

Safe Drinking Water Project 2024

Historical Background:

- Significant Deficiencies and potential future water quality concerns were identified relating to the Water Treatment Plant, Distribution System and Water Storage in a 2020 Water Reliability Study.
- Extensive site visits and evaluations were conducted by EGLE in the summer of 2022 to ensure compliance with the Michigan Safe Drinking Water Act.
- Visits and evaluations resulted in the City water system being deemed in violation of the Safe Drinking Water Act although no immediate health threats were noted at the time.
- This resulted in the issuance of an Administrative Consent Order (ACO) from EGLE in March 2023 requiring corrective actions to be undertaken by the City with strict compliance deadlines.
- The ACO identified 30 critical items to be addressed. Original estimates to address and correct deficiencies were estimated to be in the range of \$25 to \$30 Million dollars.
- System improvements are required **WITH OR WITHOUT** any funding assistance.
- Without additional funding assistance, individual residential costs were estimated to be approximately \$63.00 per month/\$189.00 per quarter/\$756.00 annually for standard residential users with 5/8" metered service, higher for larger metered service users.
- The estimated costs could potentially be reduced if additional funding sources and assistance could be obtained.
- The City made application for grant and state revolving loan assistance in May 18, 2023 with unanimous passage of a resolution by the City Commission.

Historical Background Continued:

- An application was submitted to the State of Michigan for both grant and revolving fund loan financial assistance.
- It was determined that the significant needs of the City and the City being considered a financially overburdened community allowed our community to be awarded both grant and loan approval.
- Formal bids were solicited for this Safe Drinking Water project. Bids were received and approved in the amount of \$23,585,000 Million dollars, slightly less than original estimated amounts.
- Funding assistance from the grant program resulted in the reduction of individual residential monthly costs to be reduced by nearly 50% from the initial proposed costs by receiving a \$11,363,586 Million dollar grant. This reduced the estimated monthly amounts to approximately \$31.00 per month/\$93.00 per quarter/\$372.00 per year.
- Approval of the City's application to the Safe Drinking Water Revolving fund resulted in the approval to participate in the low-interest loan program for the remaining \$12,221,414 project cost bringing the adjusted average individual residential costs for the majority of residential users with a 5/8" meter size to an estimate of \$15.00 per month/\$45.00 per quarter/\$180.00 annually, higher for larger service users.
- The City continued to take steps to adjust water service billing policies and ordinances to take into account any multiple unit complex such as apartments to further reduce estimated costs and pay a comparable fee to other residential users.

Adjusted proposed costs based on Residential Equivalent Unit rates (REU's):

5/8" Meter	\$32.76 quarterly	(\$10.92 per month)
3/4" Meter	\$49.14 quarterly	
1" Meter	\$65.52 quarterly	
1 1/4" Meter	\$114.66 quarterly	
1 1/2" Meter	\$147.42 quarterly	
2" Meter	\$196.56 quarterly	
3" Meter	\$393.12 quarterly	
4" Meter	\$491.40 quarterly	

Provisions have also been included for 6" and 8" meters if needed in the future.

Calculations were based on engineered REU formulas from the American Water Works Association (AWWA)