

MINUTES
Drinking Water State Revolving Fund Advisory Committee
Tuesday May 22, 2007
DEQ Director's Conference Room 111, Metcalf Building
1520 East Sixth Ave. Helena, Montana

ATTENDEES:

Committee Members:
Senator Aubyn Curtiss
Todd Teegarden

DNRC/DEQ Staff
Mark Smith DEQ
Anna Miller DNRC

Mark opened the meeting noting that Joe Menucucci, Teresa Henry, and Mike Hutchin all called and would not make this meeting. With so many absent Mark felt they could just recap, summarize and let Senator Curtiss know what we have in mind and answer any questions she might have.

Senator Curtiss asked about the current plan. Mark said they are not proposing to change much, there will be some changes in the numbers and allocations for the set asides. We get about 8 million from the federal grant and we will match it. The plan is to keep going the same way we have.

Senator Curtiss said that she noticed that some projects weren't being reauthorized but were going through some new funding processes or something of that nature. How does this work? Anna said that some have finished their project on the intended use plan so fall off because they are done drawing money and they don't need money any more. Senator Curtiss asked if they are getting matching money from somewhere else and if something happened with that process? Mark said that on some projects they might have a 3 million dollar project but they only borrow about 1 million from us because they get funding from others such as DNRC, TSEP, or Federal etc.

Senator Curtiss said that she hasn't had a chance to look over the funding that came from the legislation this year and asked if any of the projects had been shortened by this funding? Discussion between Mark, Todd, and Anna indicated that all projected projects should have funding especially in combination with other funding sources and they are not aware of any delays due to funding.

Anna said that a lot of the smaller systems do need help to keep them on track and make sure they have the proper documents completed to keep projects on track. Mark talked about the debt elections and if they get voted down then this will cause a delay. Mark talked about the project priority list and the anticipated list that shows the projects that they predict will be moving this year. This list is not always accurate as there can always be changes. It shows the projects that we think will be getting funding but something can happen to delay these and others can come in for funding out of the blue that we don't have on the anticipated list.

Senator Curtiss asked if anything could be done to get them to apply themselves more and follow up on what you are asking for the project? Anna said that as soon as an application is received they have a conference call with them. This includes the engineer working on the project, clerk from the city, the mayor, if they have public works person we have them included and also any

other funding agencies. We have them describe the project and have them tell us when they will have it designed, when they will go out to bid, and when they want to be in construction. We set up a time line and from this time line we let them know when they need to do there environmental documents, what that entails, when they have to get the plans approved and what that entails, if they are going to have to raise rates and charges, what the time line is for that, etc. We spell that all out so they know exactly what's coming and what dates we have to stick to an move the project along. So we are helping them and remind them along the way and this is working.

Senator Curtiss asked if we had adequate resources to do onsite counseling? Mark said they do go to meetings to help them with specific information or customizing their project and also through the set-aside funding we have contracts that are able to send other people to communities to work with user rates, billing, or formation of a district. We would always like to get out there more. When individual communities ask us we are generally able to help them. If they are going through this for the first time it's hard because they don't know when they need the help. We should talk to them afterwards to see what we could have done to help them more. But once we start a project we try to do a conference call at least once a month. Just to make sure that everything is going ok, or are there any bumps in the road where we need to look at our timeline again. Mark said that we try to include as many parties to the project as they can in the conference calls.

Mark talked about the coordinated group of all the state and federal funding agencies called WASACT, that includes all the infrastructure players, and the instructional videos that they have produced. One of the videos describes the time line of a project from when you first recognize the need through construction. And sometimes it's 2 to 5 years from the beginning of problem until the construction is completed. It's critical for us to facilitate or try to help make sure the community is aware of all the steps that need to be done along the way.

Senator Curtiss asked if any of the projects were relying on GPS as this was proposed in a bill and she felt it could save a lot of time and money to be able to do it this way. Mark said he has not heard of that but that it would make a lot of sense. The bill failed and no one had heard of it or had any knowledge of it coming from this division of DEQ.

Senator Curtiss asked about projects in the St. Maries area. Anna said they have a 140 million authorization from the federal government so they will start now and get it designed but don't expect to see construction for a couple of years. SRF could be part of the funding package. They also have some general obligation bond funding.

Senator Curtiss asked if we knew anything about methane pollution at the Barnaby Lake Home Owners Association. Someone was trying to get some help and was unable to contact anyone. She could not remember the name but said they were very unhappy. Mark said that she could have them contact him and he would make sure they were connected with the correct person. Todd told her that the enforcement division would be required to follow up quickly with a spill or anything endangering that public water supply. They could contact Todd or Mark and the contact information is also out on the internet. They should certainly be able to get a response quickly. The operators name is Ron Sperandeo. She thought they had three wells. She will recommend him to someone to follow up on this.

Anna said that it will be an interesting season. With the cost of petroleum products going up it could drive some of the projects to not move forward or only do part of the work because we don't know what the costs are going to be. Mark mentioned that a couple of years ago with the petroleum price the change would be daily and would effect the cost of PVC as well as fuel and contractors couldn't honor a price nor could anyone. Last fall it stabilized a little but now it's happening again.

Anna thought that they would have 30 or 40 million in loans this coming year and many of those projects will have other grant funding also. Anna thought we will see a huge construction season this year. Mark agreed that this will be a really busy season.

Anna handed out the regional maps of projects. First map shows all four regional systems. Anna felt that at some point in time we will see regional waste water systems. Anna went over each map. Central Montana, showing the regional systems and the small towns and communities that would be supported by each. These small towns will have to make sure there distribution systems are in good shape. Senator Curtiss asked if there is enough information about the aquifer in the Madison formation that shows it will be sufficient? Mark said they have drilled a test well at Utica. They went 3700 feet and they usually went around 2000 feet, but went deeper. They have test pumped it and have some concrete numbers on what the well and the aquifer will yield. They went to a lot of expense to find this out but it was information that they had to have.

There was some discussion about groundwater hydrology and existing information.

Anna talked about the Dry Prairie Fort Peck system which is the system that we have done the most work in the eastern part of the state. She listed all the communities involved with this project. We have done extensive work on the eastern part of this and Culbertson is being used as a source of water and pumping water up to Froid and Med. Lake and a number of rural communities. The water met safety requirements but was discolored and high salinity, mineral content, and hardness, etc. but free of pathogens. In contrast, the North Central Rocky Boy has a lot of systems that are surface water supplies where there are water quality or treatment problems. In the northeast the problem was availability and secondary standards. Anna said on the Dry Prairie Fort Peck they are now going to move to the west side of the system. The group talked about the sources and communities and rural water users that will be supplied. Anna talked about some federal funding that had just come through in the last couple of months that will need match. Senator Curtiss asked if it would be contingent on getting the troops out of Iraq. She mentioned a lot of the things that are tied to this. Anna said that the intake work on the reservation, of which they have 14 or 15 million dollars to get started, will probably take 5 years to get going. This will be the main supply for this system and will be supplied out of the Missouri. When they get this whole regional system done this will be the main supply. Senator Curtiss asked if any of the water was coming from Fort Peck reservoir. Mark responded that no, they originally had a different location for the intake, but it has never been planned to be taken from the reservoir. Senator Curtiss asked how much of the water will go for residential use and how much for irrigation? Anna said that irrigation will be from a different water source. Some water might be used for stock, but we're not aware of use for irrigation. Mark said that some might be used to water lawns but the majority will be for domestic use.

The next regional water system is the Dry Redwater and it is below Dry Prairie Fort Peck and is in the beginning stages. Mark said that it is just in organizational stage at this time. Anna thought

it would be few years down the road before we will see anything on this system. Mark thought they might be farther along then we are aware of.

The last regional system is North Central/Rocky Boys and they are doing the most work and have gotten federal funds to help them. Mark said the problem is the groundwater quality, and surface water supplies have treatment plants that don't meet current standards or don't have treatment plants at all. So there is a lot needed to bring these systems into compliance. So there are associated water quality issues. The various communities were discussed and the various problems. Operators may have problems with these systems also as they are only part time employees and most have other jobs.

Senator Curtiss thought it was a nice surprise to find out that another 10 million was available for funding projects given the situation at this time.

The issue of drinking water advisory council committee members was discussed and there should be some changes to our committee members but at this point in time we are not aware of any changes to the committee members.

Mark said that we have topped out the 100 million dollars in loans and this is a real mile stone. It gives us something measurable.

The federal appropriation of funds was discussed.

Mark talked about how the public water supply program has had funding cuts and the effects on us because EPA tells them to utilize the SRF program funding with the set asides. So some of the non-project activities are taking funds resulting in less funds for projects. The EPA has to tell the state to utilize the SRF to fund these short comings.

Senator Curtiss asked if we had to expend the funding every year or can you hold some back and use the interest on it? Mark said that we don't have to expend it in that year.

We talked about the public hearing on June 8th that will allow for people to comment on the draft IUP. Generally we do not have many people show up for this. Most come to be added to the priority list. We have applied for the federal 2007 grant and that is being processed at EPA and we expect to have that awarded before the end of our state fiscal year, which is about another 8 million dollars. Funding must be in order by July 1 when we will get approval of our plan.

Mark gave Senator Curtiss a copy of the education CD's that show the process of a project and the optional funding sources in the state and federal agencies. The second CD illustrates the timeline of a project. WASACT stands for Water, Wastewater And Solid Waste Action Coordinating Team.

Meeting adjourned.