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September 13, 2021

Dear Registered Voter(s):

This letter is to respond to several questions that the Township has received as to the financial impact on current Township sewer customers or property owners in the proposed USDA sewer expansion project, in which the Township is using \$30 million in bond sales as a loan.

At the outset, it should be noted that wherever you are in the Township, there is NO increase to the Township General Operating Tax (the only taxes that go to the General Fund).

All Township residents will pay a 1.08 mil road millage. This funding will be used for the repair, maintenance, and improvement of local roads throughout the Township in a strategic means based on the age, condition, and use of the local roads. This millage will be used for road maintenance and improvements with or without the Sewer Expansion Project. The sewer expansion project includes roads that need to be reconstructed and are eligible for these road funds as well.

Currently on Public Sanitary Sewer:

Surcharge: If you are a current sewer customer or a property owner in the expansion area, you will pay an additional surcharge on your sewer bill. If you look at your current water and sewer bill from the City of Kalamazoo, you will see a “OSH-SURCHARGE-SEWER” line. Currently, Oshtemo charges a 16% surcharge on each bill that goes into the Sewer Fund. This amount was determined from a review of the administration costs, recent analysis of the existing sewer system, and the projected long-term 20-yr maintenance plan for the Township’s sewer system.

Part of the surcharge will be used to repay the proposed bonds (approximately 33% of the repayment comes from surcharge for users. This DOES NOT mean the surcharge increases 33%). Over the 40-year term of the bond repayment, the surcharge varies each year and over all the years, the average is a 15% increase.

To determine how much the average surcharge increase will cost you, look at a recent utility bill.

*This bill is from home with usage of 4 family members and no irrigation for reference.

Item Name	Billed Usage	Amount
OSH-SURCHARGE-SEWER	0	\$15.06
OSH-SURCHARGE-WATER	0	\$5.51
SEWER - LINKED	84	\$76.52
SEWER OMR QT OS 1"	0	\$17.61
WATER - MFTFRFD	140	\$60.40

Sewer Linked + Sewer OMR 1" =
 $\$94.13 \times 15\% = \14.12 quarterly
 or \$4.71 monthly.

*If you are billed through your Homeowners Association Fees and do not get a direct bill, you will need to contact them to determine.

For a property in “USDA Phase 1 & 2 Expansion Areas”, you will have the cost of connection fees. See reverse side for explanation and details.

USDA Phase 1 & 2 Expansion Project

Public Connection Fees for Residential Property: Flat fee of \$5,000 total due to Township.

Property owners that are required to connect to the public sewer will be charged a flat \$5,000 connection fee. They can pay their connection fee as a lump sum, or they can finance the connection fee for up to 40-years at the Township's USDA interest rate 3.5% (or less). The rate could be lower if the rate at the time of bond closing is less (which it currently is by one percent).

If the full public connection fee is financed through the Township, annual payment on a winter tax bill would be \$234.14 or \$19.51 monthly to an escrow account.

Installment payment plans will be subordinated or transferred to a new owner upon request at Township costs. This is lender dependent! Some title or mortgage companies require connection and/or payment at time of sale of the property; the Township has no control over this.

We listened when residents told us it would be better if this was a lien on the property and not a personal liability. The Township revised the agreement, and the lien stays with the property.

Private Connection Fees: Based on individual parcel condition and features.

The Township has reached out to local excavators on pricing for connections completed in 2020 and 2021, and averages were \$4,000-\$7,000. Contractors have indicated prices can be as much as \$15,000 in unique situations, but this is not the norm.

Residents can contact contractors now to get a rough estimate, or understand what challenges exist on their property. Some contractors offer drilling pipe to minimize disruption to trees in heavily wooded lots.

Financial aid is available from the USDA for low interest loans and grants, and the Township has developed a Hardship Assistance Program for the private side cost..

Septic systems must be properly closed but are not required to be removed.

Connection fees or the installment payment plan can be deferred for up to 24-months after time of formal notice that the public sewer is complete and available for connection. It is estimated that the EARLIEST residents would need to connect: Phase 1 Fall 2024 and Phase 2 Fall 2025.

Please contact publicworks@oshtemo.org or (269) 216-5228 to understand what the cost is specifically for your property.