NOTICE OF RATE INCREASE
TO ALL MAIDENCREEK TOWNSHIP AUTHORITY
WATER & SEWER CUSTOMERS

In early 2015, the Maidencreek Township Authority (the Authority) received final confirmation from the Pennsylvania Department of Transportation (Penn Dot) that they intend to pursue road improvements on Route 222 located in Maidencreek Township. Once confirmation was received, the Authority Engineer submitted to Penn Dot a preliminary design along with estimated costs to address the water and sewer line relocation in and around the Route 222 construction area. Total project costs of the water and sewer line portion of the project has been estimated at $4,740,000. Penn Dot has agreed to reimburse the Authority for a percentage of the costs incurred with this project. Ultimately, the Authority will be responsible for **$2,040,000** of the total cost of this project. This project was never included in any five year financial plan of the Authority.

Unlike many municipal authorities in Pennsylvania, the Authority's water and sewer infrastructure has been properly maintained due primarily to an aggressive capital improvement program. Since 2000, the Authority has spent a total of $10,800,000 in capital improvements. These projects were undertaken to either extend the useful life of our assets, develop new drinking water sources or to meet new regulatory requirements.

The Authority has not had any type of debt since 2009 due in part to developer tapping fee contributions received during the construction boom that lasted from 2000 to 2008. The customers of the Authority have benefited greatly from the tapping fee revenue. The last rate increase was in 2001. Unfortunately, tapping fees are no longer a significant revenue source to fund future capital improvements. Tapping fees now contribute only $25,000 per year to our total annual operating and capital budget of **$2,820,000**. Moving forward, the loss of tapping fee income will require the MTA to rely mainly on water and sewer quarterly payments (rental fees) from its customers to fund the Authority's operating and capital improvement expenses.

When modifying the Authority's five year financial plan, the Authority looked at ways to cut all unnecessary operating expenses. It also included an extensive evaluation of its five year capital improvement projects. The revised five year financial plan provides for the following:

Average Annual Operating Expenses	-	$1,700,000
Average Annual Capital Improvements	-	$1,120,000
Total Expenses	-	**$2,820,000**
Average Annual Customer Rental Fees	-	$1,900,000
Average Annual Tap-In Fees	-	$ 25,000
Average Annual Use of Cash Reserves	-	$ 895,000
Total Revenue	-	**$2,820,000**

The Authority Board continues to review and evaluate ways to keep operating expenses as low as possible.

The five year plan calls for capital improvement expenditures of **$5,600,000**. This includes $2,040,000 for the 222 project, $1,800,000 for the development and construction of additional water sources on the former Phillip's Farm in Blandon, $650,000 for ultraviolet disinfection upgrades at the wastewater treatment plant, $500,000 to repair, clean and televise the clay sewer pipe in Historical Blandon, $200,000 for the maintenance and repair of tanks, $125,000 to complete the upgrading of the water meters, $150,000 for Township road repairs caused by emergency dig ups of water and sewer lines and $135,000 in miscellaneous projects. Other projects not as high of a priority were either removed from the plan or extended out beyond five years.

In order to meet revenue requirements to achieve the goals in the revised financial plan, the Authority needs to increase water and sewer rates. The Authority Board has determined that a three percent (3.0 %) increase added each year to the rate tables will meet the revenue goals of the Authority and result in the least impact to our customers. A three percent annual increase in rates will produce $538,000 in additional revenue over the next five years.

A three percent (3.0 %) rate increase will go into effect January 1st of each year, starting January 2017 and ending January 2021. Please review the table below to determine how the rate increase will impact a typical customer of the Authority:

	1 PERSON 4500 GALLONS PER QUARTER	**2 PERSONS** 9,000 GALLON PER QUARTER	**3 PERSONS** 13,500 GALLON PER QUARTER	**4 PERSONS** 18,000 GALLON PER QUARTER
Current	**$82.00**	**$109.00**	**$142.00**	**$187.00**
2017	$84.46	$112.27	$146.26	$192.61
2018	$86.99	$115.64	$150.65	$198.39
2019	$89.60	$119.11	$155.17	$204.34
2020	$92.29	$122.68	$159.82	$210.47
2021	$95.06	$126.36	$164.62	$216.78

It is never popular to increase rates. The Authority Board appreciates your understanding in this matter. The rate increase will help ensure that the Authority can meet its mission of providing a safe and reliable source of water to our customer's homes while continuing to meet all state and federal regulatory requirements.