



Heart of River Country

www.villageofowego.com

# Village of Owego

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## Letter of notification from the Village of Owego Mayor and Board of Trustees. Subject: WWTP – Digester Upgrade

For several years, the village has accepted septic waste from haulers, and treated it, in return for payment from the haulers. This revenue stream was used to offset our WWTP overhead and upgrade costs and ultimately help reduce the impact to our sewer bills.

The upgraded system will not be able to treat septic waste in nearly the same volume of our old system. As a result, the revenue stream from septic hauling will be reduced to almost zero. In the absence of this revenue, our sewer bill will increase in the near future.

At the same time, one component of our system that was not addressed in the upgrade was our digesters. The digesters are the last step in the treatment process and provide the pathogen and vector reductions that are required by the regulatory agencies for the disposal of the bio-solids. Bio-solids are the end product of the treatment process.

Our current digesters have been serving our village for 52 years. It was during the current upgrades that structural problems were realized with the digesters and the estimated remaining life expectancy is about 5 years, at most. They will have to be restored or replaced in order for our WWTP to operate. Either option is costly. The option to wait or ignore the digester situation will cost our village far more in the end.

The good news is that we have a short window of opportunity to take advantage of a zero percent bond such that we would pay no interest for the entire 30 year life of the loan. This window is only open because we are still in process of completing our current upgrade. To lock into the zero percent rate, we must get our engineering firm started on the design now. Otherwise we are stuck with the existing failing digesters and we will pay finance charges to correct this situation in the near future.

The current village board has been working with an engineering firm for many months to explore options to address the failing digesters. Of all potential solutions, 5 were considered in detail. From that list of 5, the current board has focused on Options 1, 4 and 5.

Option 1 was considered as it was the lowest overall cost, at \$4.5 million dollars.

Options 2 & 3 were eliminated as they proved to be impractical (cost & technology).

Options 4 & 5 were considered as they allow us to continue to receive septic hauling and revenue potential. Cost estimates for options 4 & 5 are \$8.2M and \$9.3M, respectively.

In years 2013 through 2015 our WWTP was receiving septage in volumes approaching 2.5 million gallons each year, and revenues over \$140,000 per year. This revenue offset costs but as our aging system had failed, so has the revenue stream.

**Option 1** is estimated to cost about \$4.5 million dollars. It will result in about a 16% cost increase, which will result in an EDU bill of about \$116 per quarter. This is a fixed cost increase of about 16%, as there is no potential for revenue.

**Option 4** would handle a maximum of 6.7 million gallons per year. At maximum capacity, this would yield about \$335,000 in revenue, per year. At max of 6.7M gallons/yr, the resulting EDU bill would be \$93.39. At the 2015 septic hauling volume, the resulting EDU price of Option 4 would be about \$116 per quarter. Roughly the same as Option 1.

**Option 5** would handle a maximum of 11.7 million gallons per year. At maximum capacity, this would yield about \$585,000 in revenue, per year. At max of 11.7M gallons/yr, the resulting EDU bill would be about \$70.42. At the 2015 septic hauling volume, the resulting EDU price of Option 5 would be about \$120 per quarter. Option 5 has the highest price tag, but it also provides the village with the best potential for revenue.

The upgrade to the digesters is necessary and the timing with the zero percent bonding means that we should move on this now. The village board has opted to go with option 5 as it provides the most opportunity for offsetting our costs and resulting EDU bills. Option 1 leaves us stuck with a 16% increase to our bills. Option 4 is similar in price to Option 5, yet the capacity is roughly half and so the resulting revenue potential of Option 5 makes the most sense.

The biggest challenge will be securing enough business with septic haulers to fill capacity of our upgraded system. Attaining 11.7M gallons per year will be very difficult and we may never reach that number, but we feel that we can exceed the capacity of Option 4 and possibly beyond. Choosing Option 5 now means that we will not put our village in a position to have to upgrade in the future to accommodate larger potential capacity.

Sincerely,

The Village of Owego Mayor and Trustees