

WASTEWATER UPDATE

Current Status

The District Board of Directors is currently planning and working on the transfer of the responsibility for operation of the system from Gallatin County. Key tasks include:

- Negotiating of new compliance order with DEQ
- Completing the agreement for transfer of lagoon site and water and wastewater infrastructure from HLE HOA to the District
- Negotiating an agreement with Gallatin County to transfer assets and operational responsibility
- Developing an operational budget for 2009 to 2010
- Developing rates and fees ordinance
- Procuring Certified Operator services

The District Board has also applied for a planning grant to fund engineering work on the Connection to West Yellowstone option and to revise and update the Preliminary Engineering Report (PER). The PER identifies and evaluates potential alternatives to address the wastewater issue. Based on the information and results in the PER, the District will select a preferred solution and reapply for grants to partially fund the cost of the upgraded system.

Budget

A copy of the proposed budget for fiscal year 2009/2010 is enclosed. The Board projects expenses of about \$130,000 for the upcoming year. Please note that this budget includes \$15,000 dollars to begin to build up reserves to fund emergency or unplanned costs in the future.

Rates and Fees

The District Board has scheduled a public hearing to receive public input on proposed rates and fees for Friday, June 12, 2009 at the Rendevous Trail Building 101 S. Geyser in West Yellowstone, Montana. The Proposed Rates and Fees Ordinance is enclosed with this newsletter.

Currently, the Gallatin County assesses the charge for operation of the water and sewer system as Rural Improvement District 322 (RID) at Hebgen Lake Estates. As of July 1, the RID will cease to exist. The RID assessment will no longer appear on your tax statement. Rather, the District will invoice and collect the fees for the water and sewer system on a quarterly basis.

Last year, the average RID fee for water and sewer at HLE was about \$516 per year (~\$43 per month) depending on the size of your property. The assessment was the same whether the lot

is vacant or contains a dwelling unit.

The District Board has developed a rate structure that includes two key charges:

- 1) Water and Sewer **Availability Charge**
- 2) Water and Sewer **Usage Charge**

The rates are based on existing or potential service demand on an Equivalent Dwelling Unit (EDU) basis. A lot with a single family residence has one EDU. A lot with a duplex or zoned for a duplex has two EDUs. A condominium complex with 12 units has 12 EDUs.

Every lot in the District will be invoiced for the availability charge. Lots with existing EDUs will also be invoiced for the usage charge.

To fund the operational expenses shown in the proposed budget, the Board has established the following monthly rates per EDU:

- Water Availability Charge \$10
- Water Usage Charge \$5
- Sewer Availability Charge \$40
- Sewer Usage Charge \$20

Therefore, the monthly charge for a vacant single family lot will be \$50, which is \$7 per month higher than the current average RID assessment. The monthly charge for a lot with a single family dwelling will be \$75. The total potential revenue from these rates will be about \$143,000. However, the District expects a nonpayment rate of 10% with resulting revenue that balances the budget at \$130,000.

The attached rates and fees ordinance provides for the assessment of a penalty of 1% per month for late payments in accordance with Montana statues. Additionally, Montana law allows the District to have delinquent charges assigned to the Gallatin County tax bill for a property.

Property Owner Comments

Property owners may comment at the public hearing scheduled for June 12, 2009. Written comments will be included in the record and may be submitted to:

Stan Cook, President, Board of Directors
Hebgen Lake Estates County Water & Sewer District
PO Box 225
West Yellowstone, MT 59758
406-646-9487

BUDGET 2009-2010
HEBGEN LAKE ESTATES COUNTY WATER & SEWER DISTRICT

	Total	Water 25%	Sewer 75%
Administrative			
Board Compensation	\$3,600	\$900	\$2,700
Administrative Staff	\$4,800	\$1,200	\$3,600
Supplies	\$1,800	\$450	\$1,350
Professional Services			
Legal	\$2,000	\$500	\$1,500
Accounting	\$6,000	\$1,500	\$4,500
Engineering	\$4,000	\$1,000	\$3,000
Insurance	\$2,500	\$625	\$1,875
Operation and Maintenance			
Operator	\$14,520	\$3,630	\$10,890
Sampling	\$5,500	\$1,375	\$4,125
Utilities	\$6,820	\$1,705	\$5,115
Maintenance	\$2,000	\$500	\$1,500
Repairs	\$10,000	\$2,500	\$7,500
Misc	\$1,100	\$275	\$825
Capital Improvements			
Water	\$5,000	\$5,000	
Wastewater	\$5,000		\$5,000
Reserve	\$10,000	\$2,500	\$7,500
Compliance Order			
TSEP Grant Match	\$15,000		\$15,000
Engineering	\$15,000		\$15,000
Legal	\$10,000		\$10,000
Reserve	\$5,000		\$5,000
SUBTOTAL	\$129,640	\$23,660	\$105,980
Nonpayment @ 10%	\$12,964	\$3,241	\$9,723
TOTAL	\$142,604	\$26,901	\$115,703

Rate Calculation

Total EDU 196
Occupied EDU 83

	Availability Rate	Useage Rate	Total Rate	Availability	Revenue Use	Total
Water	\$10	\$5	\$15	\$23,520	\$4,980	\$28,500
Sewer	\$40	\$20	\$60	\$94,080	\$19,920	\$114,000
Total	\$50	\$25	\$75	\$117,600	\$24,900	\$142,500

**AN ORDINANCE ESTABLISHING RATES, FEES AND CHARGES FOR THE PUBLIC
SEWER AND WATER SYSTEM OF THE HEBGEN LAKE ESTATES COUNTY
WATER AND SEWER DISTRICT**

WHEREAS, the Hebgen Lake Estates County Water and Sewer District ("District") was created to operate and maintain a public water and sewer system ("public system") for purposes beneficial to the District; and

WHEREAS, the District may establish, by ordinance, rules and regulations for the operation, maintenance, use, and availability of the public system; and

WHEREAS, the District sets rates, fees and charges to cover the operation, maintenance and replacement expenses of the public system including penalties and interest charges for delinquent accounts; and

WHEREAS, the District Board has the authority under Section 7-13-2218 and Section 7-13-2301, MCA to establish and collect rates, fees and charges for various services; and

NOW, THEREFORE, be it ordained and enacted by the Board of Directors of the Hebgen Lake Estates County Water and Sewer District, State of Montana, pursuant to the authority granted under Section 7-13-2218(9) and Section 7-13-2301, MCA, the following rates, fees and charges for the public sewer and water system:

ARTICLE I - WASTEWATER RATES

A. Monthly Wastewater Rate

- 1) Wastewater Availability Charge: The monthly sewer availability rate is \$40.00 per each potential or existing Dwelling Unit (DU) per month.

A Dwelling Unit includes a condominium, duplex unit, or single family residence.

- 2) Wastewater Usage Charge: The monthly wastewater usage charge is \$20.00 per Dwelling Unit per month.

B. Wastewater Connection Charge

A connection inspection charge for improvements shall be paid to the District before final approval and permit issuance. The connection inspection charge shall cover the cost of processing the application and providing sewer inspection services. The wastewater connection inspection charge shall be \$1,000.00.

ARTICLE II - WATER RATES

A. Monthly Water Rates

- 1) Water Availability Charge: The monthly water availability rate is \$10.00 per each potential or existing Dwelling Unit (DU) per month.

A Dwelling Unit includes a condominium, duplex unit, or single family residence.

- 2) Water Usage Charge: The monthly water usage charge is \$5.00 per Dwelling Unit per month.

B. Water Service Connection Charge

A water service connection inspection permit charge for new water service connections shall be paid to the District before final approval and permit issuance. The connection inspection charge shall cover the cost of processing the application, applicable water metering equipment, temporary water use during construction, and water service inspection services. Inspection Charge. The water connection inspection charge shall be \$1,000.00.

C. Water Service Reactivation Charge

Any owner violating the rules and regulations of the District which has resulted in the termination of water service shall be charged a water service reactivation fee in the amount of \$200.00. Upon payment, the District shall reinstate water service.

ARTICLE III - BILLING

A. Invoicing

The District will send invoices to property owners on a quarterly basis. Payment is due within 31 days of the invoice.

ARTICLE IV - PENALTIES

A. Penalty for Nonpayment of Charges

The District shall charge a one percent (1.00%) per month, or twelve percent (12%) per annum penalty for sewer and/or charges that are not paid within 31 days of the invoice.

B. Delinquent Accounts

If a customer user fee account balance is more than ninety (90) days past due as of June 30th each year, then the entire balance on the account is due and payable immediately. The District shall notify the Gallatin County Assessor's office of all delinquent accounts of record for collection as an assessment on property tax bills in accordance with Section 7-13-2301(4), MCA.

ARTICLE VI - VALIDITY

A. Superseding Previous Ordinances

This Ordinance governing rates, fees and charges for the public system shall supersede all previous ordinances of the District pertaining to rates, fees and charges.

B. Invalidation Clause

Invalidity of any section, clause, sentence or provision in the Ordinance shall not affect the validity of any other section, clause, sentence or provision of this Ordinance which can be given effect without such invalid part or parts.

C. Amendment

Pursuant to Section 7-13-2275, MCA, the District, through its duly authorized officers, reserves the right to amend this Ordinance in part or in whole whenever it deems necessary.

Passed and adopted by the Board of Directors of the Hebgen Lake Estates County Water and Sewer District , State of Montana, on this 12th day of June, 2009 by the following vote: __ Ayes __ Nays __ Abstains.

Yes No _____
Stanley L. Cook, President

Yes No _____
Myron Moore, Vice-President

Yes No _____
John Carstensen, Secretary

Yes No _____
Gene Cook, Director

Yes No _____
Charles Fleming, Director

The undersigned, John Carstensen, hereby certify that I am the Secretary of the Hebgen Lake Estates County Water and Sewer District, and that the foregoing Ordinance was duly adopted by the Board of Directors of the District at a regular meeting on June 12, 2009, 2009

John Carstensen, Secretary