implemented pursuant to subparagraph (c) of this section, and to seek such grant and other funding as may be available to accomplish this objective.

(e) The Municipalities further agree that, during calendar year 2025, they shall develop and prepare a joint budget for operations for calendar year 2026, which joint budget shall be approved by the Joint Board. Such joint budget shall only be required to meet the requirements of the Home Rule Charter and Optional Plans Law (Council-Manager Plan), Act of 1996, 53 Pa. C.S.A. § 3051, et seq. The joint budget shall be implemented and used by the City for operational expenses and any other contingencies, consistent with the applicable laws.

18. Elections.

(a) At the municipal primary and general election cycle in 2025, the registered voters of the Municipalities shall elect one (1) Mayor for a 4-year term, three (3) Council members for 2-year terms, and three (3) Council members for 4-year terms. The properly elected and certified Mayor and six (6) Council Members shall constitute a seven (7) member Council and shall assume all rights and responsibilities on the Consolidation Date. The length of term for City Council positions shall be determined by vote totals in the general election, with the highest vote getters serving the longer terms.

(b) At the municipal primary and general election cycle in 2025, the registered voters of the Municipalities shall elect the Treasurer for a 4-year term and a Comptroller for a 2-year term. The properly elected and certified Treasurer and Comptroller shall assume all rights and responsibilities on the Consolidation Date.

(c) The appropriate officials from each Municipality shall be responsible for coordinating with the County Board of Elections for the orderly administration of the elections set forth in this section in accordance with state and federal law.

19. **Limitation of Activities During Transition Period**

(a) The Municipalities agree that, upon execution of this Consolidation Agreement, neither Municipality shall incur any municipal debt the term of which extends beyond the Consolidation Date without the approval of the Joint Board.

(b) The Municipalities agree that, upon execution of this Consolidation Agreement, neither Municipality may enter into a contract having a term that extends beyond the Consolidation Date, and neither Municipality may cause or permit the renewal of any contract that would extend the term beyond the Consolidation date, without the approval of the Joint Board.

(c) The Municipalities agree that, upon execution of this Consolidation Agreement, each Municipality shall provide written notification to the other about any grants received, and the Municipalities shall cooperate in making joint grant applications where deemed appropriate by the Joint Board.

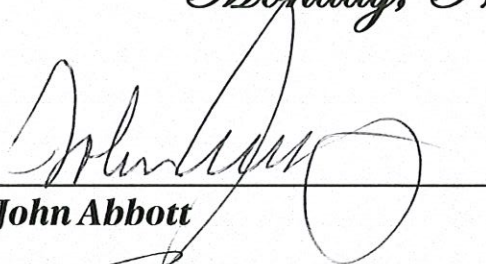
(d) The Municipalities agree that, upon execution of this Consolidation Agreement, , neither Municipality may create any new, full-time employment positions without the approval of the Joint Board, except that the Existing City may hire a full-time Recreation Director without the approval of the Joint Board. The Municipalities further agree that, after January 1, 2024, neither Municipality may hire any full-time employee in any position (including replacements for departing employees) without the approval of the Joint Board.

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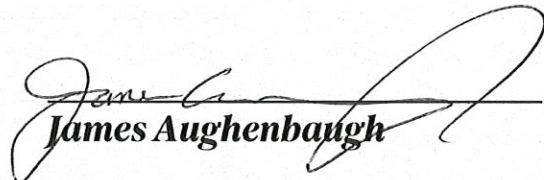
IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the

Consolidation Agreement

**as presented at the
DuBois/Sandy Joint Board Meeting on
*Monday, November 7, 2022***



John Abbott



James Aughenbaugh



William Beers



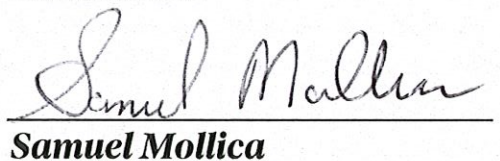
Diane Bernardo



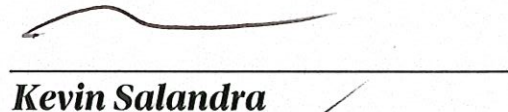
Shane Dietz



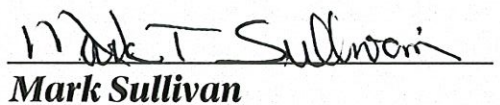
Shannon Gabriel



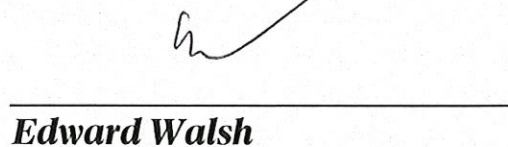
Samuel Mollica



Kevin Salandra

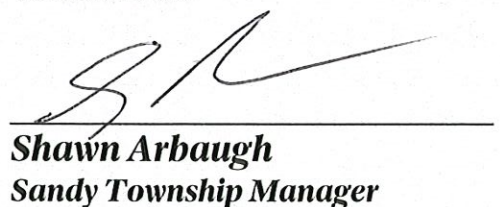


Mark Sullivan

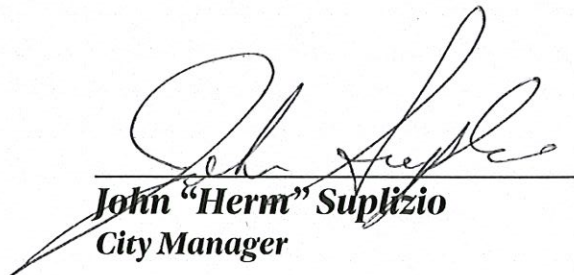


Edward Walsh

WITNESS:



Shawn Arbaugh
Sandy Township Manager



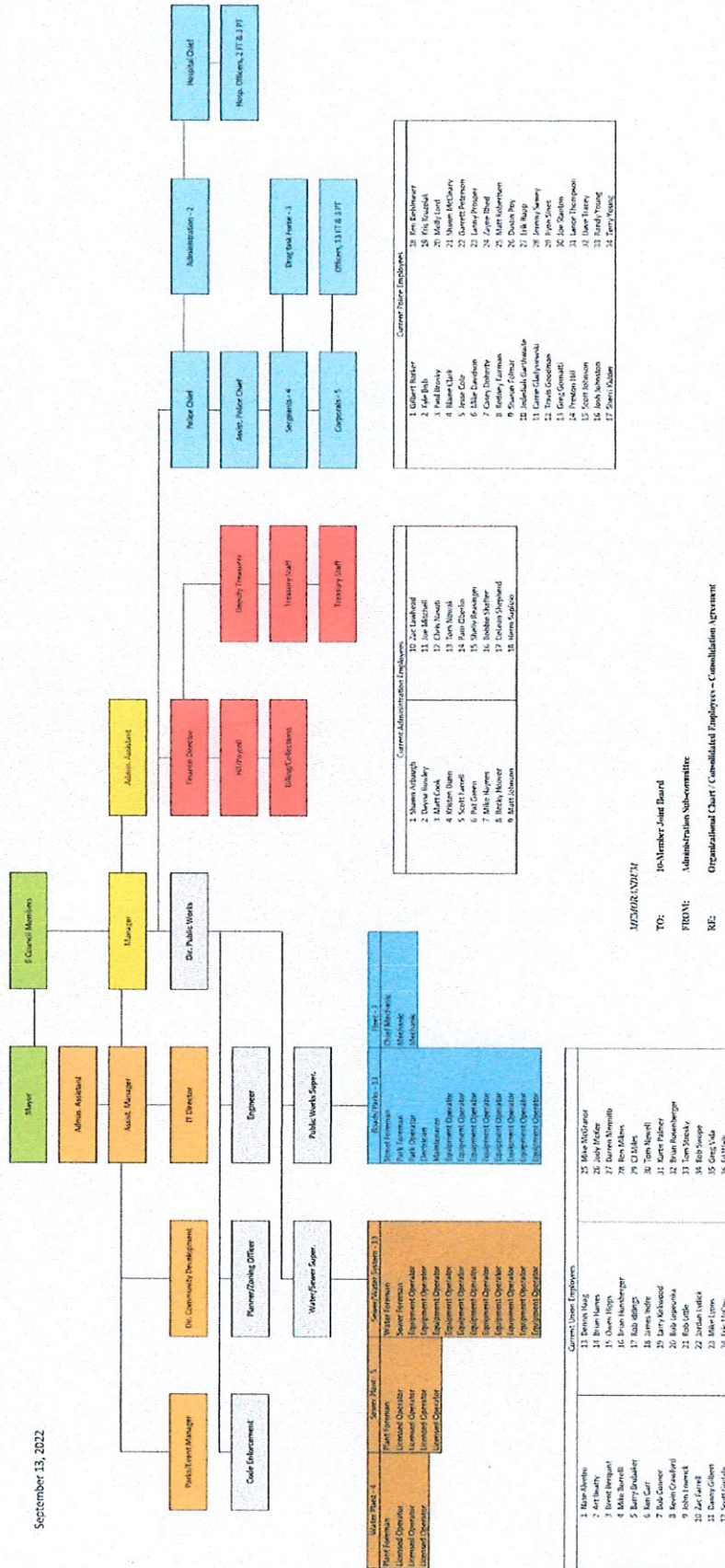
John "Herm" Suplizio
City Manager

Appendix A

Governance Plan under Optional Third-Class City Charter Law

Appendix B Proposed Departmental Organization Structure

September 13, 2022



MEMORANDUM
TO: 16-Member Joint Board
FROM: Administration Subcommittee
RE: Organizational Chart - Consolidated Employees - Consolidation Agreement
DATED: September 6, 2022

The purpose of this memo is to seek Joint Board approval to include the attached organizational chart and language into the Consolidation Agreement that is required to be executed on or before November 30, 2022. The purpose of including these items into the Consolidation Agreement is to clarify employee class of job titles to the consolidation period for all suitable employees needed for a successful consolidation, and to allow the management team to create and implement training plans and other improvement plans for a smooth transition into a consolidated entity.

Consolidation Agreement Language

- The 16-member Joint Board hereby adopts the Consolidated Organizational Chart with the following conditions:
- The Organizational Chart can be amended to remove employees that are voluntarily or involuntarily separated before December 31, 2025.
 - The Organizational Chart can be amended to add new positions and new employees as approved by the 16-Member Joint Board.
 - The Organizational Chart can be amended to remove positions of employees voluntarily or involuntarily separated. If positions are removed, the 16-Member Joint Board will make all attempts to keep employees and remove positions through attrition.
 - Employees for various positions in the Public Works Department will be determined through the transition planning process.
 - Employees for various and vacant positions in the Public Works Department will be determined through the transition planning process.
 - Employees for the Manager, Assistant Manager, Chief, and Assistant Chief positions will be determined through the transition planning process.