



THE BOROUGH OF JENKINTOWN

To: Borough Council, Mayor Lerman
Cc: Chief T. Scott, Kenneth Riggins, Marcus Lambert
Fr: George Locke, Borough Manager
Re: Sewer Fund Rate Explanation

The [08] Sewer Fund is not funded by property tax-millage and is funded solely through sewer rental and associated fees paid by property owners. Jenkintown Borough has continued to monitor, analyze, and manage the borough sanitary sewer system, which is owned and operated by the borough.

Construction of the current Borough sewer system began one hundred years ago. The system consists of approximately ten miles of gravity sanitary sewer main, a shared trunk main w/ Abington Twp. and three metering stations at connection points to the Aqua/Cheltenham conveyance system. The Borough does not operate a sewer processing facility.

The Borough has applied sound management of the system by utilizing State grants that fund 85% of the cost of the sewer main lining projects within the Borough, engaging a Professional Sanitary Sewer Engineer, engaging a Professional Sewer Rate Consultant familiar with Montgomery County and implementation of Waterworth® a sewage management software. The Borough continues to coordinate efforts and just as importantly maintaining a good working relationship with the Professionals both appointed and elected officials in our adjacent Municipalities and pertinent State, Federal and Private agencies.

Borough responsibilities do not end at the Borough limits. The Borough is also responsible for a proportional cost share of the Aqua/Cheltenham conveyance system that carries our sewage to Philadelphia as well as our share of the long-term maintenance expenses and sewage treatment costs at the Northeast Philadelphia Water Treatment Plant. These shares are based on the borough contribution to the wastewater flows handled by our downstream system partners. The Borough's plan of action for sewer system management began with the 2015 Sewer Rate Study. This assessment allowed the Borough to effectively and incrementally establish the sewer rate structure. Wastewater conveyance and processing costs have continued to be less costly to rate payers in the Borough, while funding a system stable enough to rehabilitate/maintain the quality of the Borough sewer main system as well as pay sewage treatment costs, These have included the Borough's portion of the Philadelphia treatment plant maintenance costs and the financial cost of the Borough's portion of the downstream conveyance, 'interceptor A' construction in Cheltenham.

Sanitary sewer systems and treatment costs have, like most sectors, faced volatile markets, and some Municipalities have experienced precarious situations with their sanitary sewer system of late. While Jenkintown Borough works to insulate our situation from the turmoil in other systems, in some instances we are undeniably affected because the Borough sewage is conveyed through a neighboring Municipality and then treated in Philadelphia. Both of these are known to face rising costs and serious future concerns.

The current Jenkintown Borough sewer rate for the average residential usage of 58,400 gallons per year is approximately \$245.74 and was last set in January 2024. Due to situations beyond the Borough's control, costs have risen in the areas of construction, sewage treatment fees, and treatment plant maintenance charges. Calculations show the current rate and pricing structure will not be sufficient to cover the increased costs. The borough continually monitors fund expenses to maintain sewer fund balances to an acceptable accounting level while preparing for impending construction costs through funding the sewer reserve fund.

Taking all known factors into consideration the best management approach to sustaining the [08] sewer fund is to make the incremental increase defined below, in January 2026.

The proposed Annual Sewer Rate fee beginning in 2026 for the average residential usage of 58,400 gallons per year would be approx. \$307.00. This would be an increase to the average residential usage of 58,400 gallons rate payers annual bill of \$61.26.



Comparatively the 2026 annual rates for the 28 neighboring Municipalities reviewed during these calculations are shown in the attached bar graph and the costs vary greatly beginning at \$299 (Upper Merion Twp.), \$314 (Abington Twp.), \$425 (Upper Dublin), \$1,377 (Cheltenham Twp., Norristown, East Norriton) and \$1,726 (Pa American Water Co.)

2026 and beyond - The 2026 rate increase will improve the sewer funds stability and will temporarily sustain the required engineering, maintenance and treatment costs. It is recommended in future years to maintain an inflationary 3% annual rate increase to further stabilize the fund.

The complete costs for the next proposed stage of the downstream construction from Aqua Pennsylvania/Cheltenham and Philadelphia have not been finalized, provided to the Borough or approved by the PaDEP at this time. For those reasons there are no downstream construction costs factored into the current proposed sewer rate increase.

Once the final costs of the proposed construction are known the sewer rate study will be re-evaluated and submitted to the Borough for long-term planning to allow the [08] Sewer Fund to remain appropriately funded for the long-term stability and sustainability of the fund. Although the details of the proposed construction have not been provided it will be a serious undertaking and result in extensive costs to the Borough that would require passing a long-term bond to finance. This has required the Borough to re-engage the feasibility study of an alternative method of treatment in place of the current conveyance through Cheltenham Twp. and treatment at the Philadelphia Water Department treatment plant.

Thank you for your attention to this important matter.
Respectfully submitted.

George Locke
CBO Borough Manager
Jenkintown Borough