

Facts to Help Conemaugh Township Municipal (CTMA) Customers Evaluate the Proposed Merger of CTMA with the Greater Johnstown Water Authority (GJWA)

Introduction: As a result of the drought conditions of 1998, CTMA began looking at options to improve their system reliability and limit the financial impact of improvements to their customers. GJWA has a significant reserve of both water and treatment capabilities. Discussion began between the two agencies to develop a “win-win” situation for both parties. At the request of the CTMA Board, we are here tonight to present this option to the CTMA customers.

1. Upon merger, the GJWA will adjust CTMA water rates to a **minimum of \$22/month** and raise minimum water available for this amount to 2000 gallons from the present 1850 gallons and maintain the \$4.80 per thousand rate for over 2000 gallons. This immediately **saves Conemaugh customers approximately \$104,000/year in fees.**
2. Without the GJWA merger, **CTMA has projected rate increases for 2001, 2002 and 2004 of 4%, 3% and 2% respectively.** This equates to rates of \$25.00 min., and \$4.99/1000 in 2001; \$25.75 min., and \$5.13/1000 in 2002; and \$26.26 min., and \$5.23/1000 in 2004. **GJWA has agreed to freeze the CTMA rate** at the \$22/month minimum for 2000 gallons and \$4.80 per thousand, for over 2000 gallons, for the next 7 years. At the end of the 7-year period, the CTMA rate will be equalized to the GJWA rates. This stipulation, along with item 1, is estimated to **save CTMA customers \$1,300,000, an average of approximately \$532 per customer.**
3. The GJWA has agreed that until the time when the CTMA rates are equalized with the GJWA rates, in a period not to exceed 7 years, **all funds received from the system, will be kept in the CTMA system** to make structural and operational improvements to the system. Separate auditing and accounting will be maintained to assure this.
4. As a condition of a merger, **GJWA will assume all debt of the CTMA System** (approximately \$3,163,123, based on their 1999 audit).
5. As a result of a merger, the CTMA System presently valued at \$5,490,109, with approximately 2440 customers (by the CTMA 1999 Audit Report), would become part of the GJWA System valued at \$75,057,000 with 22,090 customers (Laurel Management 2000 Report), **adding to and increasing the value of both systems.**
6. The financial options above, becomes available primarily due to **economy of scale savings.**
7. The water quality from the GJWA will meet or exceed the same Department of Environmental Protection (DEP) standards that the present CTMA water is required to meet. The water is taken from the same geographical formation. The difference is that the GJWA has a much larger supply of raw water resulting in a significant buffer against drought conditions.
8. GJWA still had access to 500 million gallons of usable water in storage during the period that CTMA was rationing water in 1999. This does not include their direct tie to the Quemahoning Reservoir with availability of an additional 5.4 million gallons per day.
9. Considering the present fact that **CTMA is regularly taking more water from their watershed than has been approved by DEP,** growth potential for their system is presently not available. The GJWA presents virtually unlimited growth potential in the area for residential, commercial and industrial use. For example, Soap Hollow and other areas of Conemaugh Township could now be served if the people in these areas want water.
10. GJWA has a certified staff of personnel available for serving the CTMA System.
11. The present labor contract with CTMA employees will be honored by the GJWA to allow a smooth transition of service and operational changes.
12. If the merger proceeds, GJWA is **committed to improve** the CTMA System while providing a reliable source of water for all of their future needs at a fair and reasonable price.