

# *Genoa-Oceola Sewer & Water Authority*

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## ***Explanation of Fiscal Year 2019 Sewer Rate Charges***

The Genoa-Oceola Sewer System, which serves 4,649 residential and commercial accounts in Genoa and Oceola Townships, is facing an interesting crossroad. With the original system constructed in 1988, and the rapid growth currently ongoing in Livingston County, the Genoa-Oceola system is facing the challenge of having to replace and upgrade infrastructure as well as construct new facilities and perform capital improvement projects to meet the increased demand for service. As a result of this challenge, the Authority has initiated some minimal rate changes in the form of new charges to equitably share the financial impact of these challenges amongst existing and new users and keep the Authority on a path for future financial stability.

### ***Operation and Maintenance Rates***

We are pleased that once again Operation and Maintenance rates are remaining unchanged. Since 2012, O&M rates for metered customers have only increased \$0.08 or 1.5%, and we have lowered the flat rate charge from \$110 per quarter to \$97 in FY 2018. During this same time, we have managed to increase our replacement fund reserves, increase our capital improvement reserves, perform a \$600,000 new fine screen replacement project and fund numerous pump station and force main improvement projects.

### ***WWTP Expansion***



Wastewater Treatment Plant Expansion Construction

The Genoa-Oceola WWTP was originally constructed in 1988 as a sequencing batch reactor ground water discharge plant. This plant was expanded in 1991 to a capacity of 700,000 gpd. In 2000, due to changing regulations and growth in Livingston County, the ground water discharge plant was decommissioned and a new surface water discharge plant which uses oxidation ditch technology as the treatment methodology was constructed. This current plant, has a treatment capacity of 1.6 million gallons per day (MGD). In 2017, due to growth and the plant reaching capacity during wet

weather periods, the Authority began design of an expansion that would duplicate the existing plant and increase the treatment capacity to 3.2MGD. In May 2018, the Authority bid the project with the low bid coming in just under \$8.5 million. Due to saving connection fees, Genoa and Oceola townships were able to cash fund \$6.5 million dollars of the improvement, leaving it necessary to only bond for \$2 million in construction funds.

### ***Debt Service Charge***

In June, 2018, the Authority sold a revenue bond for \$2 million to cover the balance of the construction costs. This bond would be paid back by revenue received from sewer usage as the existing customers are receiving the following benefits from the project that are not tied to growth:

- 1) Connection of the WWTP to Municipal Water
- 2) Installation of Equalization Prior to Treatment and Reuse of Former Sludge Storage Tanks
- 3) Parking and Drainage Improvements for Operations Staff
- 4) Replacement of the Plant Paving that Dates Back to the Original Plant Construction

In order to pay back the bond over 20 years, \$140,000 in additional revenue must be generated each year. As a result, the Authority Board voted to institute a \$0.25 per 1,000 gallon debt service charge.



Wastewater Treatment Plant Expansion Construction

### ***Grinder Pump Maintenance Charge***

There are currently 100 grinder pump sewage disposal systems that serve individual properties in the Genoa-Oceola System. These grinder pumps function to move wastewater from the home into the collection system. Many of these pumps were installed in the early 1990s and are reaching the end of their useful life as we are no longer able to purchase replacement parts to rebuild and repair these pumps. The cost to replace a pump is currently \$1,860 not including labor. As a result, the Board voted to implement a grinder pump maintenance charge of \$5 per quarter to begin to cover the cost of replacing these pumps which specifically benefits the property they serve.