

Water Project Questions and Answers

Background: *Voters of Forsyth Township voted against a water project in November 2012. The township is asking voters to consider a project focused on the oldest parts of the system prone to breaks and leaks. The proposed project cost has been reduced by \$600,000, to \$4.9 million.*

Why is this happening now? The Township Board believes a water project that leads to a safe and reliable water supply is less expensive today than it will be in the future (interest rates at historic lows). The current water distribution system is 60 to 100 years old and will be replaced as it fails. After township voters rejected the original project, the Township Board decided to look at a reduced project that addresses the more immediate needs in the system at a lower cost.

What/Where is the project? The project involves replacing the oldest portions of the existing Gwinn area water system between Swanzy, through Gwinn, and up to North River Road. The project does not affect K.I. Sawyer, Little Lake, or other areas.

Why do the project? The intent is to replace a lot of old pipes which were put in during the earlier parts of the 1900's. These pipes are leaking (a lot), breaks have to be repaired several times a year, and frequency of breaks is increasing. Leaks waste energy and money since more water is pumped from the wells than is used by the customers. Water main breaks cost the Township a lot of money in equipment, labor, and overtime to get them repaired. The Township has been offered funding assistance from USDA Rural Development in the form of a low-interest loan package to build the project.

Who pays the loan back? Only those using the water system pay through their water bills. The Township uses part of the revenue from the water bills to make the loan payments. The loan is secured through water system revenues, not property taxes or millage.

I live outside of Gwinn and have my own well; does this affect me? No. Only homes connected to the water system in Gwinn are affected. This project will NOT increase taxes anywhere in the township.

I live at K.I. Sawyer; does this affect me? No. Only homes connected the water system in Gwinn are affected. The water system at K.I. Sawyer is a separate system and has its own funding.

Why do I have to get a water meter? USDA requires that water systems be metered so that the users can be charged fairly for the water they use. Those who use more pay more; and vice versa.

Will my bill go up? YES, monthly bills will go up no matter if the project is built or NOT built. Doing the entire project now means costs are controlled with a defined project using fixed low-interest loans. Not doing the project means fate controls the costs in the future. The township board believes a controlled increase today is better than uncontrolled and unknown cost increases in the future. Either way monthly water bills will increase.

What will the new water rates be? Water rates will be a flat fee until the Township has enough water-use data to set accurate usage-based rates. The average flat rate is expected to increase \$3 per month, to \$40

per month. After usage data is gathered, rates will be adjusted. Low users will see lower increases; higher users will see higher increases.

Are there any other cost increases that are part of this project? In connecting the new service lines to the new pipes it may be discovered that the Homeowner's part of the line (on private property) may be leaking. If it is, the Township will require that the leak get fixed. The costs could range from next to nothing for a quick repair to over \$1,000 if the entire line had to be replaced. The cost depends on what the problem might be and the length of the water service line.

Are there any grants or loans available to customers to pay for potential improvements to their private water service line? Yes, federally-funded grants and low-interest loans are available based on income. Water piping inside the house may also qualify. The same loan program can be used to do home repairs such as a new roof or energy efficiency improvements.

Can the project money be used for anything else? No. Water funds can only be used for water system work in the Gwinn area, where the existing water system is now. Using funds for other purposes is a violation of federal law.

What happens if the Township does not do the project? The work will have to be done eventually as the pipes will continue to degrade, leak, and break. Repair work done a little bit at a time is more expensive than fixing all of it at one time. Buying in bulk is less expensive for water systems just as it is for Walmart.

What are the advantages of doing the project now?:

- The work will be bid out and will be completed in today's pre-inflation dollars, all at once.
- The funding package offered by USDA is at historically low interest rates, near 2%
- The work gets done at one time, meaning that the major disruption is 1-2 years; not several emergencies, which usually happen at the worst times, or smaller projects each year.

What about doing NOTHING now?:

- At first, water customers will see no change in monthly rates. As more breaks occur, operational costs will increase. Eventually those costs will increase beyond the cost of doing the entire the project now.
- The cost of repairs will come from water system operational funds. Low-interest loans for small repairs are not available.
- Boil advisories will be issued for areas of the breaks. Streets where breaks occur will be inaccessible.
- As more breaks occur, the overall system will not be as safe or as reliable as a new system.
- If doing nothing was the least expensive and safest alternative, the Township Board would recommend doing nothing. But doing nothing will eventually result in the highest rates and a less reliable system.
- The Township may be cited and fined for failure to meet minimum standards required by regulations.

Will the reduced project go to a vote like the original one did? If citizens file a petition for a vote, an election will be held. The Township Board is hoping that by reducing the project size and informing the people about why doing the project now is the least expensive option, citizens will support it with or without an election.

If the project moves forward what would the anticipated schedule be? It would be expected that the work would be put out to bid in the early summer and begin construction later in the summer of 2013. Once winter comes the work would stop and then restart in the spring of 2014, finishing that summer.