

EAST BERLIN AREA JOINT AUTHORITY
103 LOCUST STREET, PO BOX 37
EAST BERLIN, PA 17316

March 15, 2011

A special meeting of the East Berlin Area Joint Authority was held on March 15, 2011 at 103 Locust Street, East Berlin, PA 17316, and was conducted by Chairman Gerald L. Mummert. The meeting opened with the Pledge of Allegiance at 9AM.

Members Present: Chairman Gerald L. Mummert; John O'Brien; Robert Clayton; Charles Krall and David Richards.

Absent: None

Also Present: Secretary, Hannelore Furst; Treasurer, Charles Eisenhart; Bruce Hulshizer of Buchart-Horn; and Craig Paskoski, Evening Sun reporter.

The purpose of the special meeting was to discuss the sewer rates. Chairman Mummert turned the meeting over to the Treasurer Charles Eisenhart.

Charles Eisenhart stated the sewer rates need to be adjusted. He reviewed the Pennvest loan, stating that starting in September the Authority will be repaying the debt at \$22,053.57 per month. This year it will only be the four months which is covered by the budget. He suggested the sewer rate could be raise from \$75 to \$82 for residential fixed rate and from \$90 to \$94 for commercial fixed rate and from \$6 per thousand gallons to \$7 per thousand gallons.

Bruce Hulshizer interjected some information he received concerning Reading Township. He understands that Reading Township is waiting to find out whether they will be receiving any grant money. At this point, it looks like the Authority should presume that Reading Township will not be connecting to the sewer system and should raise the rates accordingly.

Charles Eisenhart stated we were working with originally 755 accounts, but for end result it worked out to 80 commercial accounts and 660 residential accounts.

David Richards discussed the figures he worked up in November and came up with \$90.56 per EDU as the fixed rate and \$6.72 per thousand gallons. He then commented on using a weighted EDU to avoid using capital water per thousand gallons basis, which is not as good but is acceptable. This would get the sewer rate structure down to \$81 per weighted EDU. That would add 92 EDU for the last 15 customers. It was explained that the fixed charge is the proposed capital charge and the variable rate is the proposed operational charge.

Mr. Richards went over his charts from his information of February and March 3rd's graph. The Board was reminded they are working on sewer rates and not water rates; but the sewer rate is calculated from the water usage. Presently, resident's accounts have a fixed rate of \$75 and commercial accounts have a fixed rate of \$90. Mr. Richards stated there was no justification for the differential of the two accounts. The discussion continued on fixed and variable costs; and how do you balance it between high users and lower users.

David Richards proposed for the weighted EDU's for all users \$81.25 as the fixed rate, and \$6.72 as the variable charge for one thousand gallons. The discussion continued on the two separate accounts and why there are two. Pennvest will be drawing out of the one account monthly, and the Authority has to make sure the fixed charges are in that account for the withdrawals. Mr. Richards questioned the justification of the charge for the difference in the fixed charge between the residential and commercial accounts. He continued that the median user uses 8,400 gallons, the average user uses 12,400 gallons each quarter, so the construction of the sewer plant is dependent on how many EDU's are in demand; which is dependent on the big users, or amount of customers. It was suggested charging by EDU's for the larger users. Bruce Hulshizer gave an example of the top use customer uses 820,000 gallons a quarter, divide that by 235 accts per day per EDU,

divide by 90 days, he would be a 39 EDU customer. This equates to \$12,000 a year for the largest customer. Robert Clayton mentioned the high end users would be screaming, no matter what the Authority does, but the Authority cannot leave them alone, or we will not get what we need to cover the expenses of the Authority.

Bruce talked about the weighted EDU's. Charles Krall questioned how other municipalities handle commercial rates. John O'Brien stated Abbottstown/Paradise Authority uses for the commercial accounts the average prior year usage to get the EDU's. They were allowed 250 gallons per EDU, and they pay \$7 per thousand gallons. The secretary handed out a Sewer Rate Comparison survey of 2008 that was done