

RIVER ROCK WASTEWATER TREATMENT PLANT UPGRADE

WHY DOES THE TREATMENT PLANT NEED TO BE UPGRADED?

The River Rock Subdivision has a central sewer system that flows to an aerated lagoon system. Water from the lagoons flows by gravity to several infiltration cells. Treated wastewater then drains into the ground from these infiltration cells. Because the system discharges to the groundwater the Montana Department of Environmental Quality (DEQ) regulates and issues a permit for the system every 5 years.

The DEQ issued a new wastewater discharge permit on April 1, 2010. The new permit has limits in it which the current lagoon system cannot meet. In addition, the new permit because of water quality standard violations includes a compliance schedule in it to get the system into compliance with the permit limits. This compliance schedule gives River Rock until October of 2013 to construct a system that meets the permit limits.

WHAT'S THE FIX?

After going through an engineer selection process, the District hired an engineer to evaluate the current system and to complete a Preliminary Engineering Report (PER). In the PER the engineers concluded that the current lagoon system would not be able to meet the discharge permit limits without upgrading the plant. They have recommended building a Membrane Bio-Reactor (MBR) treatment plant as the best cost option which will replace the aerated lagoon treatment system.

WHAT'S THE COST OF THE PLANT UPGRADE?

The total project cost is estimated to be **\$4,195,255** which will be funded by a State Revolving Fund Loan backed by bonds. The SRF loan program will forgive \$300,000 from the loan repayment schedule so the total amount that will be financed is **\$3,830,220** at an interest rate of 3.75% for a 20 year period.

IS THIS PROJECT RELATED TO THE POA PROJECT?

No. This project does not have anything to do with the River Rock Property Owner's Association projects. It is being funded by a general obligation bond which requires a separate mail ballot election conducted by the Gallatin County Election department.

WHAT'S THE COST TO RIVER ROCK CUSTOMERS?

The project will cost River Rock customers in 2 ways: the cost to pay the loan off and the additional costs for operating and maintaining the new plant after it is built. These costs are explained in more detail below.

1. Loan Repayment Costs

The total principal and interest financing cost of a \$3.8 million dollar SRF loan at 3.75% for 20 years is **\$5,571,060**. The annual debt service for this loan is estimated at \$273,931. How it affects customers depends on how the loan repayment funds are collected. The District has looked at 2 options: a general obligation bond and a revenue bond. If a general obligation bond is used the money comes from a property tax levy. If a revenue bond is used the money comes from monthly sewer bills.

The general obligation bond was initially selected by the District as the least cost means of financing the project. To collect \$273,931 for the annual debt payment the District estimates that a mill rate of 90.81 mills would need to be levied on the property tax roll. For an average home in River Rock this would cost approximately **\$250** per year.

If the revenue bond is used the initial loan cost is increased by 20% to create a "revenue bond reserve". The effect of this is that the loan increases from 3.8 million to 4.1 million dollars. In addition for a revenue bond the District is required to collect 120% of the actual annual loan

payment as security to the bond holders. Over the life of the loan this increases the total principal and interest costs to **\$7,201,577**, a \$1.6 million dollar increase over the general obligation bond option. If a revenue bond is used the District estimates that the cost at **\$28.62 per month, or \$343 per year** per customer paid through their sewer bill.

2. Operation, Maintenance & Replacement Costs

In addition to the loan repayment costs, the project will add costs to the annual operation and maintenance budget for the wastewater sewer system. The new plant will also add depreciation costs for the new equipment and added costs for labor, power and chemicals. The engineers have estimated these costs at \$162,915 which would mean that each River Rock customer would pay **\$13.17 per month** on their sewer bill.

ELECTION INFORMATION

The general obligation bond election for the project cost financing is being conducted as a "**Mail Ballot Election**" administered by the Gallatin County Elections Department. The next election is scheduled for February 17, 2012.

1. Who Gets to Vote?

All **residents** within the District who are **registered to vote in the River Rock District** should receive a ballot from the Gallatin County election office. If you did not receive a ballot in the first elect chances are the Gallatin County Election Department does not have you as an active registered voter in their computer system. Please call the Gallatin County Election office at 406-582-3060 to check. If you are not registered please take the time to get registered so you can vote in this important election.

Nonresident property owners can also vote in the election. The only way to vote is to request a ballot. To qualify to vote, owners must submit to Gallatin County individual proof of voter registration in the jurisdiction where they are currently registered to vote in addition to their ballot application. This form is available for download on the District's website. Contact the election department for more information.

Corporations may also vote in District elections. The president, vice-president, or secretary of any corporation owning property within the River Rock County Water & Sewer District may vote on behalf of the corporation. Contact the Gallatin County Election Department for further information at (406) 582-3060. This form is also available for download on the District's website.

2. Voting & Election Contact Information

If you have questions about the voting procedure, or the mail ballot election please contact:

GALLATIN COUNTY ELECTION DEPARTMENT

311 W. Main, Room 210
Bozeman, MT 59715
Tel. (406) 582-3060
Fax (406) 582-3068
Email: Elections@gallatin.mt.gov

FOR MORE INFORMATION ABOUT THE PROJECT

The District has more detailed information about the project, project costs, election requirements and answers to frequently asked questions please go to our website at www.riverrockwatersewer.com. If you have questions about the project you can email us at rrwsdprojects@gmail.com.