

# BOROUGH OF LEMOYNE BOROUGH COUNCIL SEWER COMMITTEE

July 6, 2015

Update on treatment plant project,  
review of current financial status,  
and discussion of new options for  
rates and revenue



# AGENDA

- Introduction/Welcome
- Some history; the sewage facilities planning process
- Treatment plant upgrade project
- Sewer fund expenses and required revenue
- Issues with the current sewer rate structure
- Rate structure options
- Other options and opportunities for the future



# SPEAKERS

Mr. Robert Ihlein, Borough Manager

Mr. Bob Huggler, rental property owner

Mr. Will Hesse, LMA board member

Ms. Stacy Gromlich, Sewer Committee Chair  
and President of Borough Council





# Lemoyne Wastewater Treatment Plant

## IMPORTANT THING TO KEEP IN MIND #1:

Current Plant – Built in 1973 to provide secondary level of treatment in order to comply with the Clean Water Act

The loans for this project were paid off in 2004



# ADDITIONAL REGULATORY REQUIREMENTS IMPOSED BY STATE & FEDERAL LAWS

## IMPORTANT THING TO KEEP IN MIND #2:

**IN 2016 THE PLANT MUST MEET MUCH STRICTER LIMITS ON NITROGEN AND PHOSPHOROUS DISCHARGED TO THE RIVER. THE ONLY WAY TO DO THIS IS TO CHANGE THE TREATMENT PROCESS AND ADD NEW EQUIPMENT.**

**TODAY:**

**Nitrogen**  
**Phosphorous**

**20 ppm**  
**2.0 ppm**

**2016:**

**6.0 ppm**  
**0.8 ppm**



# Municipal Planning Process

- . Begun in 2004, the process was convened as a two phase joint plan as prescribed by state law (PA Act 537) to include Lemoyne, Camp Hill and Wormleysburg.
- . Phase II of the planning process began in 2008. The outcome was eventually not favorable for Lemoyne.
- . In April 2010 Camp Hill and Wormleysburg officially withdrew from the Lemoyne project to pursue their own more cost effective solutions for sewage treatment.
- . In July 2010 the LMA engineer developed a cost matrix comparison which indicated that a Lemoyne-only plant was the most cost effective solution.
- . December 2010 the Municipal Authority and Borough Council made the decision to pursue the treatment plant upgrade project.
- . The LMA engineer then drew up final plans and specifications, which were then put out for construction bids in 2013. Total of construction bids awarded was \$14.3 million.
- . Construction started in late 2013 and the project is now nearly complete.





# Municipal Agreements

## IMPORTANT THING TO KEEP IN MIND #3:

- Camp Hill – Camp Hill was our biggest customer. In that arrangement, Camp Hill contributed approximately 58% of the plant flow and paid 50% of the plant operating costs. They disconnected from the Lemoyne system at the end of 2013.
- Wormleysburg – Wormleysburg contributed approximately 13% of the plant flow. They were a much lower volume customer than Camp Hill, and under that arrangement they basically sub-let a portion of the Lemoyne capacity. They disconnected from the Lemoyne system in January 2013.
- THIS RESULTED IN AN ANNUAL LOSS OF REVENUE OF \$600,000.



# The Sewerage System

## IMPORTANT THING TO KEEP IN MIND #4:

The “Sewerage System” is all the parts including collection, conveyance and treatment. Lemoyne has about 10 miles of collection and conveyance lines and 5 pumping stations to maintain.

In 2011 the Municipal Authority borrowed \$3.8 million for the following improvements:

- .Lower Trunk Project - \$2,011,500
- .Replacement of Walton Street Pumping Station plus the System Metering project: - \$502,000
- .Replacement of collection & conveyance pipes in Walton Street - \$429,500





# Debt Service Summary

.\$11,000,000 Improvement Financing Loan from PennVest (1% for 29.9 yrs)

.\$5,000,000 loan from Mid-Penn Bank (3.795% for 21.5 years)

.\$3,800,000 loan from Metro Bank (4.190% for 20 years)

TOTAL DEBT = \$19.8 MILLION

TOTAL ANN. DEBT SERVICE = \$1,018,000



# 2015 Sewer Fund Budget

 Das Bild kann zurzeit nicht angezeigt werden.

## EXPENSES:

Administration	\$158,000
Collection System	\$239,500
Treatment	\$1,107,600
Debt Service	\$1,002,500
Trans to Cap Res	\$79,300
<b>TOTAL</b>	<b>\$2,625,000</b>



# Revenue vs Expenditures

SEWER FUND		BOROUGH OF LEMOYNE	SEWER FUND		by REI	2/19/2015																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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# Future Expenses ???

- .Final cost of treatment plant project
- .Increases in utility costs
- .Increases in chemical costs
- .Increases in employee costs
- .Increases in replacement equipment costs
- .Increasing the investment in reducing Infiltration and Inflow (I/I) into the collection system (now at \$50,000/yr)



# SEWER ANNUAL EXPENSES

## Current and Projected Expenses (estimated in 2013)

(projected expenses include an increase in spending  
for collection system repairs and I/I projects)

	2013	2015
Operating	\$1,600,000	\$1,700,000
Debt Service & Rental	\$600,000	\$1,300,000
<b>TOTAL</b>	<b>\$2,200,000</b>	<b>\$3,000,000</b>



TOTAL EXPENSES =  
TOTAL REVENUE NEEDED  
FROM CUSTOMERS  
IN LEMOYNE





# LEMOYNE CUSTOMER BASE

	# of Units	% of Revenue
Single Family	1380	45
Apartments	720	21
Commercial	210	34



# Effects of Rate Increase in 2014

## Commercial Accounts

.Several of the largest commercial users expressed serious concerns about the ability to continue to pay for their sewer bills;

.Some expressed their options as investing in systems to use thousands of gallons of less water (putting the costs on others), moving out of the Borough, or taking their business practices out of the borough.

.Since that time we have been meeting with and working with them on options.



# Additional Concerns About Current Rates

.We also had concerns about bills shared by many residents, and we have been considering options for rates that are tied purely to water usage.

.Using water consumption was the preference of residents and businesses when we surveyed them with the last rate increase.

.Rental property owners also expressed large concerns about how their rates increased from one bill to one bill per rental unit. (discussion by Bob Huggler)



# RENTAL PROPERTY RATES

## CURRENT RATE:

- BASE RATE (0 - 2100 GAL. / UNIT) = \$65.00
- USAGE RATE (>2100 / UNIT) = \$0.80/100 GAL.

## PROPOSED RATE:

- BASE RATE (0 - 2100 GAL. / UNIT) = \$45.00
- USAGE RATE (>2100 / UNIT) = \$1.80/100 GAL.



# RENTAL PROPERTY EXAMPLE

## 3 UNIT PROPERTY

WATER USAGE 6300 GALLONS	CURRENT	PROPOSED
BASE CHARGE	\$65.00 / UNIT	\$45.00 / UNIT
USAGE CHARGE	\$0.00	\$0.00
TOTAL CHARGE	\$195.00	\$135.00
6300 GALLON RESIDENTIAL	\$98.60	\$114.35

# Changing the Rates and Other Options

With these concerns growing and the need to find a solution, we began examining alternatives.

Our problem is that we only have 1850 rate payers.

If we lessen a rate in one rate category, it must increase in another.

In looking at solutions, we are considering every option available: rate changes, income options such as taking other sewage at the plant, possible interest in selling the plant and any other option presented to us.





# Possible New Rate Options

Information and slides from Will Hesse



# RESIDENTIAL USERS

WATER USAGE	# OF USERS (2014 AVERAGE)	PERCENTAGE OF USERS
0-3,000 GALLONS	719	43%
3,100-6,000 GALLONS	639	38%
6,100-10,000 GALLONS	188	11%
>10,100 GALLONS	126	8%



# RESIDENTIAL RATES

## CURRENT RATE:

- BASE RATE (0 - 2100 GAL.) = \$65.00
- USAGE RATE (>2100) = \$0.80/100 GAL.

## PROPOSED RATE:

- BASE RATE (0 - 3000 GAL.) = \$50.00
- USAGE RATE (3100 - 6000) = \$1.80/100 GAL.
- USAGE RATE (6100 - 10000) = \$1.95/100 GAL.
- USAGE RATE (>10100) = \$2.05/100 GAL.



# RESIDENTIAL EXAMPLE

## 1 RETIRED ADULT

WATER USAGE 900 GALLONS	CURRENT	PROPOSED
BASE CHARGE	\$65.00	\$50.00
USAGE CHARGE	\$0.00	\$0.00
TOTAL CHARGE	\$65.00	\$50.00



# RESIDENTIAL EXAMPLE

## 2 ADULTS

WATER USAGE 2500 GALLONS	CURRENT	PROPOSED
BASE CHARGE	\$65.00	\$50.00
USAGE CHARGE	\$3.20 (4 UNITS) (\$0.80 / UNIT)	\$0.00
TOTAL CHARGE	\$68.20	\$50.00



# RESIDENTIAL EXAMPLE

## 2 ADULTS + 2 CHILDREN

WATER USAGE 4700 GALLONS	CURRENT	PROPOSED
BASE CHARGE	\$65.00	\$50.00
USAGE CHARGE	\$20.80 (26 UNITS) (\$0.80 / UNIT)	\$33.15 (17 UNITS) (\$1.95 / UNIT)
TOTAL CHARGE	\$85.80	\$83.15





# RESIDENTIAL EXAMPLE

## FAMILY OF 7

WATER USAGE 6800 GALLONS	CURRENT	PROPOSED
BASE CHARGE	\$65.00	\$50.00
USAGE CHARGE	\$37.60 (47 UNITS) (\$0.80 / UNIT)	\$74.10 (38 UNITS) (\$1.95 / UNIT)
TOTAL CHARGE	\$102.60	\$124.10



# RESIDENTIAL EXAMPLE

## FAMILY OF 4 – LARGE USER

WATER USAGE 9700 GALLONS	CURRENT	PROPOSED
BASE CHARGE	\$65.00	\$50.00
USAGE CHARGE	\$60.80 (76 UNITS) (\$0.80 / UNIT)	\$130.65 (67 UNITS) (\$1.95 / UNIT)
TOTAL CHARGE	\$125.80	\$180.65



# COMMERCIAL USERS

WATER USAGE	# OF USERS (2014 AVERAGE)	PERCENTAGE OF USERS
0-3,000 GALLONS	116	51%
3,100-8,000 GALLONS	53	23%
8,100-50,000 GALLONS	44	19%
>50,100 GALLONS	14	6%



# COMMERCIAL RATES

## CURRENT RATE:

- BASE RATE (0 - 2100 GAL.) = \$80.00
- USAGE RATE (>2100) = \$2.50/100 GAL.

## PROPOSED RATE:

- BASE RATE (0 - 3000 GAL.) = \$80.00
- USAGE RATE (3100 - 8000) = \$2.75/100 GAL.
- USAGE RATE (8100 - 50000) = \$2.35/100 GAL.
- USAGE RATE (>50100) = \$1.75/100 GAL.



# COMMERCIAL EXAMPLE

## REAL ESTATE OFFICE

WATER USAGE 3100 GALLONS	CURRENT	PROPOSED
BASE CHARGE	\$80.00	\$80.00
USAGE CHARGE	\$25.00 (10 UNITS) (\$2.50 / UNIT)	\$2.75 (1 UNIT) (\$2.75 / UNIT)
TOTAL CHARGE	\$105.00	\$82.75



# COMMERCIAL EXAMPLE

## DRY CLEANING BUSINESS

WATER USAGE 68,500 GALLONS	CURRENT	PROPOSED
BASE CHARGE	\$80.00	\$80.00
USAGE CHARGE	\$1,660.00 (664 UNITS) (\$2.50 / UNIT)	\$1,146.25 (655 UNIT) (\$1.75 / UNIT)
TOTAL CHARGE	\$1,740.00	\$1,226.25





# COMMERCIAL EXAMPLE MANUFACTURER

WATER USAGE 184,000 GALLONS	CURRENT	PROPOSED
BASE CHARGE	\$80.00	\$80.00
USAGE CHARGE	\$4,547.50 (1,819 UNITS) (\$2.50 / UNIT)	\$3,167.50 (1,810 UNIT) (\$1.75 / UNIT)
TOTAL CHARGE	\$4,627.50	\$3,247.50



# Other Options

We continue to look for innovative ways to lower the bill we all must pay.

Will we be able to decrease our employee's shift work limiting overtime and administrative costs?

Can we take more waste from outside sources?

Can we find a regulated, regionalized company who may have interest in buying our plant?

Is there a way to have more than 1800 rate payers to pay for the debt/operation?



# Other Items to Consider

In looking at all of these options, we still must consider:

We still have over 10 miles of pipes in the system and 5 pump stations to operate and some pipes are very old.

We do not know what additional requirements the federal or state government may require next.

At some point in the future we will have to regionalize our sewer plant in order to afford additional upgrades.



We want to hear from YOU!

What are your thoughts?  
Do you have any questions?

Please reach out to us if you  
want to talk outside of this  
meeting.



# Next Steps

The Sewer Committee would like to take the input from this meeting and discuss (possibly make a recommendation to Council) at our July Meeting.

The Sewer Committee will meet July 16<sup>th</sup> at 7:30.

Council could act as soon as the August Council Meeting (Aug. 6 at 7:30).



# Closing

**THANK YOU FOR YOUR TIME  
AND PARTICIPATION!**

