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MEMORANDUM

TO: East Stroudsburg Borough Council
FROM: Russell Scott IV, P.E.
PROJECT NAME: 2019 Sewer Ordinance Update
PROJECT NUMBER: 10205.308
DATE: 11/01/2019
SUBJECT: Executive Summary of Proposed Revisions to Chapter 126–Sewer of the Borough Code

The following represents a summary of proposed revisions to Chapter 126-Sewer of the Borough Code as reviewed and recommended by the Zoning and Ordinance Review Committee.

GOALS TO BE ACHIEVED

1. Update the Sewer Ordinance to reflect contemporary conditions. The ordinance has not been updated in over 10 years.
2. Restructure the Sewer Rate Structure to be more consistent with the Water Rate Structure.
3. Simplify the calculation and administration of sewer bills, thereby improving billing and collection efforts.
4. Eliminate minimum usage allowance in the current Sewer Rate Structure.
5. Encourage water conservation in keeping with Pennsylvania Department of Environmental Protection (PA DEP) and Delaware River Basin Commission (DRBC) initiatives.
6. Define various classifications of sewer customers (Residential, Multi-Residential, Commercial, Mixed-Use) for metering, allocation of capacity and billing purposes.
7. Shift revenue base to more accurately reflect actual water/sewer usage. Residential customers currently generate only about 52.7% of the sewer flows but contribute approximately 66.6% of the revenue collected from sewer bills.

8. Phase out Metric Units in favor of English Standard Units more commonly applied in the U.S.A.
9. Set rates to increase Sewer Revenues to accomplish the following:
 - Address projected sewer operating expenses anticipated to increase by 8% per year starting in 2020 to account for the condition of some of the aging equipment and infrastructure.
 - Meet new debt service payments associated with sewer components of 2019 Capital Projects (ex. new Willow Street sewer).
 - Budget for a proposed \$50,000 per year set aside to go towards the Sewer Capital Reserve Fund starting in 2020.
 - Meet a Projected Revenue Target of a **\$600,000 increase** (50% increase) in annual revenues (over current) in 2020. Subsequent rate increases will need to be considered future years to offset increasing O&M expenses and to address the projected debt service burdens associated with a potential Sewer Treatment Plant upgrade.

SUMMARY OF PROPOSED REVISIONS TO CHAPTER 126-SEWER:

- 1) Revisions to the Rate Structure
 - Sewer User Fees shall consist of two components: a Basic (Flat) Rate component and a Usage (Variable) Rate component, similar to the current Water Rate Structure.
 - An EBU (Equivalent Billing Unit) shall be established as the basis of the Basic (Flat) Rate portion and shall be equal to 47,556 Gallons per Year (45 kL/Qtr) as measured by point of use water service meters. This will standardize Water and Sewer EBUs for billing purposes.
 - No more minimum usage allowance. The Usage Rate applies to the first gallon used.
 - EBUs, EDUs and other measureable components are defined both in terms of English Standard Units and Metric Units, to facilitate an eventual phase out of Metric Units.
 - Rates will be presented in a Rate Schedule "A" for ease of reference. This rate schedule may be revised from time to time by action of Borough Council, without re-writing the text of the entire ordinance.
- 2) Revisions to Sewer Rate Fees
 - Sewer Basic (Flat) Rate Fee shall be set at \$45/EBU/Qtr. (Water Basic Fee is \$42/EBU/Qtr.).
 - Sewer Usage (Variable) Rate Fee shall be set at \$0.322 per 100 gallons of usage (or \$0.85/kL) starting at the first gallon (same as Water Usage rate).

- The increase in Sewer Revenues is anticipated to be approximately \$596,000 per year, which is essentially achieves the first revenue target.
 - Revenue contributed by Residential Customers is anticipated to decrease to 53.2% of total sewer revenue (from the current 66.6%), which is more in line with residential sewer usage.
- 3) Other Fees
- Rate Schedule “A” establishes other fees including a Closing Figures Fee (\$30), a Late Charge Fee (\$15), a Notary Fee (\$15), Shut Off Fee (\$25), and Sewer Service Restoration Fee (\$25).
 - The Tapping Fee and Connection Fee are unchanged from the current ordinance.
 - The Bulk Sewer Usage Charge as per Agreement is unchanged, but is memorialized in the Rate Schedule “A”.
- 4) Definitions
- Multiple definitions were added, including Dwelling Unit, Material Change Increase (and Decrease) in Flow, Standby Fee and Short Term Rental.
- 5) Applications and Conditions of Service
- The sewer service application process was clarified.
 - New service applications shall be required, and additional EDUs (Tapping Fees) purchased, if applicable, for changes of ownership, changes of use or Material Change Increases in Flow on Premises.
- 6) Responsibility for Service Lines
- Clearer demarcation of responsibility for installation, maintenance and repair of service lines was incorporated.
- 7) Metering
- Customer sewage flow discharging to the Borough’s sewer collection system shall be determined based on water meter readings only through Water Meters, unless otherwise approved by the Borough via agreement.
 - If an Industrial or Institutional Customer, which utilizes a maximum monthly average of more than 10,000 gallons per day of Sewer Usage, requests that a sewage flow meter be utilized for determining sewage flow for a Premises, the Customer shall submit plans for the Sewage Flow Meter for review by the Borough. If approved, the Customer shall be required to enter into an agreement affirming responsibilities and conditions to be met.
 - If an Industrial or Institutional Customer, which utilizes a maximum monthly average of more than 10,000 gallons per day of Water Usage through a single water meter and which holds a current NPDES Industrial Wastewater Discharge Permit issued by the PADEP, requests the use of a separate meter(s) to measure the regulated NPDES Discharge to storm sewers, to deduct this flow from the sewage flow for a Premises, the Customer shall submit plans for the Discharge Flow Meter for review by the Borough. If approved, the Customer shall be required to enter into an agreement affirming responsibilities and conditions to be met.

- No deductions will be considered for grounds or landscape irrigation water, filling of pools, car washing, industrial process water (except as specifically stated above) or water delivered to cooling towers or HVAC systems.

8) Classification of Sewer Users

- Various classifications of sewer customers (Residential, Multi-Residential, Commercial, Mixed-Use) were defined for metering, allocation of capacity and billing purposes. These classifications are generally consistent with those in the Water Ordinance.
- Conditions for Bulk Sewer Service were clarified.
- The Ordinance reaffirms that the Borough will continue to reflect an annual review and reassessment of EDUs for a greater than 10% increase in one year period's readings over the previous year's readings, in a case where EDUs have not been formally allocated and documented. Once EDUs have been formally allocated to a property, the Borough will issue a notification of reassessment of EDUs for a greater than 10% increase in one year period's readings over the capacity associated with the allocated EDUs.
- Notice shall be issued to customers who have experienced a 10% increase in usage in the 6 month period (ending August 31 of each year) that their EBUs have been adjusted and, if the trend continues to the 12 month point, they will be assessed additional EDUs. One common notice can be issued for both sewer and water increases.

9) Metering and Billing of Mixed-Use Premises

- Consistent with the Water Ordinance, for new Mixed Use premises, or renovation of Mixed Use premises requiring a plumbing permit, separate water meters shall be required for each Commercial Unit and each Dwelling Unit. The Mixed-Use User shall be charged no less than one EBU for each Dwelling Unit and one EBU for each commercial unit.

10) Termination of Service

- Conditions for termination of service, including failure to pay sewer bills, failure to pay water bills or refusal to follow the rules and regulations in the ordinance were clarified.

11) Standby Fees and Vacancies

- Provisions for Standby status and Vacancy status were incorporated.

12) Appeals

- Article II – Appeals, was added and is generally consistent with the Water Ordinance.