



CITY OF PONTIAC
OFFICE OF THE EMERGENCY MANAGER
LOUIS H. SCHIMMEL

47450 Woodward Avenue
Pontiac, Michigan 48342
Telephone: (248) 758-3133
Fax: (248) 758-3292

April 19, 2012

For Immediate Release

Pontiac Restructures Wastewater Treatment Facility

Pontiac Emergency Manager Louis H. Schimmel announced today that by working cooperatively with Oakland County, the City of Pontiac is entering into a series of agreements to restructure its wastewater treatment plant operations to provide long-term savings along with immediate cash revenue for the benefit of Pontiac residents.

The restructuring agreement allows the city to take advantage of Oakland County's triple-A bond rating, as it has on previous occasions, as well as being able to rely on the "full faith and credit" of the county. Under the terms of the agreement reached between Oakland County and the City of Pontiac, the county will use its triple-A bond rating to issue approximately \$55 million in bonds, which will result in an immediate cash infusion to the city and reduced interest costs over the length of the bonds. Coupled with the immediate infusion of cash, the restructuring allows for savings in the future. Not only will the extra cash help Pontiac retire a significant amount of existing debt, expert analysis suggests that this agreement could result in a savings to Pontiac residents of approximately \$52 million over the next 30 years. That is in addition to the \$55 million **in cash**, which means Pontiac residents will see a benefit of approximately \$107 million.

Over the course of the next two or three years, with the assistance of the Oakland County Water Resources Commissioner John P. McCulloch, the system will look at bringing additional revenue into the facility thereby reducing the costs which currently are borne entirely by Pontiac residents. Once sorely needed upgrades are made to the treatment plant, the plant will be able to treat more wastewater than is generated by the City of Pontiac. Officials plan to offer that extra capacity to neighboring communities – at a price. This means that the costs of operating the plant will essentially be shared with some of the surrounding communities. In other words, Pontiac residents will not be shouldering the entire financial burden as it does today. Offering its excess capacity is an attractive proposition for the city because the increased revenue can be used to reduce rates or upgrade the system, thereby minimizing any future increases in rates to Pontiac residents.

The Pontiac City Council will continue to participate in the establishment of water and sewer rates for the City of Pontiac.

Who owns the system?

The system will be owned and operated by a public corporation solely encompassing the City of Pontiac.

Who operates the system?

United Water will continue to operate the system for at least the near future. Business will be conducted as usual.

Who sets my water and sewer rates?

The Pontiac City Council will continue to participate in the establishment of water and sewer rates for the City of Pontiac.

Will my rates increase?

Water rates will continue to reflect any rate increases passed on by Detroit to the City of Pontiac. However, as a result of the restructuring, in the future, the City will no longer be paying 100% of the cost of operating the sewerage disposal plant. It is expected that up to 50% of the cost of operating the plant will be paid by other communities whose sewerage will be treated at the plant. Therefore, the city council and mayor will have the option of either lowering City of Pontiac sewerage rates or maintaining present rates for the purpose of paying for the costs of infrastructure improvements.

Where will I pay my bills?

You will continue to pay your bills the same way that you pay them today.

If a water main breaks, who will fix it?

United Water will continue to maintain the water and sewer system.