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City Of Laurel

P.O. Box 10
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DEPARTMENT 4
EXHIBIT _____
DATE 1/12/05
BY 6311

Mr. Chairman and members of the committee.

The City of Laurel, represented by City Council President Mr. Gay Easton and Harry McCann, Public Utilities Director offer the following information in support of our application for funding from TSEP and DNRC.

This application is the result of several years of planning. The City of Laurel began addressing serious problems with its infrastructure in 2000. The process began with the development of a needs assessment, followed by a capital improvements program. Through the needs assessment the citizens of the City identified water and wastewater as the number 2 problem in the City. Number one was the streets, but as you know replacing a dilapidated sewer or water line must be done prior to street improvements.

As indicated in the needs assessment, the City of Laurel has been faced with serious water problems, although the majority of the most serious issues have been addressed. The inability to obtain source water from the Yellowstone River and establishing satisfactory chlorine contact time were two major undertakings. However, these projects were accomplished with very high costs of about 8 million dollars total. With projects of these magnitudes, the City Council had to raise water rates. Existing water rates are approximately 124% of the target rate.

The City's wastewater system is in a similar condition. After completing our needs assessment for waste water, we contracted for the development of a comprehensive waste water facility plan. The plan included a substantial evaluation of the existing pipe conditions (originally constructed in 1910), the condition of the Wastewater treatment plant, and the needs of the wastewater system to accommodate future growth in the City. The condition of these facilities was identified as poor at best. The facility plan listed several thousand feet of clay line that has either collapsed or the joints have off set. Infiltration in to the system is occurring along the pipe with off set joints. A large number of manholes do not have any bottom and the old bricks they are constructed of are eaten away by the sewer gases. The sewer plant is currently operating above its average yearly hydraulic design capacity.

The plan developed improvement priorities on all issues to be addressed. This included developing a phased improvement plan to allow the city to move forward efficiently, which included three major phases: Phase 1A, Phase 1B, and Phase 2. As part of the Phase 1A project, during this past year we installed 2000 feet of collection line sized to accommodate future growth as well as to alleviate over flows of the system. In that project we also eliminated a bad section of pipe line that required monthly maintenance. Three other similar maintenance issues were corrected because of project savings. The project also replaced the dilapidated lift station at the Wastewater plant to avoid failure

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and 500 feet of sewer main, which was the source of extensive infiltration of surface water. This project was paid through the help of a CDBG grant of \$500,000 and City funds totaling approximately \$500,000.00.

Although the improvements were needed, the project did not address Phase 1B or Phase 2. The money requested from TSEP and DNRC are to complete a portion of Phase 1B. Phase 1B will contribute to improved treatment of waste water by the City of Laurel by reducing infiltration into the system. This project will place the City of Laurel in a position to accommodate future growth and economic improvement.

The project is necessary for future phased improvements as it will reduce the amount of infiltration substantially. With reduced infiltration, we will see a cost savings at the treatment plant. The Sewer plant is now 20 years old and at the end of its design life. The elimination of inflow will allow the existing capabilities of the plant to service the City for a period of time and extend the time frame before volume up grades are needed, which is considered part of the Phase II improvements. The volume upgrades have been estimated to cost between 1.8 and 2.9 million dollars. The extension of time is not expected to be great, but any extension will improve the Cities funding abilities.

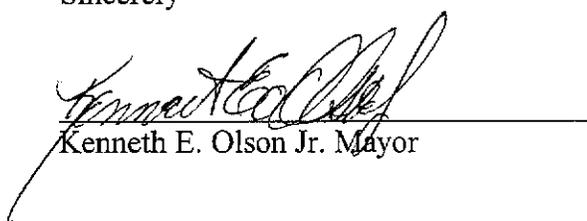
In preparation for the Phase IB and Phase II improvements, the City Council of the City of Laurel has been forced to increase rates again. With this recent rate increase, the residents of Laurel now pay approximately 145% of the target rate.

Our application for funds is based on the cost of \$1,033,000.00 to complete phase 1A of the facility plan as well as a substantial portion of phase 1Btwo. The City is requesting \$500,000 from TSEP, \$100,000 from DNRC, and will be providing the remaining \$433,000, which is nearly 42 percent of the project costs. The requested funding will address the cities shortcoming due to the depletion of revenues available to address the required improvements.

As you can see, the City of Laurel has been making considerable efforts in improving both their water and wastewater systems. With a collection system that is nearly 100 years old and a City that has experienced and is expected to experience large growth, the improvements identified in the facilities plan are necessary improvements.

I regret that I was not able to attend this hearing.

Sincerely



Kenneth E. Olson Jr. Mayor