

Memo to the members of the Seeley Lake Sewer District from the District Board of Directors

In an effort to improve community engagement, we have prepared this memo and some supporting documents that are footnoted and available at www.seeleysewer.org.¹

The Problem- groundwater degradation and costs

Since its formation in 1992, the District Board has been charged with determining if a community wastewater treatment system is needed; and if so, to construct, operate and maintain a sanitary sewerworks for purposes beneficial to the District, including, but not limited to, pollution abatement; and figuring out how to fund it.

Multiple studies in the Seeley Lake area have linked high nitrate levels in groundwater to the discharge of wastewater from septic systems. More than 15 years of groundwater monitoring in the area has consistently found elevated nitrate levels in groundwater in portions of the District. Conventional septic systems like the majority of those in the town of Seeley Lake do not, as part of their normal function, remove nitrate from wastewater. The density of the existing septic systems in the core of the District has resulted in consistently elevated nitrate levels in groundwater.²

The Missoula City-County Board of Health established a Special Management Area³ in a portion of Seeley Lake in 2015 because of an upward trend in elevated nitrate levels. Property owners proposing projects with new or increased septic use must demonstrate they will not cause or contribute to a violation of the MT water quality laws before a septic permit can be issued. The Health Department is supportive of the proposed sewer system to address the high nitrates. If the bond election fails and a public wastewater treatment system is not constructed, the Health Department and DEQ will need to take steps to address the nitrate exceedances in groundwater.⁴

The cost of the sewer system designed to serve the Seeley Lake Sewer District is now estimated at \$11,927,750 for the sewage treatment plant that will serve all of the District and \$5,072,250 for the collection system that will serve properties in Phase 1 of the District.⁵ The board recognizes this is a considerable cost for property owners in the sewer district and has secured about \$10.5 million in grants and \$6.5 million in low interest loans to help reduce the debt for property owners.

The Solution- community wastewater treatment /grants and low interest loans to reduce costs

Presented with this information, the Board sought grant funding to hire engineers to do a Preliminary Engineering Report (PER) in 2012⁶ and an update in 2018.⁷ The Board reviewed the PER and chose a wastewater treatment system and established four subdistricts⁸. The treatment plant and the Phase 1 collection system are designed and approved. The Board is preparing to go to bid once a fully funded financing package is approved by USDA and other conditions are satisfied.

Over the last several years, the Sewer Board has managed to secure several large grants and the commitment of low interest loans to reduce the amount the members of the sewer district will have to pay. Property owners in the District will repay the loans covering approximately 40% of the estimated total cost of the sewage treatment plant. Property owners in Subdistrict #1 (Phase 1) of the District will repay the loans covering approximately 30% of the total estimated cost of the collection system that serves Phase 1.

The Gorilla- Operation and Maintenance of the System

We know there is a gorilla in the room- the annual cost for operations and maintenance (O&M). The Board adopted an estimated budget of \$227,508 for O&M for the proposed system.⁹ When all Phases are built the monthly costs for O&M will be shared by the entire district. Although some may feel the O&M is an unnecessary burden, all wastewater treatment systems require regular maintenance. Even septic systems need maintenance and eventually to be replaced. The grants

¹ Background/ history

² Map of groundwater flow paths, monitoring wells and septic locations

³ Map of Special Management Area

⁴ Letters from Board of Health and DEQ

⁵ Project budget

⁶ 2012 PER Executive Summary

⁷ 2018 PER Update Executive summary

⁸ Phased Collection System map

⁹ O&M projected budget

and loans cannot be applied to the O&M costs, but the Board continues to research programs that may help low-income families with these costs.

The Benefits to Public Health, the Environment and the Economy

According to the Missoula City-County Health Department, public and environmental health are not being adequately protected under current conditions. The density of septic systems coupled with the hydrogeologic conditions in the area is causing nitrate levels to elevate far beyond natural concentrations and has, at times, caused violations of State and Federal water quality standards. The approved wastewater treatment system will reduce the nitrates entering groundwater in the District's wastewater stream by at least 85%. The concentration of nitrates in typical, residential strength wastewater is about 50 mg/L. The discharge permit issued by DEQ for the treatment plant requires the treated wastewater to have maximum nitrate concentrations of 7.5 mg/L or less before being discharged into the ground. The plant is designed to meet 5 mg/L, under normal function, to ensure if an upset condition takes place, the maximum daily limit of 7.5 mg/L can still be met.

The clean water we enjoy for fishing and swimming is impacted by the elevated nitrates because of the shallow aquifer in the area. Most people who live in Seeley Lake either full-time or seasonally enjoy being in the great outdoors. Protecting clean water in Seeley Lake and the other lakes, rivers and streams in the watershed is important to all of us.

We also know that Seeley Lake businesses increasingly count on the growing recreation economy in the area, which also relies on clean water. Some businesses have already been forced to invest in expensive replacement septic systems. Without the ability to connect to a public wastewater treatment system, some property owners within the District cannot develop their lots or expand their existing use unless they invest in a Level Two treatment system.

The Vote

The Seeley Lake Missoula County Sewer District Board of Directors adopted Resolution #11192020¹⁰, calling for a bond election on February 23, 2021, by mail ballot, asking the qualified electors in the District¹¹ to approve a **General Obligation (GO) Bond** to finance a portion of the costs of the treatment plant and associated infrastructure and a **Revenue Bond** to finance a portion of the cost of the Phase 1 collection system.

These bonds, of necessity, will replace the Assessment Bond methodology authorized through the Notice and Protest process in 2017. USDA, the leading funding agency in connection with the grant and loan package, will not allow the project to go to bid without the District securing the additional \$1,185,000 needed to fully fund the project. Recognizing the Assessment Bonds were not sufficient to fully fund the project, based on estimated project costs, and wanting to find a more equitable funding method, the Board chose to call for the Bond Election.

Financing Option: General Obligation Bonds for Sewage Treatment Plant and associated infrastructure¹²

General Obligation Bond debt service for a portion of the costs of the Sewage Treatment Plant and associated infrastructure shared by all taxable properties in the District

- | | |
|--|---------------------|
| • Total estimated cost | \$11,927,750 |
| • Obligated grants and other funds* | -\$ 6,985,750 |
| • Portion Financed /General Obligation Bonds | \$ 4,942,000 |

Annual property tax per \$100,000 market value (on your tax bill)	\$139.05/year or \$11.59/month
(residential tax rate) \$200,000 market value (on your tax bill)	\$278.10/year or \$23.18/month

¹⁰ Seeley Lake Sewer District Resolution #11192020

¹¹ Who can vote in a Sewer District election

¹² Tax impact table

Financing Option: Revenue Bonds for Phase 1 Collection System

Portion of **Phase 1 Collection** costs to be paid by bonds is shared **equally** by property owners in **Phase 1 only** with **Revenue Bond**

• Total estimated cost	\$5,072,250
• Obligated grants and other funds*	<u>\$3,584,250</u>
• Portion financed /Revenue Bond	\$1,488,000

Each Phase 1 property will pay a charge of approximately \$25/ property/ month

***Most of the state and federal grants are only obligated until the spring of 2021. If those grant funds are de-obligated, there is no guarantee future grants will be available for the Seeley Lake Sewer Project. The amount each property in the District would have to pay will be substantially more if the system were to be built without the approximately \$10M in grants.**

Approval of the General Obligation **[Golden Opportunity]** Bond will authorize the Board to finance \$4,942,000 (41.4%) of the \$11,927,750 sewage treatment plant with low interest loans with the balance paid by grants and other funds. All qualified electors in the District get to vote on the General Obligation Bond.

Approval of the Revenue Bond will authorize the Board to finance \$1,488,000 (29.3%) of the \$5,072,250 Phase 1 Collection System with low interest loans with the balance paid by grants and other funds. All qualified electors in Phase 1 get to vote on the Revenue Bond.

Failure to approve either of the two bonds means the grants and low interest loans obligated to fund the sewer project may be in jeopardy or forfeited. If a sewer system is built in the future, property owners face the prospect of significantly increased out-of-pocket costs. While a community wastewater treatment system is not mandated at this time, if the nitrate levels continue to trend upward from septic effluent, the Health Department and DEQ will need to take steps to address the nitrate exceedances in groundwater.

We hope you will read through this letter and the supporting materials on the www.seeleysewer.org website. Please call or write us with questions or comments.

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Who can vote in the February 23, 2021 Seeley Lake Sewer District bond election?

M.C.A. 7-13-2201 & 2212 define qualified electors in a sewer district in Montana

1. All qualified electors of the sewer district shall be entitled to vote to elect board members and in bond elections.
2. A resident of the sewer district who is registered to vote in the district. The resident may own the property or rent or lease property in the sewer district.
 - a. Go to **My Voter Page Montana** to check your voter status.
 - b. Residents in the district will have until January 25, 2021 to register to vote or update their voter status and their ballot will be mailed to them.*
 - c. If your voter status is **inactive** or you have questions, contact the Missoula County Elections Office at **406-258-4751** or electioninfo@missoulacounty.us
3. An owner of taxable real property within the sewer district who does not reside in the district **must request a ballot** from the Missoula County Elections Administrator. If the property is owned by more than one person, an agent (to vote) must be designated by the owners.**
4. An individual representing a corporation or company that owns taxable real property within the sewer district must request a ballot from the Missoula County Elections Administrator.**
5. A designated agent for a property held in trust within the sewer district must request a ballot from the Missoula County Administrator.**

The following link will allow you to enter your property address to see which Phase of the Sewer Project the property is in: <https://gis.missoulacounty.us/elections/voter/>.

***Late registration** will be open January 26 until noon February 22, 2021, and will resume on Election Day, February 23, 2021, from 7 a.m. to 8 p.m. **only for qualified electors living in the district** who missed the registration deadline of January 25, 2021. **Those residents must register, in person, at the Missoula County Election Center located at 140 N. Russell in Missoula, MT. Phone- 406-258-4751**

****The owner or designated agent for the property must request a ballot** from the Missoula County Elections Administrator. The owner or designated agent must provide written proof of the individual's qualification to vote in the district by no later than January 29, 2021 for the Seeley Lake Sewer District bond election. The Missoula County Election Designation of Special District Agent Form is available on the Seeley Sewer website, www.seeleysewer.org for convenience. **An elector may have provided the same written proof for the May election of board members. State law requires this step for each election.**

Ballots will be mailed on February 3, 2020 to registered voters in the Seeley Lake Sewer District and those electors who have provided written proof of their qualification to vote in the Seeley Lake Sewer District by January 29, 2021.

Those who register late at the Missoula County Election Center will be given their ballot and *may* vote at that time. There will **only be a ballot collection site** at the Seeley Lake Elementary School on Election Day until 8 p.m. All ballots must be received by the Missoula County Election Office, either in Missoula or Seeley Lake, by 8 p.m. on February 23, 2021 to be counted.