

## West Manchester Township announces offset to customers due to the sale of the York City wastewater facility to Pa American Water

Since the announcement of the sale of the wastewater treatment plant to PA American Water in March 2021, staff have been diligently analyzing the impact of that sale on the residents of the Township. Although we were able to negotiate a significantly lower sewer rate than initially proposed, it is still a considerable increase over current rates. This preliminary analysis resulted in the realization that an increase in the quarterly sewer rate was going to be necessary and subsequently cause an increased financial burden to our residents. Township staff and Supervisors were committed to easing that burden as much as possible by not passing along the entire PA American rate increase immediately.

The newly projected sewer rate is \$305/quarter or \$1,220 annually. The Township felt that this was too much cost to pass on to our residents immediately. This is an **estimated worst-case rate** based on data from past high flows, low consumption revenue charged to industrial users, and the rate of the pending agreement.

Chart showing the current quarterly rate vs. projected quarterly rate

Item	Amt
Current rate	\$170
Projected Rate	<b>\$305</b>
Difference	\$135
5-year Inc.	<b>\$27</b>

Staff presented to the Board, and they agreed to a five and one half-year (5 ½) transition plan to get to the projected rate by consistently increasing the rate each year and supplying an offset. By using this offset plan, the Township is essentially subsidizing a portion of resident sewer payments using its capital reserves. The offset over the 5½ years amounts to \$1.85 million and will be taken from the transportation funds refunded from York City and sewer capital reserves. This transition plan and offset will start as soon as PA American settles with York City, which is expected before the third quarter of this year. With an agreement with PA American Water, our rates billed to the Township will remain locked for 3 years and thereafter be increased by a 3-year average of the Consumer Price Index (CPI).

Chart below shows the current rate and the projected rates for the 5½ year offset

Item	Qtr. 1 & 2	Qtr. 3 & 4 *	1*	2*	3**	4**	5**
Year	<b>2022</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Rate	\$170	\$197	\$197	\$224	\$251	\$278	\$305
Annual Inc.	\$0	<b>\$27</b>	\$0	<b>\$27</b>	<b>\$27</b>	<b>\$28</b>	<b>\$28</b>
Twp offset/ Qtr.	\$0	\$6.75	\$6.75	\$6.75	\$6.75	\$7.02	\$7.02
Billed rate	<b>\$170.00</b>	<b>\$190.25</b>	<b>\$190.25</b>	<b>\$217.25</b>	<b>\$244.25</b>	<b>\$270.98</b>	<b>\$297.98</b>

\* Locked three years

\*\* CPI Increase

There will be a reevaluation after a couple of billing cycles with PA American Water to determine if our projection is still accurate. The staff at West Manchester Township will diligently work to ensure the rates are accurate and will keep the Board of Supervisors and our customers informed of any changes to the rates.

Keith E. Whittaker, Director of Finance