



## **Sewer Repair Phase 1 Project**

### **Frequently Asked Questions on the 2018 Sewer and Road Rehabilitation Bond Referendum**

1. *What is a bond referendum and why do residents need to vote on it?*

A bond referendum gives voters the power to decide if the City should borrow money for major capital projects that are too expensive to include in the annual budget. If the bond referendum is approved, the City will sell General Obligation bonds and pay back the principal and interest over time (similar to a home mortgage) by levying a dedicated millage.

2. *Why has the City put a bond referendum on the November ballot?*

The bond referendum is to cover the cost of the critical repairs to the City's sewer system in order to reduce impacts from future significant rain events. Since there is efficiency in combining the sewer replacement work with road reconstruction at the same time, the proposed bond proposal also includes limited road reconstruction where sewers are going to be replaced in the road.

3. *If the bond referendum passes, when do the taxes to pay the bonds get adjusted?*

Taxes are not collected for the bonds until they are sold by the City. The City proposes to sell the bonds in early 2019 so the taxes will be levied beginning with the 2019 summer tax bill.

4. *What sewer repairs are needed?*

The engineers have recommended three different types of repair.

- **PHASE 1 - Sewer main replacement.** Phase one is the bond referendum on the November ballot to fund repairs where sewer mains need to be replaced.
- **PHASE 2 - Pipe bursting.** This method inserts a new sewer line into an existing sewer pipe. The City has asked the Long Range Budget & Planning Committee to provide a recommendation to address the pipe bursting repairs and the construction of the remaining roads.

- **ONGOING - Sewer lining.** This method involves lining existing sewer mains with a durable plastic coating. The proposed funding is from the \$17/quarter flat fee that is currently assessed on each water bill. Work is expected to begin this winter and be completed within 5 – 6 years.

5. *How much will my tax bill change if the bond referendum is approved?*

The estimated cost for the sewer and adjoining road work (Phase 1) is \$7,845,000. If approved, the estimated millage for the first year is 0.77 mills and the estimated annual millage for the 15 year bond is 1.57 mills. These estimates are prepared by the City’s bond advisors and are based on the assumed interest rates on the bond and an assumed growth in taxable value. If the assumptions are different than the estimates, it will affect the millage assumptions. The table below gives homeowners a ballpark estimate of the first year tax adjustment:

2019 estimated <u>Taxable value</u>	First Year <u>Tax bill impact</u>
\$150,000	\$115.50
\$200,000	\$154
\$250,000	\$192.50
\$300,000	\$231

There is a link on the website to a tax calculator that will compute the impact on your tax bill using your taxable value. The City’s website is [www.hwmi.org](http://www.hwmi.org).

6. *Why use bond financing for the repairs?*

The estimated cost of the repairs far exceeds what is available in the City’s budget or the rainy day fund. By using bonds to finance this project, Huntington Woods can pay them in installments over time rather than paying all the money up front.

7. *What happens if the bond referendum doesn’t pass in November?*

The City will need to finance the projects on a “pay as you can” basis which will significantly increase the length of time to complete the work.

8. *If the bond referendum is approved, how quickly would the repair work begin?*

If the bond is approved in November, the engineers will begin designing the repairs and preparing bid specifications over the winter. Bids for the construction will be reviewed and a recommendation will go to the City Commission in early 2019. Once the final estimate is known, the bonds will be sold and construction will begin when weather conditions permit.

9. *Will the recommended sewer repairs prevent my basement from backing up?*

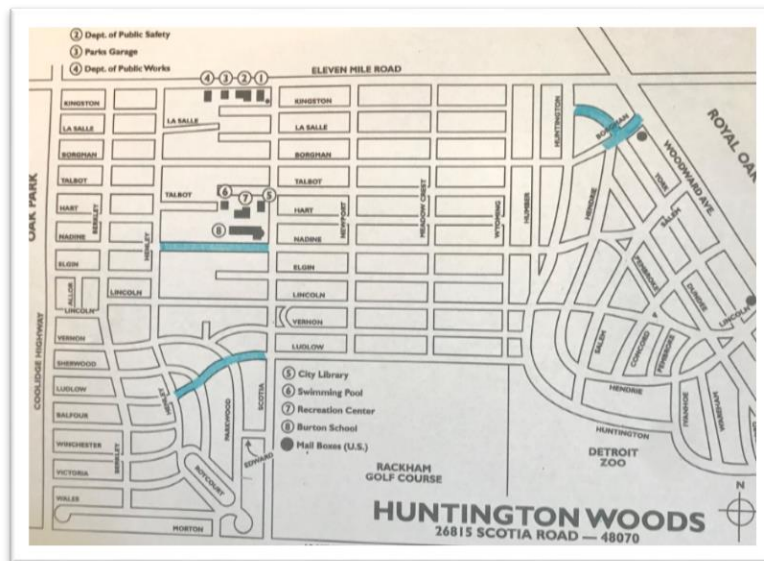
The proposed repairs will lessen the City's exposure to basement back-ups but there may be rain events that are cataclysmic enough to still cause back-ups.

10. *Where will the sewer replacement construction take place?*

The engineers will prepare specifications detailing the exact locations for the replacement project once the project has been funded and is approved by the City Commission.

11. *What roads are proposed for reconstruction as part of the bond proposal?*

Depending on the final construction costs, the roads that are highlighted are proposed for reconstruction.



12. *My road needs to be repaired and it is not proposed for this project. When will it get done?*

Approximately 40% of the City's roads need to be addressed in future road projects. The City Commission has asked the Long Range Budget & Planning Committee to provide a recommendation for funding and a realistic time frame to complete the repairs. (Phase 1 of the sewer and road repairs is the November 2018 bond referendum. Phase 2 will address the remaining sewer and road repairs.)

13. *Will the millage go away after the bonds are paid off?*

Yes. This millage will be levied for 15 years to pay off the bonds then it will no longer be collected.

14. *How will the referendum affect the City's overall debt millage that is collected?*

The City's millage collected for debt obligations has fluctuated over time. These are the millage rates collected since 2010:

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
5.2105	6.8859	7.0389	7.4775	7.5160
				Proposed if Referendum
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Approved</u>
5.4723	3.1582	4.2219	4.0659	4.9300

15. *Is this the only referendum on the November 6<sup>th</sup> ballot?*

There will be elections for federal, state and local offices as well as state-wide referendums. This is the only local referendum on the ballot and it will be placed at the very end of the ballot.

16. *What is the bond referendum language that is on the ballot?*

#### SEWER AND ROAD REHABILITATION AND IMPROVEMENT BOND PROPOSAL

Shall the City of Huntington Woods, Michigan, borrow the principal sum of not to exceed Seven Million Eight Hundred Forty-Five Thousand Dollars (\$7,845,000), payable in not to exceed sixteen (16) years from the date of issue, and issue its unlimited tax general obligation bonds, in one or more series, to pay the cost of acquiring and constructing sewer and road improvements, including sewer rehabilitation and replacement of existing sewer lines, together with related and adjacent road reconstruction and related water improvements? The estimated millage to be levied in 2019 is 0.77 mills (\$0.77 per \$1,000 of taxable value) and the estimated simple average annual millage rate required to retire the bonds is 1.57 mills (\$1.57 per \$1,000 of taxable value).

YES

NO

17. *What if I have questions about the bond referendum?*

Questions can be directed to the City Manager at 248.581.2632 or [asullivan@hwmi.org](mailto:asullivan@hwmi.org). The City will be holding a public informational meeting on Thursday, October 4<sup>th</sup> at 7 p.m. at City Hall to answer questions on the project and the bond.

*September 2018*