

RESOLUTION NO. 885

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE TOWNSHIP OF CUMRU FIXING THE TAPPING FEE FOR ALL FUTURE CONNECTIONS TO THE SANITARY SEWER SYSTEM OF THE TOWNSHIP AT THREE THOUSAND SIXTY DOLLARS AND FORTY-EIGHT CENTS (\$3,060.48), PURSUANT TO STUDY MADE BY THE ENGINEER FOR THE SANITARY SEWER SYSTEM OF THE TOWNSHIP OF COSTS INVOLVED FOR THE MAKING OF SUCH CONNECTIONS

WHEREAS, Legislation adopted by the Commonwealth of Pennsylvania requires that "tapping fees" charged by Sanitary Sewer Authorities, or by Municipalities, be in an amount determined by engineering studies of costs relating thereto, as set forth in said Legislation; and,

WHEREAS, the Engineer for the Sanitary Sewer Systems of the Township of Cumru has made the required study of costs to be considered in determining such "Tapping Fee," as delineated by said Legislation, a copy of such study being attached hereto as Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED, and it hereby is resolved, by the BOARD OF COMMISSIONERS OF THE TOWNSHIP OF CUMRU, that, the "Tapping Fee" to be charged for any connection to the Sanitary Sewer System of the Township of Cumru shall be Three Thousand Sixty Dollars and Forty-Eight Cents (\$3,060.48) for each Equivalent Dwelling Unit, said amount having been determined in compliance with the Laws of the Commonwealth and pursuant to the foregoing study.

NOW, THEREFORE, BE IT ALSO RESOLVED, and it hereby is resolved, by the BOARD OF COMMISSIONERS OF THE TOWNSHIP OF CUMRU, that, the inspection fee and permit fee for a tap-in (sewer connection) are \$150.00 and \$25.00, respectively.

ADOPTED AS A RESOLUTION this 29th day of August, 2023.

THE BOARD OF COMMISSIONERS OF
THE TOWNSHIP OF CUMRU

BY Brian O'Leary
President

ATTEST:

James P. Mustafa
Secretary

Exhibit A

**TOWNSHIP OF CUMRU
CALCULATION OF THE TAPPING FEE
FOR THE SEWER SYSTEM
IN ACCORDANCE WITH PA ACT 57 OF 2003**

August 2023

TOWNSHIP OF CUMRU
SEWER SYSTEM TAPPING FEE CALCULATION

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TOWNSHIP OF CUMRU
SEWER SYSTEM TAPPING FEE CALCULATION

SUMMARY OF FEES CALCULATED FOR
ACT 57 TAPPING FEE STUDY

On December 19, 1990, the Pennsylvania State Legislature enacted Act 209 of 1990, which amends the Act of July 31, 1968 (P.L. 805, No. 247). One of the provisions of that law requires municipalities that assess tapping or similar water and sewer fees to comply with the requirements of Act 203 of 1990, which amended Section 4 of the Municipalities Authorities Act. Subsequently, on December 30, 2003, the aforesaid Act 203 was amended by Act 57 of 2003 (hereinafter referred to as the "Act"). The intent of the Act was to clarify certain sections of the aforesaid Act 203. As a result, no municipality is permitted to impose any connection fee, customer facilities fee, tapping fee, or any similar fee, except as provided specifically under the Act. The various provisions of the Act are effective on or about June 30, 2005, or immediately upon any revision of a municipality's tapping fee. Since this report addresses a change in the calculation of the tapping fee for the Township of Cumru (the "Township"), the new Act takes precedence.

Similar to the aforesaid Act 203, the Act provides for the imposition of a tapping fee with three separate components that are designed to allow the Township to recover specific capital costs. With the exception of assessments and to some extent reserve capacity fees, these are the only capital charges that the Township may impose. Sewer rents and other charges that are intended to recover operation, maintenance, and debt service costs are unaffected by the Act.

The three components of the Township's tapping fee are (1) connection fee; (2) customer facilities fee; and (3) tapping fee. Parenthetically, it should be noted that the term "tapping fee" refers to one of the three components of the overall fee as well as the overall fee itself. Generally, the connection fee focuses on the cost of the facilities between the sewer and the property line while the customer facilities fee deals with the cost from the property line to the building. The tapping fee component covers the costs associated with the sewer collection lines and capacity-related facilities and may, under certain circumstances, include any projected capital improvement costs approved by the Township. The tapping fee calculation is comprised of four parts – capacity, collection, special purpose, and reimbursement. Each part of the tapping fee may not be applicable to every municipality. In the case of the Township of Cumru, the only pertinent parts are capacity and collection. The situations surrounding the imposition of the special purpose and/or reimbursement portions of the tapping fee are not applicable to the Township at this point in time but may be imposed at a later date if warranted.

The amounts shown below in Table 1 reflect the tapping fees calculated for the Township in accordance with Act 57 of 2003 and Act 209 of 1990. The Township is justified in charging these figures or any lesser amount.

TABLE 1
TAPPING FEE COMPONENTS

1. Connection Fee	Actual Cost
2. Customer Facilities Fee	Actual Cost
3. Tapping Fee – Per Equivalent Dwelling Unit (EDU)	
Capacity Part	\$537.97
Collection Part	<u>2,522.51</u>
TOTAL	\$3,060.48

TOWNSHIP OF CUMRU
SEWER SYSTEM TAPPING FEE CALCULATION

SCHEDULE A

CONNECTION FEE COMPONENT

The connection fee recovers the cost of the facilities installed between the sewer main and the property line of the property being connected if the sewer was constructed in a public street or between the sewer main and the right-of-way line if the sewer was constructed in an easement. These facilities are commonly referred to as laterals. To date, construction of these facilities has been the responsibility of the developer or the property owner and not the Township. Accordingly, all costs associated with the installation of these facilities are not considered a part of the tapping fee calculation.

In the future, the Township may need to construct these facilities on a case-by-case basis. When the Township does incur costs associated with the installation of these facilities, the fee may be calculated using either: (1) the actual costs of the particular installation, (2) the average cost of similar installations, or (3) the current/trended value of the average cost. The Township may require this cost to be borne by the property owner. Costs associated with the connection fee may include materials, rental equipment, labor, inspection, engineering, legal, and administration.

The Township may also require, at its discretion, that an Escrow Account be established to cover any expenditure that the Township may incur associated with making the connection. The amount of any Escrow can be based upon an estimate of actual costs or based upon a flat fee per equivalent dwelling unit (EDU).

In lieu of payment of a connection fee, the Township may require the construction and dedication of these facilities by the property owner.

TOWNSHIP OF CUMRU
SEWER SYSTEM TAPPING FEE CALCULATION

SCHEDULE B

CUSTOMER FACILITY FEE COMPONENT

This fee recovers the cost of the facilities from the property line to the proposed dwelling or building being connected to the Township's sewer system, referred to as the building sewer.

The developer is responsible for the installation and cost of the service line beyond the property line. In the event that the building sewer is constructed for a single property, the installation will be the responsibility of the property owner or developer and the cost will be borne by the same. The Township may be required to provide an inspection to ensure that the facilities have been installed properly and in conformance with its regulations. Any costs attendant to inspection will be passed onto the property owner.

TOWNSHIP OF CUMRU
SEWER SYSTEM TAPPING FEE CALCULATION

SCHEDULE C

TAPPING FEE COMPONENT

The tapping fee is charged to allow the Township to recover capital costs associated with the original construction and any additions or improvements to the Township's sewer system as long as these facilities are still used on a regular basis. Facilities funded by others, such as a developer, and dedicated to the Township are considered contributed capital and therefore not included in the computation of this fee.

All property owners or developers connecting to the Township's sewer system are subject to a tapping fee, which may consist of up to four parts, which are calculated separately. The capacity part includes costs for the construction of those facilities that are related to the system's capacity, such as interceptors, and pumping stations. The collection part covers costs for the installation of collection mains, manholes, and metering. The remainder of the tapping fee includes the special purpose and the reimbursement parts. These are not applicable to the Township of Cumru system. Accordingly, the tapping fee will focus on the capacity and collection parts only.

The Act provides for the determination of the capital costs of the system based on either:

- Original or historical costs of the system plus any capital improvement projects as well as the interest paid to date on any indebtedness associated with the system or
- Original costs trended to current dollars plus any capital improvement projects less any remaining indebtedness (principal only) associated with the system

The net capital costs (either original or trended) are divided by the capacity amount, resulting in the tapping fee per gallon. For Cumru Township the established capacity is 2,450,000 gallons per day. The result is the tapping fee per gallon. This unit amount is multiplied by the number of gallons per equivalent dwelling unit (EDU) in the system. According to the Act, the gallons per EDU is based on 90 gallons per capita per day for sewer times the average number of persons per household, as established by the United States Census Bureau. For the Township this number is 2.4 based on the 2021 American Community Survey 5-year Estimate for the Township of Cumru.

The tapping fee calculation under the trended original cost methodology is presented in Exhibit No. 1. The tapping fee per EDU is disaggregated between the capacity and collection part of the sewer system.

The original capital costs for the wastewater system were extracted from the records of the Township and are detailed in Exhibit No. 2. These costs were trended to reflect current dollars using indices published by the Engineering News Record. This approach

is an industry standard for developing replacement costs for infrastructure-related facilities and is acknowledged by the Act. Each asset has been allocated to either capacity or collection.

Some of the capital costs incurred by the Township have been funded in part by state and federal grants, reimbursements, assessments, and contributions. These costs are, for the purposes of this calculation, considered to be contributed and therefore subtracted from the total capital costs incurred by the Authority. Exhibit No. 3 shows the contributions the Township has received. Note that the contributions received prior to the 1991 tapping fee calculation are already reflected in the system value shown in Exhibit No. 2.

Debt is either added or subtracted in some aspect from the calculation depending on the methodology. The interest paid on the loans is added to the original cost base while the outstanding principal on the loans is subtracted from the trended original cost base. The Township issued debt in the early 1960s to finance the construction of the original wastewater system but that debt has been retired and records of the financing are not available. Since the Township has not issued any further debt there is no effect on the calculation.

The charge per gallon and the related tapping per EDU for the collection and capacity parts are shown in Table 2 below under trended original cost methodology.

TABLE 2
COMPARISON OF TAPPING FEES

COMPONENT	TRENDED ORIG COST
Capacity Per Gallon	\$2.49
Capacity Per EDU	\$537.97
Collection Per Gallon	\$11.68
Collection Per EDU	\$2,522.51
Total Per Gallon	\$14.17
Total Per EDU	\$3,060.48

The Act references two other aspects to the tapping fee component, specifically the Special Purpose Part and the Reimbursement Part. These are not currently applicable to the Township's tapping fee. However, if the situation arises, then either or both could be addressed and incorporated into the calculations.

The Special Purpose Part is only applicable to a particular group of customers. The Special Purpose Part is designed to recover the Township's cost for facilities that serve a special purpose or specific area, such as a pump station and transmission main. Fees would be separately calculated for each applicable group and applied to new users as appropriate. The same calculation methodology used for the capacity part and the collection part would apply. At this time, the Township has not designated any special purpose part.

Where appropriate, a reimbursement component may be included in the tapping fee charged for new connections to facilities constructed by others for which a reimbursement is due to the person/developer constructing the facilities. Generally, this reimbursement will be defined in a written reimbursement agreement between the Township and the person constructing the facilities. Typically such agreements reimburse the cost of the excess capacity available for use by future connections. At this time the Township has no agreement(s) with any developer(s) which would require the calculation of a reimbursement part.

Exhibit No. 1
Township of Cumru
Berks County, Pennsylvania
Calculation of Tapping Fee

A. <u>Capacity Part</u>	<u>Exhibit Reference</u>	<u>Trended Cost</u>
Capital Expenditures	2	\$6,410,013
Less: Contributions	3	308,007
Net Capital		<u>\$6,102,006</u>
Financing Costs for Capacity Part		-
Total Cost of Capacity Part		<u>\$6,102,006</u>
Plus: Interest Paid On Debt		
Less: Outstanding Debt		-
Eligible Cost for Capacity Part		<u>\$6,102,006</u>
Total Capacity		2,450,000
Capacity Tapping Fee per Gallon		\$2.49
Gallon per EDU for Capacity Part (1)		216.0
Capacity Tapping Fee per EDU		\$537.97
B. <u>Collection Part</u>		
Capital Expenditures	2	\$30,585,069
Less: Contributions	3	1,973,280
Net Capital		<u>\$28,611,789</u>
Financing Costs for Collection Part		-
Total Cost of Collection Part		<u>\$28,611,789</u>
Plus: Interest Paid On Debt		
Less: Outstanding Debt		-
Eligible Cost for Collection Part		<u>\$28,611,789</u>
Total Capacity		2,450,000
Collection Tapping Fee per Gallon		\$11.68
Gallon per EDU for Collection Part (1)		216.0
Collection Tapping Fee per EDU		\$2,522.51
Total Tapping Fee per Gallon		\$14.17
Total Tapping Fee per EDU		\$3,060.48

(1) Average Household Size Per the 2021 American Community Survey 5-year Estimate
for Cumru Township 2.4
Gallons Per Capita Per Day Allowed Per Act 57 of 2003 90
Total Gallons Per Day Per EDU 216.0

Exhibit No. 2
Township of Cumru
Berks County, Pennsylvania
System Assets

Expenditure	Year Placed		Cost Index		Trended Current Replacement Cost
	in Service	Original Cost	Original	Current	
Original Facilities (1991 Calculation)	1990	\$10,382,287			
Capacity	18.91%	1,963,023	4732	13425	\$5,569,317
Collection	81.09%	8,419,264	4732	13425	23,886,399
					\$29,455,716
Flying Hills Pump Station					
Capacity	1997	\$250,000	5825	13425	\$576,171
Deerfield Sewer Extension					
Collection	1999	43,127	6060	13425	95,549
Kohls Mill Road Sewer Extension					
Collection	2002	286,289	6538	13425	587,859
Cedar Top Road Sewer Extension					
Collection	2004	681,283	7115	13425	1,285,468
Route 222, Section 001					
Collection	2005	576,539	7446	13425	1,039,476
Route 222, Section 002					
Collection	2004	1,540,719	7115	13425	2,907,081
Shillington Sewer Interceptor Project					
Capacity	2007	156,981	7967	13425	264,525
Metering Manholes					
Collection	2011	231,644	9070	13425	342,874
Manhole Raising					
Collection	2013	190,800	9547	13425	268,311
Pine Woods Court Sanitary Sewer Relocation					
Collection	2016	132,500	10339	13425	172,052
Sewer Replacement (Mt. View & Marshall)					
Collection	2017	439,931	Excluded - Replacement		
Sewer Replacement (Broad & Oregon)					
Collection	2019	385,157	Excluded - Replacement		
Pennwyn Park Sewer Relocation					
Collection	2019	202,760	Excluded - Replacement		
Pennwyn Park Sewer Replacement					
Collection	2019	224,246	Excluded - Replacement		
Sewer Replacement (High & Tamarack)					
Collection		2,417,024			
—Less: Grant Received		100,000			
Collection	2020	2,317,024	Excluded - Replacement		
Sewer Replacement (Reed & Welsh)					
Collection	2021	3,146,045	Excluded - Replacement		
Flying Hills Pump Station Pump Replacement					
Capacity	2022	272,288	Excluded - Replacement		
		\$14,472,169			\$36,995,082
Total Capacity		\$2,370,004			\$6,410,013
Total Collection		\$12,102,165			\$30,585,069

**Exhibit No. 3
Township of Cumru
Berks County, Pennsylvania
Contribution Summary**

<u>Capacity Part</u> <u>Contribution</u>	<u>Year</u>	<u>Original</u> <u>Amount</u>	<u>Cost Index</u>		<u>Trended</u> <u>Amount</u>
			<u>Original</u>	<u>Current</u>	
Community Development Block Grant Flying Hills Pump Station	2002	\$150,000	6538	13425	\$308,007
		\$150,000			\$308,007

<u>Collection Part</u> <u>Contribution</u>	<u>Year</u>	<u>Original</u> <u>Amount</u>	<u>Cost Index</u>		<u>Trended</u> <u>Amount</u>
			<u>Original</u>	<u>Current</u>	
PA Dept of Transportation Utility Relocation Reimbursement Route 222, Section 001	2005	\$288,270	7446	13425	\$519,739
PA Dept of Transportation Utility Relocation Reimbursement Route 222, Section 002	2004	770,360	7115	13425	1,453,541
		\$1,058,630			\$1,973,280

<u>Additional Contributions</u>	<u>Year</u>	<u>Original</u> <u>Amount</u>
EPA Construction Grant Program	1960	\$157,588
Contributions	1990	1,304,856
Assesments	1990	875,000
		\$2,337,444

Note: The Additional Contributions have already been deducted from the value shown for the Original Facilities from the 1991 Calculation shown in Exhibit No. 2.