

PRESS RELEASE
Oshtemo Township USDA Phase 1 Sewer Bond
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On Tuesday, November 3, Oshtemo Township residents will cast their vote on a \$10 million bond proposal for the USDA Phase 1 project to extend sanitary sewer service and reconstruct associated roads.

The purpose of the sewer expansion project will address the threat of contamination of local ground water from aging and failing septic systems. 100% of Oshtemo's water supply comes from ground water. Additionally, based upon studies of the W.E. Upjohn Institute (*Oshtemo Township Sewer System Impact Analysis*, October 29, 2015), it was determined that long-term costs to homeowners for septic systems is more expensive than public sewer. Sanitary sewer service yields an overall cost savings to property owners.

In most Oshtemo older neighborhoods, septic tanks and drywells are the only means of disposing sanitary waste. The majority (~67%) of household septic systems in these areas are 20 to 40 years old. As septic systems fail or operate ineffectively due to lack of maintenance, age, or design, wastes and dissolved contaminants can seep into the ground and into our ground water supply. Kalamazoo County Environmental Health supports this project, further stating that "... 59.1% of homes in the neighborhoods above, have sewage treatment systems that do not comply with current sewage treatment system design standards" (Letter, Vern Johnson, REHS, Environmental Health Chief).

The areas benefiting from the proposed sewer expansion include the following neighborhoods: Skyridge, Whitegate Farms, Fairlane, Pioneer Acres, Beech Ave, N 7th , and M-43 between N 8th and N 7th (Please see Sewer/Road Reconstruction USDA Phase 1 Map). Affected properties

would be required to connect to the public sewer within 24-months of available service, and to pay usage fees for the service. Due to loan financing pledged through USDA plus additional Board efforts, connection fees in the project area were frozen at preferential 2018 rates.

Sewer connection fees vary uniquely for each parcel. Property owners in the affected area have already received a tabulation of the connection cost for their home/facility. Each property owner will have the opportunity to leverage the USDA funding by executing a sewer installment payment agreement of up to 40-years to finance the connection fee. Oshtemo's municipal finance advisors have projected that a typical homeowner's monthly cost for installment-plan full financing would be \$41-\$42 (at a USDA closing rate of 2.375%). The Township has pledged to share any improvements to the municipal bond/loan interest rates from USDA's program assistance. USDA assistance includes an interest rate cap, so the maximum rate for residents electing installment payment agreements would be 3.375%. If the municipal bonds had been sold in July as scheduled, the installment agreement rate for residents would have been 2.125%.

Each property also has unique features to overcome in completing their sewer connection. A private expense is the plumbing to physically connect your home to the provided public sewer lead. This cost can range from \$3,000-\$6,000, on average. Recognizing this private expense as a potentially significant burden, the Board has recently adopted and funded a financial hardship program to assist financially stressed homeowners. Eligible homeowners will be able to roll this cost into their sewer installment payment agreement. Additionally, distressed homeowners may annually apply to have their installment payment agreement deferred due to current/continuing financial hardship.

In addition to environmental protection, a further benefit to the entire community is the road reconstruction which will be part of the sewer expansion work. The coordination of the sewer and road work allows efficiencies in construction and utilizes cost savings by combining the work into a single effort. This work is timely with the impacts of sewer construction and will minimize future disruptions to local traffic. The Township is completing two small segments of sidewalk within sewer neighborhoods (approx. 400 linear ft at 1 commercial property and approx. 500 linear ft at 4 residential properties) to make connections to existing sidewalk.

In summary, the ballot proposal is to allow Oshtemo to issue municipal bonds. It is not a millage. Taxes will not increase. The USDA bond proceeds will be used for sewer construction, and affected properties will uniquely benefit from financed-derived cost reductions of their sewer connection fee—a cost reduction not available to other Township sewer system users.

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