

IMPORTANT PUBLIC NOTICE FROM THE PMUA
REGARDING THE DOWNTOWN NEW EGYPT SEWER PROJECT

The following is a list of questions we have been getting from property owners who are in the area to be sewerred as part of the Downtown New Egypt Collection and Wastewater Treatment System Project, as well as from Township residents.

What's the current status of the sewer project?

The construction of the collection system is well underway. We expect the collection system to be completed no later than June 30, 2020. The PMUA has conditionally approved Tomar Construction to build the wastewater treatment plant. We are awaiting approval from the State before we can formally authorize the award. We expect the wastewater treatment plant to be completed and fully operational in late 2020 or early 2021. As we approach this milestone, we will send out further updates regarding the Downtown New Egypt Sewer Project, and specifically to property owners in the Sewer Service Area, as to when it is likely the PMUA will issue the Notice that we are accepting permit applications from property owners to connect to the sewer lateral the PMUA has or will install to your property.

Is It Mandatory to Hook-Up to the Sewer? (Article 2, Section 1: Use of Public Sewers Required)

In March 2017, the MUA adopted Rules and Regulations governing the approval of sewer lateral connections. The Rules and Regulations adopted by the PMUA are posted on our web site at www.plumsted.org/municipal-utilities-authority. The adopted Rules and Regulations make it mandatory to connect your household plumbing to our System if the principal structure is within 200 feet of the sewer lateral we installed or will install to your property. Approximately six (6) months in advance of when the wastewater treatment plant is expected to be fully operational, you will receive a Notice from the PMUA that we will begin to permit connections to the PMUA's sewer lateral. When you receive this Notice from the PMUA, you will have one (1) year from the date of the Notice to do so. A map of the service area and a block and lot listing can be found on the PMUA's web page. If you are unclear as to whether your property is in the Phase 1 area, you can always request verification from the PMUA.

Is There a Sewer Connection Fee? (Article 2, Section 3: Sewer Connection Financial Incentive Program)

There is a \$1500 sewer connection fee which is waived by the MUA if the plumbing connection to the MUA's sewer lateral is made within six (6) months as opposed to one (1) year from the date of the PMUA's written notice.

Who Can do the Work (Rules and Regs: Article 2, Section 1: General Requirements)

The property owner will hire the licensed plumber or contractor to perform the work. The MUA is not publishing a list of approved or licensed contractors. We do suggest you talk to 2 to 3 licensed

contractors and perhaps join with your neighbors in securing a licensed contractor. However, the choice of the contractor is yours to make. The licensed plumber or contractor you hire will make the application to the MUA with the property owners' consent. The application is straight forward and work can be started once the application is approved by the MUA's Engineer. There is a \$50 application fee which can be included in the approved financial incentive loan amount. The MUA's Engineer will also inspect the work and issue a final approval. Please note: a separate application to the Plumsted Township Construction Office is also required.

Is There a Financial Incentive Program? (Rules and Regs: Article 2, Section 3: Financial Incentive Program)

To assist owners of improved property in the designated sewer service area, the Township is in the process of establishing an incentive loan program to financially assist property owners in decommissioning the septic or cesspool system and to alter the internal and external household plumbing for it to connect to the PMUA's sewer lateral. The amount of the loan varies from \$4,000 or \$6,000 depending on the overall distance of the piping from the house to the service lateral. The loan is interest free and there is no payment due until one of the re payment criteria listed in the Rules and Regulations is met. For example, if you sell your home within thirty (30) years from the date of the loan, the amount of the loan must be paid back in full. On the other hand, if you keep the property for thirty (30) years the loan is forgiven and no repayment is due. If you do accept a loan under this program, you also agree to complete the connection to the PMUA service lateral within six (6) months from receiving the notice of service availability from the PMUA.

What is the quarterly service charge for the sewer? (Rules and Regs: Article 9: Service and Connection Charge)

The PMUA has not yet established the rate for the quarterly service charge but will prior to the start of operation establish a rate structure in accordance with NJSA 40:14B-22. The quarterly service charge cannot be determined until after a public hearing is held in accordance with NJSA 40:14B-23. In turn, the hearing cannot be held until such time as all financing and approvals have been received and the PMUA can determine the amount necessary to pay all expenses of operation and maintenance as well as all debt expenses. As mentioned above, there is a connection fee of \$1500 but this is waived if the property owner connects to the PMUA's system in six (6) months rather than one (1) year.

Who Pays for the Sewer?

Of the anticipated cost of the sewer project of \$32MM, the Township will receive approximately \$9 MM in guaranteed payments from Lennar. Lennar is the designated redeveloper of the 452 age restricted homes now under construction off of Jacobstown and Province Line Roads. The balance of approximately \$23 MM will be received from PILOT (Payment in Lieu of Taxes) payments. As the age restricted community is in a designated and state approved redevelopment area, the Township is able to retain 95 percent of the real estate taxes paid by the homeowners of this development. This money is

earmarked to pay the balance of the debt service on what the Township will borrow. According to our Financial Advisor, these two (2) sources of revenue alone are sufficient to fund the sewer project (see below). An added safety factor is that only 175 of the 452 Lennar homes are necessary for the Township to generate the revenue necessary to break even. Lastly, the NJ Department of Community Affairs Local Finance Board has reviewed and approved the financial plan for this project.

TOWNSHIP OF PLUMSTED FINANCING OF SEWER TREATMENT PLANT/COLLECTION SYSTEM

Borrowings for Sewer Treatment Plant/Collection System (through NJ Infrastructure Bank)

0% Interest Loan	\$12,350,000
Market-Rate* Loan	\$19,720,000
TOTAL BORROWING	\$32,070,000

* rate will be set equal to rate obtained on NJIB AAA-rated borrowing

Total Debt Service (over 30 years) \$42,864,555

Total Revenues from PRRC Project (452 units)

Lennar Payments	\$8,814,088
Projected PILOTs from PRRC Homeowners	\$113,370,144
TOTAL REVENUE	\$122,184,232

TOTAL PROJECTED DEBT COVERAGE OVER LIFE OF BONDS 2.85

Maintenance Reserve Funded from PRRC Revenues \$7,500,000

PROJECTED EXCESS REVENUE TO TOWNSHIP OVER 30 YEARS \$71,819,678