



Oakland-Macomb Interceptor Drain Drainage District

September 26, 2019

Joe Snyder
City of Rochester Hills
1000 Rochester Hills Drive
Rochester Hills, MI 48309

Re: Oakland-Macomb Interceptor Drain, Extension and Improvement Project
2019 Assessment and Bond Series, 2019

Dear Mr. Snyder:

On September 18, 2019, the Drainage Board for the Oakland-Macomb Interceptor Drain Drainage District ("Drainage District") approved Assessment Roll No. 1 for the extension and improvement of the Oakland-Macomb Interceptor Drain ("OMID Drain"). Attached is a copy of the 2019 Assessment Roll and the assessment to the City of Rochester Hills. This letter is presented in accordance with Section 526 of Chapter 21 of the Michigan Drain Code of 1956 ("Drain Code"), as amended, MCL 280.526, which among other things, requires the Chairperson to certify the assessment to each public corporation, and allow, should the City of Rochester Hills determine expedient, to prepay the assessment and avoid interest and finance charges associated with the anticipated 2019 bond issue for this project segment.

In the way of background, the terminus of the OMID Drain is within the City of Detroit is the Northeast Sewage Pumping Station ("NESPS") located on Outer Drive north of 7 Mile Road, and also includes the North Interceptor-East Arm, a seven-mile 8' to 13' foot diameter sewer extending from the NESPS to Gratiot Avenue (collectively, "wastewater facilities"). Please see the attached map. These wastewater facilities were originally constructed by the City of Detroit in the 1970s and serves over 850,000 residents and businesses, including your community, along with 22 other communities located in Macomb and Oakland Counties. The present condition of the wastewater facilities requires significant rehabilitation and improvements. The estimated cost of this rehabilitation project (the "Project") is approximately \$88 Million.

In the past, the Detroit Water and Sewerage Department (and now, Great Lakes Water Authority, "GLWA"), would have undertaken the repairs and improvements, along with the day-to-day maintenance and operations of the wastewater facilities, and included them in the rates charged to your community. However, earlier this year, the Drainage Board and GLWA, agreed to amend the wastewater services contract to permit the Drainage District to assume the capital improvement and day-to-day maintenance responsibilities of the wastewater facilities. Under this agreement, GLWA would continue to have operational responsibilities since the NESPS requires careful coordination with the regional system operated by GLWA.

In fiscal year 2018-19 (ending July 1, 2019) the annual charge to the Drainage District (and passed on to each of the communities within the Drainage District) was more than \$10.5 Million dollars. With the Drainage District's assumption of the capital improvement and day-to-day maintenance responsibilities, and the annual GLWA charge for operations (which has been reduced from \$10.5 Million to \$2.1 Million per year), we believe that proposed rehabilitation project can be undertaken without the necessity of

increasing the rates to accommodate the Project. In other words, we anticipate that there will be sufficient savings associated with maintenance, and the bonding for the Project, that there should be no significant increases to your rates charged to your sewer customers associated with this Project.

As noted above, attached is a copy of the 2019 Assessment Roll No. 1 for the first segment of this Project. The first segment involves acquisition and contribution in aid to capital payment to GLWA in the amount of \$11,920,000. This project cost was part of the agreement between the Drainage District and GLWA and has the added benefit of eliminating any prior debt on the wastewater facilities.

Please be advised that each community has the option of prepaying their entire share for this segment of the Project. However, in order to prepay, the Drainage District must have a certified copy of a resolution from your community's council or board attesting to the fact that the community would like to prepay their assessment. A certified copy of the resolution should be submitted to the Drainage District Secretary (Office of the Oakland County Water Resources Commissioner, Attn: Jackie Thomas, One Public Works Drive, Building 95W, Waterford, MI 48328) no later than November 1, 2019. If the Drainage District does not receive a certified resolution by that date, the community will be included in the 2019 Bond issue for this segment, and their assessment will be collected over six (6) years.

Once the community has decided to prepay their entire assessment and adopts a resolution to that effect, the community cannot rescind that decision. The entire assessment will be due by December 2, 2019. This is necessary in order to size the proposed 2019 Bond issue for this segment.

The assessment and estimated bond issuance cost is attached. The amount of your community's assessment for this segment is based on the new apportionment adopted and confirmed on August 21, 2019, by the Drainage District.

Should you have any questions regarding your assessment or the bond issue for this segment, please do not hesitate to contact the financial advisor to the Drainage District: Steven Burke, CFA at, 313.782.3011 or email: steveb@MFCI.com.

For questions concerning the Project, please contact, Brian Baker, Chief Deputy Macomb County Public Works Commissioner at 586.307.8210, or email: brian.baker@macombgov.org; or Joel Brown, P.E., Asst. Chief Engineer, Oakland County Water Resources at 248.858.0958 or email: brownjt@oakgov.com.

Sincerely,



Candice Miller
Macomb County Public Works Commissioner



Jim Nash
Oakland County Water Resources
Commissioner

Enclosures