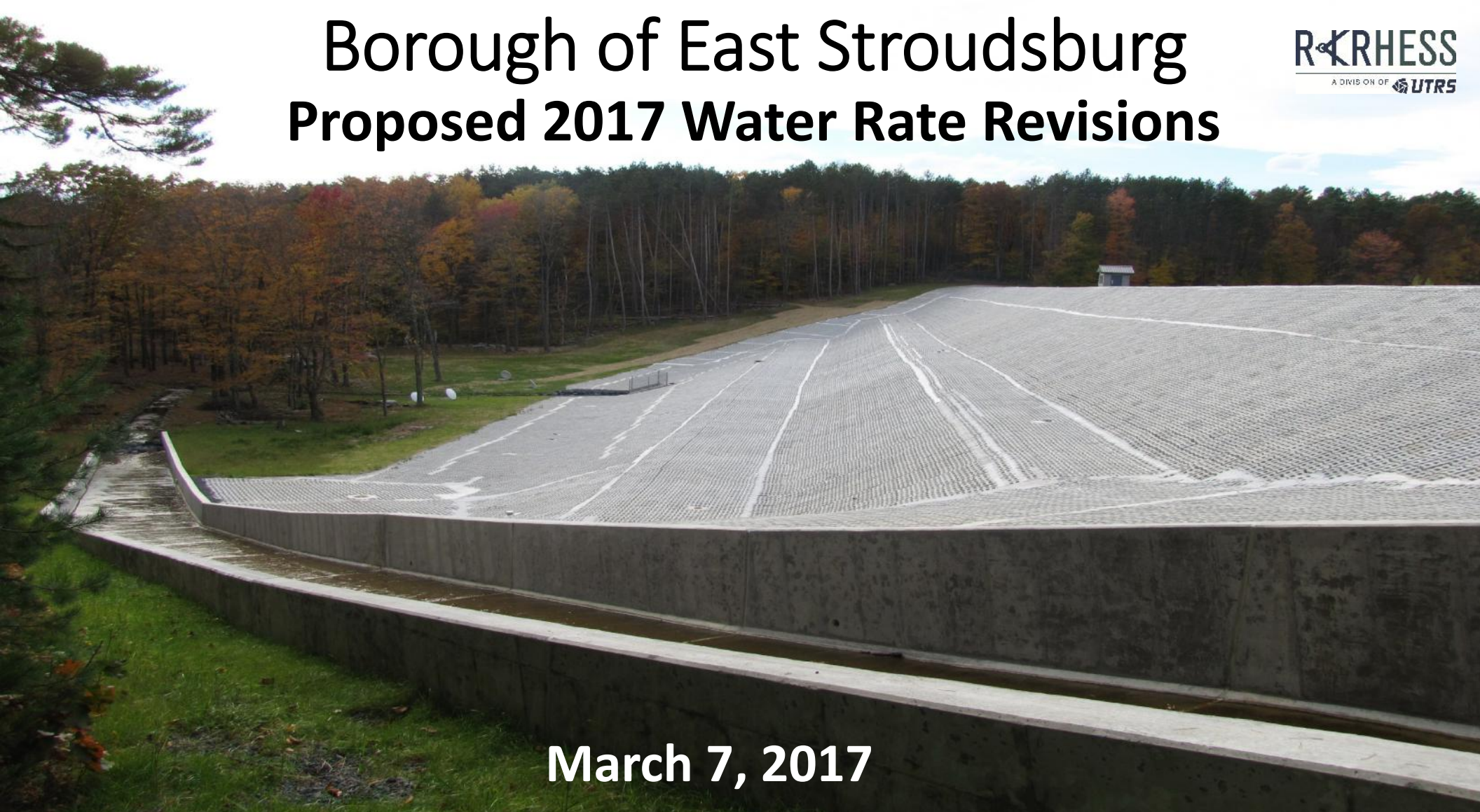


# Borough of East Stroudsburg Proposed 2017 Water Rate Revisions

**R-KRHESS**  
A DIVISION OF **UTRS**

**March 7, 2017**



## **GOALS OF THE 2017 WATER RATE REVISIONS:**

1. The Borough anticipates significant Capital Improvements related to the water system to be completed over the next two years:
  - a) Middle Dam Rehabilitation - \$3,400,000  
*(after grants)*
  - b) Replace Raw Water Feed Pipeline at Middle Dam - \$2,000,000
  - c) Finished Water Tank Roof at Water Treatment Plant - \$275,000
  - d) Replace Water Transmission Main in Creek - \$670,000
  - e) Reconnect Water Laterals on Willow St. - \$170,000

2. The Borough anticipates a number of Water System Operational and Maintenance Expenses to be completed in the next few years:
  - a) Well #1 and #2 Security Improvements - \$37,000
  - b) Woods Road Tank Mixer (for TTHMs) - \$23,000
  - c) Radio Read Water Meter Replacement - \$500,000
  - d) PennDOT Exit 51 Utility Relocation (Borough's Share)

3. The Borough has identified a number of Longer Term Capital Improvements related to the water system that will need to be addressed within the next ten to twenty years. The Borough intends to set aside \$50,000 per year to the Water Capital Reserve Fund to go towards these Longer Term Projects:
  - a) Replace Water Transmission Mains from the Water Treatment Plant to the Borough – In excess of \$6,500,000.
  - b) Replace Undersized Water Distribution Mains to Improve Fire Protection Service (Elizabeth St., etc.).
  - c) Replace Aging Water Distribution Pipes (Elizabeth St., Brown St., N. Courtland St., etc.).

4. Encourage water conservation in keeping with Pennsylvania Department of Environmental Protection (PA DEP) and Delaware River Basin Commission (DRBC) initiatives.
5. Simplify the calculation and administration of water bills, thereby improving billing and collection efforts (elimination of the Minimum Usage Allowance).
6. Address inquiries regarding the application of water rates in the case of a change of use on a property (ex. Multiple small commercial businesses supplied through one meter).

## **PROPOSED REVISIONS TO WATER RATE STRUCTURE FOR 2017:**

1. Eliminate the 20 Kiloliter (kL) per EBU/Qtr. Minimum Usage Allowance
2. Reduce the Basic Rate Fee from \$45/EBU/Qtr. to \$42/EBU/Qtr.
3. Reduce the Usage Rate Fee from \$0.88/kL to \$0.85/kL.
4. Standardize all Commercial Customer Bills to calculate EBUs based upon a 4 quarter average of meter readings, as recalculated annually.
5. Standardize the methodology for calculating Mixed Use Customer Bills.
6. The elimination of the Minimum Usage Allowance, and corresponding decrease in the Base Rate, will enhance the consumer's ability to reduce water bills by voluntarily instituting water conservation measures, thereby allowing the Borough to comply with mandates imposed by its PA DEP Permits and DRBC Dockets.



## 2017 Water Rate Study – Projected Revenues

### Water Expenses 2017 (Taken from 2017 Budget)

Operating/Distribution/Administration Expenses	\$	1,300,030
Existing Debt Service Expenses (P & I)	\$	118,690
New Debt in 2017	\$	-
Water Capital Fund Expenditures	\$	45,000
General Fund Support	\$	420,000
Set Aside to Water Capital Reserve (to be Supplemented with Future Tapping Fees)	\$	50,000
<b>Water Revenues Required in 2017 (Subtotal)</b>	<b>\$</b>	<b>1,933,720</b>

<b>Water Revenues Required in 2017 (Subtotal)</b>	<b>\$ 1,933,720</b>
Less Fixed Revenues Projected in 2017	
(Bulk Water Sales, Fire Hydrant/Sprinkler Fees, Misc. Revenue)	\$ (228,151)
<b>Revenues Required from Water Bills</b>	<b>\$ 1,705,569</b>
Less Existing, Current Revenues from Water Bills in 2016	\$ (1,286,421)
<b>Shortfall in revenues Collected from Water Bills</b>	<b>\$ 419,148</b>



## **Proposed Water Rate Structure**

B1. Eliminates the 20 kL Usage Allowance per EBU/QTR

B2. Reduces the Basic Rate from \$45/EBU/QTR to \$42/EBU/QTR

B3. Decreases Usage Fee From \$0.88/kL to \$0.85/kL

## Projected Water Revenues Under the Proposed Rate Revisions

Projected EBUs/QTR	5,950.84 EBUs / QTR	
Projected Water Usage/QTR	246,286 kL / QTR	
Base Rate Portion	\$249,935/ QTR	
or		\$ 999,741 / YR
Usage Fee Portion	\$209,343/ QTR	
or		\$ 837,372 / YR
<b>Projected Water Revenue Total</b> (over 4 full Quarters)		<b>\$1,837,113 / YR</b>

<b>Projected Water Revenue Total</b> (over 4 full Quarters)	<b>\$1,837,113 / YR</b>
Less 7% Non-Collection Rate	\$ (128,598) / YR
<b>Projected Water Revenue to be Collected</b>	<b>\$ 1,708,515 / YR</b>
Less Revenues Required from Water Bills	<u><u>\$(1,705,569) / YR</u></u>
Balance Forward	<b>\$ 2,946 / YR</b>