FEASIBILITY STUDY FOR A WASTEWATER COLLECTION AND TREATMENT SYSTEM FOR THE SOUTH COUNTY SEWER AND WATER AUTHORITY ALTERNATIVE V – HOMEOWNER COSTS SUMMARY JUNE, 2015

Property Owner Costs:

A rate structure has been developed that will repay the capital costs of the proposed wastewater collection and treatment system project as well as the collection and treatment system Operation, Maintenance, and Replacement (O, M & R) costs. The rate structure includes a monthly charge to cover all O, M & R costs plus a portion of the capital cost, a benefit fee for each connection, and a parcel fee, as described below.

- *Monthly Rate* This is a fixed monthly charge which each customer would pay based on the number of Residential Equivalency Units (REU's) assigned to them. A single family residence is one REU and would pay one monthly charge (one REU = approximately 4,500 gallons/month). Other users, such as apartment buildings, restaurants, campgrounds, and other commercial uses, would pay a monthly rate based on their total number of residential equivalents times the monthly rate/REU.
- Benefit Fee This would be a one-time flat fee assessed to each customer who connects to the system (sometimes referred to as a connection fee). This would also be allocated based upon REU's as described above.
- Parcel Fee This would be a one-time flat fee assessed to each property, served by or with access to the system, based upon the taxable and buildable parcel records of the local jurisdiction.

In addition to the proposed rates and charges, each property owner will be responsible for the cost of connecting to the system. This cost includes a 4" or 6" service connection from the building to the property line, the cost of abandoning the septic tank, and the local plumbing permit fee. The cost of the service line ranges from \$8.00 to \$12.00 per foot, the cost of abandoning a 1,000 gallon septic tank is approximately \$350.00 to \$550.00, and the permit fee can range from \$50.00 to \$100.00. If a pump is required for installation, it would cost between \$250.00 to \$1,000.00 plus the cost of a 2" forcemain estimated at \$8.00 to \$10.00 per foot along with the cost of abandoning the septic tank.

There are a number of methods available to finance a project of this scope. The most economical method has been determined to be a United States Department of Agriculture, Rural Development loan. This program provides for a 40-year repayment period at a fixed interest rate which is currently 3.25%. The following table summarizes the estimated cost of this project for the average homeowner who is served by the sewer. These costs are based upon a single parcel and an average connection length of 75 feet. Some homeowners will own a single parcel and/or have shorter service connections and will pay less while others owning multiple parcels and/or having longer service connections, or those who require a pump, will pay more. The benefit fee and parcel fee costs can be paid in full at the beginning of the project (cash plan) or paid in installments over the life of the bond issue (installment plan) at an interest rate of 1% above the bond rate (3.25%). Costs are presented both ways. Remaining balances of the benefit fee and parcel fee may be paid in full at any time during the assessment/bond period.

USDA RURAL DEVELOPMENT	<u>CASH PLAN</u> OR <u>INSTALLMENT PLAN</u>			
100% LOAN 40 Year Bond at 3.25%	Assessment Costs <u>Paid Up Front</u>		Assessment Costs Paid Over 40 Years	
Assessments Calculated at 4.25%	Capital Cost	Annual Cost	Capital Cost	Annual Cost
Monthly Rate – Current - \$43.05/month New - \$45.00/month		\$516.60 \$540.00		\$540.00
Parcel Fee Assessment (\$1,000.00)	\$1,000.00			52.42*
Benefit Fee Assessment (\$9,694.27)	9,694.27			509.79*
Connection to System (75')	1,275.00		\$1,275.00	
TOTAL UP FRONT COST	\$11,969.27		\$1,275.00	
TOTAL ANNUAL COST		\$516.60-540.00		\$1,102.21

^{*}Only the asterisk costs are added to the tax bill as an assessment and only for new customers/services areas. The monthly fee is paid every month by both current and new customers.

The USDA-RD program contains a grant element for eligible projects. If, after submittal of a funding application, grants are received, the above costs for the benefit fee can be expected to be lowered relatively proportional to the percentage of grant received.