

Memo

To: Board of Supervisors
 From: Jon Altshul
 Re: Consider 2019 Sewer Rates
 Date: April 4, 2019

We are recommending 2019 sewer rates of \$33.74 fixed and \$8.42 per thousand gallons variable, compared with current rates of \$27.02 fixed and \$8.74/TG variable. At these rates, the average bill for a single family detached home would be \$146.01, compared with \$148.37 a year ago.

Overall, estimated water consumption decreased between last year and this year by approximately 3.9 million gallons. However, this increase was not borne equally by commercial and residential accounts. The average single family residential property used 13,330 gallons of water per quarter for the 4th quarter of 2018 and the 1st quarter of 2019 compared to 13,885 gallons a year earlier. Meanwhile, estimated commercial consumption increased by roughly 800,000 per quarter compared to what was calculated in April 2018.

Note that total expenses in the 2019 sewer fund decreased by 1.3% compared to the 2018 adopted budget. However, among PAYGO capital projects—including \$130,000 for relining, \$13,877 (net of grants) for the Barkway Muffin Monster, \$5,000 for a bypass connection for the Hunt Country Pump Station, \$12,000 for a new flow meter to measure I&I, and \$7,500 for an air splitter at the plant—all of these costs are unrelated to the amount of sewer flow from individual properties, and are thus most appropriately categorized as fixed costs for the purposes of establishing rates. In addition, the cost of I&I operations continues to be high due to groundwater from the rainy 2018. As a result, the proposed fixed rate portion of the sewer budget is higher than last year, while the variable rate portion is lower.

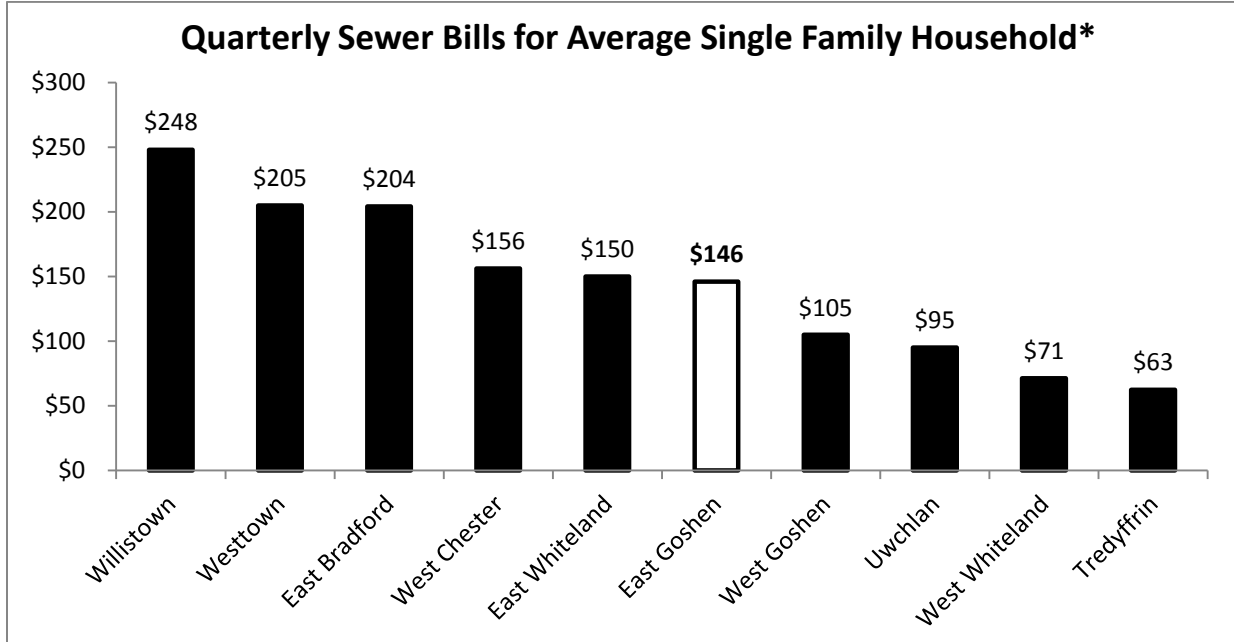
Finally, please note that East Whiteland is increasing its sewer rates for “high volume” customers from \$5.60/thousand gallons to \$6.20/thousand gallons. Because East Whiteland invoices East Goshen for the Malvern Institute’s sewer bill (which we then recharge to the Malvern Institute), we need to amend the East Whiteland variable rate in our fee schedule as well.

Key Statistics-East Goshen Township Sewer Rates, 2015-2019

	2015	2016	2017	2018	2019 Proposed	Change 2018-2019	Change 2015-2019
Fixed rate	\$30.07/ quarter	\$27.26/ quarter	\$27.26/ quarter	\$27.02/ Quarter	\$33.74/ Quarter	+\$6.72/ quarter	+\$3.67/ quarter
Variable rate	\$7.90/TG	\$8.38/TG	\$8.38/TG	\$8.74/TG	\$8.42/TG	-\$0.32/TG	+\$0.52/TG
Metered consumption (gallons annualized)	311,006,956	305,108,461	309,260,400	314,664,865	310,730,100	-3,934,765 gallons	-276,856 gallons
Average detached home quarterly bill	\$143.34	\$146.15	\$146.26	\$148.37	\$146.01	- \$2.26/ quarter (-1.59%)	+\$2.67/ quarter (+1.86%)

Comparison to nearby municipalities

At the proposed rates, the 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 13,330 gallons used per quarter (the average 2018 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.

Recommended Motion: Mr. Chairman, I move that we adopt Resolution 2019-34A, the revised fee schedule, to amend the Township's sewer rates to \$33.74 per quarter fixed and \$8.42 per thousand gallons variable and to amend the variable rate for East Whiteland Township to \$6.20 per thousand gallons.