

# Blue Springs

Sewer Improvements Street Improvements

Election Date: August 5, 2008

## 2008 BLUE SPRINGS BOND ISSUES FACT SHEET

### QUESTION 1: Sewer

#### Why expand the treatment plant?

New regulatory requirements from the EPA make it necessary to add filtration and disinfection processes at the treatment plant. The discharge permit for the plant is due for renewal in 2009 and will have the new requirements included with a timeline for completion. The plant must be expanded to increase the wet weather capacity and provide room for growth.

#### How will this expansion be paid for?

The expansion will be paid for with sewer utility charges for Blue Springs and Grain Valley customers. Users will pay for the expansion through sewer use fees and future developments will pay their portion through construction fees. The City will utilize the State of Missouri's low-interest financing at below market rates. Additionally, the approval of the Question 1 bond financing package will not result in an increase of citizens' property taxes.

#### What is the interest rate on the low interest financing the state offers?

The State of Missouri's State Revolving Fund (SRF) loans government entities money at a reduced rate. The formula for the rate is  $.3 \times \text{the current prime rate} + .5\%$ .

If the prime rate is 5% then,  $.3 \times 5 = 1.5\% + .5\% = 2\%$

#### By what deadline do these improvements need to be in place? If the question passes, when will they be in place?

The new permit in March of 2009 will officially set the compliance schedule. The schedule will require the new standards to be met by a date no later than 2012. In order to produce a discharge that meets the new requirements, the plant will need to be operational by mid-2011.

#### What has to be done at the treatment plant?

Improvements at the sewer plant include the addition of filtration and disinfection processes which will provide a discharge product that meets the new requirements. Additional treatment capacity will be constructed to handle current and future growth in the watershed. This additional capacity will also provide redundancy in the treatment process which will enable efficient operation and maintenance functions.

#### How will water and sewer rates be affected?

For an average customer using 6,500 gallons the annual increase will be \$1.50 per month.

The City's Enterprise Fund policy requires the City review water and sewer rates every three years to ensure utility user charges are established to generate sufficient revenues to recover annual system operation, maintenance, debt service and equipment costs. Rate increases have been approved for 2008, 2009 and 2010 and are estimated to increase 3-6% annually. If the City has to seek more conventional financing for the Sewer Plant Expansion, sewer rates are projected to increase at a rate of 6-12% annually.

