



Johnson Lake, Nebraska

Public Meeting
August 5, 2006



Our Shared Stewardship

- Lake belongs to all of us
- Equally committed to its well-being
- Nebraskans' history of caring for our land and natural resources




Why This Project?

- Improves water quality
- Follows regulatory guidelines
- Preserves property and business values
- Prepares for the future




Today's Agenda

- Review of past year
- Our project today
 - Technical
 - Financial
- Your questions and comments




Accomplishments (since 9/2005)

- All engineering design work completed
 - Lagoon treatment system
 - Maintenance and operations building
 - Sewer collection system
- JLET office established



Accomplishments, continued

- Property purchased for lagoon treatment system and maintenance building; construction begun on both
- Mailed GIS maps to property owners
- Let contract for sewer construction



Quick Review of Project's Phase I

- Feasibility analysis by JLET consultants
- Public meeting
- Decision to move ahead by SID Board



The Feasibility Analysis



RECOMMENDATIONS:

1. Gravity sewer collection system
2. Complete retention lagoon



The Sept. 2005 Public Meeting



The Decision to Move Ahead

- Broad support from lake residents
- SID Board formal approval

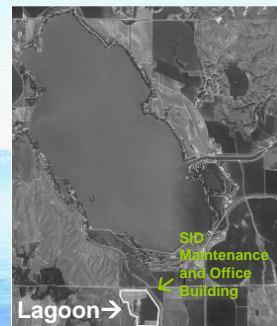


Our Project Today: Technical

- Lagoon construction
- Maintenance building construction
- Sewer collection system construction
- Construction easements



Lagoon Location



Located ¼ mile south of Johnson Lake, south of County Road 748, and just west of the E-65 irrigation canal



Lagoon

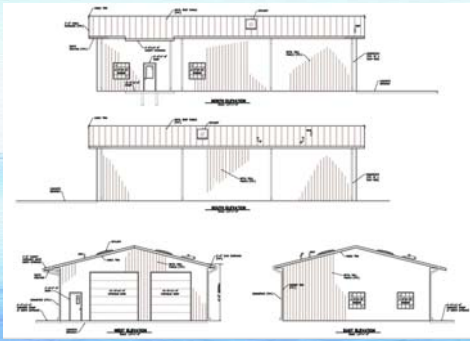


Lagoon – Project Contract #1

- Van Kirk Brothers Contracting
Sutton, Nebraska
- Estimated completion: November 2006



SID Maintenance Building



SID Maintenance Building – Project Contract #2

- T.L. Sund Constructors
Lexington, Nebraska
- Estimated Completion: November 2006



Sewer System Construction



- JLET Headquarters at the Lake:
75102 Johnson Lake Drive (the old Stewart photography building)



FERC Temporary Waiver

- FERC has granted a [temporary](#) waiver for continued use of open spaces.
- Temporary waiver will terminate upon commission action at the end of the land and shoreline management plan (LSMP) 5-year review.



FERC Temporary Waiver

- “Specific uses that will be allowed after September 30, 2006, under the waiver include: (1) established gardens and landscaping, (2) lawn maintenance, (3) existing dog kennels, (4) existing playground equipment, (5) seasonal storage of docks and shore stations, (6) existing storage sheds, (7) licensed and operating vehicles and trailers, and (8) cut and stacked firewood.”



FERC Temporary Waiver

- “The September 30, 2006, deadline will still apply to: (1) junk and debris, (2) unused or dilapidated docks, shore stations, and sheds, (3) wood, metal, stone and soil piles, (4) unlicensed, inoperable or abandoned vehicles, boats, and trailers, and (5) any other item you determine should be removed.”



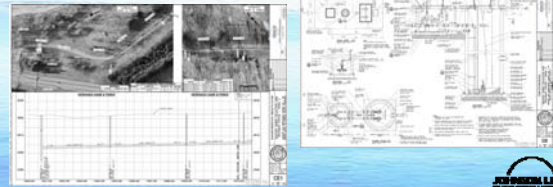
Construction Route

- We still need the area along the proposed construction route to be free of obstructions.
- Any cost associated with moving items in the commons area or along the route will be charged back to the owner.



Sewer System – Project Contract #3

- Van Kirk Brothers Contracting
Sutton, Nebraska
- Estimated Completion: December 2007



We have been in contact

- Distributed and mailed flyers
- Have met with many homeowners

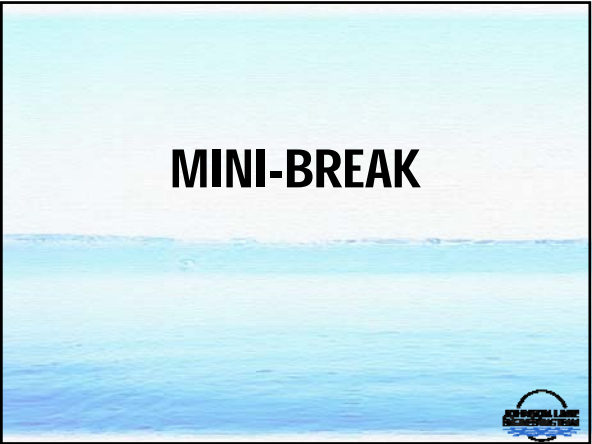
If you haven't met with us yet, please stop by the back of the room at the end of this meeting.



Construction Process

- Postcard mailings
 - Start of construction
 - Hook-up of system
 - When on the new system





Our Project Today: Financials

- Evolution of Estimates
- Collection and Treatment Costs
- Financial Projections
- SID Financial Responsibilities and Plans
- Assessments

Evolution of Estimates

Feb. 2002

Sept. 2005

Aug. 2006

Date: ?

Cost Comparisons

- **Treatment:**
complete retention lagoon system
- **Collection:**
gravity sewer system

Treatment: Cost Comparisons

ALTERNATIVE No. 1 – Complete Retention Lagoon System		
	September 2005	August 2006
Lagoon Construction Cost	\$1,842,000	\$1,713,000
Building Construction Cost	----	\$238,300
TOTAL	\$1,842,000	\$1,951,300
Variance		+5.9%

Collection: Cost Comparisons

ALTERNATIVE No. 1 – Gravity Sewer System		
	September 2005	August 2006
Collection System Construction Cost	\$10,573,000	\$10,288,800
Variance		(2.7%)



Treatment & Collection

TOTAL SYSTEM		
	September 2005	August 2006
Construction Cost	\$12,415,000	\$12,240,100
Variance		(\$174,900) or (1.4%)



FINANCIALS



Updated Financial Projections

CONSTRUCTION COSTS	
P.C. #1 – Lagoon Treatment	\$1,713,000
P.C. #2 – Maintenance Building	\$238,300
P.C. #3 – Sewer Collection	\$10,288,800
OTHER COSTS Engineering, legal, fiscal, interest, land purchase, reserve	\$3,883,500
TOTAL PROJECT COSTS: CURRENT PROJECTED AMOUNT	\$16,123,600



Comparison of Cost Estimates

CATEGORY	ESTIMATED COSTS	
	SEPT. 2005	AUGUST 2006
Total Project Costs	\$15.7 million	\$16.123 million
General Obligation Part	\$5.6 million	\$5.763 million
Special Assessment Part	\$10.1 million	\$10.36 million
Estimated O&M Costs	\$136,000/year	\$136,000/year



SID Financial Plan

- Borrow money from lenders to build the sewer system

State Revolving Loan Fund \$14,750,000
(20-year loan @ 2.75% + 1.0%)

Traditional SID Financing \$ 1,373,600
(20-year bond issue @ 5%)

TOTAL AMT. TO BE FINANCED \$16,123,600



SID Fiscal Responsibilities

- Repay the loans
(i.e., \$16,123,600)
- Operate and maintain the system
(i.e., \$136,000 per year)

Where will the money come from to meet SID fiscal responsibilities?

- Special assessments
- General obligation taxes
- User fees

Definitions

- Special Assessment Costs: Costs that convey specific value and benefit to individual properties

Examples: collection sewers, individual service lines and hookups, abandonment of septic tanks, etc.

These costs are typically paid for through special assessments.

Definitions

- General Obligation Costs: Costs that have a general value to all SID residents.

Examples: treatment facilities, pumping stations, force mains, land purchase, etc.

These costs are typically paid for through SID taxes.

Definitions

- User Fees: Fees collected to pay for annual operating and maintenance costs.

Examples: power, labor, maintenance and repairs to system.

Fees can be collected through either monthly sewer bills or annual general fund taxes.

Estimated Special Assessments

Est. amount to be specially assessed: \$10.36 million

Est. number of assessable properties: 950

Est. average assessment: \$10,905*

*mathematical average for illustration purposes only

NOTE: Individual special assessments will vary from property to property depending on benefits that sewer system conveys to each property.

Assessments will include a portion of the cost of the collection sewers and all costs of constructing the sewer hook-ups on individual property.



Payment of Special Assessments

Payment Options:

- OPTION 1: Can pay 100% upon levy, without interest
- OPTION 2: Can finance over 15 years
(i.e., 1/15 per year, plus interest on unpaid balance)

Example first year assessment under Option 2:

\$727 (P) + \$872 (I) = \$1,599
Based on average example



Payment of General Obligation Taxes

SID to set tax levy	
Estimated G.O. portion of project to be financed	\$5.763 million
Average principal and interest payment (20 years at 5%)	\$462,500/year
Approximate valuation of SID	\$88 million
Estimated tax levy	\$0.526 per \$100 of valuation
Example tax on \$100,000 property	\$526/year



User Fees

- Estimated annual O&M* costs \$136,000
- Estimated user fee \$155/year**
(0.155 mil levy)

* Operation and Maintenance
** Example based on a \$100,000 home



Annual Payments

- A hypothetical example for an average homeowner choosing to finance over 15 years (based on a \$100,000 home)

Special assessment	\$1,599
GO taxes	\$ 526
O & M costs	\$ 155
	<u>\$2,280</u>

UPDATE: This is first payment and future payments will decrease.



Bottom Line

"This project has great value."

- Solves sewer disposal problems at Johnson Lake
- Improves lake environment
- Creates safe and healthy recreation
- Preserves and enhances property values and uses
- Promotes stewardship of valuable resources
- Accomplishment of something good – model to others in the state



Our Commitment To You

- JLET Closing Comments





Thank you!

We welcome your questions.

After the question/answer portion,
the JLET team is available in the
back of the room to answer specific
property questions.