



MILFORD CITY WATER CULINARY PROPOSED PROJECT

AUGUST 20, 2019



PURPOSE OF HEARING

- **THE PURPOSE OF THE MEETING IS TO RECEIVE INPUT FROM THE PUBLIC IN RESPECT TO THE ISSUANCE OF THE BONDS AND NOTE AND ANY POTENTIAL ECONOMIC IMPACT TO THE PRIVATE SECTOR FROM THE CONSTRUCTION OF THE PROJECT TO BE FUNDED BY THE BONDS AND NOTE FOR THE MILFORD WATER CULINARY PROJECT.**

PROJECT HISTORY

- **IN 2015, MILFORD CITY HAD A WATER MASTER PLAN CONDUCTED ON OUR WATER SYSTEM TO DEFINE OUR CURRENT WATER DEMANDS AND INFRASTRUCTURE NEEDS. THE PLAN GAVE THE FOLLOWING FINDINGS;**
- **THE EXISTING MINERAL MOUNTAIN WELL IS CURRENTLY MEETING THE NEEDS OF MILFORD CITY. HOWEVER, THE WELL IS OPERATING AT 200 GALLONS PER MINUTES MORE THAN THE RECOMMENDED OPERATING CAPACITY. THE MINERAL MOUNTAIN WELL WAS PLACED INTO OPERATING IN EARLY 2000. THE WELL IS OUR PRIMARY SOURCE OF CULINARY WATER. MILFORD CITY DOES HAVE A BACKUP WELL, HOWEVER THE ARSENIC LEVELS ARE TOO HIGH AND DON'T MEET THE REQUIREMENTS SET BY THE DIVISION OF DRINKING WATER. IN THE EVENT OF AN EMERGENCY, MILFORD CITY COULD PLACE THE BACKUP WELL INTO OPERATIONS FOR ONLY TWO MONTHS, DUE TO THE ARSENIC LEVELS.**
- **STORAGE CAPACITY: MILFORD CITY CEMENT STORAGE TANK LOCATED ON BALDING HILL FITS THE NEEDS OF THE TOWN; HOWEVER THE TANK WAS CONSTRUCTED IN 1980 AND THERE IS MAJOR DETERIORATION AND REPAIRS NEEDING TO HAPPEN TO THE STORAGE TANK; UNFORTUNATELY, THE REPAIRS WILL REQUIRE THE TANK TO BE DRAINED; THEREFORE WE HAVE CONSIDERED PROVIDING A SECONDARY STORAGE TANK TO ALLOW THE REPAIRS TO BE MADE. THE STORAGE TANK IS THE ONLY WAY FOR WATER TO REACH OUR CUSTOMERS.**

PROPOSED PROJECT

- **CONSTRUCT A NEW CULINARY WELL**
 - **PROVIDE A SECONDARY SOURCE FOR OUR CUSTOMERS**
- **INSTALL A NEW CHLORINATION SYSTEM TO CORRESPOND WITH THE NEW CULINARY WELL**
- **REFURBISH THE EXISTING WELL**
 - **THE WELL HAS BEEN IN OPERATION SINCE EARLY 2000 AND IS DETERIORATING**
- **CONSTRUCT A NEW 500,00 GALLON STORAGE TANK**
- **REHABILITATE THE EXISTING STORAGE TANK**

PROPOSED PROJECT

- **CONSTRUCT A NEW BOOSTER STATION TO REPLACE THE EXISTING BOOSTER STATION**
- **INSTALL RADIO READ METERS**
- **INSTALL A SCADA SYSTEM**
- **INSTALL NEW 12-INCH PIPE TO AIRPORT**
- **REPLACE APPROX. 1000 LINEAR FEET OF EXISTING 4-INCH AND 6-INCH CAST IRON PIPE**
- **REPLACE APPROX. 1900 LINEAR FEET OF EXISTING 14-INCH BETWEEN THE EXISTING AND PROPOSED STORAGE TANK WITH 16-INCH PIPELINE**

PROPOSED PROJECT

- **EXERCISING THE EXISTING VALVES AND REPLACING INOPERABLE VALVES. VALVES WILL ALSO BE ADDED IN STRATEGIC LOCATIONS TO ALLOW ISOLATION OF SPECIFIC SECTIONS FOR THE SYSTEM.**
- **NEW SERVICE CONNECTIONS FOR THE CEMETERY, HIGH SCHOOL AND ELEMENTARY SCHOOL TO PROVIDE ACCESS AS BACKUP SOURCE OF IRRIGATION.**
- **CREATE A 40-YEAR WATER RIGHTS PLAN TO ANALYZE CURRENT WATER RIGHTS AND DEVELOP STRATEGIES FOR UTILIZING AS MUCH WATER AS POSSIBLE.**

PROJECT COST

Table 4.1

IMPROVEMENT	EST. COST
CONSTRUCT NEW CULINARY WELL	\$1,162,800
BOOSTER STATION UPGRADES	\$425,000
EXISTING WELL IMPROVEMENTS	\$133,000
INSTALL RADIO READ WATER SERVICE METERS	\$922,000
INTEGRATED SYSTEM WIDE SCADA SYSTEM	\$110,000
VALVE EXERCISING & REPLACEMENT	\$63,000
TANK REPAIRS	\$93,500
CONSTRUCT NEW 500,000 GAL CONCRETE STORAGE TANK	\$670,000
REPLACE OLD STEEL/IRON PIPE	\$110,300
INSTALL ADDITIONAL SERVICE CONNECTIONS	\$24,000
REPLACE 14" LINE FROM TANK TO 300 N	\$130,100
INSTALL 12" LINE TO AIRPORT	\$314,100
MOBILIZATION (5%)	\$265,000
CONTINGENCY (20%)	\$884,560
INCIDENTALS & PROFESSIONAL SERVICES	\$971,000
TOTAL	\$6,278,360

FUNDING SOURCE: USDA RURAL DEVELOPMENT

- **LOAN: \$4,217,000.00**
 - **40 YEAR LOAN**
 - **INTEREST RATE 3.375%**
- **GRANT: \$2,032,000.00**

WILL WATER RATES INCREASE????

- **YES, MILFORD CITY WILL BE REQUIRED TO INCREASE OUR WATER RATES TO COVER THE COST OF THE ANNUAL LOAN PAYMENT, WHICH IS PROJECTED AT \$193,500.**
- **MILFORD CITY HAS NOT HAD A WATER RATE INCREASE IN 13 YEARS.**

MILFORD CITY RATE STUDY

- **THROUGH THE RATE STUDY IT WAS DETERMINED THAT MILFORD CITY WOULD HAVE TO SUBSTANTIAL INCREASE THE WATER BILL TO COVER THE COST OF THE CULINARY WATER PROJECT.**

MILFORD CITY RATE INCREASE FOR PROJECT

- **THE AVERAGE RESIDENTIAL BILL WOULD BE INCREASED BETWEEN \$62.00-\$65.00 TO COVER THE DEBT PAYMENT AND RAISING OPERATING AND MAINTENANCE COSTS.**
- **THE AFFORDABLE BILL DEFINED BY THE EPA FOR MILFORD IS \$57 PER RESIDENTIAL BILLING. THIS INCREASE WILL PLACE US \$5.00 OVER THE AFFORDABLE BILL. MANY COMMUNITIES ARE ABOVE THE EPA AFFORDABLE BILL; HOWEVER YOU MUST BE AT LEAST AT THE AFFORDABLE BILL TO RECEIVE FUNDING THROUGH STATE AGENCIES.**

EFFECT ON OUR CUSTOMERS

- **SUBSTANTIAL WATER RATE INCREASE**
- **REPLACEMENT OF METER AND SETTERS ON THE CUSTOMER PROPERTY**
 - **MILFORD CITY OWNS AND MAINTAINS THE METERS ON EACH PROPERTY SERVED WITH WATER AS WELL AS THE MAIN DISTRIBUTION LINES.**
 - **PROPERTY OWNER ARE REQUIRED TO MAINTAIN THEIR LATERAL LINES. THIS IS THE LINE FROM THE METER TO THE HOME. IF HOMES HAVE OLD GALVANIZED SERVICES, THE SERVICE LINE MAY FAIL AFTER THE INSTALLATION OF THE NEW METER AND SETTER.**
 - **PROPERTY OWNERS NEED TO BE AWARE THAT IF THIS HAPPENS THEY ARE RESPONSIBLE TO REPLACE OR REPAIR THE LATERAL SERVICE LINE.**
 - **MILFORD CITY DOES OFFER A 3RD PARTY INSURANCE FROM SERVLIN THAT CAN ASSIST WITH COVERING THE COST. INFORMATION CAN BE OBTAINED BY CONTACTING THE CITY OFFICE.**
 - **THE SETTER WILL HAVE A DUAL CHECK VALVE TO PREVENT THE MILFORD CITY WATER SYSTEM FROM CROSS CONTAMINATION.**
 - **HOMEOWNERS MAY WANT TO INSTALL SURGE TANKS ON WATER HEATERS. THIS IS AT THE HOMEOWNERS EXPENSE.**

PUBLIC COMMENT:

- **PLEASE EXPRESS YOUR CONCERNS AND OPINION.**
- **MILFORD CITY COUNCIL WANTS TO HEAR FROM YOU BEFORE A FINAL DECISION IS MADE IN REGARDS TO THIS WATER CULINARY PROJECT.**

COUNCIL MEETING

- **AUGUST 20, 2019**
- **PROPOSED CULINARY WATER PROJECT**

ADDITIONAL CONCERNS

- **TYING THE CITY DOWN TO A 40 YEAR LOAN THAT WE CAN'T AFFORD AS A COMMUNITY.**
- **THE SUBSTANTIAL RATE INCREASE WILL COVER THE DEBT PAYMENT AND PUT AWAY REVENUE FOR RESERVES.**
- **TERRY SMITH, RURAL WATER CONDUCTED THE RATE STUDY AND EXPRESSED THAT MILFORD CITY SHOULD CONSIDER GRADUALLY INCREASING THE WATER RATE MOVING FORWARD REGARDLESS OF THE CULINARY WATER PROJECT, TO COVER OPERATING/INFRASTRUCTURE COSTS.**
 - **HE SUGGESTED LOOKING AT A 3% INCREASE FOR THE NEXT 10 YEARS.**
 - **SEASONAL METERS-SET A BILLING RATE FOR HAVING A METER INSTALLED WHETHER THEY ARE USING WATER OR NOT.**