

Water Infrastructure Millage Executive Summary

Why Is the City Asking for This Millage?

In 2018 the State adopted new lead and copper drinking water rules that require all water suppliers to replace all lead service lines at public cost. In Pleasant Ridge about 60% of our lead service lines are lead, and we estimate that it will cost about \$8.5 million to replace all of them. At the same time, our water mains are nearly 100 years old, are at the end of their useful life, and require replacement. Replacing our water mains is estimated to cost about \$16.5 million, for a total project cost of \$25 million.

The City Commission approved new water rates that will result in about a 35% utility bill cost increase for residents for FY22 (for water usage from July 1, 2021 through June 30, 2022). Approval of the millage in November would result in a total cost increase¹ for of about 6%, while allowing the City to restore water rates back to 2020 levels starting July 1, 2022 when the new millage takes effect.

Millage Overview

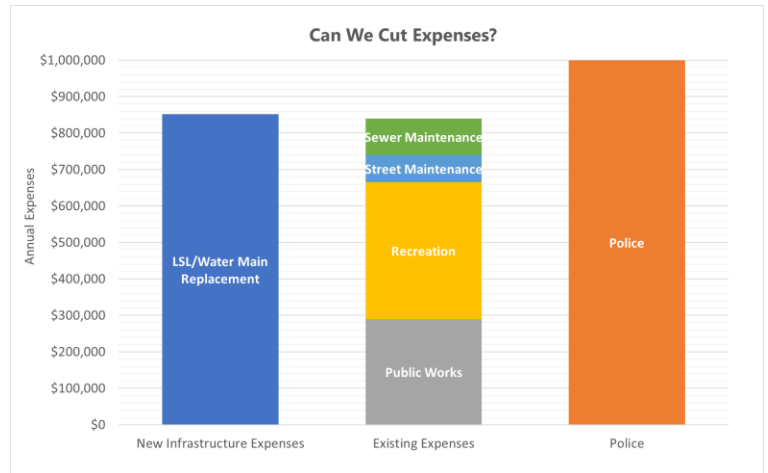
The City Commission placed a request for a 3.5 mill water infrastructure property tax on the November 2021 ballot. If approved the millage would provide funds for the City to complete water infrastructure projects including water main replacement, public and private lead service line replacement, and associated restoration work.

Can The City Fund This Project Without Raising Property Tax or Water Rates?

The short answer is no. The annual cost to complete the water infrastructure project will be about \$850,000 of new expenses. Our entire water fund had a budget of about \$1.2 million before this project, so the new cost is significant.

The chart at right shows what the City would have to cut to equal the new revenue needed to complete the water infrastructure project. It would require us to either:

- Eliminate all current sewer maintenance, street maintenance, the recreation department and all recreation programs, and all public works spending (i.e. DPW staff, lawn maintenance, tree maintenance, landscape maintenance, flower planting, etc.). Or,
- Eliminate the police department.



These cuts would be very difficult and result in a severe reduction of public service levels.

(continued on reverse side)

¹ The total increase includes the annual property taxes and utility bill costs paid by residents. The average increase is 6%, with all residents being between a 5% and 7% cost increase.

What Are the Benefits of the Water Infrastructure Project?

There are two primary benefits that residents will see from this project:

1. Removal of all lead service lines from the water system (33% of total project cost), and
2. Replacement of our 100-year-old cast iron water mains that are at the end of their useful life (66% of total project cost)

Every resident who has a lead service line (the pipe running from the water main into the water meter in your house) will have that removed and replaced at public cost.

All the City's old cast iron water mains will be replaced. The existing water mains are 6 inches in diameter, while by current standards 8 inches is the minimum size for a water main.

Our mains are nearly 100 years old and are suffering from internal corrosion which reduces their effective size (see photo at right). The corrosion in the pipes is what causes brown water for a time after a fire hydrant is used – the high volume of water flowing through the main to the hydrant causes some of the corrosion to become dislodged, browning the water.

The old, small, corroded pipes cause reduced water pressure in our system. Our water system is still adequate for normal day to day water supply, but whenever a fire hydrant is opened it causes unacceptable pressure drops throughout the city. This is a result of the reduced capacity in our water mains due to age and corrosion.



Corroded Iron Water Main

Replacing the City's water mains will improve water pressure, fire flow rates, and overall system reliability. Our water distribution system is at its useful life and investing in our water infrastructure will ensure that we have reliable water service for the next 100 years. If we do not address this issue, it will only increase the cost to repair and replace our water infrastructure on an emergency basis in the future after it begins to fail.

What Happens If the Millage Is Not Approved?

If the millage request is not approved in November, the water infrastructure project will continue to be paid for by increased water rates.

A concern with the higher water rates is that residents will use less water, generating less revenue for the water fund, creating shortfalls in the funding needed to complete the infrastructure projects, requiring the City to raise water rates even higher, causing residents to further reduce water usage, leading to new revenue shortfalls, and so on.

A property tax millage would provide a steady revenue source for the water infrastructure projects while allowing water rates to return to their previous level.

The question is not whether the City should take on this extra expense, but rather how we should pay for it.

Where Can I Find More Information?

More information about the water infrastructure project, including background documents, presentation materials and video from the April water town hall meeting is available online at:

www.cityofpleasantridge.org/water