

having to interrupt the project to seek additional authority from you and your fellow citizen at the ballot.

The additional bonding authority could also be used on a related project, such as repairing, relining or replacing sewer lines at a future date, although at the present time we are funding that on an annual budget basis.

What are other options?

The standards have tightened on wastewater treatment, particularly on ammonium and the allowed levels of E. coli (shorthand for the common bacteria found in human waste Escherichia coli) and the City has four years to either install chemical treatment machines to reduce ammonia and to disinfect or expand the land application system. Even treating a portion of the wastewater to keep the current overland flow field that drains into the creek by the Northeast lagoons would cost millions of dollars, and would increase operational costs. Moreover operating a plant only intermittently (as we use the overland flow field) makes the chemical plant treatment option less efficient and more difficult to operate and maintain.

Why didn't we plan ahead and save money?/Why borrow money?

The City has prudent reserves of one full year of operational expenses in the sewer utility (~\$260,000 annual expense/reserves) and eight months in the water utility (~\$600,000 annual expense/~\$400,000 reserves). The City would have had to have charged customers much higher rates over the past several years to have grown reserves large enough to fund these projects. By borrowing money at subsidized rates (State Revolving Fund or SRF loans may be as low as 2%), the citizens who use the facilities will pay the costs of the improvements as they use them over the next 20 years, with financing cost not much higher than inflation. Paying cash for the projects would require rates to be increased two or three times more than proposed and the water treatment projects would have to be delayed by years, which may not be prudent. To qualify for the SRF loans with the best borrowing rates, the City has to have a voter-approved bonding authority.

Comparable rates in the area

No one ever wants to see their utility bills go up, but the City of Centralia has maintained a very affordable rates and even with the required rate increases Centralia will have low rates.

City	Cost for 8,000 gallons of water	Cost for 8,000 gallons of sewer treatment
CENTRALIA NOW	\$ 29.82	\$ 12.62
CENTRALIA 2021	\$ 39.69	\$ 26.23
Hallsville	\$ 47.35	\$ 54.35
Fulton	\$ 32.73	\$ 58.92
Mexico	n/a	\$ 59.81
Moberly	\$ 56.20	\$ 78.60



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Centralia United Methodist Church
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What is the City proposing to do?

The City of Centralia is proposing to upgrade the Water Treatment Plant at a cost of about \$2,500,000 and to expand and improve the Wastewater Treatment System which will cost an estimated \$3,600,000.

WATER: These improvements will address some mechanical issues that are related to the age of the plant; improve the efficiency of the Plant operation; and improve the resiliency of the plant operation. A full breakdown of the estimated costs are seen in Table 1. These improvements are the recommendations of our engineers from Bartlett & West after conducting a thorough investigation of the plant. The City must replace much of the machinery involved in adding lime for softening and additional machinery for removing minerals and heavy metals from the water supply.

Project Description	Amount (\$)
Water softening/process Equipment	\$ 1,350,000
Plant Energy Efficiency	\$ 60,000
Pumps, Generators and Electrical	\$ 500,000
Instrumentation & Controls, Other	\$ 60,000
Engineering, Project Management, Contingency	\$ 500,000
ESTIMATED TOTAL PROJECT COST	\$ 2,470,000

SEWER/WASTEWATER: The City has a model treatment system that the Missouri Department of Natural

Resources (DNR) frequently holds up as an example of how to run a land application/minimal discharge system. In our current system, treated wastewater is pumped to irrigation ponds and to cropland for irrigation. The low cost of the city's investment for construction of the current system (due to Federal grants) and the professionalism of City staff have resulted in some of the lowest sewer rates in the state. However, new standards of treatment are now mandated by the Missouri Department of Natural Resources (DNR) due to changes in the Federal Clean Water Act and how DNR enforces it under the guidance of the EPA. To meet these new standards the City has to replace the overland flow field, with 80 – 160 acres of irrigated pasture and the City has to increase storage and the volume of water that can be land applied. The overland flow field was used when heavy rain, or winter field conditions



forced the City to find additional land application capacity. The City will have to add storage and treatment lagoons, improve pumping levels and get access to additional land for application. Under the new permit issued to the City this year, the **City must be in compliance with the new standards in four years.**

Project Description	Amount (\$)
Land application expansion with farmers: options include add'l storage, add'l center pivots, piping, electrical and pumps	\$ 1,485,000
City Treatment upgrades: options include 80+ acres of pasture with center pivot, pump upgrades, piping and electrical extensions	\$ 1,155,000
Engineering, Project Management, Contingency	\$ 936,000
ESTIMATED TOTAL PROJECT COST	\$ 3,576,000

How much will it cost me?

The rate increases will take place over three years. Since most of the first year will be planning and securing funding the rate increase would be lower in the first year. The largest increase will come in the second year and then a third smaller one, if necessary in the third year. If actual costs come in below engineering estimates, the rate increases will be lower.

WATER RATES	Small household ~ 4000 gal/month	Med. household ~8000 gal/month	Large household ~ 12,000 gal/month	Small business ~ 15,000 gal/month 1 inch meter
Current	\$16.94	\$29.82	\$42.70	\$55.63
April 2018	\$17.79	\$31.31	\$44.84	\$58.41
April 2019	\$19.57	\$34.44	\$49.32	\$64.25
April 2020	\$20.54	\$36.16	\$51.78	\$67.47

The sewer rates will not have to be increased as much if the City is able to obtain grants (which we believe is very possible). Sewer rates are based on water usage.

SEWER RATES	Small household ~ 4000 gal/month	Med. household ~8000 gal/month	Large household ~ 12,000 gal/month	Small business ~ 15,000 gal/month
Current	\$9.86	\$12.62	\$15.38	\$17.45
April 2018	\$12.33	\$15.78	\$19.23	\$21.81
April 2019	\$16.39	\$20.98	\$25.57	\$29.01
April 2020	\$20.49	\$26.23	\$31.96	\$36.26

The cost to the medium sized household (approximately four-six people using 8,000 gallons per month) after ALL increases are applied might be as high as an additional \$6.34 per month for water, \$13.61 per month for sewer or right at \$20 month in the third year. The rates would level off with few rate increases over the next 18 years. These estimates are not based on the best case scenario financing options. It is very likely that the City will be eligible for State Revolving Fund money and grant funds would further reduce the cost of the projects.

These are all based on our best guesses, and there are several unknowns in these estimates. The actual costs could be higher, and that is why we are requesting the additional bonding capacity. If the total project costs to the City are higher than ^\$6.1 million, the rate increases will have to be higher than shown here.



Why is the bond issue for \$7.8 million?

The City and the engineers at Bartlett & West are confident that the construction cost estimates are good, and our financial advisor (Todd Goffoy) from Piper Jaffray is confident about the costs for financing, but until we have better information we won't know for certain. We will not know the actual costs of the project until we have fully developed design plans that have been approved by DNR, until we have identified affordable land resources if needed and until financing has been secured. By asking for a significant buffer, we avoid

