

Memo

To: Board of Supervisors
 From: Jon Altshul
 Re: Consider amendment to Resolution 2016-34A (2016 Sewer Rates)
 Date: March 31, 2016

We have received the water consumption reports from Aqua for the 4th quarter of 2015 and the 1st quarter of 2016. Based on our calculations, **we recommend that the 2016 fixed rate be \$27.26 per quarter and the variable rate be \$8.38 per thousand gallons.** For comparison, the current rates are \$30.07/quarter fixed and \$7.90/TG variable. At these proposed rates, the average quarterly sewer bill for single family detached homes would be \$145.57 compared with \$143.34 last year, an increase of \$2.23 per quarter or 1.6%. Since 2012, average sewer bills have increased at an annualized rate of 0.9%.

This increase in the variable rate is necessary to offset anticipated cost increases related to sewage treated at West Goshen’s Chester Creek Treatment Plant.

Average annualized water consumption fell about 5.9 million gallons over the past year, continuing a three year downward trend, presumably due to the installation of water-efficient appliances and fixtures and greater awareness about water conservation.

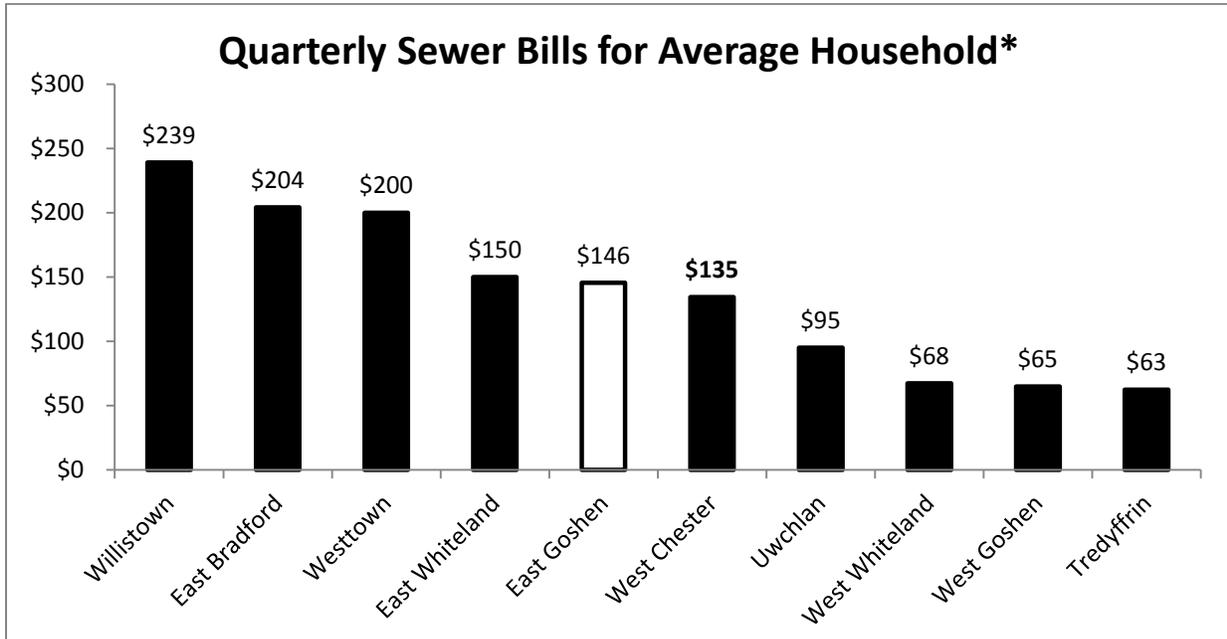
I have attached the updated fee resolution for your consideration (**See page 9 of the resolution**). A table showing sewer rates since 2012, a comparison of average rates in area municipalities, and a worksheet showing how sewer rates were calculated are provided below.

Key Statistics-East Goshen Township Sewer Rates, 2012-2016

	2012	2013	2014	2015	2016 Proposed	Change 2015-2016	Change 2012-2016
Fixed rate	\$26.15/quarter	\$26.20/quarter	\$26.56/quarter	\$30.07/quarter	\$27.26/quarter	- \$2.81/quarter	+\$1.11/quarter
Variable rate	\$7.97/TG	\$7.51/TG	\$7.68/TG	\$7.90/TG	\$8.38/TG	+ \$.48/TG	+\$1.41/TG
Metered consumption (gallons annualized)	313,582,500	319,007,396	316,408,908	311,006,956	305,108,461	- 5,898,495 gallons	-8,474,039 gallons
Average detached home quarterly bill	\$140.44	\$135.24	\$139.34	\$143.34	\$145.57	+ \$2.23/quarter (+1.6%)	+\$5.13/quarter (+3.7%)

Comparison to nearby municipalities

Even with the proposed rate increase, average sewer bills in East Goshen will be in line with those in many nearby communities, as shown below.



*For townships that use metered water consumption as the basis for bills (Willistown, West Chester and East Goshen), we assumed 14,118 gallons used per quarter (the average 2016 single family consumption in East Goshen); for townships with different rates based on service districts (Willistown, Westtown, Uwchlan and East Whiteland), we used the highest rate. For townships that do not bill quarterly (Tredyffrin, West Chester and West Whiteland), annual or monthly bills were adjusted to a quarterly basis.

PROPOSED MOTION: I move that we adopt Resolution 2016-34A Establishing and Consolidating the Various Fees and Charges Imposed Pursuant to the Code of the Township.

Worksheet for 2016 Proposed Sewer Rates

FUND BALANCE AS OF 12/31/15	629,037
TOTAL 2016 FIXED COSTS	702,674
TOTAL 2016 VARIABLE COSTS	2,740,933
TOTAL 2016 SEWER FUND COSTS¹	3,443,607
TOTAL SEWER UNITS	6,013
QUARTER 1 2016 SEWER FEE REVENUE	796,254
OTHER 2016 SEWER FUND REVENUE	137,561
RATE STABILIZATION FUND (2016)	100,000
REVENUE REQUIREMENT Q2-Q4 BILLINGS	2,409,792
FIXED RATE PORTION OF Q2-Q4 REVENUE REQUIREMENT	491,722
QUARTERLY FIXED RATE REVENUE REQUIREMENT	163,907
2016 PROPOSED FIXED RATE (per Quarter)	\$27.26
AVG QUARTERLY SEWER CONSUMPTION (ALL RESIDENTIAL; Q4 & Q1 only)	65,483,796
AVG QUARTERLY SEWER CONSUMPTION (ALL COMMERCIAL; ALL QUARTERS)	10,793,319
TOTAL QUARTERLY CONSUMPTION	76,277,115
VARIABLE RATE PORTION OF Q2-Q4 REVENUE REQUIREMENT	1,918,070.01
QUARTERLY VARIABLE RATE REVENUE REQUIREMENT	639,356.67
2016 PROPOSED VARIABLE RATE (per Thousand Gallons)	\$8.38
¹ Differs from 2016 adopted budget by \$65,000 due to higher than anticipated payments to WGT for Chester Creek flows	

Allocation of 2016 Sewer Operating Fund Between Fixed & Variable Costs

		Total Cost	Fixed	Variable
05420	1400 - C.C. METERS - WAGES	12,120	12,120	
	1401 - C.C. INTERCEPTOR - WAGES	808		808
	1402 - C.C. COLLECTION - WAGES	30,300		30,300
	1405 - MILL VALLEY - WAGES	7,222	7,222	
	1406 - ASHBRIDGE - WAGES	7,979	7,979	
	2510 - C.C. METERS - VEHICLE OPER.	12,120	12,120	
	2511 - C.C. INTERCEPT - VEHICLE OPER.	722		722
	2512 - C.C. COLLEC. - VEHICLE OPER.	26,260		26,260
	2515 - ASHBRIDGE - VEH OPER	6,060	6,060	
	2516 - MILL VALLEY VEH OPER	5,858	5,858	
	3600 - C.C. METERS - UTILITIES	181		181
	3601 - C.C. INTERCEPT - UTILITIES	515		515
	3602 - C.C. COLLECTION - UTILITIES	16,686		16,686
	3700 - C.C. METERS - MAINT. & REPRS.	5,959	5,959	
	3701 - C.C. INTERCEPT. - MAINT. & REP	3,030		3,030
	3702 - C.C. COLLEC. - MAINT. & REPR.	56,426		56,426
	3703 - C.C. INTERCEPT. - MAINT & REP - I&I	5,050	5,050	
	3704 - C.C. COLLECT. - MAINT & REP - I&I	13,550	13,550	
	3850 - W.G. - OPER & MAINT.¹	805,000		805,000
05422	1400 - R.C. - STP - WAGES	2,424		2,424
	1401 - R.C. - COLLEC. - WAGES	15,150		15,150
	2440 - R.C. - STP - CHEMICALS	94,940		94,940
	2441 - R.C. COLLECT. - CHEMICALS	8,080		8,080
	2510 - R.C. - TREE REMOVAL	5,000	5,000	
	2510 - R.C. - STP - VEHICLE OPER.	2,020		2,020
	2511 - R.C. - COLLEC. - VEHICLE OPER.	9,090		9,090
	2600 - R.C. - STP - MINOR EQUIP.	3,535		3,535
	3600 - R.C. - STP - UTILITIES	135,960		135,960
	3601 - R.C. - COLLEC. - UTILITIES	10,311		10,311
	3700 - R.C. - STP - MAINT. & REPAIRS	86,860		86,860
	3701 - R.C. - COLLEC. - MAINT. & REPR.	20,000		20,000
	3702 - R.C. - COLLEC. - MAINT. & REP - I&I	22,975	22,975	
	4500 - R.C. - STP - CONTRACTED SERV.	199,980	199,980	
	4502 - R.C. - SLUDGE - CONTRAC. SERV.	41,820		41,820
05423	3700 - LOCHWOOD - STP - MAINT. & REPR.	7,000	7,000	
	3701 - LOCHWOOD - COLL - MAINT. & REPR.	3,000	3,000	

¹ WGT costs represent best available information as of 3/31/16 and are \$65,000 higher than the 2016 adopted budget

		Total Cost	Fixed	Variable
05429	0710 - TRANSFER TO SINKING FUND	205,750	205,750	
	1400 - ADMIN. WAGES	67,320	67,320	
	1401- PA ONE CALL WAGES	3,131	3,131	
	3000 - ADMIN. - GENERAL EXPENSE	1,515	1,515	
	3100 - ADMIN. - PROFESSIONAL SERV.	5,050	5,050	
	3140 - ADMIN. - LEGAL	24,000	24,000	
	3250 - ADMIN. - POSTAGE	4,170	4,170	
	3400 - ADMIN. - PRINTING	1,786	1,786	
	3500 - ADMIN. - INSURANCE	28,939	28,939	
	3730 - ADMIN. - BLDG. OVERHEAD	44,440	44,440	
	4500 - CONTR. SERV. SUMMIT HOUSE	315,240		315,240
	4510 - CONTR. SERV. CIDER KNOLL	71,040		71,040
	4520 - CONTR. SERV. MALVERN INSTITUTE	8,959		8,959
	5000 - LOCKBOX FEE	2,700	2,700	
05471	7200 - DVRFA - DEBT SERV. - UPGRADE	89,000		89,000
	7210 - DVRFA - INTEREST - UPGRADE	11,328		11,328
	7220 - DVRFA - PRINCIPAL PMT ON \$9,500,000	320,000		320,000
	7230 - DVRFA - INTEREST ON \$9,500,000 LOAN	293,832		293,832
	7240 - DVRFA - PRINCIPAL ON DIVERSION LOAN	97,000		97,000
	7240 - DVRFA - INTEREST ON DIVERSION LOAN	70,584		70,584
05492	0700 - TRANSFER TO MUNIC. AUTHORITY	93,832		93,832
	TOTALS	3,443,607	702,674	2,740,933