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Lockwood Water and Sewer District Public Hearing

Phase 3 Sewer Subdistrict Project
July 13, 2022

Presented by:

Lockwood
Water & Sewer District

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Introductions

Lockwood Water and Sewer District

- Board Members
- District Manager and Assistant Manager

Morrison-Maierle, Inc.

- (District's Engineer)




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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)




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Purpose for the Public Meeting

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



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LWSD – Sewer Project History

- Phase 1
- Phase 2



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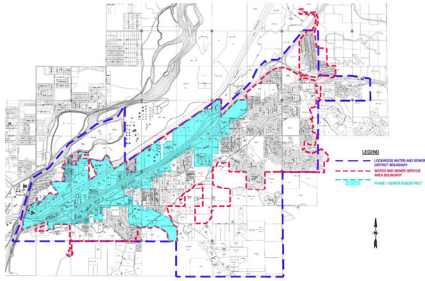
Phase 1 Sewer Subdistrict

- 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

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Phase 1 Sewer Subdistrict



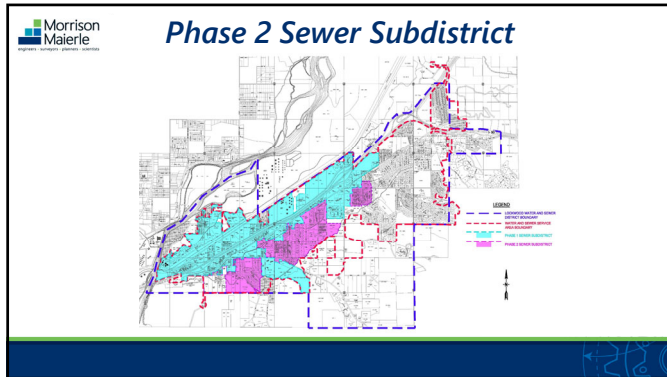
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Phase 2 Sewer Subdistrict

- 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%

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Phase 3 Sewer Subdistrict

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

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Past Public Information Efforts

- Discussion at many LWSD Board meetings which are open to the public; minutes are published on LWSD website
- Yellowstone County News Articles - 5
 - 6/17/2022 – “Property Owners in Phase 3 Resigned to High Cost” by Evelyn Pyburn
 - 4/22/2022 – “Budget Increases & Boundaries Expand for Lockwood Sewer Project” by Michael Marino
 - 3/18/2022 – “Lockwood Phase 3 Sewer Project to Hold Second Hearing” by Evelyn Pyburn
 - 2/18/2022 – “Lockwood Sets Public Hearing on Phase 3 of the Sewer System” by Evelyn Pyburn
 - 11/10/2021 – by Evelyn Pyburn
- September 12, 2018 – 2018 PER Update Public Meeting No. 1
- July 9, 2020 – 2020 PER Update Public Meeting No. 2

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Past Public Information Efforts

- April 14, 2021 – 2020 PER Update Public Meeting No. 3
- March 9, 2022 – Public Hearing introducing Phase 3 project and Phase 3 boundary (included notice in newspaper)
- April 13, 2022 – Public Meeting; passed Resolution to Adopt Ph 3 Boundary
- May 11, 2022 – Public Meeting; passed Resolution of Intent to Levy Special Assessment (notice published in newspaper, mailers sent to all property owners, communications through Steering Committee)
- June 9, 2022 – Public Education Meeting

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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

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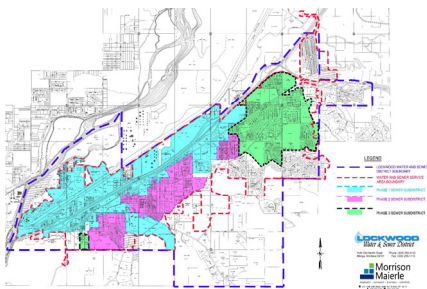
Sewer Facts



- If the project is built, there is NO requirement to connect right away
 - All properties within Subdistrict are assessed regardless of whether property is connected or not
 - 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

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Phase 3 Sewer Subdistrict





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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 = \$1,236.84
 - Assessments are paid semi-annually or annually on YC property tax bill
- Potential to decrease monthly cost
 - Subdivision of large lots – several developers have expressed interest to do so
- Potential for additional grants
- Potential for SRF "loan forgiveness" which turns a portion of loan into a grant
 - Discussions have indicated amount will be in the range of \$1M, but not yet finalized
- Lower construction costs than projected

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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)

POTENTIAL ADDITIONAL STREET RESTORATION FUNDING:

- Yellowstone County - \$2,000,000 (for additional 2" paving overlay)
- Not yet formally approved by County

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Phase 3 Finances

POSSIBLE ADDITIONAL FUNDING:

- ARPA - \$2,000,000 competitive grant
 - Ranked 20th in second round
 - Included in IAC's recommendation for funding to the Governor on April 20, 2022
 - Governor approved recommendation on June 23, 2022
 - Status is pending availability of funding in June
- SRF Loan Forgiveness
 - Amount and availability unknown


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Special Assessment Method

- MCA 7-13-2333, 7-13-2280 thru 2290
- Special assessment is not based on a for or against vote. The assessment fails when more than 50% of properties w/in the Subdistrict file a protest in opposition to the assessment. The assessment passes if less than 50% of properties file a protest.
- Assessment will be equal amount per each tax code
- Assessment updated annually with additional new subdivisions within boundary
- Pre-payment of assessment allowed


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Special Assessment Timeline

- Board adopted resolution of intention to levy Phase 3 Sewer Subdistrict Special Assessment (May 11, 2022)
- Published legal notice of intention and 30-day protest period (May 27 and June 3, 2022) and mailed notice (May 27, 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 (Monday, June 27, 2022)


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Special Assessment Protest Summary

- 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 (Monday, June 27, 2022)
- Approximately 391 protests were required to defeat Special Assessment
- LWSD received and logged 43 protests from property owners

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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 Bigs \$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, but based on typical "winter" water usage of 5,000 gal/mo, \$57.15/mo
- Existing Reserve Capacity Fee
 - Reserve Capacity Assessment, \$40/yr
 - All properties are already paying this charge (NOT new)

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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

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Low Income Households

Other assistance:


- Low Income Home Energy, Water and Weatherization Assistance Programs (LIHWAP) – can help pay water bills
- <https://dphhs.mt.gov/HCSDEnergyassistance/index>

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Schedule for Future Actions by LWSD Board


- Today – July 13, 2022 – Public Hearing on Phase 3 Special Assessment Levy per MCA requirements
- Start engineering design in September 2022
- If successful, construction would start in early 2024




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Public Comments/Questions



- Comments related to Phase 3 Sewer Subdistrict ONLY
- Provide name and address
- Limited to 3 minutes per person



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Thank you for your comments

- Tonight's presentation is available at www.LockwoodWater.com under "Sewer Information"



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