

Lockwood Water and Sewer District Public Hearing

Phase 3 Sewer Subdistrict Project
March 9, 2022

Presented by:



Introductions

Lockwood Water and Sewer District

- Board Members
- District Manager and Assistant Manager

Morrison-Maierle, Inc.

- (District's Engineer)



Agenda for Public Meeting



- Purpose of the meeting
- History of the LWSD Sewer projects
- Phase 3 sewer project, funding, and costs
- Public comment on Phase 3 Sewer Project (limited to 3 minutes per person)

Purpose for the Public Meeting

- Provide Sewer District background
- Inform public of the Phase 3 Project
- Inform the public about the Schedule for upcoming LWSD Board actions



LWSD – Sewer Project History

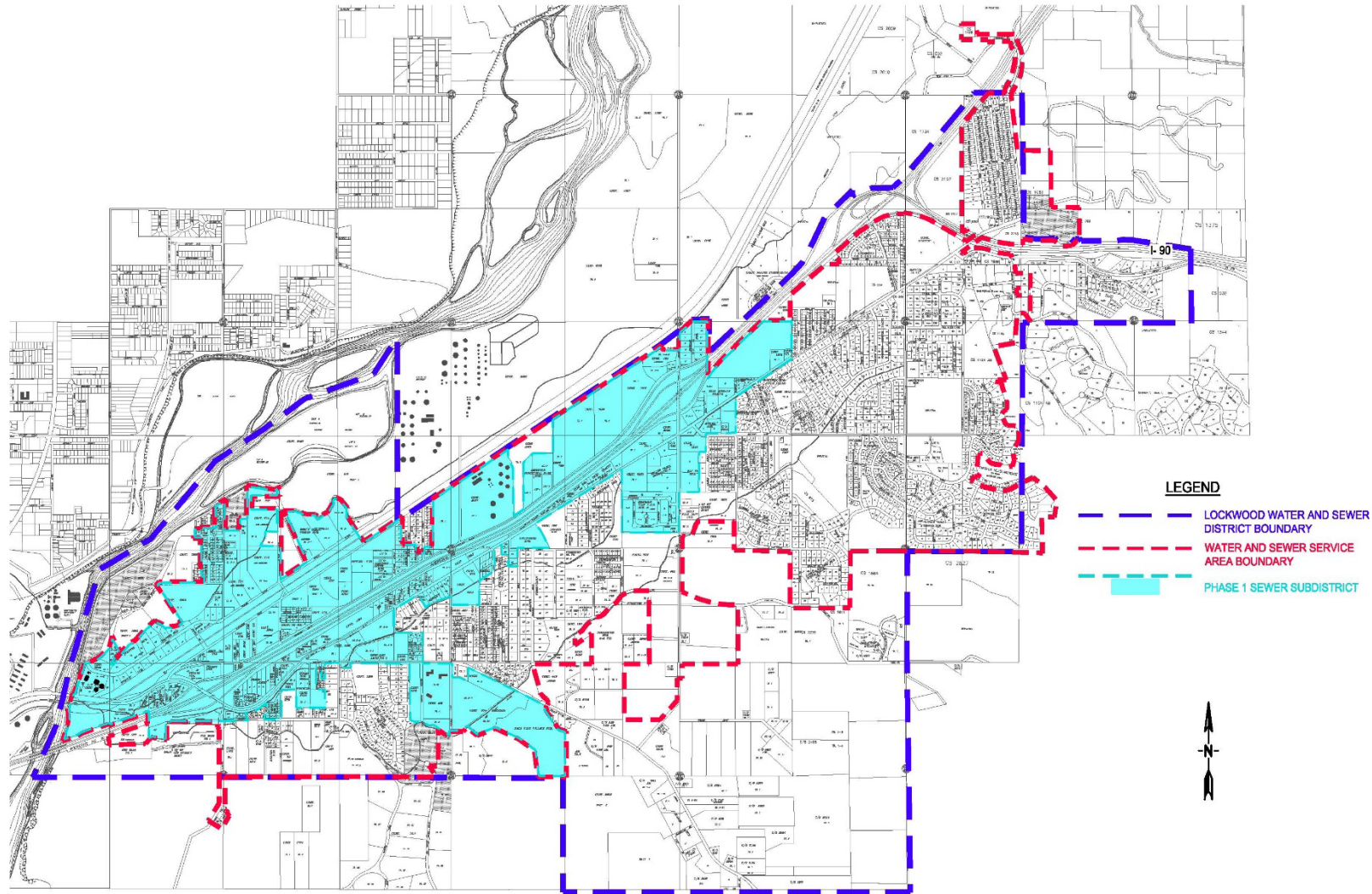
- Phase 1
- Phase 2



Phase 1 Sewer Subdistrict

- November 5, 1996: Election to pursue central sewer system passed by 71%
- GO Bond Election for Phase 1 Subdistrict passed by 61% in 2008
- Phase 1 Project Complete
 - Final Bond Cost Approx. = \$11.24 M
 - Original Projected Bond Cost = \$14 M
 - *Savings of 19% - combo additional funding/lower costs*
- 2010 Survey of property owners outside of Phase 1 indicated 75% interest in connecting to sewer when available or needed more information

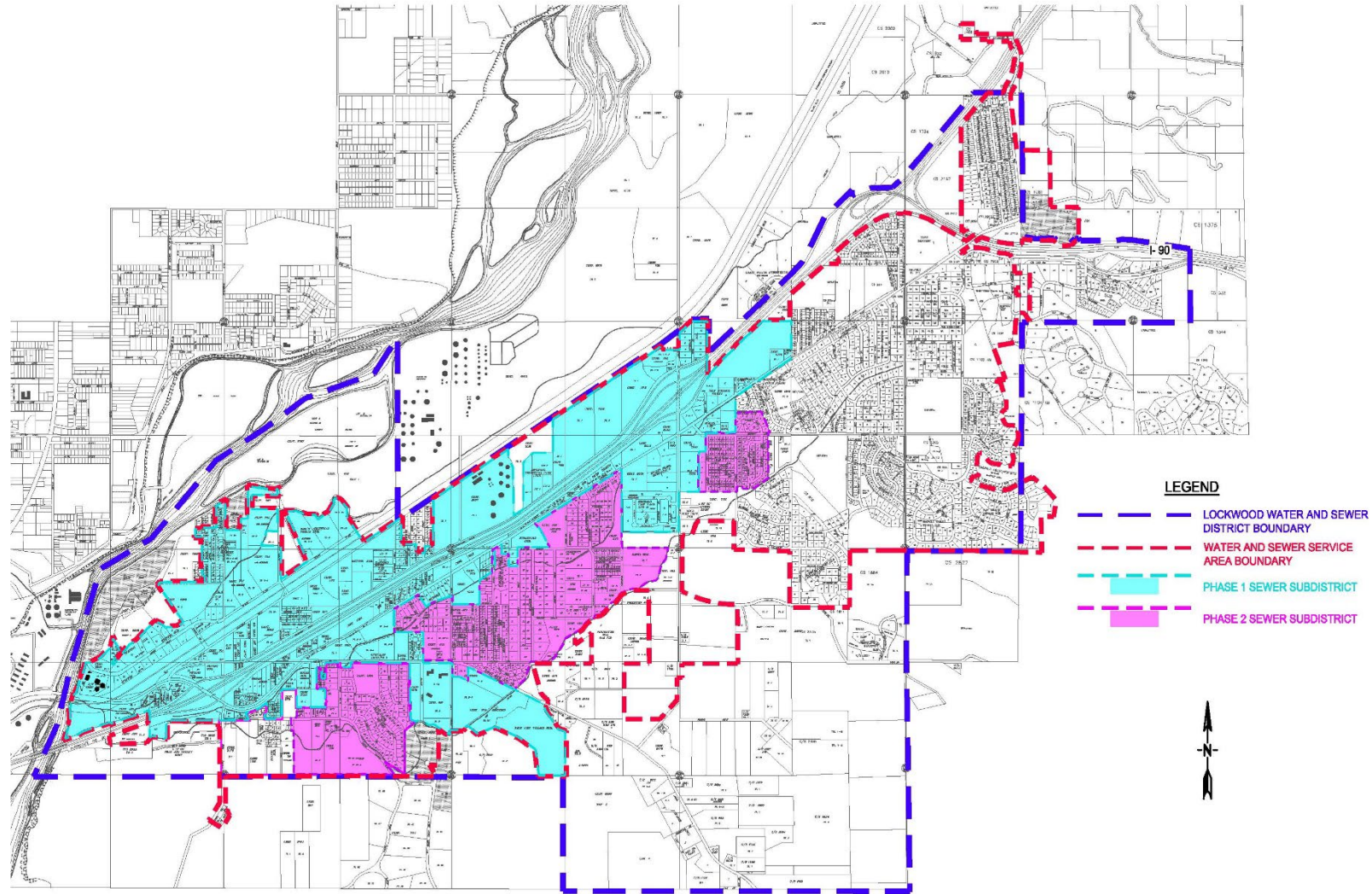
Phase 1 Sewer Subdistrict



Phase 2 Sewer Subdistrict

- Lockwood property owners outside of Phase 1 indicated 65% interest in connecting to sewer when available or needed more information
- 2014 neighborhood meetings identified areas with the highest support
Public favored equal cost per property
- Special Assessment Bond Election for Phase 2 Subdistrict passed in 2014
- Phase 2 Project Complete
 - Final Bond Cost = \$6.0 M vs. Projected Bond Cost = \$6.5 M
 - Savings of 7.7%

Phase 2 Sewer Subdistrict



Phase 3 Sewer Subdistrict

- Benefits of moving forward
- Sewer facts
- Boundary
- Costs
- Finances
- Special assessment
- Potential assistance
- Future actions



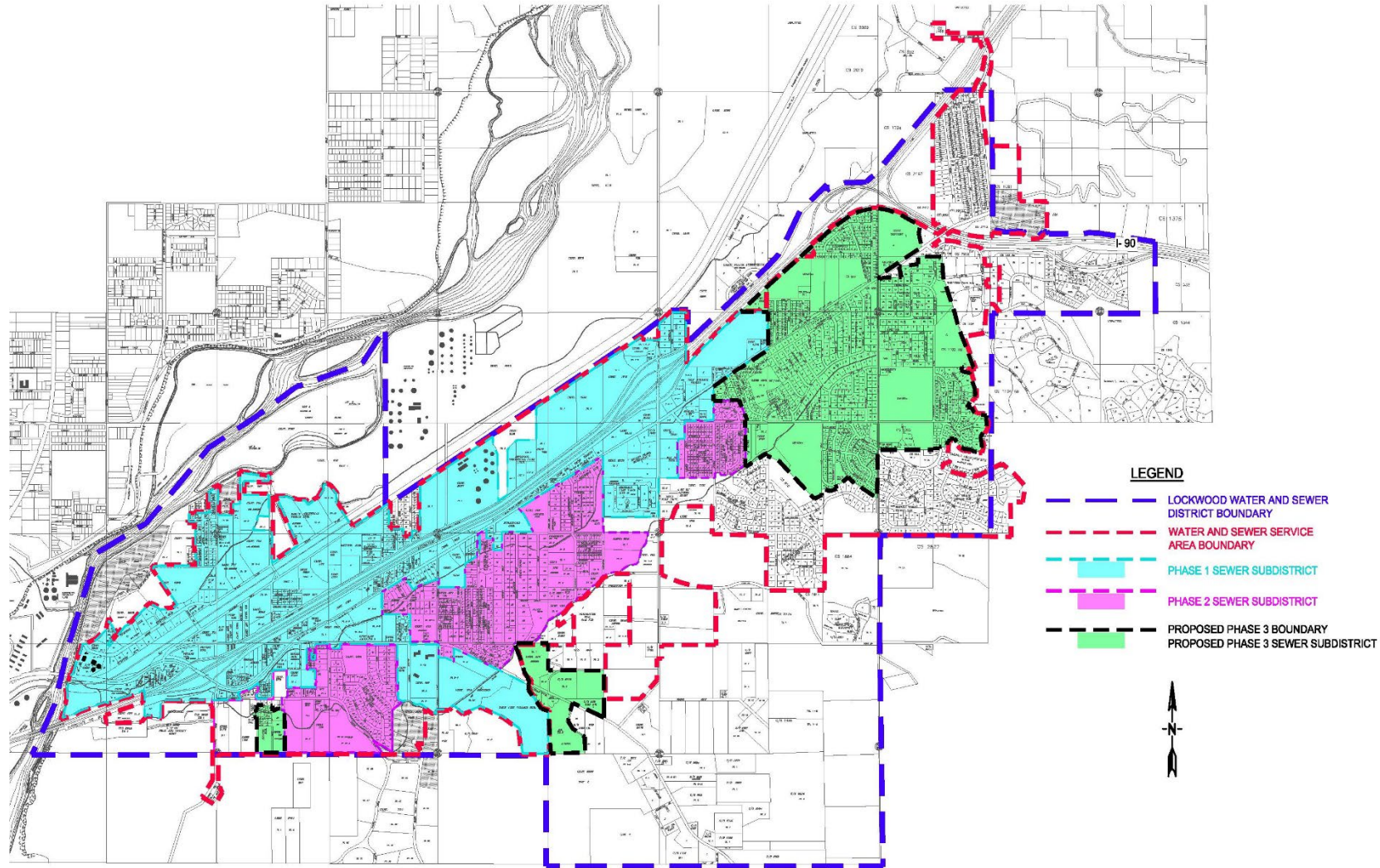
Benefits of Moving Forward on Phase 3

- Problems with drainfields
- Drainfields will eventually fail
- \$875,000 in grants obtained (MCEP and RRGL)
- USDA Rural Development low interest rate loan obtained (1.75%)
Locked in now. Interest rates are expected to rise
- Applied for ARPA competitive grant (\$2,000,000)
- Applied for SRF loan (2.5%), loan forgiveness possible
- Yellowstone County receptive to providing funding for street improvements in streets where sewer would be installed

Sewer Facts

- If the project is built, there is NO requirement to connect right away
(Monthly usage rates, system development fee, and cost to physically connect do not apply until a property owner chooses to connect)
- Property owners can connect in the future on an as-needed basis
- Drainfields and septic tanks can be left in place and then properly abandoned after property owner decides to connect





Estimated Project Costs for Phase 3

Total Phase 3 Project Cost = \$26,082,400

- Funding mechanism: Special Assessment
- Estimated initial annual assessment cost per tax code = \$1,224.36
 - Assessments are paid semi-annually or annually on YC property tax bill
- Potential to decrease monthly cost
 - Subdivision
 - Potential for additional grants
 - Potential for SRF “loan forgiveness” which turns the loan basically into a grant
 - Lower construction costs than projected

Phase 3 Finances

GRANTS: \$875,000

- MCEP - \$750,000
- RRGL - \$125,000

LOANS: \$25,207,400

- USDA-RD - \$ 19,300,000 at 1.75% for 40 years
- SRF – \$5,907,400 at 2.5% for 30 years (pending)

ADDITIONAL STREET RESTORATION FUNDING:

- Yellowstone County - \$2,000,000 (for additional 2" paving overlay)



Special Assessment Method

- MCA 7-13-2333, 7-13-2280 thru 2290
- Assessment will be equal amount per each tax code
- Assessment updated annually with additional new subdivisions within boundary
- Pre-payment of assessment allowed



Special Assessment Timeline (Tentative)

- * This is only an estimated schedule. Dates may change due to timing of funding announcements.
- Board adopts resolution of intention to levy Phase 3 Sewer Subdistrict Special Assessment (May 11, 2022)
- Publishes legal notice of intention and 30-day protest period (May 26 and June 2, 2022) and mails notice (May 26, 2022)
- Protest method (MCA 7-13-2282)
 - Individual letter
 - Identify property owned by protestor
 - Signed by all owners of property
 - Delivered to Secretary of LWSD, at LWSD Office (1644 Old Hardin Rd), by 5 pm on last day of 30-day protest period (June 25, 2022)

*Future Costs When you Connect**

*There is no requirement to connect right away.

Fees that are applicable when you do connect:

- **System Development Fee**
 - One time assessment, \$2,040 (for typical residence; City of Blgs \$1,430; LWSD \$610 – approximate, to be determined)
- **Sewer Service Permit Fee**
 - One time payment, \$60
- **Construction Cost for Service Line and Septic Tank Abandonment**
 - Phase 2 Reported Costs, \$3,000 to \$5,000
- **Monthly User Charges**
 - Varies based on typical water usage of 3,500 gal, \$55.33/mo
- **Existing Reserve Capacity Fee**
 - Reserve Capacity Assessment, \$40/yr
 - All properties are already paying this charge (NOT new)

Low Income Households

Help paying for construction cost for service line and septic tank abandonment:

- USDA RD Grants and Loans are available for very low-income households
- DNRC program
- Information available at LWSD
- LWSD will continue looking at other funding options to assist low-income households and will provide that info to the public

Future Actions by LWSD Board Tentative Schedule

- Dates are tentative only
- June 25, 2022 – Protest Period for Special Assessment levy ends
- July 13, 2022 – Public Hearing on Phase 3 Special Assessment Levy
- If successful, construction would start in early 2024

Public Comment



- Establishment of Phase 3 Sewer Subdistrict ONLY
- Provide name and address
- Provide input to the Board on Project (not a question and answer session)
- Limited to 3 minutes per person
- Limited to one comment period per person

Thank you for your comments

- The Board will take comments received into consideration
- Tonight's presentation is available at www.LockwoodWater.com under "Sewer Information"