

2019 Water / Sewer Rates

Review by Lehigh County Authority

December 19, 2018

What about monthly billing?



- Monthly rates included in this presentation because they are part of the rate schedule – but are not the subject of tonight’s discussion
- Determination of implementation schedule to be made in the future following ongoing discussions with the City
- Customers will be notified directly!

2019 Rate Changes

Part 1 – Lease Rates (Schedule 3)

2.6% Part 1 – CPI from July 1, 2017 to June 30, 2018

2.5% Part 2 – Margin increase

5.1% Lease Rate Increase

Part 2 – Other Rates

Capital Cost Recovery Charge

Administrative Order Fee

Changes of Law

SCHEDULE 3

Initial Schedule of Rates

Sewer Tariff & Customer Rates

Line Item	Daily Charge (Quarterly Bills)	Monthly Bills	Total Charge
Penalty - 940.99			\$1,000
Administrative Fines - 10.6			\$5,000 - 25,000
Civil Penalties - 11.2			up to \$25,000
Pretreatment Charges			
16.1 Surcharge			Based on formula
Sewer Rates			
Meter Charges			
5/8"	0.096118	0.199453	
3/4"	0.117767	0.221055	
1"	0.160990	0.264329	
1.5"	0.269122	0.372490	
2"	0.398871	0.502189	
3"	0.744905	0.850669	
4"	1.136619	1.239922	
6"	2.220347	2.323694	
8"	3.50369	4.262838	
Quantity Charges			2.237638 per 1,000 gallons
Penalty - 945.03			1.50% per month
Water Charge Rebate			
Household Income			
\$0 - 5,999			100%
\$6,000 - 6,499			40%
\$6,500 - 6,999			30%
\$7,000 - 7,499			20%
\$7,500 - 7,999			10%
\$8,000+			No Rebate
Tapping Fees			\$680.00 projected daily sewer discharge x \$3.87
Equivalent Dwelling Units			
Residential			1
Apartment			0.8
Hotels/Motels			0.2857 per room
Restaurant/Food Service			
Full Service	0.0048		per square foot
Single Service	0.0067		per square foot
Take Out/Catering	0.0086		per square foot
Cocktail Lounge/Bar	0.0071		per square foot
Beauty Shop	0.2285		per operating chair
Movie/Live Theaters	0.0005		per square foot
Self Service Laundries	0.0286		per square foot
Offices	0.0002		per square foot
Retail Stores	0.0002		per square foot
Industrial			
In General	0.0003		per square foot
Waterhouse	0.0002		per square foot
Industrial Waste			calculation average day period (high volume)/159.5 gallons
Schools			
Day	0.0109		per person
Boarding	0.0229		per person
Person			
Churches	0.0002		per square foot
Hospitals			
In-Patient	0.8571		per in-patient bed
Out-Patient	0.0002		per square foot
Other Institutions	0.3596		per bed

Water Tariff & Customer Rates

Line Item	Daily Charge (Quarterly Bills)	Monthly Bills	Total Charge
Penalty - 921.99			\$1,000
Charges For Water			
Meter Charges			
5/8"	0.27700	0.57378	
3/4"	0.33964	0.63648	
1"	0.46478	0.76508	
1.5"	0.78156	1.08167	
2"	1.16081	1.46087	
3"	2.17315	2.46987	
4"	3.31097	3.61087	
6"	6.47353	6.77030	
8"	10.26585	10.56605	
Quantity Charges			3.10125 per 1,000 gallons
Fire Hydrant Standby			310 per hydrant
Water Service Lateral Maintenance			
Penalty Charges - 925.02			1.5% per month
Water Charge Rebate			
Household Income			
\$0 - 5,999			100%
\$6,000 - 6,499			40%
\$6,500 - 6,999			30%
\$7,000 - 7,499			20%
\$7,500 - 7,999			10%
\$8,000+			No Rebate
Fine for False Rebate Claim			\$300
Removal and Reinstalled Meters			\$5.50 per meter for 3/4" meters only on commercial and industrial properties
Meter Failure			
Additional Meters Added			
Meter Testing			
Penalty Charges - 927.99			\$1,000
Tapping Fees			\$810 arrived at by charging up to \$5.08 per gallon of projected increase in water use
Equivalent Dwelling Units			
Residential			1
Apartment			0.8
Hotels/Motels			0.2857 per room
Restaurant/Food Service			
Full Service	0.0048		per square foot
Single Service	0.0067		per square foot
Take Out/Catering	0.0086		per square foot
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Person			
Churches	0.0002		per square foot

Part 1 – Lease Rates (Schedule 3)

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Fixed Charges

	WATER FIXED CHARGES			SEWER FIXED CHARGES	
<u>Meter Size</u>	<u>Quarterly Charge</u>	<u>Monthly Charge</u>		<u>Quarterly Charge</u>	<u>Monthly Charge</u>
5/8"	\$29.27	\$20.21		\$10.16	\$7.03
3/4"	\$35.89	\$22.42		\$12.45	\$7.79
1"	\$49.12	\$26.95		\$17.01	\$9.31
1 1/2"	\$82.59	\$38.10		\$28.44	\$13.12
2"	\$122.67	\$51.46		\$42.15	\$17.69
3"	\$229.66	\$87.00		\$78.72	\$29.97
4"	\$349.90	\$127.20		\$120.12	\$43.68
6"	\$684.12	\$238.49		\$234.65	\$81.86
8"	\$1,084.89	\$372.20		\$370.27	\$150.16

Part 1 - 2019 Lease Rates (Schedule 3)

Volume & Flow Charges

Water Volume Charge: \$3.59528 per 1000 gallons

Sewer Flow Charge: \$2.59004 per 1000 gallons

* Volume & flow charges also include cost recovery for any Change of Law and cost passed through from the Delaware River Basin Commission (DRBC) as allowed under the lease agreement with Allentown.

Disinfectant Residual Rule → \$21,010 = \$0.00587 per 1000 gallons (included in rates listed above)

DRBC Charges → \$1,791 = \$0.00056 per 1000 gallons (included in rates listed above)

Part 2 – Other Rates

NEW 2019 Capital Costs & Administrative Order

Project	Total Project Cost	Annual Debt Service	Recovery Period (years)	Customer Rate per 1000 gallons	Municipal Signatories Share Cost?
Schantz Spring Transmission Line	\$ 2,443,378	\$216,022	30	\$0.06016	Yes
WWTP Digester Covers Replaced	\$ 3,012,225	\$218,941	30	\$0.03513	Yes
Administrative Order Work*	\$ 2,500,000	\$184,114	20	\$0.03546	Yes

* The 2019 Administrative Order Fee calculation includes debt service for the City's \$2.5 million bond that was issued in 2016.

Part 2 – Other Rates

TOTAL 2019 Capital Cost & Administrative Order Charges

	Per 1000 Gallons
Water Capital Costs*	\$0.27945
Sewer Capital Costs*	\$0.08427
Administrative Order	\$0.03546

* Water & Sewer Capital Cost Recovery Charges are cumulative and based on a debt service calculation over the useful life of each project that is completed. As new projects are completed, debt service is calculated and added to the prior year's cumulative total.

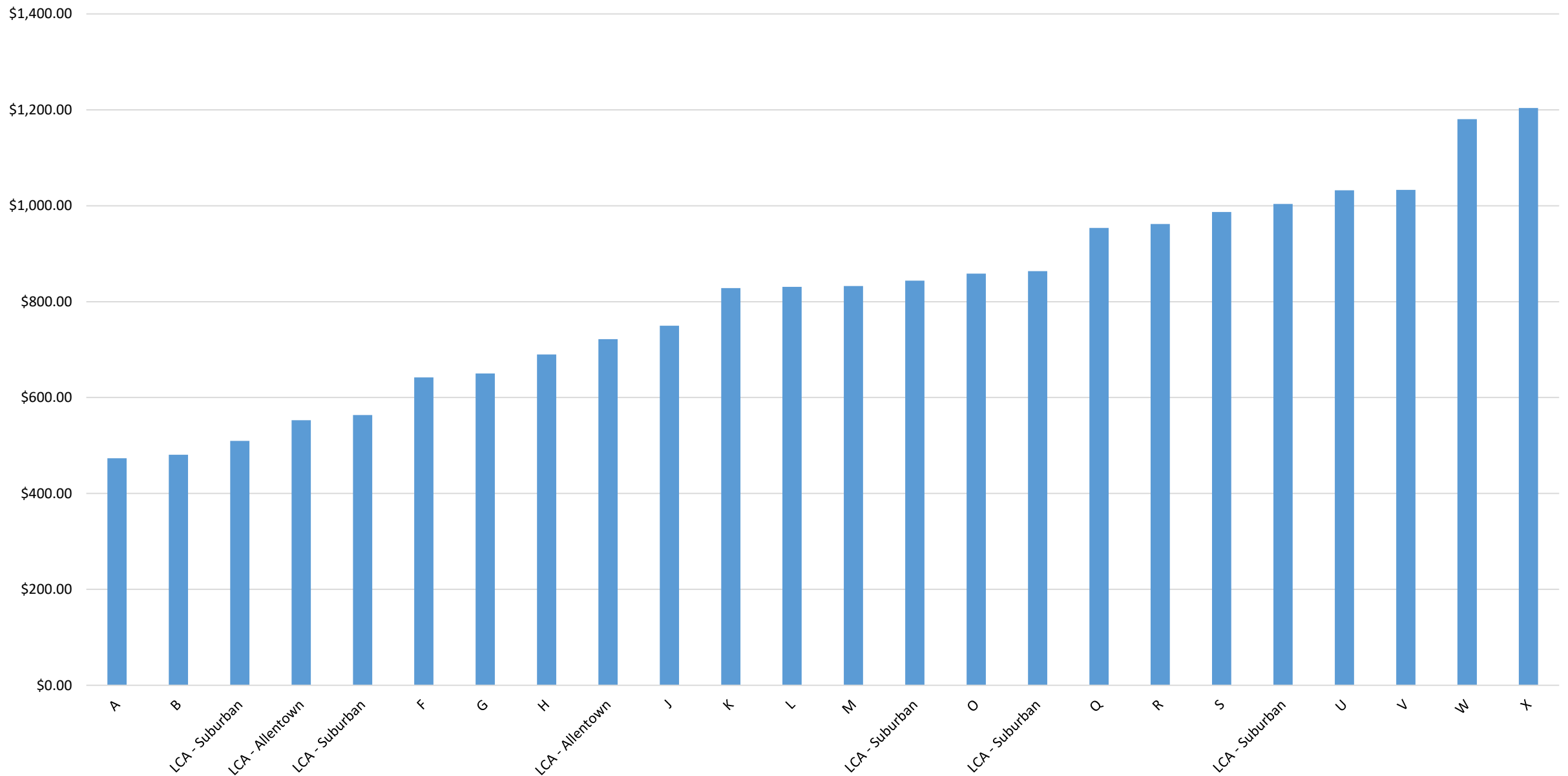
What does it mean?

Billing Example – Residential Bill for 15,000 Gallons

If you are billed....	Quarterly	Monthly
Fixed Charge – Water	\$29.27	\$20.21
Water Volume Charge	\$53.93	\$17.98
Water Capital Cost Recovery Charge	\$4.19	\$1.40
Fixed Charge – Sewer	\$10.16	\$7.03
Sewer Flow Charge	\$38.85	\$12.95
Sewer Capital Cost Recovery Charge	\$1.26	\$0.42
Administrative Order Fee	\$0.53	\$0.18
Total Bill	\$138.19	\$60.17

Lehigh Valley Water & Sewer Rate Comparison (Data from 2017-2019)

24 communities in Lehigh Valley - average annual residential water & sewer bill (based on 5000 gallons usage per month)



Customer Service Enhancements

- Bill payment options
- Enhanced communication / online presence
- Working with tenants / landlords
- Employee training
- Strong collections performance (98-99% collections rate!)
- New phone system in 2018 w/ call performance tracking enhancements



Customer Service Satisfaction*

	Surveys Returned	Overall Satisfaction	Employee Courtesy	Employee Knowledge
2013	120	82%	92%	87%
2014	500	85%	91%	92%
2015	587	90%	93%	92%
2016	443	87%	93%	92%
2017	417	90%	95%	91%
2018 (to date)	323	87%	90%	91%

*Survey results based on postcard survey of customers who had contact with LCA in the prior month. Due to declining return rates, the program will be investigated in 2019 to determine more effective ways to receive customer feedback on LCA performance!

Quick Look Ahead

- Water Master Plan – completed in 2017
- Wastewater Master Plan – under way (January 2019)
- Ongoing focus on system operations & preventive maintenance
- Employee training & addressing increasing retirements
- Ongoing achievement of Lease Operating Standards
- Regulatory review is continuous
- Public Outreach – help customers understand:
 - Importance of projects to repair and replace an aging system
 - What those projects will cost
 - LCA non-profit model & how it helps



