

Questions Raised by Membership 10/30/24

How much would it cost to replace our system ourselves?

The board has received a budgetary number of 3.2 million for the installation of the pipes (main) and 9 fire hydrants and the set up and operation of a temporary water system while installation is ongoing. This includes installing an 8" main the length of the neighborhood (east and west) and 2" mains running north and south of the 8" main to reach all properties. See map.

This number does not include costs for the following.

Tree removal/replanting, DNR permits/dewatering applications, well house pump and tank upgrades, landscape restoration, fence removal/re-install, health or well-being of any trees excavated near, rock excavation, the supporting of power poles, civil design/drawings, the well shutdown and re-energizing or any other issues that might arise. We expect that the total cost of the project would exceed 4 million.

What are the obstacles to rebuilding our own water system?

- Any new construction in the same easement as existing system will require a temporary water system to be built. This would bring water into each home through an outside faucet.
- The 8" main requires a 4' wide and 6' deep trench to be dug to install the pipes properly. This will require a 25-30' wide working space. The current easement for the water system is only 10'. There would need to be a trench dug north and south in back yards as well to reach all homes. See map below for exact location of new lines.
- There are several homes constructed within or next to the current easement making installation of the new water system very challenging.
- Most of the blocks of the neighborhood use the same easement for overhead power lines. Digging in the easement would require MGE to come in and use equipment to temporarily support existing power poles.
- This project would be very destructive to the entire neighborhood, the only homes that would likely see limited construction in their back yards would be the home along Carver.
- If construction were to happen in a wet year we would likely see delays and cost increases due to the wet nature of our neighborhood.
- This project would require extensive project management and coordination that the board is not equipped to provide.

How would the coop pay for this project?

The coop would have to secure a loan for 80% of the project and pay 20% upfront.

Since the coop does not have any collateral beyond the land the pumps sit on and cash reserves (the new system is not recoverable) the bank would require members of the coop to guarantee the loan by using their properties as collateral. Any loan would likely be a 10 year loan at prime interest rate (currently 7.75%). A substantial payment would be due each year from each member.

A \$4 million loan would require the membership to pay \$800,000 as a down payment. That amount would be due immediately upon receiving the loan.

