

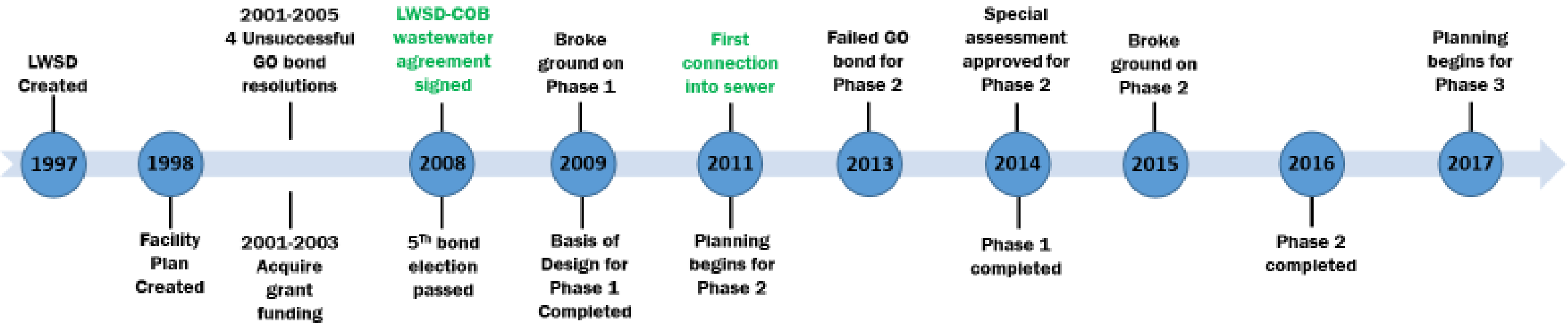


**TEDD/SEWER HISTORY
PRESENTATION TO THE CITY of
BILLINGS WORK SESSION**

Need for Public Sewer

- Lockwood was previously the largest un-sewered community in Montana
- 1998: Population was ~4,000
- Projected growth rate: 2.4%
- Major commercial growth was occurring near new Johnson Lane interchange
 - Flying J truck stop
 - 2 new banks
 - Fast food restaurants
 - Hotels wanted to build but reportedly were waiting for a sewer (Holiday Inn was built with septic)
- 0.5 million gallons per day of wastewater generated and discharged through drainfields
- Failing drainfields with no room for replacements
- Non standard repairs
- Unsuitable soils and very small lots
- Concern for groundwater contamination
- High Nitrates

Lockwood Sewer Timeline



City of Billings and Lockwood Water & Sewer District Wastewater Service Agreement

2008 Wastewater Service Agreement

- Allowed LWSD to discharge wastewater to the COB wastewater treatment plant
- Established
 - flow and loading limits
 - discharge and testing requirements
 - approved service area
 - reserve capacity limit
- Did not create ownership rights in COB municipal wastewater system
- Requirement for \$1,000,000 Performance or Financial Guarantee Bond
- **LWSD responsible for all facilities up to the point of connection to the COB wastewater system**

Fees and Charges

- Usage fee based on CCF (748 gal)
- **Reserve capacity fee based on proportionate share of capital costs at treatment plant (paid monthly)**
- System Development Fees (paid per new connection)
- Penalties for non-regulatory/non-statutory breaches of agreement
- 6% Surcharge fee

Current Fees and Charges

- **.808¢/CCF + 6% Surcharge (Usage)**
- **\$21,591/month + 6% Surcharge (Reserve Capacity)**
- **\$1,370/new residential ¾" connection (SDF)**

City of Billings and Lockwood Water & Sewer District Wastewater Service Agreement

Reserve Capacity

- Based on estimated full build out of Lockwood in 2020
- Projected Average Daily Flow of 0.91 mgd
- Projected Maximum Daily Flow of 2.74 mgd
- **Reserve Capacity was set at 80% of Maximum Daily Flow**
 - **2.19 mgd**
 - Renegotiate 6 months prior to reaching 80% for additional 20%

2018 / Current Wastewater Flows (without Exxon)

- Average Daily Flow of 0.18 mgd
- Maximum Daily Flow of .21 mgd
- **Currently at 10% of Total Reserve Capacity**
- Sewer Connections
 - Phase I – 136
 - Phase II – 144

Lockwood TEDD Sewer Flow Projections

- **Build Out** **203,000 gpd** **0.20 mgd**
- 20 year 94,000 gpd 0.09 mgd
- 10 year 47,000 gpd 0.05 mgd

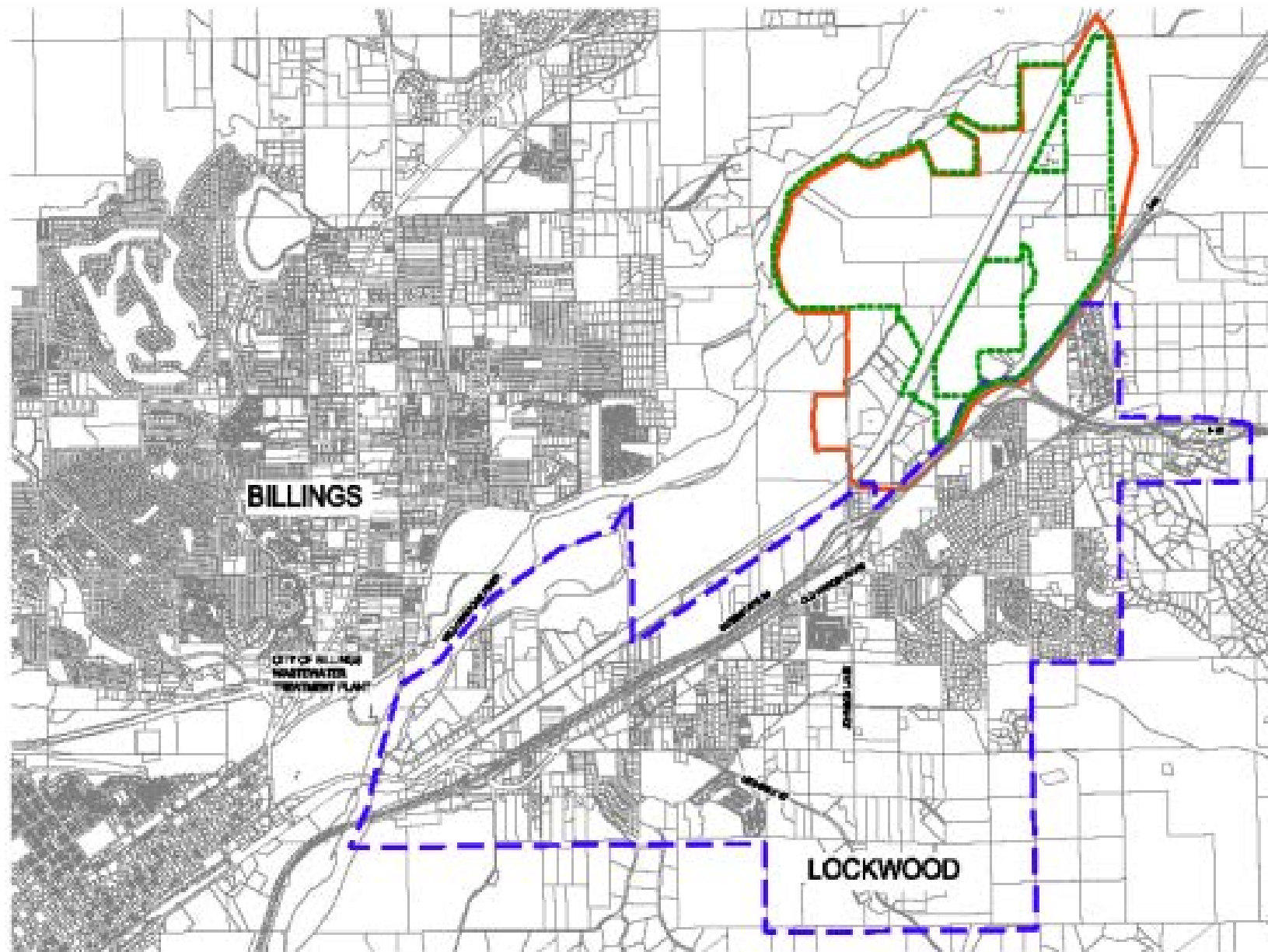
* Flow projections were developed in the TEDD Infrastructure Master Plan

SEWER CHARGES & FEES PAID SINCE 2011

• Usage	\$334,000
• Reserve Capacity	\$1,487,000
• Surcharge	\$117,000
• Franchise	\$54,000
• <u>System Development</u>	<u>\$743,000</u>
TOTAL	\$2,735,000

Key Points

- **City of Billings is protected by existing agreement**
- **City of Billings receives revenue for wastewater treatment from Lockwood with little risk or liability**
- **Treatment plant improvements and upgrades attributable to Lockwood, to include unused capacity, are paid for by reserve capacity fees**
- **Lockwood is 100% responsible for the cost and maintenance of wastewater collection facilities to the treatment plant**
- **If Lockwood sewer boundary is expanded, it would not require an extension of City services and the TEDD would be included in Lockwood flows, under the existing agreement and not a new or additional City of Billings customer**
- **Expansion of the boundary was anticipated and a provision to allow expansion was written into the agreement**

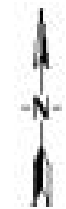


BILLINGS

CITY OF BILLINGS
WASTEWATER
TREATMENT PLANT

LOCKWOOD

- LEGEND**
- LOCKWOOD WATER AND SEWER DISTRICT BOUNDARY
 - 2019 1500' LOCKWOOD DEVELOPMENT DISTRICT BOUNDARY
 - 2019 1500' LOCKWOOD DEVELOPMENT DISTRICT PROJECTION LINE



<p>Morrison Maierle Engineering • Planning • Planning • Consulting</p>	<p>PROJECT NO. 15-001 DATE: 08/11/2015</p>	LOCKWOOD	LOCKWOOD WATER AND SEWER DISTRICT	NO. 1500'	PROJECT NO. 15-001
		2019 1500' BOUNDARY MAP			

2. Service Area: This Agreement obligates the CITY to accept for treatment domestic wastes that are contributed from the DISTRICT'S users whose properties are situated entirely within the boundaries of the DISTRICT at the time of its creation under County Resolution #96-83, dated August 22, 1996, and as more specifically described and shown on Exhibit "A" and Exhibit "B," respectively, subject to the flow and loading limitations in Section 4 herein. **Said area will hereinafter be referred to as "Service Area."** It is further understood between the parties hereto that the DISTRICT shall not expand its Service Area to include any additional properties without first obtaining the CITY'S written consent to do so and that the CITY has sole discretion to withhold such consent. Failure to obtain such consent shall subject the DISTRICT to the fixed sum payment outlined in Section 28 herein.

Steps Necessary To Move Forward

- City of Billings approval to move forward with the process to expand the Lockwood Sewer District Boundary (MOU)
- Petition/vote of property owners within the TEDD to be included in the District's water and sewer boundary
- City of Billings final consent to expand the Lockwood Sewer District Boundary and approval of revised boundary (Exhibit A and B of agreement)

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BUSINESS

LEADERSHIP AND RESOURCES

CREATION
EXPANSION
RETENTION
RECRUITMENT

BUSINESS GROWTH SERVICES • COMMUNITY DEVELOPMENT • NEW BUSINESS RECRUITMENT



Lockwood Targeted Economic Development District (TEDD)

Extension of Wastewater Service Area



30 Celebrating 30 YEARS OF BUILDING REMARKABLE

BIG SKY ECONOMIC DEVELOPMENT



Purpose of the Lockwood TEDD

- Provide planned, ready-to-go industrial space to:
 - Support Existing Businesses
 - Room For Expansion
 - Buffered Area for Heavy Industries – Avoid Conflicting Uses
 - Attract New Businesses
 - Compete with Regional Cities
 - Avoid Lost Opportunities
- Capitalize on Yellowstone County's strategic location and business-friendly environment to augment its status as the state and regional commercial hub.

Lockwood:

Outstanding Location for Industrial Development

- Access to Railroad
- Convenient Access to Interstate
- Room to Accommodate Growth
- A Geography that Contains and Buffers Industrial Uses
- Lack of Conflicting Uses
- Area Property Owners Willing to Commit to and Invest in Industrial Development



Potential Economic Impact

Bureau of Business and Economic Research – Economic Impact of Trailhead Commerce Park (2015)

- Projected an Impact After 15 Years Of:
 - 3,655 Net New Jobs
 - \$255.7 Million Annual Increase in Personal Income
 - \$862 Million Annual Increase in Total Economic Output
 - 4,352 Net Population Increase



Bureau of Business and
Economic Research

Example of a Successful Partnership for Industrial Development

Exxon Refinery

- 325 Well-paid employees (Over 60% live in the City of Billings)
- Billings Contractors, Subcontractors, and Suppliers benefit directly
- Retail, entertainment, and hospitality businesses benefit indirectly



Lockwood TEDD Partnership

- Led by Private Landowners
- Partnering to:
 - Develop Infrastructure
 - Rail
 - Road
 - Water/Sewer
 - Power
 - Telcom
 - Marketing and Development of Industrial Businesses
- A Unique County/City/Landowner Partnership



Discussions with The City of Billings

Since last April:

- Numerous discussions with City Administration and Public Works
- Outreach & Tour with City and County Elected Officials
- Additional analyses – Internal and by Consultants

Our Conclusion

- We believe this development will work best if the City Council allows for the expansion of the sewer boundary, as anticipated and allowed under the Wastewater Service Agreement, **without** the additional requirement of “Waivers” from property owners.



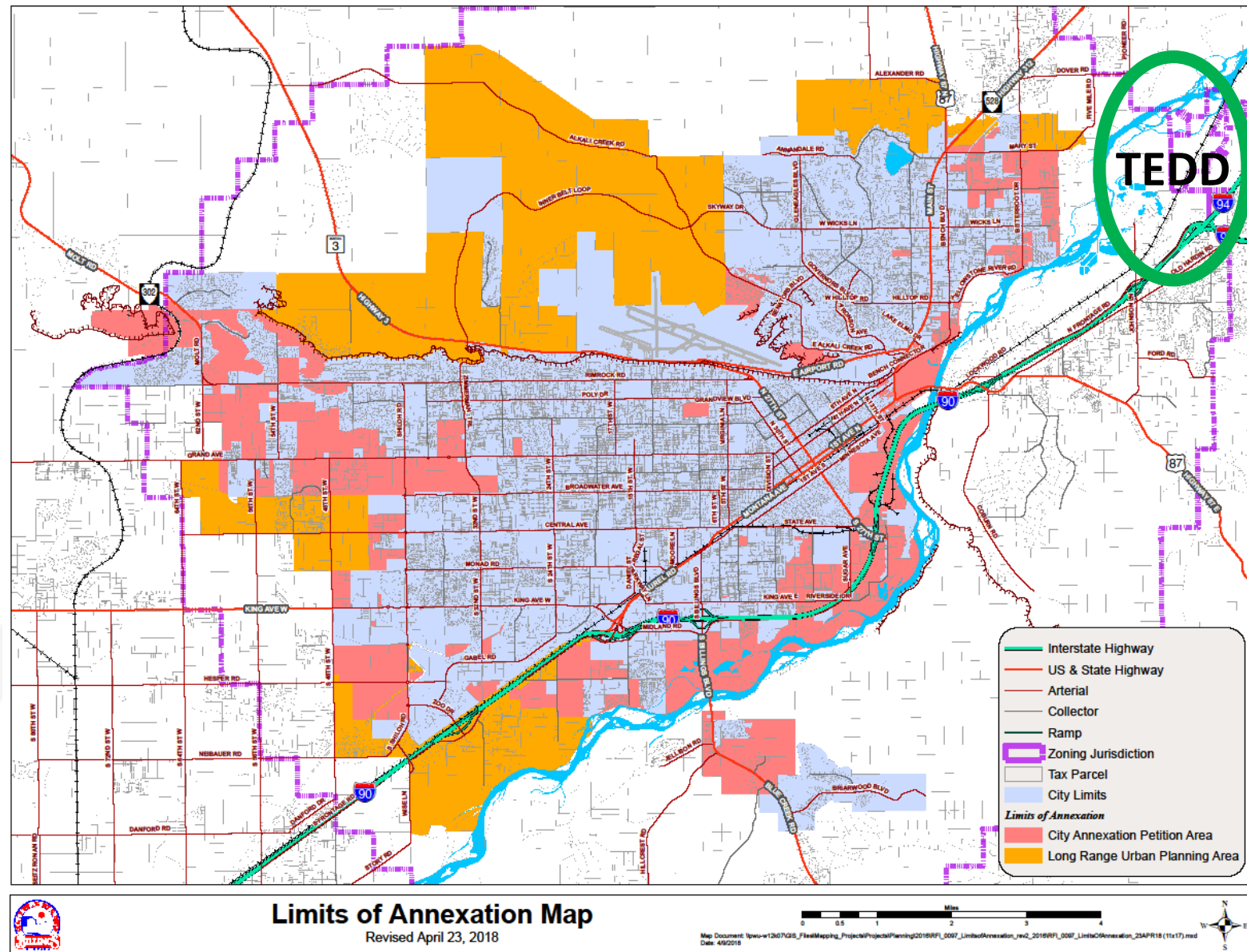
Annexation Concerns

Increased Costs

Uncertainty for Business Developers

Compatibility with Future Development

Uncertainty with Service Delivery and Cost



How the Partnership Benefits the City of Billings:

- **NO COST to the City of Billings**
 - LWSD pays for the use of the Treatment Plant through the fee structure set up in the Agreement
 - Usage fees + 6% surcharge
 - System development fees – per new connections
 - Pays for its share of upgrades to the Plant through Reserve Capacity Fees
 - LWSD is 100% responsible for the collection and delivery infrastructure
 - City of Billings is not responsible for costs of Roads, Law Enforcement, or Fire Protection
- **This is NOT a Capacity Issue**
 - LWSD is currently at about 10% of the reserve capacity they pay for
 - Expected flows from TEDD at full build-out would only increase use to about 20% of reserves
- **Wastewater Service Agreement is written to protect the City of Billings**
- **Economic Benefit**
 - 3600+ Jobs throughout the area, including Billings
 - Development of Basic Industry to **bring new money into** our local economy.



BSED Partnership with the City:

We understand the City's need to grow its tax base. We believe there are other development opportunities that can have a substantial and more immediate impact on City of Billings tax revenue:

Transtech – 32nd and Gabel

Billings Westend Reservoir

Urban Infill

- Downtown
- EBURD
- SBURA

Inner Belt Loop/Main Street Redevelopment



Lockwood TEDD Advisory Board – Woody Woods, Chair

We ask that the City of Billings allow the extension of the Lockwood Water & Sewer District sewer boundary to include the Lockwood TEDD area under the Wastewater Service Agreement without requiring “Waivers of the Right to Protest Future Annexation.”

- The prospect of future annexation will hinder the marketing and development of this Industrial Park.
- The Wastewater Service Agreement has worked well for Lockwood and the City of Billings.
 - Lockwood pays its share:
 - Usage fees & Surcharge fees
 - Development fees & Reserve Capacity fees
 - The Agreement is written to protect the City.
 - The Agreement follows the EPA’s guidance on Wastewater Treatment regionalization.
 - The Agreement anticipated and allows for expansion of the Sewer District.
- This is not a Capacity issue - LWSD is well below its allocated capacity and will remain so even with the expected increase from the Industrial Park.
- No Costs to Billings
 - LWSD is responsible for all system infrastructure from the point of connection outside of the Wastewater Treatment Plant.
 - LWSD pays for its share of usage and upgrades to the Plant through fees.
 - No other City services – Law Enforcement, Fire, Street – needed from the City of Billings.
- Substantial Economic Benefit to the City of Billings and the entire County.