



# FY 2014 Proposed Capital Borrowing

West Norriton Township  
Sanitary Sewer & LED Streetlight Projects

# FY 2014 Capital Borrowing

- West Norriton has a \$10 million tax-exempt limit per year
  - Under the Internal Revenue Code of 1986:
    - “An issuer can only designate a bond or note as a qualified tax-exempt obligation if the bond or note is not a “private activity bond” other than a qualified 501(c)(3) bond (for example, a small issue manufacturing bond); the issuer reasonably anticipates that it will not issue more than \$10 million in tax-exempt bonds (other than non 501(c)(3) private activity bonds) in the calendar year in which the bond or note was issued; and the issuer did not designate more than \$10 million of bonds or notes as qualified tax-exempt obligations in that calendar year.”

# FY 2014 Capital Borrowing

- The West Norriton Township Industrial Development Authority (WNTIDA) is a “subordinate entity” of the Township
  - This means the financings taken on by the IDA must be taken into account in determining what the Township can issue on a tax-exempt basis and what it can issue on a bank qualified basis.
- In April 2014, the IDA refinanced **\$3.2 million** for Congregation Or Ami thus reducing our borrowing ability on a tax-exempt basis to **\$6.8 million** for FY 2014

# Sanitary Sewer Capital Projects

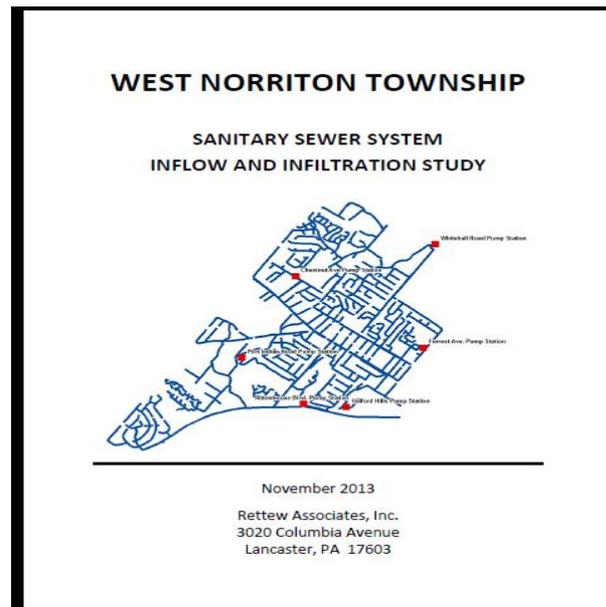
- \$5,580,000 is available to borrow for sanitary sewer projects in the Township

<b>Tax-Exempt Limit</b>	<b>\$10,000,000</b>
April 2014 IDA Refinancing	(\$3,200,000)
LED Street Light (Estimate)	(\$1,220,000)
<b>Total Remaining for FY 2014</b>	<b><u>\$5,580,000</u></b>

# Sanitary Sewer Capital Projects

- Inflow & Infiltration (I&I)

- November 2013 I&I Study identified \$4,795,000 (without contingency) in potential capital improvements to negate I&I in the Township sanitary sewer system.



# Sanitary Sewer Capital Projects

## Projects

Norristown Plant Capital Allocation	Plant Upgrades
Repairs to Mystic Lane	Mains & Laterals
Repairs to Sewer Zone IVa	Mains & Laterals
Repairs to Sewer Zone V (Va, Vb, VIa)	Mains & Laterals
Repairs to Sewer Zone VI, VII & VIIa	Mains & Laterals
Whitehall Road Pump Station	Engineering/Design Packages
Rittenhouse Pump Station	Cost-over runs



# Current Sewer Rates



Land Use Type	Category	Billing Units of Record	Base Rate (Quarterly)	Cost per 1,000 gallons exceeding 4,000 gallons
Residential Single Family	1	4,524	\$35	\$6.51
Residential Single Family (No Water)	2	90	\$100	\$0.00
Residential Multi-family < 4 units	3	59	\$75	\$6.51
Residential Multi-family > 4 units	4	740	\$10	\$6.51
Nonresidential Users	5	179	\$80	\$6.51
<b>Total</b>		<b>5,610</b>		

# Current Sewer Rates

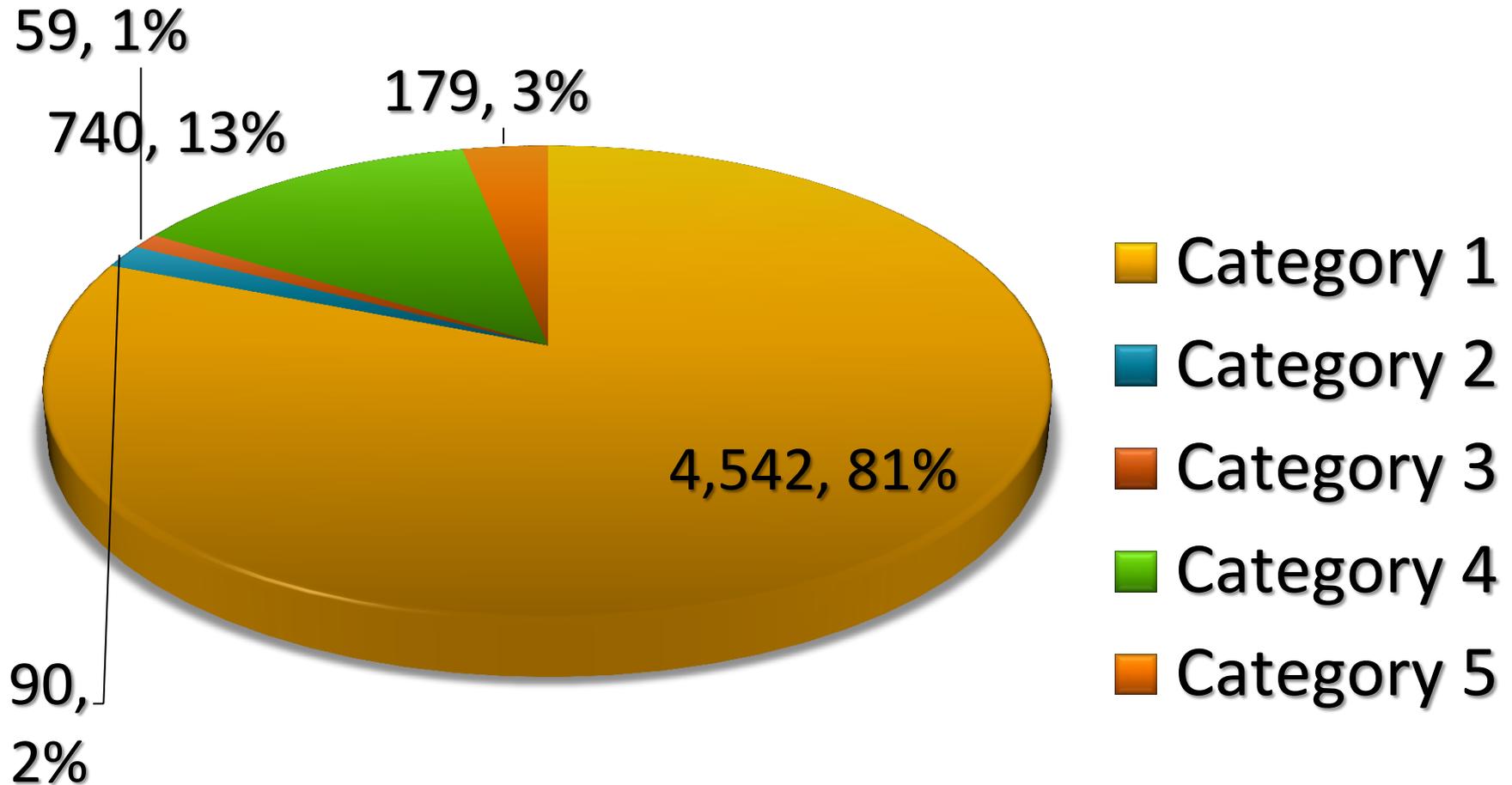


Land Use Type	Category	Billing Units of Record	Base Rate (Quarterly)	Base Rates Revenues (Quarterly)
Residential Single Family	1	4,524	\$35	\$158,970
Residential Single Family (No Water)	2	90	\$100	\$9,000
Residential Multi-family < 4 units	3	59	\$75	\$4,425
Residential Multi-family > 4 units	4	740	\$10	\$7,400
Nonresidential Users	5	179	\$80	\$14,320
<b>Total</b>		<b>5,610</b>		<b>\$194,115 (Quarterly)</b>
				<b>\$776,460 (Annual)</b>

# Base Rate and Consumption

Category	Billing Units	Base Rate (Quarterly)	Base Rate (Annually)	Annual Base Rate Revenues	Annual Usage (Gallons)	Base Gallons Treated (Billing Units x 16,000 gallons)	Overage Gallons Treated (Annual Usage Minus Base Gallons Treated)	Cost per 1,000 gallons exceeding 4,000 gallons	Annual Usage Revenue	Total Revenue (Annual Base Rate Revenue + Annual Usage Revenue)
1	4,542	\$35	\$140	\$635,880	229,536,950	72,672,000	156,864,950	\$6.51	\$1,021,191	\$1,657,071
2	90	\$100	\$400	\$36,000	29,065,600	1,440,000	27,625,600	\$0.00	\$0	\$36,000
3	59	\$75	\$300	\$17,700	1,758,200	944,000	814,200	\$6.51	\$5,300	\$23,000
4	740	\$10	\$40	\$29,600	92,388,500	11,840,000	80,548,500	\$6.51	\$524,371	\$553,971
5	179	\$80	\$320	\$57,280	34,177,000	2,864,000	31,313,000	\$6.51	\$203,848	\$261,128
<b>TOTAL</b>				\$776,460					\$1,754,710	\$2,531,170

# Sanitary Sewer System Customers



# Required Funds for New Debt

- The Sewer Fund would be responsible for annual debt service payments should \$5,580,000 borrowed by the Township
- Anticipated annual debt service by the Sewer Fund would increase by **\$350,000**
- Current debt service is \$334,000 which is part of the FY 2014 Sewer Budget

# Recommended Rate Structure

- In order to generate enough revenues to fund new debt service, the following is recommended:
  - Increase base rate by \$7.00 per quarter
    - Category 1: \$35.00 to \$42.00
    - Category 2: \$100.00 to \$107.00
    - Category 3: \$75.00 to \$82.00
    - Category 4: \$10.00 to \$42.00
    - Category 5: \$80.00 to \$87.00
  - Increase consumption rate by \$1.00
    - \$6.51 to \$7.51
  - Bill Category 1 and 4 customers equally
  - Reduce consumption credit by 1,000 gallons
    - From 4,000 gallons to 3,000 gallons

# Recommended Rate Structure

Category	Billing Units	Base Rate (Quarterly)	Base Rate (Annually)	Annual Base Rate Revenues	Annual Usage (Gallons)	Base Gallons Treated (Billing Units x 12,000 gallons)	Overage Gallons Treated (Annual Usage Minus Base Gallons Treated)	Cost per 1,000 gallons exceeding 3,000 gallons	Annual Usage Revenue	Total Revenue (Annual Base Rate Revenue + Annual Usage Revenue)
1	4,542	\$42	\$168	\$763,056	229,536,950	72,672,000	156,864,950	\$7.51	\$1,178,056	\$1,941,112
2	90	\$107	\$428	\$38,520	29,065,600	1,440,000	27,625,600	\$0.00	\$0	\$38,520
3	59	\$82	\$328	\$19,352	1,758,200	944,000	814,200	\$7.51	\$6,115	\$25,467
4	740	\$42	\$168	\$124,320	92,388,500	11,840,000	80,548,500	\$7.51	\$604,919	\$729,239
5	179	\$87	\$348	\$62,292	34,177,000	2,864,000	31,313,000	\$7.51	\$235,161	\$297,453
<b>TOTAL</b>				\$1,007,540					\$2,024,250	\$3,031,790
				<b>\$231,080</b>					<b>\$269,541</b>	<b>\$500,621</b>

# Average Bill Comparison

April 2014 Billing: Service from October to January

## Current Rate Structure Residential Property

- Average Bill: \$102.57
- Average Consumption: 14.09 gallons (in thousands)

## Proposed Rate Structure Residential Property

- Average consumption: 14.09
  - Less 3,000 gallon credit (3)
  - 11.09 gallons x \$7.51 = \$83.29
  - Base rate = \$42.00
- New Bill = **\$125.28 per quarter**

# Average Bill Comparison

January 2014 Billing: Service from July to October

## Current Rate Structure Residential Property

- Average Bill: \$105.61
- Average Consumption: 14.55 gallons (in thousands)

## Proposed Rate Structure Residential Property

- Average consumption: 14.55
  - Less 3,000 gallon credit (3)
  - 11.55 gallons x \$7.51 = \$86.74
  - Base rate = \$42.00
- New Bill = **\$128.74 per quarter**