

**TOWNSHIP OF LOWER MERION**  
***Finance Committee***  
**Issue Briefing**

**Topic:** 2019 Sanitary Sewer Rental Rate

**Prepared By:** Eric Traub, Chief Financial Officer

**Date:** March 29, 2019

**I. Action To Be Considered By The Board:**

Authorize the Township Secretary to advertise notice of a public hearing and intent to adopt an Ordinance setting the 2019 Sanitary Sewer Rental Rate (SSRR) at \$4.51 per one thousand gallons of water consumed.

**II. Why This Issue Requires Board Consideration:**

Township Code requires a public hearing and an ordinance to adopt the SSRR.

**III. Current Policy Or Practice (If Applicable):**

Not Applicable.

**IV. Other Relevant Background Information:**

The Township's Sanitary Sewer Fund is an enterprise fund which is self-supporting through user fees charged for sanitary sewer wastewater disposal and treatment services provided to over 16,600 residential, commercial and institutional customers. The Township maintains its own sanitary sewer infrastructure which is comprised of over 235 miles of sanitary sewer lines and 17 pumping stations. The Township makes annual operating and capital contributions to the Philadelphia Water Department for wastewater treatment services.

The SSRR fee is the primary revenue source of the Sanitary Sewer Fund and is based on the prior year water consumption, as provided by Aqua Pennsylvania. Annual revenues fluctuate with the overall billable water consumption. In 2019, the billable water consumption decreased marginally (0.6%) compared to the previous year.

The 2019 Budget anticipated a moderate drawdown of the Sanitary Sewer Fund reserves. While the billable water consumption is essentially flat, recent positive financial results and the strong fund balance position of the Sanitary Sewer Fund means a rate increase is not warranted for 2019. The Township's updated Sanitary Sewer Fund forecast for 2019 includes a manageable deficit of \$134,000 or approximately 1.6% of projected Sanitary Sewer Fund expenditures. Even with the projected deficit in 2019, the Sanitary Sewer Fund's ending fund balance for 2019 is forecasted to be 34% well above the 10% policy level. Given the Sanitary Sewer Fund's financial status, the

Board of Commissioners may want to pursue another transfer to the Capital Projects Fund as it did in the fourth quarter of 2018.

**V. Impact On Township Finances:**

The Sanitary Sewer Fund's finances will remain stable with the current rate of \$4.51 per thousand gallons of water usage. This would be the seventh straight year without an increase to the SSRR.

**VI. Staff Recommendation:**

Staff recommends the 2019 SSRR remains at the current level of \$4.51 per thousand gallons of water usage.