

MINUTES  
Drinking Water State Revolving Fund Advisory Committee  
Tuesday May 24, 2005  
DEQ Director's Conference Room 111, Metcalf Building  
1520 East Sixth Ave. Helena, Montana

**ATTENDEES:**

Committee Members:

Mike Hutchin, Polson  
Joe Menucucci, Belgrade  
Representative Theresa Henry  
Senator Aubyn Curtis  
Todd Teegarden, DEQ

DNRC/DEQ Staff

Anna Miller, DNRC  
Mark Smith, DEQ  
John Camden, Public Water Supply  
Jenny Chamber, Operator Certification  
Jim Stimson, Source Water Protection  
Gary Weins  
Marc Golz

Mark Smith opened the meeting with a welcome to new members. Lunch menus and travel expense vouchers were distributed to Committee Members that traveled to this meeting.

Mark Smith gave a program overview and discussed the content of the handouts that were distributed. He explained that we would be discussing in more detail our program overview, our funding and cap grant applications, the Intended Use Plan (IUP) and Project Priority List (PPL). Mark explained that program staff will come in and discuss the set-asides of which are the non-project activities funded by the Drinking Water State Revolving Fund (DWSRF) program.

Mark started with the explanation that most of what is discussed here is stated in the Intended Use Plan. The DWSRF was created when they reauthorized the Federal Act in 1996 and is a mirror image of the Clean Water Fund that has been around since about 1990. The program gets capitalization grants from Congress and Environmental Protection Agency (EPA) administers those, and we provide a 20% match. The State Revolving Fund (SRF) program does this by way of issuing the General Obligation (GO) bonds. Mark said that the Department of Environmental Quality (DEQ) is the one agency that oversees the whole SRF program, although we contract with the Department of Natural Resources and Conservation (DNRC) and Anna Miller's program. They have the financial experience through their pre-existing loan and grant programs and experience with the Waste Water State Revolving Fund program. The system worked so well with the Waste Water Program that we duplicated it for the DWSRF program. We issue the GO bonds for our match and DNRC takes care of that. They also do the administering of the project loan dollars when they are out under construction. With those two sources of funds we will make loans to communities for projects and as they pay those loans back, the interest portion of that pays off the bonds that we issue, and then the principal portion is used to make new loans. The concept is that the loan fund will be able to run in

perpetuity, will be self sufficient at the point when the federal capitalization grants stop. Mark recapped this by stating that the DEQ monitors the technical part of the engineering and project construction management aspects of the loans and DNRC runs the financial portion.

Mark then talked about the set-asides or non-project activities. Through this we provide funding to other programs within the DEQ such as the Water and Waste Water Operator Certification Program, Public Water Supply Program, contracts for technical assistance and out reach efforts, and the Source Water Protection Program. We will talk more about these issues this afternoon.

Aubyn asked if the funding comes into the DNRC or the DEQ. Mark responded that the money actually comes to the DEQ. DEQ is the recipient of the federal grant.

Mark then introduced Anna Miller and asked that she give a report on the financial status of the loan program.

Anna started with explaining that this is a partnership that we work on together and we are doing a good job of taking care of community's needs. The idea behind the Sewer Revolving Fund (SRF) and Water Revolving Fund (WRF) is that federal government devised this financial program to have the states participate in matching this money any way they want to do it. The legislature for the State of Montana decided we would issue General Obligation Bonds to match the federal money and this match has to be paid back. The borrowers have to pay this back and it's a low cost financing system for them. Anna distributed some handouts and she discussed the red map which showed the Waste Water Program project loans around the state. Anna noted that Missoula has had a lot of projects and this shows that they have used this program for a lot of there funding. When this program started the interest rate was 4% but if a hardship could be demonstrated then that was lowered to a 3% loan. Since the early 2000's interest rates have been in decline. Lately the rates have been at 3.75% and some at 2.75% and this is the current rate of interest. This program has grown from the first loan of about 1.5 million match to having a portfolio of 186 million dollars in 2005. Anna then asked that we look at the green map that she distributed. This map shows the loans that we have made through the DNRC to private farmers and ranchers. If the farmer or rancher has a flood irrigation system or have a best management practices that comes under demonstrating that they are preventing pollution to there water resource, they can qualify for this loan program. They can install a center pivot system or replace flood irrigation with a sprinkler system. The map represents farmers and ranchers that have put in more efficient pumps or piping for water systems that put less sediment and chemicals into our streams. The crop production should increase helping the agricultural community also. We have made approximately 12 million dollars in loans of this type. Anna summarized that SRFs are a real good situation because not only does it help the communities, but the farmers and ranchers can take advantage of the low cost financing as well. Anna then directed everyone to the blue map, which shows the projects from the DWSRF program. It did not start until 1997. This program started with about 10 million dollars and through match we now have a loan portfolio of about 63 million dollars. The drinking water projects are smaller

systems but tend to need more attention because they are smaller cities that don't have the staff a larger community would have, and don't have the resources.

Anna then talked about regional water systems like the Dry Prairie System, that has the first leg done and will be a 200 million dollar project when entirely done. This involves working with the Fort Peck Tribe to build a water plant and once that is done it will provide water to the extensive group of people.

These types of projects bring a lot of people together to partner up that wouldn't other wise. Example of those that have to come together are DNRC, State Lands, the Forest Service, Federal Highways, State Highways, Tribal Land under EPA, and DEQ.

Joe asked who would control the point of the source of the water on a regional system?

Answer: On the dry prairie it would be the tribe because the water plant will be on tribal land. They will have a contract with the Dry Prairie for so much money per gallon. There is a board that will make decisions together.

Aubyn asked if once a grant is approved do they have reasonable expectation of having the complete funding provided, as 200 million is a lot of money and can not be funded all at once obviously.

Answer: Anna replied that they have been approved for appropriation by congress.

Aubyn asked if the feds do pull money out of the program, what is Montana's liability for some of these on going projects?

Answer: Some of it is designed into the system. We have tried to think through this, and the project is done in phases, and it would cost the state nothing. We do not want to put the state in a position where it has a liability for this stuff. We want these things to succeed.

Aubyn asked if there was a provision in the contracts with the different entities that would protect the state in that way?

Answer: Yes the state is held harmless, although they do have to be in compliance with water regulations from DEQ, they have to monitor themselves and have trained operators and provide the same things that other cities have to do.

Aubyn said "It's a wonderful opportunity but we have seen in the past that some of the problems that federal government initiates programs, and then they just keep cutting and cutting until finally they pull the rug out from under you and you are left holding the bag.

Anna responded that this possibility is given strong consideration.

Todd added that this is why it's phased in the way it is so that you become more self supporting as you go along.

There was a big discussion in the appropriations committee about general obligation bonds. When a community borrows money the principal amount that they get is what we

received as the grant from EPA. The interest that they pay is used to pay off the general obligation bond. So its like we used the state to sign on our loan. We make sure that we collect enough money from our borrowers that we pay back these general obligation bonds. So on the state credit report the borrowers pay that money back on behalf of the state. It's nice that we can use the states credit because that's one of the reasons why the state gets a low interest rate. And then we can make sure that the finances stay as low cost as they can

Anna said we are going to have an extremely busy construction season. In drinking water the city of Billings is undertaking fixing up a huge plant (rehabilitation project) for the amount of around 12 million dollars. We have smaller projects in the City of Livingston, the Town of Charlo, Miles City, Shelby, Upper and Lower River Road by Great Falls, and Warden-Ballantine.

Mark said that in terms of total loan amount for this year we are expecting to loan 22 to 23 million dollars. So we are expecting a lot of work. Mark directed everyone to turn to page 4 of the Intended Use Plan. It shows the anticipated funding project list for 2006. Mark said that sometime during the course of the year things do change. We only fund about half of the projects that we think we will fund in a year. The others are delayed, but that means more new ones come on board that we were not anticipating for awhile. This year how ever, Mark thinks that this is more accurate. We have close dialog with these folks, we have binding commitments and we know schedules so this should be pretty accurate. But there will be other projects, some one will call up and ask if they can get a loan at the 11 hour. We will work with them. Mark reviewed the list, went over some of the projects that we expect to fund this year. These are listed in order on the priority list. Mark noted that this list is still under revision.

Anna then passed around a copy of the most recent legislative audit for the Waste Water and Drinking Water Programs. She said that the programs have been audited for the past 10 years or so and they have always passed the audits without anything being questioned. We also have a review every year by the EPA that has always been very positive and complementary of the system. Anna wanted members to know that the program is being checked up on and things are going real well.

Joe asked if we have considered the cost per capita of some of these projects?  
Answer: Anna said that she thinks we do look at this.

Joe said that he thinks it's great that the loan program is there but he just wanted to point out that the smaller communities do and have to take advantage of all these programs in order to survive.

Todd noted that the SRF programs have not turned anyone away to date. So if you are eligible and you need money and you get your rates and charges in place, you get the funding. So our demand has never exceeded our available funding but it is getting real close on the Waste Water side. But we will to try to find ways again to fund everybody that wants one because we are a loan program.

Aubyn asked how are these people made aware of the programs that are available?

Todd said that we have infrastructure workshops every year and the state and federal funding programs all work together. We have a group called the Water and Waste Water and Solid Waste Action Coordinating Team (WASACT) program that gets together every two months plus we send out mailings and have infrastructure workshops around the state and so the solicitations go to every public entity such as cities, towns, and districts so most people do know what is out there and they need to come to the workshops or call to get us involved in figuring out the best package for them. We all work together to figure out the best way to bring the grant dollars and loan dollars in to make it the best deal for the user.

Mike added that he thinks the METC, Montana Rural Water and Midwest Assistance Program (MAP) all do a good job of getting the word out also. They are out doing training sessions and they tell people about options regarding availability of dollars. So a lot of people are out there trying to get the program sold.

Mark said it's a good network and in addition to the workshops that Todd mentioned we go to the Rural Water Conference and engineering conferences and any other opportunity that we have to try to advertise. We have gone to public community meetings, and council meetings and work further with them if they want. We get the word out in any way we can.

Theresa asked if one of members from this committee was to be from MACO and someone from League of Cities and Towns?

Mike answered that he is from MACO and Joe is from League of Cities and Towns.

Mark said that one more thing he wanted to add in regards to small systems, in Drinking Waters federal statute it is mandated that a certain percentage go to small systems. But EPA's definition of a small system is anything under 3300. Most of our loans still go to what we would consider the smaller communities in the state.

Joe mentioned having rates in place that are at least 125 % of the amount that will be due on annual payment. With this requirement the state takes care of itself.

Anna commented that we want everyone to have a good business.

Mark asked everyone to look at page 7 of the Intended Use Plan, showing the list of the federal grants that we have received through 2005 along with corresponding state match. Total through 05 is 77 plus million and 20 % match would be 15.5 million. Mark also pointed out that on page 10 is our draft of our program funding status. This is a budget and our total source of funds is over 112 million and the lower part of the page defines the loans we have made to date and the transfers to the other program. How we spent the

funds and what we are expecting to spend this year, the 22.5 million and the estimated fund balance.

Mike said, "If the program were to shut down and not loan any more and everybody paid everything back there would be a pool of funds well over 100 million.

Todd mentioned that waste water is now about 250 million.

Mike noted that this is creating a lot of jobs as well and does lot of good.

Mark said that in reference to transferring of funds between DWSRF and WWSRF, this gives the programs a lot of flexibility. We can and have transferred funds from drinking water to waste water and back the other way so that demands can be met for each program.

Mike talked about the water systems that were installed during the major developments of the 70's that are now going to need some upgrading so he sees an increase in demand for drinking water loans in the future.

Todd said the design life of 20 years from the 70's and early 80's are really hitting us now and the demand is big on both sides. Todd also wanted to note that when we are sending out the second round of loans, this is state money. The state money has less strings attached, so another thing that the transferring of funds between programs allows us to do is that if someone hasn't done some of the federal requirements we can use the repayment stream to switch amongst programs to get that money out.

Joe asked what kind of requirement wouldn't they do?

Answer: There some cost cutting requirements as well as minority hiring.

Mark said that for the most part there are a lot of state equivalents or counter parts to the federal government requirements. One exception that comes to mind is the Minority and Woman's Business Enterprise.

Todd said that everyone likes working with the state requirements better then the federal because they are accepted easier, not as cumbersome to deal with.

Joe said that the nice thing about the recaptured fund is that it can be used as a matching for the federal fund. Joe said this really helped them out in Belgrade.

Aubyn asked, "Can other program money be infused into these programs or is it just limited to the drinking water and waste water funding?"

Answer:Anna felt that this could be done given certain situations.

Aubyn asked about the technical assistance provided and how is it decided who provides the assistance?

Answer: Mark said that the projects that are under construction are inspected by SRF Program Engineers.

Mark noted that the technical assistance contracts we administer provide help to existing systems. Mark gave examples of the type of situations where they would give assistance such as fixing a chlorinator and pulling a pump. The other contract for assistance that they have is for financial and managerial issues. With those we do the same thing, we go out with a request for proposal and it usually comes down to Rural Water and Midwest Assistance as the only respondents. In the past we have had one or two consulting firms propose on this work as well.

Aubyn said that there was someone during legislation that wanted to be a provider and they were excluded so she was wondering what criteria was required.

Todd said that they have criteria that follow state law in procuring any services of this type. We work with the Department of Administration to make sure it is an open solicitation.

Anna talked about the priority list on the back of the IUP. She noted there will still be some corrections to the list. This list is to identify the project needs that are out there and rank them according to the criteria that we developed when the program was first started. From the drinking water program the criteria is pretty much health based. The waste water side of things it more environmental based. So the communities will send us a description of a project and then we will rank these projects to put on the list. The way this list works it that you would fund the highest ranked projects first but this is not always the case. A high ranked project may not be ready to go, so we would then skip that project and go to the next project that is ready, so long as it doesn't jeopardize the funding for the higher ranked project. Through Anna's work and cash flow we have never had to turn anyone away, so to date, this has not been a concern. If dollars start getting tight we will fund from the top rank down.

Mark noted that the dollar amount and population served are not really ranking criteria. The ranking criteria are mainly health based such as water contamination based. Mark also noted that we have to rank these on the information that is given to us. This information may not be complete but we have to work with what we have.

Mark said every four years each state does a more extensive needs survey. We complete the data gathering and EPA does the number crunching.

Aubyn asked what the difference was between stage one and stage two on the project priority list?

Todd answered that they are phasing the project into two pieces.

Todd said the list is the projects that have a need in the foreseeable future. Some of these will not be funded this year but are in the works for next year. Noting that they need to be on the list now to get the funding next year.

Aubyn asked for more detail about WASACT.

Anna said the WASACT consists of a representative from the Community Development Block Grant Program, the Treasure State Endowment Program, Rural Development, EPA, and Anna and Mark are on it representing these programs.

Todd said that they worked together to produce a single application form for the communities to fill out that will allow them to apply for all of these funding sources with the one application.

Mark noted that the purpose of this IUP is that it is one of the tools that the EPA uses in approving our grants, they have to approve our IUP. So the role of this committee is to provide input to our IUP for the upcoming year, involving everything from the project loans, contracts, technical assistance and set-asides. We will go through a public comment period with this draft plan. We just advertised that in major papers last Sunday and also posted it on our webpage. We are also sending mailings out to everyone from communities, water and sewer districts, consultants, the systems on the list, and anyone that is eligible or would have an interest in this list. Mark said the public hearing on this plan will be here in the Metcalf Building on June 15<sup>th</sup>.

Theresa asked if it would be interactive and open to the public?

Mark said yes it is interactive and open to the public but that they will usually only get a couple of people, and they usually attend just to get there project on the list.

Todd said typically we have little or no comment. At the present we are able to fund everyone, but if the time ever comes where there is competition for funds, then there would be more interest in this hearing.

Aubyn asked if our web link was in the IUP. Mark and Todd commented that they will add this to the cover page of the IUP for both programs.

Mark added that after the 30 days are up and we have received all comments, we will send out those comments along with the final draft of the IUP. We will also incorporate any ideas that this committee has and have a final IUP prepared by July 1<sup>st</sup>.

Theresa asked if we would be doing this again next spring?

Todd said yes that we do this every year and we submit it to EPA about July 1<sup>st</sup> so that they know our intended use of the funds when we apply for the grants.

Theresa asked what bill came before the local government committee?

Anna answered HB142 and HB666. HB142 specifically dealt with DWSRF and WRPSRF where the federal program provides options. One of the things the state law did not have was the ability to do some loan forgiveness for hardship communities. This bill put that option in place. HB142 was with representative Rick Ripley and HB666 was

representative Bob Burgan. HB666 dealt with water and sewer district and allowed the boards of these districts to take action and indebt themselves much like the cities and towns. It also had to do with debt elections and changed to requiring a majority vote instead of a super majority vote.

Mark introduced Jenny Chambers and John Camden.

John Camden is the supervisor of the Public Water Supply program. John said that they use their portion of the set-aside money for three functions. One is to pay the four water quality specialists that they have in the program currently, two in Billings and two in Kalispell. The primary function of these staff is to provide technical assistance and training to public water supply systems that are having problems, such as a health advisory, boil order, pump problems, or monitoring problems. They will go out to the field and provide assistance directly or they can provide assistance over the phone.

Theresa asked if these four people split up the state?

The Kalispell office takes care of five counties in the northwest and the Billings office take care of Eastern Montana.

Mark asked John how many people were in entire program?

John said 31 and they have two vacant positions. John said that besides the operator certification program they have field services. They do plan reviews, compliance monitoring, and technical service, such as sanitary surveys. They implement the safe drinking water act for EPA. The funding for this program comes from a combination of the EPA grant money of about 1.2 million dollars, the public water supply service connection fee program provides about 600,000 dollars, and they have the RIT, which is a match. The other portion of the set aside money they use is for a database called SIDWIS that was implemented in 1999. They use part of the money to fund Electronic Data Interface (EDI), so the data will automatically transfer to our database and saves a lot of time. The other portion is to do Sanitary Surveys. We have a private contractor call the CADMAS Group. It's a seven year contract and it's on year five now. The CADMAS group has done about 125 Sanitary Surveys that the program couldn't get to. They also received approval for 2.5 more positions through the legislature and will be advertising for those positions in July.

Mike said that in regards to the sanitary surveys they should be just that, and they should not go out and write down things like the light bulb's out, or safety issues or wiring. Mike said that he gets calls from operators as a commissioner, wanting to know why they have to write down things like safety issues. If it's obvious like a bare wire that the operator was not aware of that's fine, but other than that, so many systems have been there for 30 years and the sanitary survey is saying they should be updated to electrical code. The systems barely get by as it is without some person who has no electrical experience saying we should be up to code.

Jenny said that if this is on the sanitary survey report, they could take this to the owners or board members to get the money to upgrade the system and use this as leverage.

Mike agreed that this might be appropriate in some cases.

John said that the primary function of the sanitary survey should be to note inefficiencies that could cause a public health threat.

Theresa asked why they are writing all of this stuff down, do they not have enough to do or what? John responded that one problem they have with the counties is that staff is always changing, where as the PWS program staff have been doing the same inspections year after year. The county people change and they don't have the expertise or experience.

Jenny Chambers is the Operator Certification Program Manager. For fiscal year 05 operator certification program spending authority was a little over 95 thousand. They use carry over funding for each fiscal year. They use the set-aside money for salaries for three people. The total funding consists of 45% of the SRF funds and the 55% comes from fees received from operators. They serve both water and waste water certification needs. SRF is only providing funding for drinking water. Due to a vacant position, Jenny is using EPA grant money now to supplement her salary. Jenny noted that they have a little more money to use for operating expenses so this is not used strictly for salaries. We have to maintain the program in compliance with the state drinking water act and also meet the approval of the EPA. They updated the exam six months ago for drinking water certification. They had not been updated for 12 or 13 years. To update this exam they used the national organization called the Association Board of Certification. Using itemized questions, they felt that Montana Standardized Exams should be based on common conditions we have in the state, like cold weather operations and a lot more groundwater systems. They started a pilot study about 6 months ago and looked at the statistics from those exams to see if there were particular questions that everyone missed, and they would replace that question with a different one. They will then change that exam and have another exam to use the next couple years, and update as they need to. Right now there are other training manuals out there that are more complicated. We hope that we can test and let operators know that they are actually a higher class operator who is qualified to operate any system in the state. We would like to make sure that we have a good certification program. We plan to stick with the program that we are using currently. We do have operating expenses such as printing, travel, training soft ware and exams. There are currently over 1550 operators in the state and 3280 certificates for small systems, where one guy is likely to be water operator, the waste water operator, the distribution operator, and probably the sanitarian.

Mark added that the operator certification program is one of the functions where we do the most good. Being certified is one thing but as long as you have qualified knowledgeable people running the system, we are going to get the most benefit for public health and the environment. This program and Source Water Protection are two worth while programs that we plan to continue to fund.

Todd said that they have a good program that has been recognized nationally and they should be proud of it.

Mark then introduced Jim Stimson from the Source Water Protection program. Jim passed around some Source Water Delineation and Assessment Reports (SWDARs) and explained that this is the main product of this program. Jim said they have a staff of four geo-hydrologists of varied backgrounds. The supervisor is Joe Meek and he is a working supervisor so he does some of the same work that they all do. They also hire college interns to help out with some of the work load, particularly on transient systems, like a restaurant, bar or gas station. They train them to do the mapping and other activities, and then supervise their work and edit and correct any work produce. The interns have helped increase the program output over the years. Jim said they normally have 3 college interns. In 1996 there were amendments to the Safe Drinking Water Act that required every public water supply to complete a source water and delineation assessment by May of 2003. Most states didn't meet that deadline so this date was extended. For Montana our deadline is now June 2006. There are currently over 2000 public water supplies in Montana. DEQ needs to complete these reports on behalf of the public water supplies, and in some cases contractors are hired. When a contractor is used then the staff in this program review and edit everything. To complete these reports basically requires three steps. The first step is delineation, to look at the location and use basic groundwater and surface water principals to establish what aquifer is the source of the water. If they are a surface water system they try to delineate the area in their watershed that contributes water directly to their intake. We call this the source water protection area. For a well that taps a confined aquifer, that area can be a 1000 foot fixed radius circle. For other systems we can go through a fairly complex calculation of time of travel to determine how long it takes groundwater to reach a particular well. We use a three-year time of travel and a one-year time of travel.

After we have identified where the source of water is coming from, we focus on an inventory of potential contaminant sources. So within these delineated areas we conduct an inventory of potential contaminant sources based on publicly available information. The sites that go into these reports are sites that have a larger commercial quantity of potential contaminant. Then we go through a formal process called a susceptibility analysis that looks at each potential contaminant source in reference to where the public water supply well or intake is located. We go through a formal ranking system to see how hazardous they are and to check for any barriers that will help protect the public water supply from a spill or leak at a particular site. Then we give them a final susceptibility rating. We include a table that lists everything that we could identify and its final susceptibility rating. Then they brain storm on behalf of the public water supply operators on ways and methods that they might manage the hazard from those contaminant sources. As a final process they produce the reports in the form you see before you and we place the report in an electronic version out on the web.

In addition to producing these reports they also do other things for the department and public water supplies. They participate in the training that is offered around the state for

public water supply operators, promoting source water protection and showing what the SWDAR can do for an operator. They might use them and point out what is hazardous, or to present to the boards in support of funding when changes are needed in the system. They also like to promote increasing awareness of basic groundwater and surface water hydrology so the operators can go back to their system and see some things that they can improve. When a public water supply adds a new well or shuts down a surface water intake they are required to produce a PWS6 report, which is source water protection for that new well or surface water intake. In some cases this program is called upon to write those reports for the public water supplies if they don't have the expertise or budget to do it. In the case where that report is completed by a contractor, the SWP program will do a courtesy review on behalf of the drinking water program here to make sure the it meets the PWS6 requirements. They also provide technical assistance to public water supplies if they are having a problem with nitrate, for an example. They will go actually do a mini hydrologic assessment and try to identify some things that they can do or help identify some new sights for a well. Source water program has put a lot of information on the internet relating to groundwater and work with the Natural Resources Information System. They keep a running count of about 2029 or more active public water supply systems. This number fluctuates as new subdivisions are developed or some become inactive. About 827 of these public water supplies are classified as community systems, meaning they are towns or subdivisions that serve water to a larger population. The SWP program divided the state into four large water sheds: the West Slope, the Upper Missouri River, the Lower Missouri River and the Yellowstone water shed. These are the same as the TMDL watersheds. The largest number of Public Water Supplies are located in the West Slope with the Upper Missouri being second. Montana has about the same number of PWSs as Colorado, even though our population is smaller. We have focused on completing the reports for the community systems first and then the vulnerable populations like schools, public health facilities etc. At this time all high priority community systems have been completed. The largest number of reports that are still left to complete are the transient systems such as gas stations, bars, and restaurants. The Lower Missouri is 94% complete , the Upper Missouri if 78% complete, West Slope is 64% complete, and the Yellowstone Basin is 91% complete. Jim said they should be able to meet the 2006 deadline. For future direction there will always be new systems coming on line and that will need new reports. There are some systems that we are concerned about that have slipped below the definition of a public water supply such as some small rural schools. We feel these should have reports completed for them. The next step in the SWP program is to move to Source Water Protection Planning. This would be to take these reports, look at your community and start planning strategically about how to manage or lower the hazard or the risk that is posed by the potential contaminant sources that have been identified. This would be a big step and we will also continue to provide technical assistance in the area of groundwater to public water supplies. We will also focus getting this information into the DEQ database and available on the internet.

Mike added that they are using this program to help monitor and recommend when a PWS be considered for a monitoring waiver. This can save a community money in monitoring.

Mike said that most of us don't remember our chemistry and there should be references in the SWDAR's as to what the scientific terms or symbols mean.

Jim said that they try to word them more in plain English so that more people understand them.

Mark said that the last two set-asides are the contracts. One is capacity development that is financial and managerial contract and the other is the technical assistance. Mark introduced Gary Weins from the DWSRF program to discuss the capacity development. Gary said that the capacity development has been broken into three areas by EPA. The technical part which includes operation and maintenance, and the financial component, and the managerial part. In administering the capacity development programs they have a separate contract for the technical part, and combine the financial and managerial together in another contract. They have had a contract with the Mid West Assistance Program (MAP) since 2000. Every year this is up for renewal and to prepare for this Gary sends out questionnaires to water systems that have received financial and managerial assistance in the last 18 months to see what kind of services they feel they are getting. The contract is up for renewal at the end of this fiscal year and Gary directed everyone to a handout with some summary information on systems that we visited MAP in the last year. The second page gives some of the results from the questionnaire. Gary went on to explain in more details about the ratings and rankings. The rankings are close to what they have been in the last four or five years and based on that, feel it is warranted to renew the contract for at least another year. This is the recommendation that they are proposing today.

Mark asked Gary to give some examples of the kinds of things capacity development program is doing for the communities.

Gary said that one of the typical things they do is helping the home owners associations approach the county become a water and sewer district. This allows them more backing to get the finances they need to improve a water system. Gary said that this is on the sheet that he handed out.

Mark said that type of service provided by this contract means that they go to less systems, but they spend more time there. They spend more time with the communities they are helping with this contract.

Discussion continued on how the questions were ranked and the possibility that they may not have fully understood the questions. Also discussed was if there should be a limit on the time they spend with each community.

Mark said that based on the feedback they are getting on the financial and managerial contract this year they recommend that we renew the contract for one more year and next year we will go out with RFPs again on this one. The committee agreed.

The next issued discussed was the evaluations of the proposals for the Technical Assistance Contract. A handout of the Evaluation Committee Meeting regarding the RFP05-986J and the Scoring Matrix was distributed. Initially Montana Rural Water Systems was favored, but when questioned, we found out that Rural Water would have to hire someone for this contract. Mark said based on this, our recommendation now is to award this new contract to Mid West Assistance Program. In the RFP they stated that we may award more then one contract but Mark said the feeling is that we would rather not have more then one contract. The committee agreed. Mark said that we had some carry over dollars with this contract. We typically want to do a contract for only one year at a time.

Mark wanted to let members know that they can contact us for further information if they need it.

Mark said that he will be in contact with the members of this committee and will let them know of any public comments received regarding the Intended Use Plan. Mark will send a final set of documents to everyone around July 1<sup>st</sup>.

Theresa asked if the audit would be done every year.

Anna said that audit she presented today was from fiscal year 2004 and on June 30 we will finish our audit for 2005. We will have to do our financial statements and that usually takes two months, and then we request that the legislative auditor do an audit. It's usually not done until spring. But in the mean time the EPA comes in and does an annual review in January.

Mark said thanks to everyone and adjourned the meeting.