

## INFORMATION: MANISTEE COUNTY COLLABORATIVE SEWER INITIATIVE

**Arcadia Township • Bear Lake Township • Onekama Township • Pleasanton Township • Village of Bear Lake**

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Municipal sewer projects require commitments of local resources and have impacts that need to be understood by communities. A process has been established by local governments participating in the Manistee County Collaborative Sewer Authority for everyone to ask questions and receive feedback about the project.

This is the first information flyer about the project. We will create and issue additional flyers as we have more information about the project.

Individuals, groups and agencies may submit questions they have about the project so that answers can be provided. Questions may be submitted by:

1. Emailing them to the Alliance for Economic Success at: [susan@allianceforeconomicsuccess.com](mailto:susan@allianceforeconomicsuccess.com)
2. Phoning them to the Alliance for Economic Success at 231-723-4325
3. Sending them to the Alliance for Economic Success by telefax to fax no. 231-723-3717

Questions may also be forwarded to the following individuals who are contacts for the project on behalf of the local government they represent. In many cases, an answer may not be readily available but, in every case, we will follow up. Periodically, we will complete and disseminate a compilation of questions received and answers provided.

<b>Local Unit</b>	<b>Name</b>	<b>Email</b>
Arcadia Township	Doug Carter	<a href="mailto:mbuzi0775@gmail.com">mbuzi0775@gmail.com</a>
Bear Lake Township	Jeff Harthun	<a href="mailto:haratunj@manistee.org">haratunj@manistee.org</a>
Onekama Township	David Meister	<a href="mailto:musclicars@jackpine.net">musclicars@jackpine.net</a>
Pleasanton Township	Judy Girven	<a href="mailto:jgirven@ymail.com">jgirven@ymail.com</a>
Village Bear Lake	Jeff Bair	<a href="mailto:jeffbair4@gmail.com">jeffbair4@gmail.com</a>

On March 16 and 18, 2017 we will hold the three public meetings on the project where we will update everyone on status, answer questions and ask for any other questions. Our goal is to record all questions, obtain the answer and publish an ongoing list of questions and answers that everyone can access. We know that many people are not in the area during this time. We will have speaker phones available and a pre-published phone number for anyone to join the meetings by phone. We will also tape each of these meetings and publish the date and time when they will air on the Manistee Public Access Channel. We will also have a set of public meetings after we receive a response from the U.S. Dept. of Agriculture, Rural Development on the funding application for the project. We believe that those meetings will be held in late summer 2017 when most residents are

## 1. How did this initiative begin?

Onekama Township explored options to help protect Portage Lake water quality and develop capacity needed by the new owners of Portage Point Inn through a sewage collection system serving residential and commercial customers along the lakeshore. It was concluded that the Village of Onekama's wastewater treatment plant did not have sufficient capacity. It was determined that the treatment plant owned and operated by the Little River Band of Ottawa Indians (LRBOI) had capacity and would make that capacity available to Onekama Township and other neighboring local governments if interest existed. Because of LRBOI's partnership, Onekama Township felt that the capacity and a collaborative project might be of interest to neighboring local governments.

## 2. How did the initiative expand to include other local governments?

The Alliance for Economic Success (AES) was assisting Onekama Township, partly because of the importance of the project to the renovation and restoration plans of Portage Point Inn. When it was known that LRBOI had the potential to handle municipal waste from Onekama Township and neighboring jurisdictions, the AES and Onekama Township contacted the other local governments to assess their interest in the project

All of the partnering local governments passed resolutions agreeing to join in Phase 1, the initial exploratory phase of the project, that focused on gaining a preliminary understanding of the viability of the project and required no financial commitment by the parties.

***As the following explains, the next phase of the initiative for the local governments that choose to participate would involve forming a sewer authority and submitting an application for funding to the U.S. Dept. of Agriculture Rural Development to fund the sewer project.***

## 2. What are the goals of the initiative?

- **Water Quality.** To protect and preserve the Portage Lake, Greater Bear, Arcadia Lake and Lake Michigan watersheds from pollutant threats from on-site waste disposal systems. This includes both surface and ground waters.
- **Economic/Community Development.** To enable development in the form of businesses and jobs in keeping with local objectives.
- **Realize Collaborative Benefits.** Through collaboration, engineering and construction costs for the system designed to accommodate all participating municipal units will be shared. In addition, because of collaboration, there will be a sole focus for preparing the financing application, constructing and operating the system.

## 3. What is the status of the initiative as of February 2017?

We have determined that we must form a sewer authority to submit one funding application to USDA Rural Development to realize the benefits of collaboration. This is a unique project in that all participating local governments would be part of a regional sewer system that will connect with one wastewater treatment plant.

#### 4. What is the next phase of the project?

Local governments that participate will do two things in Phase 2 of the project.

- **Form a Sewer Authority to Seeking Funding and Manage the Project.** There will be approximately \$10,000 in legal fees to establish a Sewer Authority and to create bylaws, operation policies, and procedures. All local governments that participate will have representation on the Sewer Authority. The formation of an authority is required so they can submit one financing application to USDA Rural Development on behalf of the participating local governments. Participating local governments will want to have their respective legal counsel review the documents involving the creation of the sewer authority. The ad-hoc team from the local governments that have been involved in the project have selected Attorney Eric Williams of Big Rapids to help form the authority. Mr. Williams has significant prior experience with multi-governmental projects, including sewer authorities and has no representation that could pose a real or perceived conflict of interest. Mr. Williams was retained as a counsel in the collaborative sewer project involving the Little River Band and Manistee Township and by Filer Township in the collaborative sewer project.
- **Complete a USDA Rural Development Financing Application.** Wade Trim will prepare the project funding application. Wade Trim has worked with LRBOI on the Filer Township project and in the initial application between Onekama Township and USDA Rural Development. Wade Trim has also developed all of the preliminary information to date at no cost. The typical cost for an application for a governmental unit is \$10,000. Because of the number of local governments participating and the fact that some of the data required exists, the total application development costs will be \$30,000 spread amongst the five local governments.

Assuming all five local governments remain in the process, each will need to contribute approximately \$10,000 in attorney fees + \$30,000 for engineering fees = \$40,000/5 = \$8,000 from each local government.

**However, the Authority will be eligible to apply for a planning grant through USDA Rural Development of up to \$23,000. If this application is submitted and awarded, that would reduce the total cost of the next phase of the project to \$17,000 (\$40,000 - \$23,000 = \$17,000). If this should happen, the equal share that would be contributed by the partnering local governments would be \$3,400. Because of limited funds, the planning application should be submitted to USDA by no later than mid-April 2017.**

#### 5. Can a participating local unit cease participation in the project?

Yes. A participating local unit of government can stop participation in the project at any time.

#### 6. What is the primary source of funding for the project?

USDA Rural Development is the primary source of financing for this initiative. USDA is the preferred source of funding for a project such as this that has the capability to provide both grant funds (that do not have to be repaid) and long term loan funds at a favorable rate of interest.

## 7. Do we know who is and is not to be included in the sewer district?

We will have a preliminary sewer district mapped by the time of the public meetings.

## 8. What is the Total Estimated Cost of the Project?

With all local units involved, we believe the total project cost may be approximately \$37 million. We want to emphasize the work “**approximately**” since the actual cost of the project will only be known once final design and engineering is completed and bids are let and received within the expected cost of the project.

## 9. What is the grant and loan funding that USDA will provide for this project?

We will not know the answer to this question until a formal grant application is submitted to USDA and we receive a proposal from them. On a preliminary basis, we anticipate that:

- The total amount of the project would be proposed to be funded by USDA with a combination of grants and loans.
- The amount expended by the sewer authority and local units would be reimbursable through funding for the project provided by USDA.
- The interest term would likely be 40 years at a rate of interest that is more favorable than the rate of interest under any commercially available financing.
- A meaningful portion of the project would be funded with through a grant.

The above are **preliminary expectations** based on prior experience and history. USDA, like all federal agencies, is subject to annual appropriations of Congress and support of the President. The Michigan USDA must then be provided an allocation of funding by the Washington USDA office.

**One of the common difficulties with projects such as this is that people often form opinions about the cost of projects without accurate information. We urge that all interests not form opinions about financing until a firm proposal from USDA is received in response to a funding application.**

## 10. What is Known about the Costs to End Users?

Much work needs to be completed before end-user costs are known.

A significant factor in determining end-user costs is the total number of users on the system. Typically, user costs can be broken into two categories: bond repayment and user costs after they are connected to the system.

### **Bond Repayment**

As previously noted, we expect financing in the form of grant funds and a low-interest, long-term loan through USDA Rural Development.

Oftentimes, a special assessment is established by the Sewer Authority or local governmental unit to repay the loan through a bond. This loan repayment is usually spread over 40 years and the resulting annual bond

repayments are passed on to the residents/businesses/properties that benefit from the project. An individual may choose to pay off his or her share early of the bonded indebtedness that is the subject of a special assessment. The monthly payment is determined based on residential equivalent units (REU's). One REU is equivalent to one single family home. Commercial businesses could be assessed a number of REU's. For example, a hotel with 50 rooms might be assessed 30 REU's. The number of REU's assessed is usually based on an adopted REU calculation chart. The fee can also be placed on property taxes and paid that way rather than monthly. Once the assessment is established, it would not change until the bond is repaid.

**User Costs**

Once a business or residence connects to the system, a monthly or quarterly bill will be sent to the user by the Authority to account for transport and treatment of the wastewater. This fee covers the cost of operation and maintenance of the system including treatment of the wastewater. The individuals representing the local governments in this process have agreed that the LRBOI is best suited to manage operations and maintenance.

**11. Who has to hook up to a sewer?**

The requirement for connecting to the sewer line would be established in the sewer ordinance established through the Authority. Usually, the funding agency, (in this case USDA Rural Development) requires connection by users within a certain distance of the sewer line within a specific timeframe (18 months is typical). The cost to hook up is not yet known but it usually is established to cover the construction cost to hook up and the cost per REU as determined from the assessment.

**12. What is the Estimated Schedule for the Project?**

<b>Milestone</b>	<b>Approximate Date</b>
Pass resolution kicking off formation of Authority	March 15, 2017
Form Sewer Authority	April 14, 2017
Submit Planning Grant Application	April 28, 2017
Submit Financing Application to USDA	October 2017
Receive Response from USDA on Financing Application	December 2017
Design Begins	April 2018
Finalize design/USDA submittal items	December 2018
DEQ permits secured	February 2019
Open Bids	March 2019
Start Construction	April 2019