

Northway City Water Project

September 19, 2012

Who are we

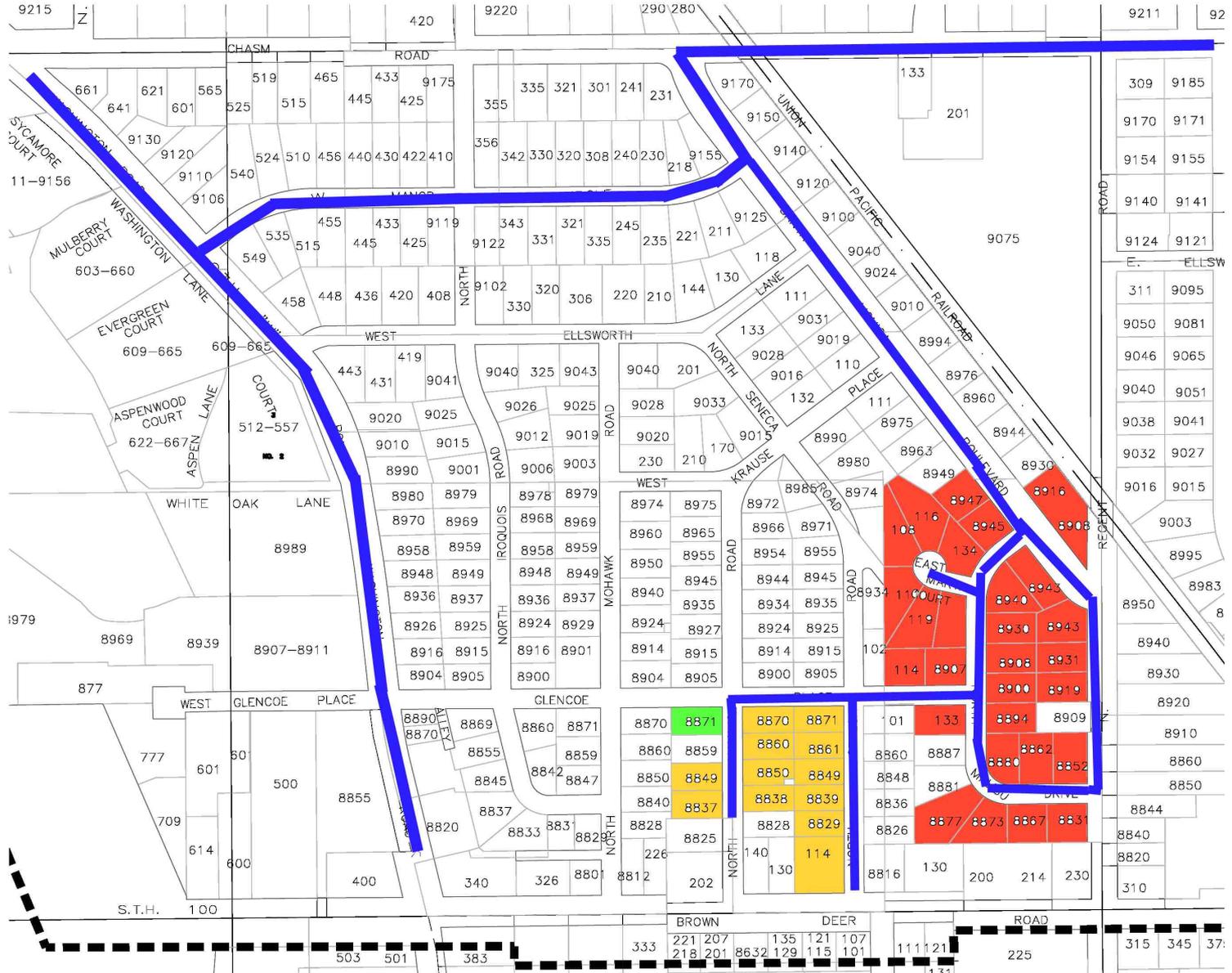
Approximately 50 homes, possibly more

- Northway Water Co-Op #1
 - 12 homes, on Seneca and Navajo just north of Brown Deer Road
- Vista Del-Mar Co-Op
 - 29 homes, on East Marti Court, encircled by Malibu drive / Regent / Santa Monica
- Other homes
 - Have made a commitment to join the project
 - 8 or 9 can be included no matter what routes we take
 - Many more additional homes that have committed but can only be included depending on route

Glencoe Route



Santa Monica Route



What has changed since February

- Preliminary engineering study has been completed for the 50 home project, and project cost estimates have been further refined
- Financing details and costs have been more clearly defined
- Association agreement has been created
- Project is ready to go in for summer of 2013, but we need commitments at this time to finalize routes

Project construction cost estimate

Estimate based on budgetary proposal (Glencoe only route, used in Feb. Meeting)	\$670,548
Preliminary engineering estimate (Glencoe only route)	\$654,720
Preliminary engineering estimate (Santa Monica only route)	\$645,120

- Construction cost estimates have come down slightly since budgetary proposal.
 - As project becomes more defined, estimates become more reliable.
 - We always assumed Santa Monica route would cost more (due to length), however engineering estimates have shown that it can cost slightly less than Glencoe route.

Estimate from finance (w/o credit)

Item	Cost
Construction cost estimate (Glencoe)	\$648,720
Professional services	\$40,293
Capitalized interest (2 years, 3%)	\$49,200
Reserve Fund (10%)	\$82,000
Total funds required for financing	\$820,000

- Capitalized interest calculated for 2 years (will be less than that)
- Revenue credit (\$2,500) is not being applied here
- Reserve fund (required by law) is a 10% over-borrow to protect the village from delinquencies
- Interest rate expected to be about 3%
- Loan repayment works a little differently than home mortgage payment
 - Payments each year pay down the principal by the same amount each year
 - Payments are larger in the beginning, and become smaller each year
 - Payments according to this estimate average out to \$1,000 per year
 - \$1,280 on the high end, \$820 on the low end

Estimate with revenue credit

Item	Cost
Construction cost estimate (Glencoe)	\$654,720
Total revenue credit (50 homes)	\$125,000
Construction cost less credit	\$529,720
Professional services	\$40,293
Capitalized interest (1 year, 3%)	\$19,065
Reserve Fund (10%)	\$65,000
Total funds required for financing	\$654,580

- Capitalized interest calculated for 1 year
- Revenue credit (\$2,500 per home) is being applied to the financing of the public project
- Private plumbing and lateral costs will need to be paid up front by home owner
- Reserve fund (required by law) is a 10% over-borrow to protect the lender from delinquencies
- Interest rate expected to be about 3%
- Loan repayment works a little differently than home mortgage payment
 - Payments each year pay down the principal by the same amount each year
 - Payments are larger in the beginning, and become smaller each year
 - Payments according to this estimate average to \$820 a year
 - \$1,000 per year on the high end; \$650 per year on the low end

Private infrastructure

- Cost for lateral estimate, estimated by one contractor to be between \$2,000 - \$2,500 per home in our area (plus additional cost for internal work inside the home).
- Revenue credit might be used to offset private plumbing costs, but would increase the borrowed amount

Why now?

- Large project with at least 50 homes ready to go right now
 - Project must be large in order to make sense
 - Financing overages make a smaller project impossible without being killed by financing fees
- Revenue credit (\$2,500) applies today, will not remain there forever
- Interest rates near an all-time low
- Later hook up costs (with access to a water main)
 - \$4,000 to \$5,000 in additional cost for a 1-off installation of curb-stop
 - Revenue credit is only temporary, may not be there in the future
 - Additional fees paid to association (our revenue) for fronting the costs of the water mains
- Later hook up costs (without access to a water main)
 - Entirely new project will be required (this is not easy)
 - Financing will be nearly impossible
- We would like to go out for bid in January for Summer 2013 construction
 - Topographical survey should take place before snow falls
 - This timeframe gives us the best chance to get the lowest bids possible

Continuing with your well water costs (Over 20 years)

- Replace pump once or twice
 - Survey results ranged from \$700 to \$5,000, but mostly centered around \$2,500
 - If it costs \$2,500 to replace the pump, and it will be replaced 1½ times during the 20 years, then \$3,750 for pump replacement over 20 years.
- Replace pressure tank once or twice
 - Survey results ranged all over the place, from \$200 to \$2,400
 - If it costs \$800 to replace, and will be replaced 1½ times during the 20 years, then \$1,200 over 20 years to replace tank
- Water softener
 - If using \$14 (2 bags) of salt per month, costs \$3,360 over 20 years
 - Replace water softener at least once, costs \$1000
- Iron filter
 - ??
- Electrical
 - about \$3 per month for your well pump, and \$3 month for your softener, costs \$1,440 over 20 years

Cost analysis per day

Infrastructure repayment	\$4.00 / day high point (20 year)
Private plumbing (\$2,700 over 20 years)	\$0.37 / day
Water bill payment (\$170 per quarter)	\$1.86 / day
Total for city water	\$5.86 / day
Total for well water	\$1.47 / day

Difference for city water: \$4.39 / day

- **This includes water bill**, as well as infrastructure repayment.
- This takes the up front costs (estimated here at \$2,700) and spreads that out over 20 years
- The costs are far more predictable for city water than your existing well/pump/tank system which can have expensive issues unexpectedly at any time
- This estimate assumes no revenue coming into association whatsoever
- This estimate assumes no expansion whatsoever (50 homes)

Why is it worth it?

(what does \$4.39 per day buy for you)

- Safety / Confidence
 - Fire hydrants placed in your street.
 - Water constantly tested and kept up to safety standards (EPA DNR etc.)
 - Water utility is run by water professionals, and so is in a better position to find water issues, and in a better position to do something about it when an issue is found.
 - Cost to fix water issues are spread across thousands of customers and not borne solely by a single well home owner
- Reliability
 - Water infrastructure taken care of by utility.
 - Water available even when electricity is out.
- Quality / Convenience
 - Water is naturally soft and within regulatory requirements.
 - No longer a need to feed the water softener.
- Home improvement
 - Homes on city water sell more easily, probably at a higher price.
 - Bayside is a great place to live, but well water is a huge negative.

How to sign up

- Agreement can be obtained from here (some copies are available) or downloaded from the blog site (please opt to download and print if you have internet access)
- Agreement asks for \$300 as a sign up fee
 - Fee pays for legal work, plus preliminary engineering costs
 - Checks payable to Bayside Residential Water Access Association
 - Fee will be refunded if your home will not have access to city water
- Agreement must be signed, dated, and notarized
 - You can find a notary at your bank
 - Village hall has a notary
- Fill out attached contact information sheet
 - Contact information will ask for email address
 - If you do not have an email address, please provide an email address for someone that does have one as a substitute
- Bring agreement, contact sheet, and check back to us
 - Mail these to my address (8838 Navajo Road)
 - Leave these in my paper box (please not the mailbox)
 - Drop these off at Village hall

About the association

- Association exists to bind all the participants into a single unified entity, with the ability to enter into agreements (with the Village, and with the water utility) on behalf the members.
- Association will be democratically run
 - Association will have 1 executive director, and 2 associate directors.
 - All members have equal share in association, and have equal vote.
- Association will receive revenue from late hook ups
 - Will be up to the association how to set the hook up fees, with an agreement between association and the water utility.
 - Association will decide what to do with incoming revenue. Most likely a majority of it will just be dispersed back to the members annually, which can be used to help offset the yearly payments.
- Signing up for association does not necessarily mean that city water can be made available to you.
 - Project will only expand to streets where there is enough interest to justify the cost of expansion. The more homes on a street that sign up, the more likely that street can be included.
 - Members who sign up for the association and cannot be serviced by city water will be released from the association, and their \$300 payment will be reimbursed back to them.

Contact Me!!!

- Email Address: northwaywater@gmail.com
- Phone Number: (414) 215-0671
 - Leave message on voicemail, I will call you back I promise!
- Blog Site: <http://northwaywater.blogspot.com>

Current well system cost totals

(over 20 years)

Item	Cost (over 20 years)
Pump Replacement	\$3,750
Tank Replacement	\$1,200
Softener Salt	\$3,360
Softener Replacement	\$1,000
Electrical	\$1,440
Total cost over 20 years	\$10,750
• Cost per year	\$537.50
• Cost per month	\$44.79
• Cost per day	\$1.47

Not included: some of the other hidden costs

- Depreciation to appliances and fixtures
- Increased home insurance rates
- Water testing