**VILLAGE OF CENTERTOWN**

**PUBLIC MEETING**

**OCTOBER 16, 2018**

A Public Meeting for the Village of Centertown was opened at 6:30 p.m. on Tuesday, October 16, 2018. This meeting was held to inform Centertown residents about the upcoming bond question on the November 6th ballot pertaining to the proposed new water tower. Chairman of Centertown Board of Trustees, Celine Whitaker, introduced guests Gary Davis, Engineer with Bartlett & West, and Darleen Groner, Drinking Water Unit Chief for Department of Natural Resources (DNR).

Mr. Davis reviewed the flyer that was sent to all Centertown residents. The 50,000 gallon water tower was built in 1960. While capacity is not the current issue, the height of 70 feet needs to be doubled to address water pressure issues. There are also a number of safety and OSHA concerns. Also, recoating the tower would be cost prohibitive since there is lead paint on the exterior of the tank. There is also a need for a separate inlet and outlet pipe within the tower to improve water quality. The rehabilitation and modifications to the tower to meet standards are not cost effective. All the repairs do not address the larger issue of water pressure.

Quotes were taken from the main three water tower manufacturers. Took the highest quote and tried to include all conceivable factors to ensure a comfortable cost estimate. It is not anticipated that the water tower will actually cost the full estimate of $1,500,000, but this figure is a good budget number and is subject to change as the market changes and the design is completed.

There are a number of options to pay for the new water tower. Cash is not an option for the Village. Lease Purchase is an option some communities are using. It does not require voter approval. The Village can apply for a loan and is eligible to compete for grant funds from DNR; however, in order to be eligible for the loan and potential grant, the Village must have bond approval from Centertown residents.

Bartlett & West is recommending the replacement of the water tower as the most cost effective use of Village’s funds instead of rehabilitation of the existing tower.

Question: If water tower is replaced, is everything replaced? The Village has a good well pump in place already, but the pump will need to be retrofitted to pump water to the new height of 145 ft. This is done by adding stages to the pump and reinstalling it.

Question: Will the current 50,000 gallon water tower support Centertown in the future? B&W is recommending a 60,000 gallon tank. There is not much of a price difference between the 50,000 gallon and the 60,000 gallon tanks. The additional 10,000 gallons will provide the Village fire support capabilities. DNR will only fund a 50,000 gallon tank, if bonds are voted. The Village will need to cover the price difference between the two.

Question: Will the increased water pressure impact pipes? If there are any weak areas it can cause issues; however, the majority of pipes have been replaced in 2000 and 2012. The Village should be prepared to address leaks that occur. We don’t expect significant issues, but this is something to be aware of.

Ms. Groner discussed the funding available from DNR. One program is the State Revolving Fund Program. To apply a community must have an engineering report, which we have, and a voter approved bond, which is on the November 6th ballot. There are a limited number of grants. Disadvantaged communities, which we are, can receive up to 75% in grant money with a 25% loan or a maximum of $2 million in grant.

DNR also requires water fees at the 5,000 gallon usage level to reflect 2% of the community’s household income. For Centertown, our current rate at 5,000 is $32.50. The rate would need to be with the new project at least $47.57 for 5,000 gallon usage.

Ms. Groner provided the following draft projected financial information (interest rates are determined at the time of loan closing):

Centertown Original Application Info: 2% MHI -= $47.57 MHI = $28,542 Delinquency rate = 0% LMI = $56.67%

 1. Existing Customers = 134

2. Existing Water Rate for 5,000 gallons: $32.50

3. $1,500,000 project cost **COST PROHIBITIVE. NOT A VALID OPTION**

 100% loan @ 2.5%, 20 years = $98,100 year

 Base rate increase = $61.01/customer

 Water rate for 5,000 gallons: $93.51 = 3.93% over 2% MHI

4. Disadvantaged 25% loan/75% grant

 25% $375,000 loan / 75% $1,125,000 grant

 $375,000 loan @ 2.5%, 20 years = $25,037 year

 Base rate increase = $15.57/customer

 Water rate for 5,000 gallons: $48.07/customer = 2.02% (meets disadvantage community

 with proposed project)

5. Plus w/CDBG $500,000 = $1,000,000 (Community Block Grant)

 $250,000 loan/$750.000 grant

 $250,000 loan @ 2.5%, 20 years - $17,025/year

 Base rate increase = $10.59/customer

 water rate for 5,000 gallons $43.09 = 1.81%

It is a DNR requirement that bond issue must pass before a community can be eligible for a loan and compete for grants. The application has already been made but it is on hold until the vote on November 6th.

Question: When would the Village know if they are qualified for grant monies? February 15, 2019 is application deadline. The Village completed an application last year and it is good for two years. In May/ June 2019 there will be a draft of the Drinking Water Intended Use Plan (IUP) outlining who could receive money. A final IUP will be issued in October 2019.

If bond is approved, the Village is not obligated to move forward but it must pass in order to qualify for DNR loan and compete for grants. If bond is not passed, DNR funding is not an option.

Bond question states the money can be used to improve the Village’s water system.

Mr. Davis stated the tower would begin construction in 2020 if the bond is approved.

The estimate does include tearing down and removing the current water tower. During tear down and building, a pressurized water tank will be brought in to provide water to residents.

If the bond is not approved, the city still will need to make costly repairs to the current water tower to meet safety standards, to extend the life of the tower, and to improve water quality. Several thousands of dollars spent and this still does not address water pressure issues that may potentially lead to violation of DNR standards. For example, under the ground water rule, if continued concerns are expressed by residents and widespread or persistent low pressure events are ultimately verified by the Department (e.g., if measured pressure data are less than 20 pounds per square inch (psi) in the distribution system), the city will be required to take action to satisfactorily address the significant deficiency.

Question: What is the expected life of a water tower? Approximately 50 years. The current water tower is 58 years old.

Question: Will the new water tower use the same footings as the current? No.

Question: Will the well hold out? The well is good, recently replaced. Pump will need to be modified to pump water higher.

Question: Are pipes okay with new pressure? Pressure will increase. If there is a weak spot it may break. Most pipe has been replaced and will tolerate 160-200 psi, well above what the new tower will provided. A break could occur, but estimate allows for these repairs.

Question: If a resident is not currently on the Village’s water lines, will they be forced to hook in? No, this applies to current users.

Question: Does the proposed water tower allow for growth? Allows for 20 years of growth.

Question: There is a rumor that if the Village does not build a new water tower that DNR will come in and build one, and will pay for it. Is that true? No, if DNR was forced to come in and replace the tower, a receiver would be appointed and take over management of the system, and customers would pay the cost. The state does not run water companies.

Question: Will there be a taste difference? There should be not taste difference, same water source and the new tower will actually do a better job of maintaining the chlorine residual. Interior lining will be the same.

If the bond issue does not pass, the lease/purchase option will get you your money fast but at a higher interest rate, 45 to 5.0%, as compared to DNR rate, which could be around 2.5% depending on interest rates at the time of loan closing.