AMSTERDAM CHURCHILL SEWER DISTRICT
WASTEWATER SYSTEM PROPOSED IMPROVEMENTS

History of our Wastewater System
The Amsterdam Churchill Sewer District’s sewer system was installed in 1977. The system consists of: collection, storage lagoons and disposal. The collection system is a series of 8-inch diameter PVC pipes and concrete manholes that collect and transport wastewater throughout Churchill and Amsterdam. Two lift stations pump wastewater uphill, one for the south-east portion of Churchill and one at the lagoons that pumps all the collected wastewater into Lagoon #1. The existing lagoons were designed for 78,000 gallons per day (gpd). Currently the flow rate is 85,000 gpd from 333 connections. The disposal method for the wastewater was intended to be a land application system. To date, due to leaking lagoons, the third lagoon has never filled up and the land application system has never been used.

Wastewater System Problems
The existing lagoons are leaking into the groundwater at a rate of approximately 85,000 gpd and the treatment system is beyond its designed treatment capacity. The District does not have a permit to discharge to groundwater as is currently occurring with the leaking lagoons, and such a permit would be difficult to obtain. Consequently, the State Department of Environmental Quality (DEQ) has put the District on Administrative Order to correct the leaking lagoons and provide for adequate treatment capacity. The District is required to come into compliance with the order by 12/30/2012.

Proposed Improvement
One of the two apparent best improvement alternatives would include replacing the lagoons with a new aerated lagoon system and a land application system for effluent disposal. The second alternative would include pumping the raw wastewater to the Town of Manhattan for subsequent treatment and disposal. The cost of the new aerated lagoon option is estimated at approximately $4.5 million. The cost of connecting to the Town of Manhattan is estimated at approximately $4.7 million, if the Town of Manhattan were to assess impact fees against the additional 333 connections from Amsterdam-Churchill. Without the impact fees the estimated costs to connect to Manhattan would be approximately $3.1 million.

Proposed Funding Options
The District will apply for a $100,000 Renewable Resource Grant, approximately $750,000 from the Treasure State Endowment Program, and additional funds from Federal grant programs. The remaining funds will be acquired through a loan from the State Revolving Loan Fund Program or the US Dept. of Agriculture – Rural Development Program.

Will My Sewer Rates Increase
Unfortunately with a project of this size, even with the proposed funding, sewer rates will increase. Based upon the possible funding scenario described above, the respective alternatives could increase rates as shown in the following table.

<table>
<thead>
<tr>
<th>Description</th>
<th>Aerated Lagoon</th>
<th>Manhattan Connection</th>
<th>Manhattan Conn. (no impact fees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Costs (Constr., Design, Admin.)</td>
<td>$4,543,000</td>
<td>$3,116,000</td>
<td>$3,116,000</td>
</tr>
<tr>
<td>Manhattan Impact Fees (344 Conn.)</td>
<td>$0</td>
<td>$1,599,290</td>
<td>$0</td>
</tr>
<tr>
<td>Total Capital/Construction Cost</td>
<td>$4,543,000</td>
<td>$4,715,290</td>
<td>$3,116,000</td>
</tr>
<tr>
<td>Resultant Addtn’l User Fees (Per Month)</td>
<td>$79.63</td>
<td>$71.79</td>
<td>$44.76</td>
</tr>
<tr>
<td>Additional Town of Manhattan User Fees (Per Month)</td>
<td>$0.00</td>
<td>$39.87</td>
<td>$39.87</td>
</tr>
<tr>
<td>Total Increase In Sewer User Fees</td>
<td>$79.63</td>
<td>$111.66</td>
<td>$84.63</td>
</tr>
<tr>
<td>Current User Sewer User Fees</td>
<td>$20.00</td>
<td>$20.00</td>
<td>$20.00</td>
</tr>
<tr>
<td>Total Resulting Sewer User Fees</td>
<td>$99.63</td>
<td>$131.66</td>
<td>$104.63</td>
</tr>
</tbody>
</table>

1. Manhattan user fee reduced from $61.20 to account for an additional 344 users for a total of 987 users. (Note: These numbers are preliminary and subject to some adjustment.)

What Can I Do To Help
The grant funding required to complete this project is very much needed. However, the funding agencies have a limited amount of funding available and the process is very competitive due to the number of communities that apply. Applicants are ranked according to seven statutory priorities. One of the seven priorities is community support for the proposed improvements. The more community support, the greater the chance of procuring grant funds to offset the total cost to the sewer system users. The District must complete this project and DEQ will proceed with enforcement action (i.e. fines) whether or not grant funds are procured. Therefore, your letters of support will improve the chances of procuring grants to offset as much of the cost as possible. This is where you can help. Write a letter to the District to show your support of the proposed improvements. If in support, please sign and return the letter located on the back side of this Newsletter or write your own letter to the District.

A public meeting will be held at 7:00 PM on March 10, 2010 at the Manhattan Christian School Library to further discuss the information in this newsletter.

For further information, please contact Jeff Dyksterhouse at 282-7234 or DOWL HKM (Jim Potts or Kevin Johnson) at 586-8834.
Mr. Dyksterhouse and Sewer Board::

This letter is about Amsterdam and Churchill citizens and their need for affordable wastewater services. The Amsterdam Churchill Sewer District has spent a considerable amount of time, effort and money to keep our wastewater service rates reasonable. But, for the District to stay in compliance with Montana’s Department of Environmental Quality regulatory requirements the sewer system needs significant upgrades. To assist in covering costs to complete these upgrades the sewer rates will increase. The increased rates for our community are just not affordable. Therefore, grant funding is needed to ensure that wastewater rates will remain affordable. This may not be possible if the community has to finance the entire project cost on their own.

I would like to provide my support for the District’s effort to seek grant assistance for the proposed wastewater system improvements. I understand that the grant funding being sought is the best alternative to maintaining affordable wastewater services.

Sincerely,

_________________________________

Resident Name/(Business if applicable.)

_________________________________

Resident Address