

YORK AREA REGIONAL SEWER AUTHORITY

March 1, 2021

RE: **WHY THE SALE OF THE YORK CITY'S TREATMENT PLANT WILL IMPACT YOU**

Dear Property Owner/Resident:

Recently, there has been much discussion in the press about the sale of the City of York's wastewater treatment plant, which comes up for a vote for approval by the City of York Council and York City Sewer Authority in the next few weeks. While this may appear as a City issue, this sale will impact our residents and our sewer bills. Therefore, we felt it was important to share critical information including background on the sale, what we are doing to protect our residents as well as how you can help.

Background on the York Area Regional Authority and the Request for Proposal (RFP)/Sale Process

The York Area Regional Sewer Authority was formed in response to information that the City was considering selling the wastewater treatment plant. The Regional Authority is comprised of five municipalities that utilize the City system and whose residents would be impacted by the sale. The member municipalities include: West Manchester Township, Spring Garden Township, Manchester Township, York Township, and the North York Borough.

On July 10, 2020, the City of York solicited bids from investor-owned utilities to purchase the York City Sewer Authority's sewage collection system, interceptors, and wastewater treatment plant. The City has awarded the sale to PA American Water for \$235 million. If approved by the York City Sewer Authority, this investor-owned utility will own and operate the City's collection system as well as the treatment plant, and bill residents and business owners for sewer service.

Based on the parameters of the RFP provided by the City of York, the Regional Authority did not meet the requirements to submit a response as bid documents only allowed for the purchase of all assets (the sewer collections system and wastewater treatment plant together). When the City was asked to consider an alternative bid structure that would allow for bidders to separate the assets, this request was denied (as were multiple requests to meet face-to-face/virtual), so the Regional Authority could present an alternative approach that would maintain local ownership of the treatment plant.

With over 50 percent of the flow coming from the Regional Authority's municipalities, maintaining local authority control of the City of York's wastewater treatment plant is critical to keeping rates low for the residents and the companies who operate within our townships.

How this Impacts You

To provide an investor-owned public utility the anticipated return on its \$235 million investment, rates must increase to pay for this purchase and provide a return to its shareholders. The current proposal by PA American Water is to freeze rates for three years for City residents only. All customers outside of the city (including residents/businesses in the municipalities and boroughs of the Regional Authority) are not included in this rate freeze. Furthermore, as a state-wide public utility, PA American Water would be allowed to raise rates throughout its entire service area to pay for future purchases and upgrades in other parts of the state.

The current rate agreements with York City Sewer Authority are not transferable to PA American Water; therefore, customers in the Regional Authority's municipalities are subject to tremendous uncertainty. Will you be subject to immediate rate increases and not be protected until new agreements are finalized? Neither the City nor the York City Sewer Authority has explained how they intend to address these existing sewer agreements with the municipalities and boroughs of the Regional Authority (despite the fact we will apparently be asked to pay for half of the bill for the \$235 million purchase price, we have been left in the dark).

The Regional Authority is ready and willing to purchase the wastewater treatment plant for a fair market value that will benefit the City, City residents, and the townships and borough we serve. A purchase by the Regional Authority will provide more rate

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certainty, local ownership and accountability which results in a heightened sensitivity to utility rates and annual increases. The people impacted by this purchase live in our communities, which is why the Regional Authority is also looking into customer assistance programs that could help our neighbors in their time of need. An authority is accountable to its customers, not its investors.

The Regional Authority's Next Steps

The members of the Regional Authority are passionate individuals with over 200 years of combined experience who have deep roots in our community and care about the constituents they serve. In response to this sale, we have compiled a team with decades of financial, engineering, and legal talent. Unfortunately, we have been left out, left in the dark and thus left with no choice but to protest this sale to protect the communities we serve.

In addition to the Public Utility Commission (PUC) protest, the Regional Authority is considering all options when it comes to next steps, including moving flow to other systems and other opportunities that may be available. All the Regional Authority has wanted from the beginning was a fair outcome for the City, city residents, and the communities we serve.

How You Can Help

Time is running out to ask the questions that could stop this transaction from happening. The City is moving very quickly to approve this deal, so fast in fact that the York City Sewer Authority who owns the treatment plant (and also was not involved in the sale process or decision making of the RFP) has asked for a delay in the approval process to ensure they have the time to review all aspects to make a responsible decision.

Questions that need to be answered include:

- What is the projected rate increase given the \$235 million purchase price? Over next 3 years? In 5 years? In 10 years?
- Why was the local option (whether the Regional Authority or York Water Company) overlooked? Was the City looking for the highest price or best option for the City, its residents and the municipalities that provide over 50 percent of the flow?
- Did the City define the "best option" to be the highest sale price versus a balance between providing financial security to the City and ensuring long term rate stability among all sewer users?

To keep rates low, we need your help. Please visit our website at YorkRegionalSewer.com and help protect yourself and your neighbors by taking one (or all) of the following actions:

- Visit our website at YorkRegionalSewer.com and sign up for our newsletter to stay informed.
- Sign our Virtual Petition on our website to help keep rates low.
- Like us on Facebook ([@YorkRegionalSewerAuthority](https://www.facebook.com/YorkRegionalSewerAuthority)) and follow us for future updates and share our content.

Thank you for your consideration.

Best regards,

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