

**UNIFORM APPLICATION FORM
FOR MONTANA PUBLIC FACILITY PROJECTS**

(Please type or print legibly)

SECTION A - CERTIFICATION

To the best of my knowledge and belief, the information provided in this application and in the attached documents is true and correct.

Name (printed): Ron Tussing

Title (printed): Mayor, City of Billings
Chief Elected Official or Authorized Representative

Signature: _____

Date: _____

SECTION B - SUMMARY INFORMATION

1. NAME OF APPLICANT(S): City of Billings

2. TYPE OF ENTITY: Municipality

3. FEDERAL TAX ID NUMBER: 81-6001237

4. TYPE OF PROJECT: Wastewater

5. SENATE AND HOUSE DISTRICTS: Senate=24,25,26,27,28; House=46,47,48,49,50,51,52,53

6. POPULATION SERVED BY PROJECT: 118,140

7. NUMBER OF HOUSEHOLDS SERVED BY PROJECT: 51,365

8. CHIEF ELECTED OFFICIAL OR AUTHORIZED REPRESENTATIVE:

Ron Tussing
(Name)
Mayor
(Title)
P.O. Box 1178
(Street/PO Box)
Billings, MT 59103
(City/State/Zip)
406-657-8296
(Telephone) (FAX No)
tussingr@ci.billings.mt.us
(E Mail address)

10. PROJECT ENGINEER/ARCHITECT:

Mark A. Seip, P.E.
(Name of Engineer)
HDR Inc.
(Name of Firm)
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12. LEGAL COUNSEL:

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(Title)
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14. CLERK/CHIEF FINANCIAL OFFICER:

Pat Weber
(Name)
Financial Services Manager
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9. PRIMARY ENTITY CONTACT PERSON:

Will Robbins
(Name)
Staff Engineer
(Title)
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11. GRANT/LOAN ADMINISTRATOR:

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(Name)
Senior Financial Analyst
(Title)
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13. BOND COUNSEL:

Mae Nan Ellingson
(Name)
Dorsey & Whitney, LLP
(Title)
125 Bank St., Suite 600
(Street/PO Box)
Missoula, MT 59802
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(Telephone) (FAX No)
ellingson.mae.nan@dorseylaw.com
(E Mail address)

15. ACCOUNTANT:

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Eide Bailly
(Name of Firm)
401 N 31st St.
(Street/PO Box)
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(City/State/Zip)
406-896-2400
(Telephone) (FAX No)
(E Mail address)

16. BRIEF PROJECT SUMMARY: (Refer to instructions and example on page 13)

Historical Information -

The wastewater treatment plant treats approximately 15.4 MGD. The current discharge permit expires in April 2011. To meet new permit requirements the current disinfection system needs to be upgraded to meet new standards.

Problem -

In addition to meeting the new chlorine treatment limits, E. Coli limits will be stricter as well. Additionally, monitoring requirements will increase.

Proposed Solution -

The construction of the UV disinfection system will alleviate the need for a dechlorination facility and will enable the plant to meet the E. Coli and sampling requirements.

SECTION C - FINANCIAL INFORMATION

1. ESTIMATED TOTAL PROJECT COST: \$ 6,141,000

2. PROPOSED FUNDING SOURCES (List loans and grants from same funding source separately) (Refer to the instructions on page 15 and example on page 16):

Source	Type of Funds	Amount	Status of Commitment	Loan Rates and Terms
SRF	Loan	\$6,136,000	Discussed	3.75%, 20 years
City of Billings	Wastewater Revenues	\$5,000		

3. FUNDING STRATEGY NARRATIVE

☛ Funding Strategy Narrative (**Complete and attach**)

(Refer to the instructions on page 16 and example on page 17. Answer each question individually.)

- a. What are the conditions on the use of each source of funds?
- b. When will each source of funds listed be available (month and year)?
- c. Is there any additional information on the level of commitment for each source of funds listed?
- d. How will funding sources be coordinated with each other?
- e. Will interim-loan funds be required as part of the project? If yes, how will they be used and coordinated with other funding sources?
- f. What other sources of funds from public and private sources have been considered for this project? Explain why they are not being pursued or used for this project.
- g. If a particular source of funding is not obtained, how will the applicant proceed? Explain how the funding strategy will change if a particular source of funding is not received.
- h. What is the level of local financial participation in the project and is that level the maximum that the applicant can reasonably provide?

4. PROJECT BUDGET FORM

☛ Project Budget Form (**Complete form on next page**)

(Refer to the instructions on page 17 and 18, and example on page 20)

☛ Project Budget Narrative (**Complete and attach**)

(Refer to the instructions on page 18 and example on pages 21 and 22)

FUNDING STRATEGY NARRATIVE

a. What are the conditions on the use of each source of funds?

The City of Billings will need an SRF Loan for \$6,136,000. The loan will be at 3.75% interest for 20 years. This funding is needed to complete the Wastewater Treatment Plant Disinfection System Project.

b. When will each source of funds listed be available (month and year)?

The rate increase to pay for the SRF Loan was available July 1, 2009. This was approved by City Council as a 3 year incremental rate increase. On 7/1/09, the second year of the rate increase went into effect. The construction contract is scheduled to be awarded January 2010. Presumably, the SRF loan will close shortly after the construction contract is awarded. The project will go forward using cash reserves from the City of Billings and a reimbursement resolution (already in place), until the loan is available for use.

c. Is there any additional information on the level of commitment for each source of funds listed?

No.

d. How will funding sources be coordinated with each other?

The project will go forward with cash reserves from the City of Billings and a reimbursement resolution until the loan is available for use.

e. Will interim-loan funds be required as part of the project? If yes, how will they be used and coordinated with other funding sources?

No.

f. What other sources of funds from public and private sources have been considered for this project? Explain why they are not being pursued or used for this project.

The City of Billings will use wastewater revenues to pay for all related audit fees; however, all other revenues are allocated to other projects. This project will not go forward without a loan.

g. If a particular source of funding is not obtained, how will the applicant proceed? Explain how the funding strategy will change if a particular source of funding is not received.

If the funding was not obtained, the City of Billings would look at the Open Bond Market or Intercap Funds to fund the project.

h. What is the level of local financial participation in the project and is that level the maximum that the applicant can reasonably provide?

The City of Billings will use wastewater revenues of \$5,000 to fund the project. This is the maximum amount of funding the City can provide without cancelling other locally funded projects.

ADMINISTRATIVE AND FINANCIAL COSTS

Audit Fees **\$5,000**

\$5,000 of wastewater revenues is budgeted to meet the portion of the organizational audit that can be attributed to the project in accordance with the Single Audit Act.

Loan Reserves **\$440,000**

\$440,000 has been budgeted for loan reserves. Funds for this budget item will be provided from the SRF loan.

Bond Counsel and Related Costs **\$10,000**

\$10,000 has been budgeted for the City's bond counsel costs.

TOTAL ADMINISTRATIVE AND FINANCIAL COSTS **\$455,000**

Administrative and financial costs represent 7.4% of the total project costs.

ACTIVITY COSTS

Preliminary Engineering **\$166,900**

Preliminary engineering is estimated at \$166,900.

Engineering/Architectural Design **\$388,380**

Based on engineering cost estimates, the total cost of preparing the final design and bidding is estimated at \$388,380.

Construction Engineering Services **\$312,200**

Based on engineering cost estimates, the total cost of construction engineering, including inspecting the construction of the project, is estimated at \$312,200.

Construction **\$4,380,520**

Based on engineering cost estimates, the total cost of construction of the project is estimated at \$4,380,520.

Contingency **\$438,000**

Contingency funds are 10% of the construction costs because the project could encounter unknowns during construction. These unknowns usually cannot be predicted and are discovered once construction has commenced.

TOTAL ACTIVITY COSTS **\$5,686,000**

TOTAL PROJECT COSTS **\$6,141,000**

Completed by: Jennifer Duray, CPA		For: City of Billings			Date: 11/18/09	
ADMINISTRATIVE and FINANCIAL COSTS:						
	SRF Loan	City				
Personnel Costs						\$ -
Office Costs						\$ -
Professional Services						\$ -
Legal Costs						\$ -
Audit Fees		\$ 5,000				\$ 5,000
Travel & Training						\$ -
Loan Fees						\$ -
Loan Reserves	\$ 440,000					\$ 440,000
Interim Interest						\$ -
Bond Counsel and Related Costs	\$ 10,000					\$ 10,000
TOTAL ADMINISTRATIVE/FINANCIAL COSTS	\$ 450,000	\$ 5,000				\$ 455,000
ACTIVITY COSTS:						
Land Acquisition						\$ -
Preliminary Engineering	\$ 166,900	\$ -				\$ 166,900
Engineering/Architectural Design	\$ 388,380	\$ -				\$ 388,380
Construction Engineering Services	\$ 312,200					\$ 312,200
Construction	\$ 4,380,520					\$ 4,380,520
Contingency	\$ 438,000					\$ 438,000
TOTAL ACTIVITY COSTS	\$ 5,686,000	\$ -				\$ 5,686,000
TOTAL PROJECT COSTS	\$ 6,136,000	\$ 5,000				\$ 6,141,000

5. CURRENT DEBT (Refer to the instructions and example on page 23)

Year Issued	Purpose	Type of Bond/ Security	Amount	Maturity Date (mo/yr)	Debt Holder	Coverage Requirement	Avg. Annual Payment Amount	Outstanding Balance
2005	Wastewater	Revenue	4,515,000	7-2025	DNRC	125%	402,306	3,859,000
2008	Wastewater	Revenue	7,400,000	7-2028	DNRC	125%	527,028	6,062,956
2009	Wastewater	Revenue	359,300	7-2029	DNRC	125%	21,363	359,300
2009	Wastewater	Revenue	5,387,000	7-2029	DNRC	125%	385,295	3,229,828

6. CURRENT ASSETS (Indicate if assets are obligated.) (Refer to the instructions on page 23.)

Cash \$ 1,418,367
 (Details) (as of 6/30/09) SRF loan reserves - \$717,530; restricted for 7/1/09 loan payments - \$357,499

Investments \$ 3,557,203
 (Details) _____

Certificates of Deposit \$ _____
 (Details) _____

Accounts Receivable \$ 1,487,257
 (Details) _____

Any other current assets not specifically indicated above \$ 29,680
 (Details) Accrued Interest

7. BALANCE SHEET (Submit if applying to RD; contact the other programs to determine if or when this information is needed.)

Balance Sheet (Check if attached)

8. INCOME AND EXPENSE STATEMENT (Submit if applying to RD; contact the other programs to determine if or when this information is needed.)

Income and Expense Statement (Check if attached)

SECTION D - CENSUS INFORMATION

Do not fill in this section. The following information will be completed by the receiving agency using data supplied by the U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development based on Census data.

- 1. **MEDIAN HOUSEHOLD INCOME** \$ _____
- 2. **LOW TO MODERATE INCOME PERSONS:** The percent of the population at or below the level designated as low to moderate income. % _____
- 3. **POVERTY:** The percent of the population characterized as at or below the level designated as poverty. % _____

SECTION E - SYSTEM INFORMATION (Refer to instructions on pages 23 and 24)

Number of unimproved properties in jurisdiction: 4,150 (Billings wide)

☛ **Complete and attach the "System Information Worksheet."** The figures required for the items listed below that are denoted with an "☛" are computed using the "System Information Worksheet." The letter in parenthesis following the "☛" denotes the location in the worksheet to find the figure to be inserted.

	<u>Current</u>	<u>Projected</u>
1. Total System Annual Revenue	\$ <u>8,782,974</u>	\$ <u>8,957,000</u>
2. Total System Annual Operation and Maintenance Costs	\$ <u>6,100,445</u>	\$ <u>6,666,000</u>
3. Total System Equivalent Dwelling Units* ☛(e) for current and (k) for projected	<u>39,545</u>	<u>39,656</u>
4. Total Residential Equivalent Dwelling Units* ☛(f) for current and (m) for projected	<u>28,669</u>	<u>28,739</u>
5. Annual Revenue from Residential Hookups	\$ <u>5,011,726</u>	<u>5,150,000</u>
6. Percent of Total Annual Revenue from Residential Hookups	<u>57%</u>	
7. Average Monthly Residential Rate	\$ <u>14.56</u>	\$ <u>14.93</u>
	<input type="checkbox"/> Check box if this is a flat rate.	Projected Average Monthly Residential Rate ☛ (w) or (x)
8. <u>Other System</u> Average Monthly Residential Rate	\$ <u>29.40</u>	\$ <u>31.72</u>

* If this application is for a solid waste project, see instructions.

- 3. Monthly debt service for new loan, including coverage: (line i, 12) \$ 45,833 (ii)
- 4. Total number of projected EDU's after completion of project: 39,656 (iii)
- 5. Average (per total projected EDU's) monthly debt service for new loan: (line ii, line iii) \$ 1.16 (iv)

PART B. GENERAL OBLIGATION BOND SECURING DEBT OBLIGATION:

- 1. Debt election held? Yes No If no, when will election be held (date): _____
- 2. Amount of outstanding General Obligation Bonds \$ _____
- 3. Debt limitations of entity _____
- 4. Estimated average (per property) monthly assessment needed to repay debt (divide the annual assessment by 12 to obtain a monthly figure): \$ _____

PART C. RURAL OR SPECIAL IMPROVEMENT DISTRICT BOND SECURING DEBT OBLIGATION:

- 1. Type of special assessment:
 - a. SID _____
 - b. RID _____
 - c. Other (specify) _____
- 2. Proposed method of assessment:
 - a. Assessable Area _____
 - b. Area _____
 - c. Ad Valorem Tax _____
 - d. Lineal Front Footage _____
 - e. Combination of a. through d. above (explain) _____
- 3. Number of parcels in the district _____
- 4. What percentage of the property (based on the methods of assessment) within the district fits these descriptions?

TYPE OF PROPERTY	PERCENT DEVELOPED	PERCENT UNDEVELOPED
Commercial		
Industrial		
Single-Family Residential		
Multi-Family Residential		

Agricultural		
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5. Number of property owners in district _____
6. Estimated average (per property) monthly assessment needed to repay debt (divide the annual assessment by 12 to obtain a monthly figure): \$ _____

PART D. OTHER TYPE OF DEBT INSTRUMENT SECURING DEBT OBLIGATION THAT IS NOT INDICATED ABOVE

1. Explain how debt will be secured: _____

2. Estimated average (per property) monthly cost to repay debt: \$ _____

PART E. CALCULATION OF THE PROJECTED AVERAGE MONTHLY RESIDENTIAL USER RATE:

1. Estimated increase in average monthly debt service (per projected EDU, monthly assessment per property for General Obligation Bond or SID, or per customer for solid waste projects) as the result of this project. Enter \$0 if no increase is projected:

\$ 1.16 (o)
[From Part A, B, C, or D]
2. Estimated increase or decrease in total monthly operation and maintenance (O&M) costs (including depreciation and replacement reserves) as the result of this project:

\$ 5,000 (p)
3. List and explain estimated increases or decreases in O&M costs, including depreciation and replacement reserves (Provide a reasonably detailed explanation regarding the reason for the increase or decrease):

Chlorine costs will decrease by approximately \$60,000 annually. However, the new disinfection system will have an annual cost of approximately \$120,000 for a net increase of \$60,000 annually. The costs associated with disinfection by ultraviolet are for bulb replacement, cleaning the system, and polymer system costs.
4. Estimated increase or decrease in monthly O&M costs (including depreciation and replacement reserves) (per projected EDU, monthly assessment per property for General Obligation Bond or SID, or per customer for solid waste projects) as the result of this project:

\$.13 (q)
[(p) / (k)]
5. Estimated increase or decrease in total monthly costs (per projected EDU, monthly assessment per property for General Obligation Bond or SID, or per customer for solid waste projects) as the result of this project:

\$ 1.29 (r)
[(o) + (q)]
6. Projected average EDU's per residential hookup:

\$ 1.015 (s)
[(n)]
7. Estimated increase or decrease in total monthly costs per average residential hookup/customer as the result of this project:

\$ 1.31 (t)
[(r) x (s)]
8. Existing average monthly residential debt service, including coverage and bond reserve (subtract any existing debt service if the loan will expire before the completion of the project):

\$ 4.85 (u)

9. Existing average monthly residential O&M costs and replacement and depreciation reserves: \$ 9.71 (v)

Note: (u) plus (v) should equal the current average monthly residential rate as stated on page 43, Section E, Line 7. If these amounts do not equal, provide an explanation of why the numbers differ.

10. Projected average monthly residential user rate after completion of this project:
$$\frac{\$ 15.87 (w)}{[(t) + (u) + (v)]}$$

11. Projected flat user rate: \$ _____ (x)
