



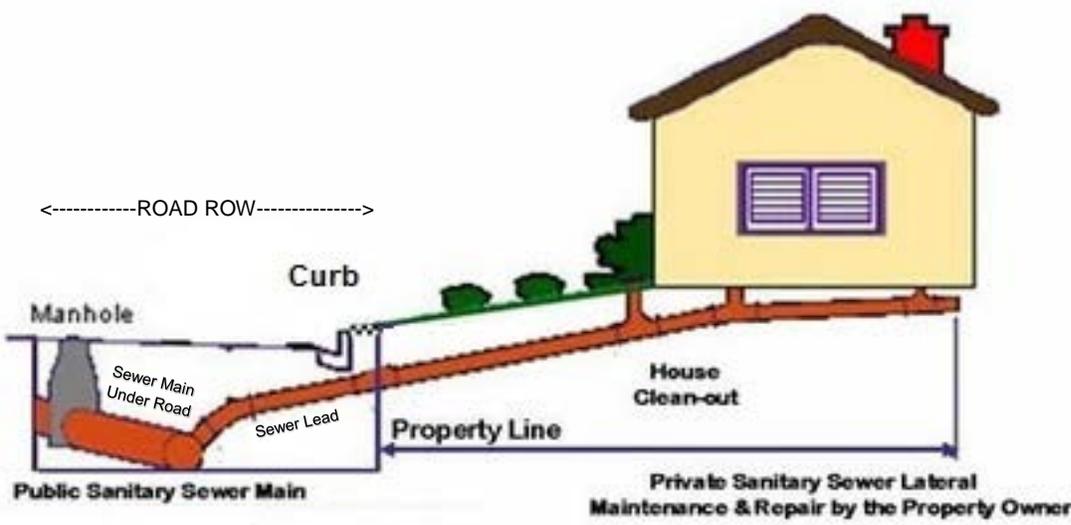
FREQUENTLY ASKED QUESTIONS

Sanitary Sewer – USDA Rural Development Grant/Loan Program

“Oshtemo Board Approves Application for Federal Program Funds”

June 27, 2017

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| <p>How much will sanitary sewer cost me?</p> | <p>The average cost of the municipal sewer connection to residents will be about \$11,000. This is roughly the cost of a new septic system. Some Oshtemo homeowners are on their fourth septic system! The full project costs for the new public sewer, such as bond or loan costs and roadway reconstruction, will be significantly subsidized from general Township funds and a debt service fee that will end when the bond expires.</p> <p>Residents will also need to plan and contract for the private-side construction costs associated with abandoning your septic system and connecting to the public sanitary sewer service. This work is typically performed by a septic system service firm, a licensed excavator or a plumber. While a plumbing permit is required, please know that a licensed excavator can perform the work if the work is limited to the exterior of the building. An estimated average expense for this private work is \$3000, but actual costs will vary.</p> <p>These are one-time costs. The Township’s financial consultants have estimated (depending on the Township’s borrowing costs) that the Oshtemo sponsored installment-payment plan would cost homeowners \$67 to \$88 per month—declining each year as the borrowed principal is repaid. The lower cost figure assumes success in getting governmental loan funding through the Rural Development Program.</p> |
| <p>What has the Township done to drive down the cost?</p> | <p>The Township has worked hard over a number of years to figure out the most cost efficient means to construct and finance sanitary sewer. Some of the work is:</p> <ul style="list-style-type: none"> • Applying for governmental low interest loan/grant programs • Negotiating with the City to lower monthly charges • Constructing sewer when roads are also in need of replacement • Providing a mortgage payment program for the connection costs, at the same interest rate the Township has through the low-interest loan program |
| <p>What are my options for paying to connect?</p> | <p>A homeowner can pay cash, seek a private home equity loan, or consent to a utility installment-payment plan (mortgage) with the Township. A mortgage with the Township today includes a 20-year repayment period, with no pre-payment penalty, and early payoff is permitted. Additionally, any financing benefits acquired through municipal bonds or a governmental loan to the Township are proposed to be extended to individual homeowner by aligning the homeowner mortgage agreements with the municipal financing terms obtained by the Township. The Board’s financial consultants are projecting homeowner mortgage rates to be 4%, and the pay-back period extended to as long as 40 years. Longer pay-back will reduce your annual costs. However interest payments are also extended and this may increase your overall cost of financing. Regardless, the Township plans to continue the penalty-free, early payment provisions of our current residential mortgage financing program.</p> <p>Financial assistance is also available for qualified owners with poverty level incomes. In this case the State of Michigan will make the utility connection payment on the owner’s behalf. This will be in the form of a property lien that becomes due upon land sale or estate transfer.</p> |

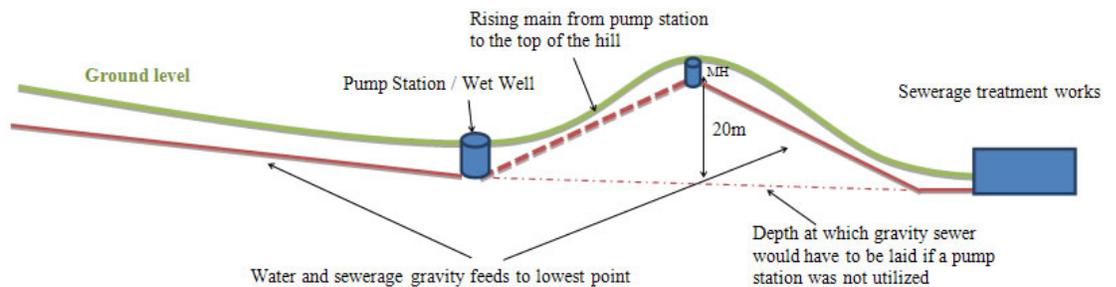
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| <p>Do I have to connect to public sanitary sewer?</p> | <p>State law requires connection within 18 months after it is available and the Township has provided notice of the requirement to connect. [By ordinance Oshtemo has elected to make notice in a form that will provide residents 24 months to complete the connection.]</p> <p>Note: The Environmental Health Department of Kalamazoo County may compel immediate connection should the condition of the current septic system be found to be a public health threat. Also if you sell your home, the purchaser's mortgage finance company may require the sewer connection. Sellers in this situation often negotiate the sewer cost in the sales agreement.</p> |
| <p>When will I know it's time to connect?</p> | <p>The Township will notify property owners when the sewer service is available and it's time to connect. In locations where sanitary sewer is currently available and some existing properties remain on private septic systems, owners can expect to be notified shortly after the Township has confidence in its likely municipal loan/bond financing terms. Service connections are to be completed within two years following notification of sewer service availability.</p> |
| <p>What if I have just put in a new septic system?</p> | <p>The Township recognizes that some residents may have repaired or upgraded their existing systems in recent years. To respect this good-faith investment, by ordinance the Township provides for an average service life of 15-years for septic systems. If you have a septic system newer than 15 years and receive notice to connect, you will be asked to provide documentation verifying the system age. Your time to connect will thereby be extended up to the time that your system reaches 15 years in age. County records of septic system permitting will serve as primary proof of age.</p> |
| <p>Where on my lot will I connect to the sanitary sewer?</p> | <p>When the sewer is constructed in your street, the contractor will work with homeowners to determine the sewer service "lead" location for your specific property to best service your home. For new construction, you will be given contact information and a wooden stake that you will be requested to mark where you would like the new sewer lead to be placed. For existing sewers, a similar process was used at the time of construction.</p> <p>Generally, leads are extended at right angles from the road, into your property to the edge of right-of-way. This distance is typically 33 feet from the roadway centerline or 15 feet past the edge of curb. We recommend you review your septic installation records to determine where your waste pipe leaves the structure, and how best to run a gravity flowing pipe into the service lead. As new sewers are being built, the Township's designated contact person may be able to recommend a location from the few visual indicators which suggest where your septic may be located. You should also consider obtaining your septic system as-built records from the County Environment Health Department, or seek advice from your septic system service company.</p>  <p style="text-align: center;"> ←-----ROAD ROW-----> Curb Manhole Sewer Main Under Road Sewer Lead Property Line House Clean-out Public Sanitary Sewer Main Private Sanitary Sewer Lateral Maintenance & Repair by the Property Owner </p> |

Ok, I'll be ready to connect when notified. What can I expect?

If you are notified because sewer is currently available, there are two steps: (1) arrange payment of connection fees with the Township and (2) hire a contractor to complete the private property side of the work needed to connect to the public sewer lead. Your contractor will obtain any necessary permits and coordinate with the Township to complete the work.

If you have been notified while new construction is underway, you may proceed with the above two steps, but please be aware that the actual date the sewer is made available, and the contractor allowed to complete the connection will vary by project. Construction schedules have not been developed. After the public sewer contractor is selected, the Township will seek to publish progress schedules and related information through updates to be posted on the Oshtemo web site.

The Oshtemo sewer is a gravity fed sewer system that drains naturally into the City of Kalamazoo wastewater treatment plant. As a consequence, you will generally see the construction start at the bottom and proceed in an uphill direction. In locations behind hills, the sewer system may first drain into a small area pump station. Pumps are used to move the waste out of valleys or over hills.



The total amount of sewer construction assures that different neighborhoods will be completed at different times throughout a projected three year construction program. Also, certain certification testing of the public sewer system requires a 30-day rest period before testing. Once the roadway is fully reconstructed the sewer is likely to be available for use. However, sewer extensions that include building a sewer pumping station (see figure) can add several months to the timeframe that the sewer can be used.

My septic system is starting to fail. What do I do since the sewer will not be constructed for a few years?

The County Health Department is aware of the planned sanitary sewer construction projects. They will work with homeowners to try to avoid construction of a new system if the public sewer line will be available within a few years.

I am now connected to sewer; what are the regular service fees?

The average sewer bill is around \$22/month (\$66/quarter). The Township continues to negotiate with the City to more fairly charge "outside City" customers. There will be an additional \$5/month or \$15/quarter user fee as a temporary debt service charge to finance Township bond/loan financing of the new sewer construction. This debt service fee will end with the Township's final bond payment.

What about me? Are you bringing sanitary sewer into my neighborhood?

A map of the sewer projects which are part of the current grant/loan application is available on the Township web site. These projects are identified in the pre-application project list and represent about 60% of the sewer extensions needed in the Township. As a growing community, additional sanitary sewer system needs have been identified on a 30-40 year Capital Improvements Plan.

Why is the Township extending the public sanitary sewer system?

Public sewers are an important element of environmental stewardship and public health. Through Public Act 368 of 1978, the Michigan Legislature declared “public sanitary sewer systems are essential to the health, safety, and welfare of the people of the state.” Oshtemo Township has constructed sanitary sewer lines over many decades. These lines allowed for the development of commercial, multi-unit housing, and industrial areas. However sanitary sewer areas in the Township are a “patchwork,” leaving many areas unserved or underserved. This is particularly true within older residential neighborhoods and developed areas. For example, sewer is not extended to the Township Hall!

Septic systems in these unserved areas can end up costing more over the long term when the cost of maintenance (sometimes emergency during the holidays when more guests are visiting!), septic system longevity, and reconstruction are factored in.¹ Also, the land needed for septic system repairs and reconstruction may result in a need to take down mature trees or the costly removal of major landscape investments and ornamental foliage.

The life of residential streets is also limited. The Township needs to rebuild roads in many areas. The Township has aligned roadway maintenance needs with the sewer need. Over the past seven years the Township deferred spending money on major pavement reconstruction projects where public sewer is needed. Overall project costs are reduced through economies of scale by combining road reconstruction with sewer placement. Given this alignment, now is a good time to build sewer.

Michigan State University completed a study in 2015 on the amount of E-coli in Michigan rivers². The Kalamazoo River is in the top 5 for the amount of E-coli surface water pollution. Most of this is attributed to failing septic systems. Michigan is one of two states without a Statewide Septic Code. And the County has no inspection program. Private maintenance is done sporadically; education on care of septic systems is minimal.

Additionally, the wastewater treatment plant, through mechanical aerobic and carbon filtering processes, removes nitrates, phosphorus, and other compounds, releasing 95-98% better water, as compared to 30-40% from septic systems, even when brand new.³

The Kalamazoo area public water system, the water everyone drinks, uses ground water. Locations without public water service are on private water wells which are rarely tested for water quality concerns after first installed. Municipal public sewers with advanced wastewater treatment will better protect this resource. The bottom line—

- Enhanced environmental health and safety
 - Greatly improved sewage treatment
 - Less cost over the long term
 - Better system reliability
 - Rebuilt roads
 - Groundwater protection

¹ Oshtemo Township Sewer System Impact Analysis, W.E. Upjohn Report (available on Township website)

² MSU Report & Articles (available on Township website)

³ Kalamazoo City Wastewater Treatment Presentation (Township Board 2015 11-10)