



# FAIRVIEW TOWNSHIP

## Acquisition delivers long-term environmental and financial solution for local community

### SALE DELIVERS DEBT RELIEF, TAX CUTS AND INFRASTRUCTURE RENEWAL

On December 22, 2015, Fairview Township took a transformative step by selling its wastewater system to Pennsylvania American Water for \$16.8 million. The transaction generated approximately \$5 million in net proceeds for the township and addressed a host of pressing environmental, regulatory, and financial challenges. With the sale finalized, Fairview was able to eliminate its entire wastewater-related debt—an achievement that directly benefited residents through a 50% reduction in real estate taxes the following year.

### MAJOR INFRASTRUCTURE UPGRADES REQUIRED

The wastewater system serves approximately 4,000 customers, including more than 200 businesses and commercial accounts in Fairview Township, where Pennsylvania American Water already served as the water service provider. Like many communities, Fairview officials faced regulatory mandates and capital improvements that would require substantial wastewater rate increases. The challenges included:

- Extending public wastewater service to meet regulatory requirements
- Upgrading treatment to comply with Chesapeake Bay nutrient limits
- Upgrading and replacing aging infrastructure to reduce inflow and infiltration
- Expanding treatment plant capacity needs for current customers and future growth

### STRATEGIC INVESTMENTS

In addition to the \$16.8 million purchase price, Pennsylvania American Water committed to investing \$14 million in improvements to:

- Install approximately 23,500 feet of gravity main, 150 manholes, 9,250 feet of force main, four pump stations and five grinder pumps to extend public wastewater service to about 200 homes and businesses.
- Manage annual wastewater main repairs including inflow and infiltration studies.
- Upgrade the treatment plant and pump stations, including the areas of safety, security and remote monitoring.
- Reimburse the township for costs of relocating conveyance systems for Pennsylvania Turnpike improvement project.

### PENNSYLVANIA AMERICAN WATER INVESTMENTS IN FAIRVIEW TOWNSHIP

Year	Investment
2019	\$1,050,379.05
2020	\$958,953.47
2021	\$1,465,949.84
2022	\$768,782.98
2023	\$1,235,380.78
2024	\$1,299,174.49
<b>Total</b>	<b>\$6,778,620.61</b>

“This transaction brings a number of benefits for our community. The sale’s proceeds helped pay off approximately \$21 million in sewer debt and avoid millions of dollars in additional debt that might have been incurred for planned sewer projects.”

**-Robert P. Stanley Jr.**  
Chairman, Fairview Township Board of Supervisors

### SOLUTIONS THAT WORK

#### BENEFITS OF ASSET PURCHASE

Generated \$5 million in net proceeds

Provided rate stabilization to over 4,000 customers

Delivered compliance with environmental regulations

Eliminated municipal debt related to wastewater service





*Fairview wastewater treatment plant*

## **BENEFITS OF ASSET PURCHASE**

- Township eliminated all wastewater system debt and retained net proceeds, resulting in 50 percent reduction in 2016 real estate taxes for Township residents.
- Township relieved of current and future wastewater expenses, as well as anticipated multimillion-dollar capital investment needs – avoiding a substantial rate increase that was planned.
- Wastewater rates were frozen through December 31, 2017. Future rate increases regulated by PA Public Utility Commission.
- By adopting Pennsylvania American Water's capacity fee rates, Fairview Township's \$9,500 per EDU tap-in fee was completely eliminated for existing homes and businesses to connect to the wastewater system. Also, the cost for new homes and business was reduced from \$9,500 to \$4,000 per EDU.
- Pennsylvania American Water hired the four existing township wastewater employees.
- Pennsylvania American Water will pay township, county and school district taxes for previously non-taxable land and property.

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## **LONG-TERM RATE STABILIZATION**

Wastewater rates under Pennsylvania American Water's ownership were lower than those projected if the township continued to operate the system. The company is able to offer long-term rate stabilization by applying the provisions of Act 11, which is legislation enacted in 2012 that enables regulated utilities to combine water and wastewater revenue for rate-making purposes.

If the township maintained ownership, the burden for the costly system improvements and regulatory mandates would fall entirely on Fairview customers.

In contrast, Pennsylvania American Water is permitted, because of Act 11, to spread the capital investments among its more than 720,000 customer base. Like single-tariff pricing for water service where rates are based on capital investments and expenses spread equally among water customers, the benefit of Act 11 is the long-term rate balance it provides for customers. This prevents one community or small group of customers from having to bear the entire burden for a major capital project, such as multimillion-dollar plant upgrades.

**SOLUTIONS. ONE MORE WAY WE KEEP LIFE FLOWING.**