



EXHIBIT 5  
DATE 2-18-05  
HB 666

1644 Old Hardin Road

Billings, Montana 59101

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February 18, 2005

House Natural Resources Committee  
Room 152, Capital Building  
2005 Legislature  
State of Montana

Re: House Bill 666 - Bergren

Dear Honorable Members of the Committee:

House Bill 666 relating to county water and sewer districts, not only contains language that will clean up the process of creating water and sewer districts, it has language that will allow water and sewer districts to be treated on the same level playing field as school districts and cities and towns.

For the purpose of approving general obligation bonds, it provides for the canvass of votes to determine approval or rejection of the bond proposition that is equivalent to school bond elections. Currently, MCA 7-13-2331 provides for the issuance of general obligation bonds in the same manner as school districts except to the extent that those conditions conflict with the express provisions of part 22 or part 23. Since MCA 7-13-2328 requires a 60 percent majority to issue bonds, MCA 7-13-2331 will always conflict with 7-13-2328. We do not believe that this was the legislature's intent, and we ask that you consider this when reviewing HB 666. We would ask that county water and sewer districts be allowed to provide for the issuance of general obligation bonds under the same guidelines as school districts.

The Lockwood Water & Sewer District has been trying to pass a sewer bond election since 1996 for the installation of a sanitary sewer system in Lockwood. Lockwood, if incorporated, would be considered one of the largest 2<sup>nd</sup> class communities in the State. Currently it is served by private septic systems, some of which are failing. In four past elections, all elections had over the 40 percent of the electors participating in the election. During the first three elections, the bond issue received more than 50 percent of those participating approving of the bond issues. The bond issues failed due to not receiving the 60 percent super majority. Sadly, the first three elections would have passed if treated as stated in MCA 7-13-2331 as they received a majority approval of the votes cast. In the third election 58.5 percent of the votes cast were in favor of the election with over 42 percent participating. Only the last election in February of 2004 failed to get the majority vote. This could be due to the electors tiring of the proposal.

Due to not having a super majority, the issues have failed and the project has increased in cost by approximately 4.3 million dollars since May of 2001. Our District has over 7 million dollars in grants for the sewer project that are in limbo and could be lost.

HB 666 would also allow for the issuance of revenue bonds in a county water and sewer district without an election. This provision would allow districts to be treated similarly to cities and towns. Recently, the Lockwood Water & Sewer District successfully passed a mail ballot election for the construction of a pre-sedimentation facility at our water treatment plant. The election cost the District over ten thousand dollars not including the cost of the public meetings/hearings held by the District. Eighty-one (81) percent of the votes cast were in favor of the issue. Districts are required to hold public hearings to pass budgets and/or changes in rate structures. This process also costs districts plenty of money to implement. The electors were largely behind the pre-sedimentation project due to successful education and public meetings/hearings. The public hearing process also allows the community to oppose proposals. The extra burden of the election puts water and sewer districts in a distinctly different arena than cities and towns and costs them money that could be put towards important projects and save the rate payer money.

HB 666 would also allow for the creation of sub districts within a district. As it is probable that every district will have an area that will need it services at one time or another, it is important that sub districts be allowed to be formed. The district will be responsible for providing the funding mechanism, but only those properties that are gaining from the improvements should be liable for their costs.

On behalf of the Board of Directors and the citizens of the Lockwood Water & Sewer District, it is our wish that House Bill 666 receive your passing vote for its approval. Thank you for your valuable time and for your service to Montana.

Respectfully,

A handwritten signature in black ink, appearing to read "Rick Russell". The signature is fluid and cursive, with a large initial "R" and "S".

Rick Russell, Manager  
Lockwood Water & Sewer District

Attachments: Estimates of Probable Construction Costs – Lockwood Sewer Project (4)  
Election Results (4)

# LOCKWOOD Water & Sewer District

Estimate of Probable Construction Cost  
Updated 4-May-01

Run Date/Time:

2/8/05 2:56 PM

Significant Changes: Yellowstone County has been paving or surfacing numerous roads within the Boundaries of Water District No.1.  
Manager Russell and Morrison Maierle, Inc. included these costs for this estimate of probable construction cost.  
Cost Updated 12/12/02 to include area near Klenck Lane.

CURRENT MULTIPLIERS		% Increase since Initial Estimate
Current ENR Construction Cost Index =	6288.00	
Current Phase I Multiplier =	1.0504	5.04%
Current Phase II Multiplier =	0.9671	-3.29%

**PHASE I - Estimated Total Project Cost Including Fees and Contingencies**

**\$12,047,990**

**PHASE II - Reduced to Water District No. 1 Boundaries - Includes Fees and Contingencies**

Sub-Total  
Estimated Administrative and Finance Costs  
**ESTIMATED TOTAL**

\$14,912,350

\$26,960,340

\$489,710

**\$27,450,050**

Grants:

STAG 1            1999  
STAG 2  
TSEP

\$3,801,000 } → NOT CONFIRMED THEN  
\$2,903,600 }  
\$500,000 → DID NOT HAVE THEM  
\$7,204,600

**ESTIMATED TOTAL PROJECT (Construction & Administration)<sup>1</sup>**

\$27,450,050

Less Total Grant Amount to date

\$7,204,600

**RECOMMENDED BOND AMOUNT    \$20,245,450**

1. From Tab "Total Budget"



# LOCKWOOD Water & Sewer District

Estimate of Probable Construction Cost  
Updated 4-Apr-03

Run Date/Time:

2/8/05 2:56 PM

Significant Changes: Yellowstone County has been paving or surfacing numerous roads within the Boundaries of Water District No.1.  
Manager Russell and Morrison Maierle, Inc. included these costs for this estimate of probable construction cost.  
Cost Updated 12/12/02 to include area near Klenck Lane.

CURRENT MULTIPLIERS		% Increase since Initial Estimate
Current ENR Construction Cost Index =	6635.00	
Current Phase I Multiplier =	1.1084	10.84%
Current Phase II Multiplier =	1.0205	2.05%

**PHASE I - Estimated Total Project Cost Including Fees and Contingencies**

**\$12,712,800**

**PHASE II - Reduced to Water District No. 1 Boundaries - Includes Fees and Contingencies**

	<b>\$15,735,280</b>
Sub-Total	\$28,448,080
Estimated Administrative and Finance Costs	\$489,710
<b>ESTIMATED TOTAL</b>	<b>\$28,937,790</b>
Grants:	
STAG 1            1999	\$3,801,000
STAG 2	\$2,903,600
TSEP	\$500,000
	\$7,204,600

ESTIMATED TOTAL PROJECT (Construction & Administration) <sup>1</sup>	\$28,937,790
Less Total Grant Amount to date	\$7,204,600

**RECOMMENDED BOND AMOUNT      \$21,733,190**

1. From Tab "Total Budget"



# LOCKWOOD Water & Sewer District

Estimate of Probable Construction Cost  
Updated 4-Sep-03

Run Date/Time:

2/8/05 2:46 PM

Significant Changes: Yellowstone County has been paving or surfacing numerous roads within the Boundaries of Water District No.1.  
Manager Russell and Morrison Maierle, Inc. included these costs for this estimate of probable construction cost.  
Cost Updated 12/12/02 to include area near Klenck Lane.

CURRENT MULTIPLIERS		% Increase since Initial Estimate
Current ENR Construction Cost Index =	6732.81	
Current Phase I Multiplier =	1.1247	12.47%
Current Phase II Multiplier =	1.0355	3.55%

**PHASE I - Estimated Total Project Cost Including Fees and Contingencies**

**\$12,900,240**

**PHASE II - Reduced to Water District No. 1 Boundaries - Includes Fees and Contingencies**

**\$15,967,270**

Sub-Total

**\$28,867,510**

Estimated Administrative and Finance Costs

**\$489,710**

**ESTIMATED TOTAL**

**\$29,357,220**

Grants:

STAG 1            1999

\$3,801,000

STAG 2

\$2,903,600

TSEP

\$500,000

**\$7,204,600**

**ESTIMATED TOTAL PROJECT (Construction & Administration)<sup>1</sup>**

**\$29,357,220**

Less Total Grant Amount to date

**\$7,204,600**

**RECOMMENDED BOND AMOUNT**

**\$22,152,620**

1. From Tab "Total Budget"



# LOCKWOOD Water & Sewer District

Estimate of Probable Construction Cost  
Updated 8-Feb-05

Run Date/Time:

2/8/05 2:45 PM

Significant Changes: Yellowstone County has been paving or surfacing numerous roads within the Boundaries of Water District No.1.  
Manager Russell and Morrison Maierle, Inc. included these costs for this estimate of probable construction cost.  
Cost Updated 12/12/02 to include area near Klenck Lane.

CURRENT MULTIPLIERS		% Increase since Initial Estimate
Current ENR Construction Cost Index =	7297.58	
Current Phase I Multiplier =	1.2191	21.91%
Current Phase II Multiplier =	1.1224	12.24%

**PHASE I - Estimated Total Project Cost Including Fees and Contingencies**

**\$13,982,330**

**PHASE II - Reduced to Water District No. 1 Boundaries - Includes Fees and Contingencies**

		<b>\$17,306,630</b>
Sub-Total		\$31,288,960
Estimated Administrative and Finance Costs		\$489,710
ESTIMATED TOTAL		\$31,778,670
Grants:		
STAG 1            1999	\$3,801,000	
STAG 2	\$2,903,600	
TSEP	\$500,000	
	\$7,204,600	

ESTIMATED TOTAL PROJECT (Construction & Administration) <sup>1</sup>	\$31,778,670
Less Total Grant Amount to date	\$7,204,600

**RECOMMENDED BOND AMOUNT      \$24,574,070**

1. From Tab "Total Budget"





LOCKWOOD WATER/SEWER DISTRICT  
MAIL BALLOT ELECTION  
MAY 22, 2003

FOR	AGAINST
715 (53.6%)	619 (46.4%)

RESULT: FAILED

Eligible to vote: 2739

Voted: 1334

Percentage: 48.7%

\$ 91,571

Both Phases

Precinct Totals by Race Report  
11/04/2003  
FINAL RESULTS

Race	Precinct	Votes by Candidate		
		BONDS-NO	BONDS-YES	Total
	LOCKWOOD AREA WATER & SEWER DIST BONDS			
	016 LOCKWOOD SCHOOL	409	577	986
	Total	409	577	986

*Phase I only  
\$10.6 Million*

*2,318 eligible voters  
42.5% voted  
58.5% yes  
41.5% no*

LOCKWOOD WATER/SEWER DISTRICT #1  
MAIL BALLOT ELECTION  
FEBRUARY 4, 2004

FOR	AGAINST
727 (44.2%)	917 (55.8%)

RESULT: FAILED

Eligible to vote: 2377

Voted: 1644

Percentage: 69.2%

*Please I only  
G. B. Williams*