



MEMO

TO: Oak Pointe Municipal Sanitary Sewer Customers

FROM: Genoa Township Utility Department

DATE: May 20, 2013

RE: 2nd Quarterly Update – Oak Pointe Wastewater Treatment Plant Consolidation Project

The Genoa Township Utility Department is pleased to provide the second quarterly update on the consolidation of the Oak Pointe Wastewater Treatment Plant (WWTP) with the Genoa Oceola WWTP. A detailed review of the history on the need for this project can be found in the related documents area of the Genoa Township Utility Department website (<http://genoa.org/departments/utilities>). In our February 2012 update, we reported that the project will include:

1. Conversion of the existing Oak Pointe Wastewater Treatment Plant (WWTP) to a pumping station and equalization station.
2. Installation of force main from the Oak Pointe WWTP to the Genoa Oceola WWTP, located about 5 miles from one another.
3. Upgrades to the Biosolids management system at the Genoa Oceola WWTP to handle the increased flow from the Oak Pointe WWTP.

We have reached two legal milestones since the February update, including expiration of the 45 Day Referendum period and approval of an agreement between Genoa Township and the Genoa Oceola Sewer Authority. Expiration of the 45 day referendum period allows the Township to move ahead with the project without going to a vote of the general population. And the approval of the Sewage Treatment Agreement guarantees capacity for the Oak Pointe flow in the Genoa Oceola WWTP, and it also defines how the rates and changes will be assessed between the two parties.

In the past few months, we have also completed the Basis of Design for the improvements listed above. This initial design document has evaluated the route of the project, defined necessary as well as optional upgrades, and provided an updated cost estimate for the project. We are pleased to report that following this detailed engineering analysis, the project cost remains just below our conceptual estimate of \$5,000,000. As the cost of this project will be absorbed by the approximately 1,400 customers of the Oak Pointe Wastewater system the conceptual estimate of

\$300/year/resident published in the October 2012 newsletter is still a conservative estimate. This is based on a 20-year loan at 6% interest divided by 1,400 users.

In the coming weeks, we plan to meet with our Financial Advisor, Bond Counsel, and Accountant to verify:

1. The anticipated annual Principal and Interest payments based on a project cost estimate of \$5,000,000
2. Evaluation of a various debt payment structures. We will be evaluating a flat quarterly customer charge, a payment structure based on a flat rate combined with a consumption based amount, and a consumption based amount. This analysis will provide a more accurate estimate of the currently published conceptual debt charge (\$300/year/resident).
3. Timetable to issue bonds

As we understand all costs for this project will be absorbed by Oak Pointe residents, being fiscally conservative is of utmost importance to us. Therefore, following further verification of the financing and cost to residents, we will begin formal design and permitting of this project. Our current schedule anticipates completion of design this fall, sale of bonds in early 2014, and construction start in spring of 2014. We do not plan to assess any debt charges until residents are no longer required to utilize potassium chloride salt.

One of the most frequent questions we receive is when can residents stop using water softeners? It should be noted that the sewer project will not improve the Oak Pointe Water System's drinking water quality, so water softeners will continued to be required after this project is completed. The benefit the project is that residents will not have to use the potassium based softener salt any longer. It is our goal to have the project costs come in less than the average resident is currently paying to purchase potassium salt for their softener system.

We understand that a majority residents currently on the Oak Pointe Water System desire softened water to be delivered to their homes. A major hurdle with upgrading the existing Oak Pointe Water Treatment facility is providing an adequate location to dispose of the backwash that will be generated by a water softening plant. The existing Oak Pointe WWTP cannot handle the quantity or quality of discharge from a water softening plant. Therefore, completing the Oak Pointe WWTP project first will make more options available in the future to provide softening at the Oak Pointe Water Plant. It is the Township's goal to complete the sewer project first, then do additional analysis of a drinking water quality improvement.

Looking ahead to the September update, we will provide an update on the design progress and we will also provide more detail on the manner in which debt charges will be assessed to residents (metered versus flat or per home portion). In the meantime, feel free to email us at opcomment@genoa.org with any questions or concerns.