

**DRINKING WATER
STATE REVOLVING FUND
Intended Use Plan and
Project Priority List**

State Fiscal Year 2008

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**Montana Department of Environmental Quality
Drinking Water State Revolving Fund (SRF)
SFY 2008 Intended Use Plan**

INTRODUCTION

The 1995 Montana Legislature created the drinking water revolving fund with the passage of HB493. In 1997, the Legislature amended the program with HB483 to make Montana law consistent with the reauthorization of the Safe Drinking Water Act passed in 1996. This legislation, now codified as MCA 75-6-201, et seq., authorizes the Department of Environmental Quality (DEQ) and the Department of Natural Resources and Conservation (DNRC) to develop and implement the program, and it established the Drinking Water SRF Advisory Committee.

The Advisory Committee consists of one state representative, one state senator, one member representing the Montana League of Cities and Towns, one county commissioner representing the Montana Association of Counties, one representative from DNRC and one representative from DEQ. The Committee advises DEQ and DNRC on policy decisions that arise in developing and implementing the Drinking Water SRF, and it reviews the program's Intended Use Plan (IUP). The Drinking Water SRF is administered by DEQ and DNRC and is similar to the Water Pollution Control SRF.

The Drinking Water SRF Program received EPA approval and was awarded its first (FFY 1997) capitalization grant on June 30, 1998. The FFY 1998 through the 2007 capitalization grants have subsequently been awarded. DEQ will likely apply for at least portions of the FFY 2008 grant later in state fiscal year 08.

The program offers below-market loans for construction of public health-related infrastructure improvements as well as provides funding for other activities related to public health and compliance with the Safe Drinking Water Act (SDWA). These other activities, or set-asides, include administration of the Drinking Water SRF program, technical assistance to small communities, as well as financial and managerial assistance, source water protection activities, operator certification and assistance with administration of activities in the Public Water Supply Program (PWSP).

As the primacy agency responsible for implementation of the SDWA, DEQ is also responsible for the oversight of the SRF Program. This role consists primarily of providing technical expertise, while DNRC provides financial administration of project loans and oversees the sale of state G.O. bonds. The majority of the funds for this program come to Montana in the form of capitalization grants through the U.S. Environmental Protection Agency. Montana provides the required twenty-percent matching funds by issuing state general obligation bonds. Interest on the project loans is used to pay the general obligation bonds, thus using no state general funds to operate the program. The repaid principal on the project loans is used to rebuild the Drinking Water SRF fund and to fund additional projects in the future. The federal capitalization grants were only authorized through federal fiscal year 2003; however Congress continues to appropriate funding for the program. Federal and state law requires the Drinking Water SRF to be operated in perpetuity.

The 1996 Amendments to SDWA include requirements for each state to prepare an annual Intended Use Plan (IUP) for each capitalization grant application. This is the central component of the capitalization grant application, and describes how the state will use the Drinking Water SRF to meet SDWA objectives and further the protection of public health. The IUP contains the following elements:

1. Short- and long-term goals of the Program.
2. Priority list of projects, including description and size of community.
3. Criteria and method used for distribution of funds.
4. Description of the financial status of the Drinking Water SRF Program.
5. Amounts of funds transferred between the Drinking Water SRF and the Wastewater SRF.
6. Description of the set-aside activities and percentage of funds, that will be used from the Drinking Water SRF capitalization grant, including Drinking Water SRF administrative expenses allowance, PWSP support, technical assistance, etc.
7. Description of how the program defines a disadvantaged system and the amount of Drinking Water SRF funds that will be used for this type of loan assistance.

As required, DEQ has prepared this IUP and is providing it to the public for review and comment prior to submitting it to EPA as part of its capitalization grant application. Additionally, pursuant to state law, after public comment and review, DEQ will submit the IUP and a summary of public comment to the Advisory Committee for review, comment and recommendations.

LONG-TERM GOALS

1. To maintain a permanent, self-sustaining state revolving fund program that will serve as a cost-effective, convenient source of financing for drinking water projects to ensure SDWA compliance and sustainable infrastructure in Montana.
2. To provide a financing and technical assistance program to help public water supplies achieve and maintain compliance with federal and state drinking water laws and standards for the protection and enhancement of Montana's public drinking water.

SHORT-TERM GOALS

1. To continue implementation and maintain the Drinking Water State Revolving Fund Program in Montana.
2. To fund projects that address specific and immediate requirements of the SDWA, including the Disinfectant/Disinfection Byproducts, Long Term 2 Enhanced Surface Water Treatment, and Arsenic Rules. Montana anticipates funding at least two projects to address Surface Water Treatment in SFY08.
3. To fund projects that promote regionalization and/or achieve consolidation of two or more existing public water supplies, thereby improving water quality. Montana expects to fund six consolidation projects in SFY08.
4. To fund projects that address replacement of aging infrastructure. Montana anticipates funding at least twelve projects of this type in SFY08.
5. To fund projects that develop system sustainability through financial capacity by refinancing existing debt. At least three refinancing loans are expected in SFY08.
6. To ensure the technical integrity of Drinking Water SRF projects through the review of planning, design plans and specifications, and construction activities.
7. To provide outreach to communities and utilize the set-aside funding by:

- a. providing technical assistance to water supplies who request help with their system operation and maintenance procedures.
 - b. providing financial and managerial assistance as part of capacity development education to those water supplies who request this type of help.
 - c. assisting communities with the next phase of implementation of their Sourcewater/Wellhead Protection Plans.
 - d. emphasizing that Public Water Supply Program (PWSP) staff perform sanitary surveys; facilitate SDWA compliance of the Long Term 2 Enhanced Surface Water Treatment, Stage 2 Disinfectant/Disinfection By-Products, Groundwater, and Arsenic Rules.
 - e. ensuring that 95 % or more of the state's community and non-transient non-community water systems continue to have certified operators.
8. To ensure the financial integrity of the Drinking Water SRF program through the review of the financial impacts of the set-asides and disadvantaged subsidies and individual loan applications and the ability for repayment.
 9. To ensure compliance with all pertinent federal, state, and local safe drinking water rules and regulations.

In SFY 08, Montana expects to execute 23 new binding commitments, and close 23 loans totaling approximately \$12,129,000 in drinking water infrastructure projects that will serve a total population of approximately 98,758. (Please see Anticipated Funding List, pg. 5).

Through SFY07, Montana's DWSRF fund utilization rate (cumulative loan agreement dollars to the cumulative funds available for projects) was 89% (\$101.2M in loans to \$113.9M available funds). This rate is slightly higher than the national average. In the coming SFY08, we anticipate our pace to be approximately 88% (\$113.3M in expected loans to approximately \$127.6M in funds available for projects.)

In FY07, the rate at which DWSRF projects progressed as measured by disbursements as a percent of assistance provided was 99%, above the national average of 72%. In FY08, the DWSRF Program intends to maintain this construction pace at or above 90%.

It is anticipated that approximately 100 small public water systems will again receive on-site Technical Assistance through providers under contract with MDEQ. In addition, it is expected that approximately another 25 public water systems will receive on-site Capacity Development assistance with financial and managerial issues through providers also under contract with MDEQ.

The PWS Program will continue to develop, maintain, and utilize the SDWIS/State database for compliance reporting; develop, maintain, and implement requirements for primacy of all primary SDWA contaminants, and perform approximately 450 engineering design reviews for proposed water system improvement projects. The Operator Certification program is planning to hold, sponsor, or participate in approximately 15 training workshops, administer approximately 250 certification exams, and reimburse approximately 500 requests for operator travel costs for the training events.

Finally, the Source Water Protection program has completed all Source Water Delineation and Assessments reports, and will continue the next steps of SWP Plan implementation in SFY08.

PRIORITY LIST OF PROJECTS

To update its comprehensive project list, DEQ has previously sent surveys to all community and non-profit non-community water systems in Montana. Approximately 870 public water supplies were originally contacted. DEQ and DNRC staff also confer with many of these systems on an on-going basis in an attempt to build as current of a comprehensive list as possible.

Systems that are in significant non-compliance with regulatory requirements must adopt a plan for returning to compliance as part of their Drinking Water SRF funding proposal (if the proposal does not intrinsically address this concern). Projects that primarily expand system capacity or enhance fire protection capabilities may not be eligible for funding unless public health or compliance issues also are addressed by the project.

Appendix 2 contains a comprehensive list of public water systems in Montana that have expressed interest in the Drinking Water SRF, that are planning capital improvement projects, or that have been identified as serious public health risks by DEQ. It is not anticipated that all of the projects in Appendix 2 will use SRF funds. Some systems do not have major projects planned, the remainder expect to be proceeding with projects in the near future or next several years. Cost information is not always available, as some systems may have not completed the financing plans for their projects at the time they are added to the project list.

Eligible Systems

The Safe Drinking Water Act (SDWA) allows DWSRF assistance to publicly and privately owned community water systems and nonprofit non-community water systems, other than systems owned by Federal agencies. Federal Regulations also set forth certain circumstances under which systems that will become community water systems upon completion of a project may be eligible for assistance. The SDWA requires that loan recipients must demonstrate the technical, financial and managerial capacity (TFM) to comply with the SDWA and not be in significant noncompliance with any requirement of a national primary drinking water standard or variance. The DEQ and DNRC will assess TFM and compliance in accordance with Chapter One of their Handbook of Procedures after loan applications have been received. Those systems lacking in TFM or compliance may still be eligible for a loan if the loan will address the non-compliance, or the system agrees to undertake feasible and appropriate changes in operations, which may include changes in ownership, management, accounting, rates, maintenance, consolidation, alternative water supply or other procedures as an enforceable term of the loan agreement or pursuant to an enforceable Administrative or Court Order. (Please also see discussion of Capacity Development on page 20.)

Due to recent significant population growth in Montana and the expansion of water and sewer services to accommodate that growth, both the WPCSRF and Drinking Water SRF programs will be modifying and implementing growth policies in FY08 which address the eligibility of certain types of projects to receive SRF funding.

Limitations on individual project financing

DEQ, DNRC and the Drinking Water SRF Advisory Committee have previously discussed at length whether to attempt to limit the total amount of loans available to any one project and if so, how. The Committee determined that should the actual demand for funds during the period of time covered by an Intended Use Plan exceed the funds available for that same period, then the maximum amount of loan funds available to any one project could not exceed either \$5 million or 50 percent of the total capitalization grant amount for that period. Actual demand is not

known until applications are received from those projects ready to proceed within the timeframe of a particular capitalization grant. At that point, DEQ and DNRC, in consultation with the Advisory Committee determines whether the limit on individual projects should be applied in that round. To date, no limitations have been placed on the amount of the loan applications.

SUBSIDIES TO DISADVANTAGED COMMUNITIES

Communities seeking a Drinking Water SRF loan that meet the disadvantaged community criterion listed below may receive an additional subsidy on their SRF loans, beyond the standard below-market rate financing. This includes communities that will meet the disadvantaged criterion based on projected rates as a result of the project.

A community is considered economically disadvantaged when its combined annual water and wastewater system rates are greater than or equal to 2.3 percent of the community's Median Household Income (MHI). If the community has only a water system, the percentage is 1.4 percent of the community's MHI. These percentages are consistent with affordability requirements for other state funding agencies in Montana. The water and sewer rates used for this calculation include new and existing debt service and required coverage, new and existing operation and maintenance charges, and normal depreciation and replacement expenses.

To assist these economically disadvantaged communities, the Drinking Water SRF loan program will provide to qualifying communities a partial waiver of the loan loss reserve fee, which will result in an annual 1.0 percent interest rate reduction on the first \$500,000 of loan principal. The regular interest rate will apply to the balance of the loan. The total amount of reduced interest rate loans that the Drinking Water SRF may make under any single capitalization grant will be limited to 20 percent of that capitalization grant. This measure is taken to ensure that the corpus of the Drinking Water SRF fund will be maintained and thus that the program will be able to operate in perpetuity, while still providing some additional assistance to economically disadvantaged communities. Some disadvantaged communities may qualify for some additional assistance. If a severe hardship is demonstrated, some of their loan principal may be adjusted down from its original amount. The amount of the adjustment will be limited. Qualifying disadvantaged communities also are eligible for extended loan terms of up to 30 years provided the loan term does not exceed the design life of the project.

ANTICIPATED FUNDING LIST

DEQ became eligible to apply for the Fiscal Year 2007 federal capitalization grant on October 1, 2006, and this grant has subsequently been awarded. It is anticipated that we will apply for the FFY08 grant later in the SFY08.

The following list contains those projects that the Drinking Water SRF program anticipates will be funded with the FFY07 and previous capitalization grants, in conjunction with the 20 percent state match. This list represents those projects most likely to proceed, starting from the highest ranked projects on the comprehensive priority list (see discussion of ranking criteria in Appendix 1). It is possible that, if other projects are ready to proceed before those on this list, the actual projects that are ultimately funded may vary from those indicated on this list. This did occur during calendar years 1998 through 2006. It is expected to happen again due to the high variability in project schedules, needs, other funding sources, etc.

1. Upper/Lower River Road W&SD IIA(Cascade Co.) Population: 1075. Project cost: \$180,000. Distribution system and connection to City of Great Falls water system.
2. Essex W&SD Population: 35. Project cost: \$100,000. Abandon surface supply, develop groundwater source, construct transmission main.
3. Dry Prairie Regional Water System Population: 35,551. Total project cost: approx. \$230,000,000; expected SRF portion approximately \$10 million; SFY07 amount: \$500,000. Continue construction of extensive distribution system.
4. City of Kalispell Population: 14,223. Project cost: \$1,500,000. Construct new well, storage tank, and transmission main.
5. North Central Regional Water System Population: 16,652. Total project cost: approx. \$218,000,000; expected SRF portion approx. \$7,720,000; SFY07 amount: \$500,000. Begin construction of extensive distribution system.
6. Lockwood Population: 6500. Project cost: \$1,100,000. Construct new intake, booster station, purchase backup generator for WTP.
7. Lorraine South WD (Missoula Co.) Population: 28; Total project cost: \$143,000; construct transmission main and connect to City water system (Mountain Water Co. – Missoula)
8. City of Shelby Population: 3216. Project cost: approx. \$650,000. Construct distribution system improvements.
9. Town of Eureka Population: 1287. Project cost: \$532,000. Consolidation of Midvale W&SD system, connect to city system, payoff outstanding debt.
10. Lewis & Clark Co. - Woodlawn Park Population: 150. Project cost: \$150,000. Install new distribution mains and connect to City of Helena system, abandon private individual wells.
11. Miles City Population: 8487. Project cost: \$2,300,000. Northeast distribution system improvements
12. City of Laurel Population: 6255. Project cost: \$950,000. Filter upgrades and high service pump station improvements.
13. Sunny Meadows WD Population: 130; Project cost: \$604,000; construct new well, storage reservoir, and distribution system improvements.
14. City of Cut Bank Population: 3105. Project cost: \$229,000. Distribution system improvements.
15. Loma Co. W&SD Population: 400; Total project cost: \$2,200,000, expected SRF portion of project:\$150,000; install water meters, rehabilitate storage reservoir, and construct distribution system improvements
16. Jette Meadows W&SD Population: 300. Project cost: \$250,000. Construct new well and transmission main.

17. Town of Manhattan Population: 1396. Project cost: approximately \$1,000,000. New elevated storage reservoir, controls, and connection to distribution system.
18. Billings Heights WD Population: 11,375; Project cost: \$1,038,000; construct storage reservoir, booster pump station, and distribution system improvements.
19. Town of Columbus Population: 1748. Project cost: \$320,000. Construct new well and transmission main.
20. RAE W&SD Population: 819. Project cost: \$150,000. Construct distribution system improvements.
21. Bainville Population: 153; Project cost: \$326,000; refinance existing debt, in conjunction with joining Dry Prairie Regional Water System (no.2 above).
22. Froid Population: 195. Project cost: \$250,000. Refinance existing debt, in conjunction with joining Dry Prairie Regional Water System (no.2 above).
23. Medicine Lake Population: 269. Project cost: \$250,000. Refinance existing debt in conjunction with joining Dry Prairie Regional Water System (no.2 above).
24. Big Sky W&SD Population: 4000. Project cost: \$5,000,000. Transmission and distribution system improvements, refinancing previously constructed wells.
25. Gardiner-Park Co. WD Population: 700. Project cost: \$200,000. Transmission main replacement.

CRITERIA AND METHOD USED FOR DISTRIBUTION OF FUNDS

The Safe Drinking Water Act amendments of 1986 and 1996 imposed many new regulatory requirements upon public water suppliers. Public health and compliance problems related to these requirements, affordability, consolidation of two or more systems, and readiness to proceed all were considered in developing Montana's project ranking criteria.

DEQ initially proposed balancing these factors, with slightly more emphasis placed on health and compliance and less on affordability and readiness to proceed. In discussions with EPA and with our state's Drinking Water SRF Advisory Committee, it became clear that health risks and compliance issues needed to be given even more emphasis, and that readiness to proceed could be eliminated and handled through by-pass procedures. (Please see Appendix 1, page 24 for explanation of by-pass procedures.)

Projects that address acute risks that are an immediate threat to public health, such as inadequately treated surface water, are given high scores. Proposals that would address lower risk public health threats, such as chemical contaminants present at low levels, are ranked slightly lower. Proposals that are intended to address existing or future regulatory requirements before noncompliance occurs also were given credit, and are ranked lower than projects with significant health risks.

The financial impact of the proposed project on the system users are considered as one of the ranking criteria. The communities most in need of low interest loans to fund the project are awarded points under the affordability criterion (see Appendix 1).

In addition to the limitations on financing for individual projects discussed earlier in this plan, DEQ is required annually to use at least 15 percent of all funds credited to Drinking Water SRF account to provide loan assistance to systems serving fewer than 10,000 people, to the extent there are a sufficient number of eligible projects to fund.

A summary of the ranking criteria and scoring is listed below. The complete set of scoring criteria is attached to this plan as Appendix 1.

SUMMARY OF RANKING CRITERIA FOR DRINKING WATER SRF PRIORITY LIST

1. Documented health risks
 - a. Acute health risks - 120 points maximum
 - b. Non-acute health risks - 60 points maximum
2. Proactive compliance measures - 50 points maximum
3. Potential health risks
 - a. Microbiological health risks - 25 points maximum
 - b. Nitrate or nitrite detects - 25 points
 - c. Chemical contaminant health risks - 20 points maximum
4. Construction of a regional public water supply that would serve two or more existing public water supplies - 20 points
5. Affordability - 20 points maximum

FINANCIAL STATUS

The discussion and table on the following pages summarize the DWSRF expenditures to date and outline financial projections and assumptions for the future. The narrative addresses the project loan fund and the table summarizes the set-aside or non-project activities. The individual capitalization grants and corresponding state match for each fiscal year are listed below.

<u>FFY</u>	<u>Federal Grant</u>	<u>State Match</u>
1997	\$14,826,200	\$2,965,240
1998	\$7,121,300	\$1,424,260
1999	\$7,463,800	\$1,492,760
2000	\$7,757,000	\$1,551,400
2001	\$7,789,100	\$1,557,820
2002	\$8,052,500	\$1,610,500
2003	\$8,004,100	\$1,600,820
2004	\$8,303,100	\$1,660,620
2005	\$8,285,500	\$1,657,100
2006	\$8,229,300	\$1,645,860
2007	\$8,229,000	\$1,645,800
TOTAL	\$94,060,900	\$18,812,180

USES OF THE DRINKING WATER REVOLVING FUND

The DWSRF may be used to:

1. Provide low interest loans to communities for cost-effective drinking water treatment systems, source developments and improvements, finished water storage, and distribution system improvements. The low interest loans can be made for up to 100 percent of the total project cost. At the beginning of FY08 approximately \$101.2 million in loans have been made to communities in Montana. All of these loans have had a total loan interest rate of 4% or less. Beginning on July 1st, 2003, interest costs decreased to a total loan interest rate of 3.75% or less. Program interest rates will be evaluated and set annually;
2. Refinance qualifying debt obligations for drinking water facilities if the debt was incurred and construction initiated after July 1, 1993. At the beginning of FY08 approximately \$15 million of debt has been refinanced through this program;
3. Guarantee or purchase insurance for local debt obligations. At the beginning of FY08 no loans have been made for this purpose;
4. Provide a source of revenue or security for general obligation bonds, the proceeds of which are deposited in the revolving fund. At the beginning of FY08 \$1.2 million has been provided for this purpose. There is a 1% loan loss reserve surcharge included as part of the 3.75% interest rate for loans not qualifying for a hardship. The use of the surcharge is to pay principal and interest on state G.O. Bonds if the Debt Service Account is insufficient to make payments. This is to secure \$11.6million in State General Obligation Bonds. The excess over the required reserve was transferred to the principle account to make loans;

5. Provide loan guarantees for similar revolving funds established by municipalities. At the beginning of FY08 no loans have been made for this purpose;
6. Earn interest on program fund accounts; at the beginning of FY08 our cash flow demonstrates this program will continue to be a strong source of loan funds once the federal grants are terminated. Interest income to date can be used to pay off program G.O. Bond debt. The projected interest of approximately \$100,000 in FY08 will be used to pay debt or make loans in the program;
7. Pay reasonable administrative costs of the DWSRF program not to exceed four (4) percent (or the maximum amount allowed under the federal act) of all federal grants awarded to the fund. In addition to using DWSRF funds for administration, each loan has an administrative fee included in the principal and an administrative surcharge included in the 3.75% interest rate charged to borrowers. The fee is 0.575% and the surcharge is 0.75%. The revenue generated from this fee and surcharge, will be used for DWSRF administration costs not covered by the EPA grants after capitalization grants cease and pay for administration of recycled projects. At the beginning of FY08, there was approximately \$1.2 million available for this purpose. Capitalization grants are approved by Congress every year and proposed reauthorizing legislation is currently projecting DWSRF funding through approximately FFY 2010 or 2012. There is also a one (1) percent one time loan origination fee charged at loan closing. If needed, these administrative funds could be transferred to the principle account and used to make loans.

For SFY05, SFY06, SFY07, and again in SFY08, DEQ and DNRC have determined that the 0.575% administrative fee (surcharge) and the 1% loan origination fee can be waived. This determination will be reviewed at the beginning of state fiscal year in the future.

Any unused administrative funds will be banked, i.e., placed in an account and used for administration in future years, after federal capitalization grants are no longer available and the program must rely solely on revolving funds.

Currently, federal capitalization grants have only been authorized through FFY04. However, draft legislation that would reauthorize funds continues to be proposed and considered by Congress, as mentioned above. When capitalization grants are no longer available, the program is expected to be capitalized and to operate on its own revenue.

One option available to states is to use the federal funds to leverage additional state bond funds. This makes available more money to meet high demands, but it increases the financing costs and thus the loan rate charged to communities and districts. DEQ and DNRC still do not recommend using the program in this manner at this time, and do not currently foresee changing to a leveraged approach. The two departments previously explained the leveraging option to the Advisory Committee and to the people attending the 1997 public hearings, along with their recommendation not to pursue leveraging. The advisory committee concurred, and general agreement with this recommendation was expressed at each hearing.

**DRINKING WATER REVOLVING FUND
PROGRAM FUNDING STATUS**

SOURCE OF FUNDS	PROJECTED THRU SFY 2007	PROJECTED FOR SFY 2008	TOTAL
Federal Cap. Grants	\$94,060,900	\$8,229,000*	
Set-Asides (listed on pg. 12)	(\$12,065,552)	(\$1,304,160)	
Total to Loan Fund	\$81,995,348	\$6,924,840	\$88,920,188
STATE MATCH			
Bond Proceeds	\$18,812,180	\$1,645,800	\$20,457,980
Loan Loss Reserve Sweeps	\$1,844,970	\$200,000	\$2,044,970
Loan Repayments	\$12,700,000	\$3,000,000	\$15,700,000
Interest on Fund Investments	\$2,750,000	\$100,000	\$2,850,000
Transfers from CWSRF	\$8,782,486	\$3,000,000	\$11,782,486
TOTAL SOURCE OF FUNDS			<u>\$141,755,624</u>
Use of Funds			
Loans Executed			
Direct Loans	\$101,200,000		\$101,200,000
Transfer to CWSRF	\$11,130,213	\$0	\$11,130,213
TOTAL USES			<u>\$112,330,213</u>
Funds Available for Loan			<u>\$29,425,411</u>
Projected IUP Loans			
Direct Loans (SFY08)		\$17,329,000	\$17,329,000
Future Potential Projects (SFY09) (Listed on following page)			\$27,433,225
Projected Balance Remaining			<u>(\$15,336,814)</u>

*FFY08 capitalization grant estimated amount

POTENTIAL PROJECTS FOR SFY09

<u>Community</u>	<u>Amount</u>
Belgrade	\$5,000,000
Bozeman	\$7,500,000
Carter	\$646,600
Cascade	\$683,500
Goodan-Keil WD	\$410,000
Havre	\$2,115,000
Hobson	\$100,000
Hysham	\$465,000
Libby	\$2,000,000
Polson	\$6,500,000
Ranch W&SD	\$450,000
Ramsay W&SD	\$164,000
Sun Prairie W&SD	\$741,000
Woods Bay W&SD	<u>\$658,125</u>
TOTAL	\$27,433,225

STATE DWSRF SET-ASIDE ACTIVITY

Set-Aside	Thru 2006 Grant	07 Grant Set-aside	% of '07 Grant	Total	Reserved Authority (year)	Reserved Authority Applied to 06 Grant Applic	Total Reserved
4% Administration	3,433,276	329,160	4%	3,762,436			0
10% State Program							
PWS Supervision	2,715,270	550,000	6.7%	3,265,270	155,000 (01) 92,930 (06)		247,930
Source Water Protection	855,000	100,000	1.2%	955,000			0
Capacity Development	427,000	80,000	1.0%	507,000	50,000 ('03)		50,000
Operator Certification	725,000	60,000	0.7%	785,000	70,000 ('01)		70,000
Subtotal	4,722,270	790,000	9.6%	5,512,270			
2% Small System Tech. Asst.	993,226	95,000	1.15%	1,088,226	155,140 ('00) 155,782 ('01) 144,585 (06)		455,507
15% Local Assistance							
Loan Assistance for SWP Capacity Development							
Source Water Assessment*	1,482,620	-	0.5%	1,482,620			
Wellhead Protection	130,000	90,000	0.6%	220,000			
Totals	\$10,761,392	\$1,304,160	15.85%	\$12,065,552	\$823,438	0	\$823,438

* The SDWA only allowed funds for this activity to be set aside one time from the initial FFY97 capitalization grant.

Montana elected to set aside the maximum allowable amount of \$1,482,620 (10%)

TRANSFER OF FUNDS BETWEEN THE CLEAN WATER SRF AND THE DRINKING WATER SRF

At the Governor's discretion, a state may transfer up to 33 percent of its Drinking Water SRF capitalization grant to the Clean Water SRF or an equal amount from the Clean Water SRF to the Drinking Water SRF. Transfers could not occur until at least one year after receipt of the first capitalization grant, which was June 30, 1999. This transfer authority was effective thru fiscal year 2001. One-year extensions of this transfer authority were granted through the VA, HUD, and Independent Agencies Appropriation Bill until the FY06 appropriation bill, when the transfer provision was authorized indefinitely. In addition to transferring grant funds, States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs.

Due to the need to refinance drinking water assets for Big Sky W&SD that did not implement federal cross-cutters when the project was originally built, DEQ is planning on transferring up to \$3 million of non-federal funds (repayments) from its CWSRF program to refinance this project in SFY08. This transfer action will not impact any other projects on the SFY08 DWSRF fundable list or activities planned from set-aside funds. The long-term impact to the DWSRF from this \$3 million transfer is estimated to be an additional \$10 million of cumulative drinking water projects funded over the next 20 years.

Table 1 below demonstrates that the allowable transfer ceiling will not be exceeded with this \$3 million transfer.

Table 1 - Amounts Available to Transfer between State Revolving Fund Programs

Year	Transaction Description	Banked Transfer Ceiling	Transferred from CWSRF to DWSRF	Transferred from DWSRF to CWSRF	DWSRF Funds Available for Transfer	CWSRF Funds Available for Transfer
1997	DW Grant Award	\$4,892,646	---	---	\$4,892,646	\$4,892,646
1998	DW Grant Award	7,242,675	---	---	7,242,675	7,242,675
1999	DW Grant Award	9,705,729	---	---	9,705,729	9,705,729
2000	DW Grant Award	12,265,539	---	---	12,265,539	12,265,539
2000	Transfer (2 nd Rnd \$)	12,265,539	4,750,328	-0-	17,015,867	7,515,211
2001	DW Grant Award	14,835,942	---	---	19,586,270	10,085,614
2001	Transfer (2 nd Rnd \$)	14,835,942	4,032,158	-0-	23,618,428	6,053,456
2002	DW Grant Award	17,493,267	---	---	26,275,753	8,710,781
2004	DW Grant Award	20,134,608	---	---	28,917,094	11,352,122
2004	Transfer (2 nd Rnd \$)	20,134,608	-0-	2,559,810	26,357,284	13,911,932
2005	Transfer (2 nd Rnd \$)	20,134,608	-0-	2,570,403	23,786,881	16,482,335
2005	Transfer (2 nd Rnd \$)	20,134,608	-0-	1,000,000	22,786,881	17,482,335
2005	DW Grant Awards	25,608,821	---	---	28,261,094	22,956,548
2006	Transfer (1 st Rnd \$)		-0-	5,000,000	23,261,094	27,956,548
2006	DW Grant Award	28,324,490	-	-	25,976,763	30,672,217
2007	DW Grant Award	31,040,060	-	-	28,692,333	33,387,787
2007	Transfer (2 nd Rnd \$)		3,000,000		25,692,333	36,387,787

SET-ASIDES

The Drinking Water State Revolving Fund also is charged with funding certain provisions of the federal Safe Drinking Water Act, through the use of “set-aside” accounts. States are given flexibility to set aside specified amounts of the federal drinking water capitalization grant for specific purposes outlined in federal law; also outlined in state law in MCA 75-6-201, et seq. These set-asides each have different purposes and conditions, and some are mandatory. Montana is continuing to fund the following set-asides, each of which is described in more detail in the following sections:

- administration
- technical assistance for small communities
- capacity development
- operator certification
- public water supply programs
- source water assessment -- program implementation and field data collection
- source water assessment -- wellhead protection program

ADMINISTRATION

The DEQ set aside four percent of the FY07 capitalization grant, or \$329,160, for program administration, and is planning to set aside the full four percent (estimated at \$330,000) from the FFY08 grant. This will cover continued development of the program and the intended use plan, review of water system facilities plans, review of construction and bid documents, assistance and oversight during planning, design and construction, loan origination work, administering repayments, preparation of bond issuance, and costs associated with the advisory committee and the public comment process. This set-aside also will continue to fund one loan management position at DNRC, four engineering positions at DEQ, and one administrative support position at DEQ. These costs and new personnel were approved by the 1997 Montana Legislature.

Any funds that are set-aside for administration but not actually spent will be “banked;” i.e., they will be placed in an account and used for administration in future years, after federal capitalization grants are no longer available and the program must rely solely on revolving funds. Spending such funds is subject to approval of the Montana Legislature, although federal and bond restrictions will limit use of these funds to purposes related to this program. In recent years, actual program expenses have exceeded the maximum four percent cap grant funds for administration. Additional costs have been paid for with other DWSRF “state special administration” funds.

TECHNICAL ASSISTANCE FOR SMALL COMMUNITIES

This provision allows states to provide technical assistance to public water systems serving populations of 10,000 or less. The Drinking Water SRF program will continue to provide outreach to small public water supply systems through an integrated approach designed to reach: (1) communities whose systems have chronic violations that threaten public health, (2) communities requesting help to correct operation and maintenance problems or to develop needed water system improvement projects, and 3) communities due for routine site visits by DEQ, to assist them with proper operation and maintenance procedures. These routine visits will be conducted with close coordination with and at the specific direction of the DEQ

Public Water Supply Program. These activities help achieve SRF program short and long term goals by providing technical expertise with system O&M and facilitating SDWA compliance.

Efforts focus on providing operation and maintenance (O&M) technical assistance to a large number of small systems throughout Montana. Services include help with source water problems, and systems for the treatment, pumping, storage, and distribution of safe drinking water. Technical assistance, including hands-on work as well as on-site training, can often correct difficulties and provide lasting benefits. Public health protection is enhanced through operator training and assistance and by providing immediate solutions to water system O&M problems. To augment long-term compliance and the continued delivery of safe drinking water, operators are given written information, including who can be contacted for help with specific issues. In addition, written reports provide documentation and follow-up of the technical assistance effort to the water system operators, owners, and DEQ.

DEQ has contracted these services to a technical assistance provider within the state. Expenditures from this set-aside cover contractor salaries, travel expenses and costs related to reporting and follow-up activities, and DEQ contract administration and other small system technical assistance. The original contract was awarded to Midwest Assistance Program (MAP) to provide these services in June, 1999. By June 30, 2005, over 720 site visits were conducted at a total cost of approximately \$718,200 under the original contract. In February 2005 an RFP was issued to re-bid the contract and in July, 2005 a new contract was again awarded to Midwest Assistance Program. Under this new contract, 125 site visits were conducted in SFY 2006 with an additional 110 visits projected by June 30, 2007.

Contract activities for state fiscal year 2008 will be funded with \$ 120,000 set-aside from the federal fiscal year 2005, 2006, and 2007 capitalization grants to fund technical assistance under this contract. Furthermore, funds have been reserved from the FFY2000 and FFY 2001 capitalization grants for this set-aside. However, those reserved funds were used to finance projects until they are needed for set-aside activities at a future date.

To determine the value and effectiveness of this set-aside, DEQ evaluates the program on a yearly basis. Evaluations are based on the contractor's written reports mentioned above and on a survey of water system personnel who have received technical assistance. These evaluations are used to identify positive results, or problems with the program, and to consider opportunities for improvement. The original contract with MAP was renewed annually from SFY 2000 to SFY 2005. The new contract was renewed in SFY 2006 and 2007, and will be reviewed annually with the option of renewing the contract if appropriate. Any significant changes would be discussed in future intended use plans.

STATE PROGRAM MANAGEMENT

This group of set-asides consists of Capacity Development, Operator Certification, Public Water Supply Supervision (PWSS), and Source Water Protection. In addition to the state 20% match for the entire federal capitalization grant, DEQ is required to provide an additional 1 to 1 match for these four set-asides. Federal regulations allow that up to one half of that match can be shown from previous expenditures made in 1993. The other half of the match must be demonstrated from the most recent fiscal year expenditures. Montana set-aside \$790,000 for State Program Management from the FFY07 grant. A table illustrating the State's 1 to 1 match expenditures is shown below. Please note that \$1,718,958 was available for match in SFY06, exceeding the federal requirement. A discussion of the individual set-aside activities follows after the table.

**MONTANA DEPT OF ENVIRONMENTAL QUALITY
PUBLIC WATER SUPPLY PROGRAM**

		FUND SOURCES		
		FEDERAL	STATE MATCH	STATE EXCESS
State FYE 93				
<u>Activity</u>	<u>R/C</u>			
Public Water Supply Program	2511/2512	738,559	246,186	
Drinking Water Fees	2512			203,526
Subdivisions	2515			173,061
Subdivision Supplemental	2518			101,731
Board Cert for W&WW Operators	2516			57,085
	TOTAL FY 93	738,559	246,186	535,404

		FUND SOURCES		
		FEDERAL	STATE MATCH	STATE EXCESS
State FYE 06				
<u>Activity</u>	<u>Org Unit</u>			
Public Water Supply Program	120520, 302832, 545811	1,228,923	290,755	
Subdivision Fees	546115, 546120			1,187,197
Drinking Water Fees	545812, 545819, 545856			447,036
Board Cert for W&WW Operators	545916			84,725
	TOTAL FY 05	1,228,923	290,755	1,718,958

CAPACITY DEVELOPMENT

DEQ set aside \$75,000 from the FFY07 capitalization grant for this activity. The 1996 Amendments to the Safe Drinking Water Act allow states to use SRF funds to establish authority to enforce capacity requirements and to implement a capacity development strategy. The purpose of this effort is to ensure that all new and existing community and non-transient non-community public water supply systems have the necessary technical, financial and managerial capability to comply with all of the primary requirements of the SDWA. EPA also requires that systems demonstrate adequate capability in these areas as a condition of approval for Drinking Water SRF loans.

The State could have lost substantial portions of successive capitalization grants if it did not develop and implement strategies to assist existing water systems with capacity development. The portions of the grants that could have been lost were 10 percent in FY 2001, 15 percent in FY 2002, and 20 percent of each subsequent year's funds. DEQ submitted its strategies to EPA in August 2000 in order to meet the October 1, 2000, deadline to avoid the withholding provisions. These strategies were then subsequently approved by EPA on October 10, 2000.

The strategies are a methodology used to identify and prioritize public water systems in need of improving technical, financial, and managerial capacity. (A complete copy of the capacity development strategies can be obtained from DEQ.) A part of these strategies include providing assistance to those systems by use of the set-aside funding. The state of Montana has over 1900 public water supplies. Given the large number of systems and a shortage of staff with the requisite financial and managerial experience, MDEQ has chosen to provide these services through a contractor. MDEQ entered into a contract with the Midwest Assistance Program (MAP) in March 2001 to provide these assistance services. Through SFY07, MAP has provided in-depth financial and managerial services to approximately 127 public water systems at a total cost of approximately \$388,000. In addition to the FFY07 cap grant funds, MDEQ has also previously reserved \$50,000 in authority from the FFY 2003 capitalization grant for continuing this activity. However, those funds were actually used to finance infrastructure projects in the interim until they are needed for set-aside activities at a future date.

The format for financial and managerial assistance begins with telephone or written contact with the selected water system followed by one or more on-site visits to evaluate the financial and managerial status of the system. Following the site visits, a written report prepared and mailed to the system owner or manager, summarizing the observations and recommendations discussed during the evaluation. A copy of any written correspondence is also forwarded to MDEQ.

This contract has been renewed annually. To comply with state procurement requirements, a new Request for Proposals was issued in 2006 to allow MAP and other contractors the opportunity to continue providing these services to public water supplies. As a result of this process, MAP was again selected as the financial and managerial assistance provider. The current contract with MAP expires on June 30, 2007, and may be extended in annual increments. It is anticipated that these activities will be funded at a similar level from the FFY08 cap grant. The activities performed under this contract help achieve SRF program short and long term goals by providing financial and managerial expertise and facilitating SDWA compliance.

OPERATOR CERTIFICATION

DEQ has set aside is \$60,000 from the FFY07 capitalization grant for this activity. These dollars will be used to fund a portion of the salaries, benefits and operating expenses for three existing full time employees in implementation of the operator certification requirements of the 1996 amendments to the SDWA. The program is an EPA approved program. The work plans will be very similar to those previously approved by EPA. Program activities include, for both water and wastewater system operators, the examination application and testing process, certification for operator-in-training and fully certified operators, continuing education training and tracking, certification renewal, program review, compliance and enforcement tracking, and holding and attending stakeholder and peer review meetings.

PUBLIC WATER SUPPLY PROGRAM (PWSP)

The PWSP administrative set-aside is for \$550,000 from the FFY 2007 capitalization grant. The set-aside will fund salaries, benefits and operating expenses for seven and a half (7.5) water quality specialists. The water quality specialists have been assigned to the Helena, Billings and Kalispell DEQ Offices, respectively. These positions provide direct assistance to water suppliers in implementation of the Lead and Copper Rule, the Phase 2/5 rules, Total Coliform Rule, Consumer Confidence Report Rule, Enhanced Surface Water Treatment Rules, Filter Backwash Rule, Disinfection/Disinfection By-Products Rule, Radionuclides Rule, and the state's ground water chlorination rule. The positions also provide sanitary surveys and technical assistance for health advisories and boil water notices. The set-aside will also fund database development expenses associated with implementation of SDWIS/state database Web Release 1 and contracted sanitary surveys. The work plan will be similar to the work plan approved for FFY 2006 administrative set-aside.

SOURCE WATER ASSESSMENT PROGRAM ADMINISTRATION AND TECHNICAL ASSISTANCE

Section 1452(g)(2)(B) of the SDWA allows Montana to set aside a portion of the capitalization grant to "administer or provide technical assistance through source water assessment programs." Set-aside funds in the amount of \$100,000 will be used in SFY 08 to administer the Source Water Protection Program and to provide technical assistance to local communities in the development of source water protection plans; \$100,000 will be set aside from the FFY 07 grant for this activity. The source water delineation and assessment reports described in the next section are the basis upon which local source water protection plans are developed. This set-aside helps provide the assistance needed to utilize those technical reports.

The specific goals are to:

- Maintain and enhance public accessibility to spatial data essential to the local development of source water protection plans,
- provide training to PWS operators, managers, and local officials in using source water delineation and assessment reports to develop local source water protection plans,
- develop and publish educational materials and provide outreach to communities on source water protection,
- provide technical assistance to local communities in development of public access to source water protection plans,
- develop source water assessment reports for new public drinking water sources,
- provide technical support to non-profit technical assistance providers relating to source water protection plan development, and,

WELLHEAD PROTECTION PROGRAM-LOCAL ASSISTANCE

Section 1428 of the 1996 Amendments to the federal Safe Drinking Water Act (SDWA) requires primacy states to implement a program "*to protect wellhead areas within their jurisdiction from contaminants which may have any adverse effects on the health of persons*". EPA formally approved the Montana Wellhead Protection Program in October 1994 and approved the amended program in November 1999. The combined program was renamed the Montana Source Water Protection Program. DEQ utilizes a program that prioritizes implementation based on public water system classification, size, and apparent risk based on source water characteristics.

Set-aside funds in the amount of \$90,000 will be used in SFY 08 to administer the Wellhead Protection Program and to provide technical assistance to local communities in the development of source water protection plans; \$90,000 will be set aside from the FFY 07 grant for this activity. This is an increase over the funds used in SFY07 for these activities due to the need to significantly increase the level of effort on verifying potential contaminant source (PCS) inventories and providing community outreach in the form of workshops on the operation and maintenance of wells and septic systems. The latter is the most prevalent and most threatening PCS to PWS sources.

The specific goals are to:

- Review source water protection plans submitted by PWSs and others,
- Provide GW Basics training to PWS operators,
- Provide on-site groundwater and wastewater O&M workshops to citizens and others,
- Conduct sanitary surveys to verify PCS inventory, and,
- Provide SWP packets to local governments.

APPENDIX 1: RANKING CRITERIA FOR DRINKING WATER SRF PRIORITY LIST

1. Documented health risks

a. Acute health risks - 120 points max.

Fecal coliform or other pathogens - two or more boil orders in any twelve-month period. Risk must be documented as a reoccurring and unresolved problem that appears to be **beyond the direct control** of the water supplier.

Surface Water Treatment Rule (SWTR) treatment technique violation - source must have been developed as an unfiltered supply, an inadequately filtered supply, Ground Water Under the Influence of Surface Water, and/or without adequate contact time **prior to the development of EPA SWTR** regulations that would have mandated improved treatment.

Chemical contaminants (other than nitrate or nitrite) - risk must be documented as reoccurring and unresolved problem confirmed through quarterly sampling (or as determined by DEQ) that appears to be **beyond the direct control** of the water supplier. Contaminants must be present at levels exceeding Unreasonable Risk to Health (URTH) levels.

Nitrate or nitrite Maximum Contaminant Level (MCL) violations - MCL violation must be confirmed through routine and check sampling as required by DEQ.

Guidance for ranking: For unfiltered surface water, use 70 percent of max. Points in this category unless there have also been documented problems with turbidity, fecal contamination or disease outbreaks. Award an additional 10 percent of max points for each of the following: boil order resulting from a turbidity violation, fecal MCL violation, documented disease outbreak. If disease outbreak has been documented, award maximum points.

For filtered surface water systems, a CT violation without boil orders or fecal MCL violations, etc. , should receive 50 percent of maximum points under this category. Award additional points for the additional violations.

Example: an unfiltered surface water system has had turbidity violations resulting in a boil order, as well as a fecal MCL violation. There have been no documented disease outbreaks. The system would get 70% + 10% + 10% = 90% of max points in this category.

b. Non-acute health risks - 60 points max.

(Non-fecal) coliform bacteria - two or more Total Coliform Rule (TCR) (non-acute) MCL Significant Non-Compliances (SNCs) automatically qualify if the problem is documented as a regularly reoccurring and unresolved problem that is **beyond the direct control** of the water supplier.

Man-made chemical contaminants - problem must be documented as a reoccurring and unresolved problem that is **beyond the direct control** of the water supplier. Contaminants must be present at levels that are above the PQL, and less than the URTH level. Contaminants must be detected at least twice during quarterly monitoring in any twelve month period. MCL violations may or may not occur.

Natural chemical contaminants - problem must be documented as a reoccurring and unresolved problem through quarterly sampling (or as otherwise determined by DEQ) that is **beyond the direct**

control of the water supplier. Contaminant levels must be confirmed as an MCL violation, but the averaged value of the violation must be less than the URTH level.

Guidance for Ranking: Start with 50 percent of maximum points in this category for lead and copper or other chemical violations and go up or down in 10 percent increments depending on the severity of the problem.

2. Proactive compliance measures - 50 points max.

Improvements in infrastructure, management or operations of a public water system that are proactive measures to remain in compliance with current regulatory requirements, to ensure compliance with future requirements, or to prevent future, potential SDWA violations.

Guidance for ranking: If a system is reacting to an existing documented health violation under category 1a or 1b, it should receive no points under this category. Emphasis should be toward a deliberate proactive approach to potential health problems. A system with points awarded in this category typically will currently be in compliance with most or all SDWA regulations.

3. Potential health risks

a. Microbiological health risks - 25 points max.

Occasional but reoccurring detects of coliform bacteria resulting in one or less TCR (non-acute) MCL violation in any twelve month period.

Reoccurring and unresolved problems with non-coliform growth that are beyond the direct control of the water supplier, and result in inconclusive coliform bacteria analyses.

Water distribution pressures that routinely fall below 35 psi at ground level in the mains, or 20 psi at ground level in customers' plumbing systems. Problems must be the result of circumstances beyond the direct control of the water supplier.

b. Nitrate or nitrite detects - 25 points

Occasional but reoccurring detects of nitrate or nitrite at levels above the MCL that occur once or less in a twelve month period. MCL violations are not confirmed by check sampling.

c. Chemical contaminant health risks - 20 points max.

Occasional but reoccurring detects of man-made chemical contaminants that occur once or less in any twelve month period. Levels must be above the PQL, but below the URTH level. MCL violations do not occur because of the presence of the contaminant is not adequately documented through check-sampling.

Occasional but reoccurring detects of natural chemical contaminants (other than nitrate or nitrite) at levels above the MCL that occur once or less in a twelve month period. MCL violations are not confirmed by check sampling.

Guidance for ranking: No additional points should be given in this category for contaminants already addressed in categories 1 or 2. However, if a project scope includes remedies for different types of violations, it should receive points in each of the applicable categories.

4. Construction of a regional public water supply that would serve two or more existing public water supplies - 30 points.

Regionalization would increase the technical, managerial and/or financial capacity of the overall system, would result in some improvement to public health, or bring a public water system into compliance with the SDWA.

5. Affordability (Only one applicable - maximum 20 points)

Expected average household combined water and sewer user rates, including debt retirement and O&M are:

- greater than 3.5% of MHI - 20 pts
- between 2.5% and 3.5% (inclusive) of MHI - 15 pts
- between 1.0% and 2.5% (inclusive) of MHI - 10 pts
- 1.0% or less of MHI - 5 pts

Drinking Water SRF Priority List Bypass procedures.

If it is determined by DEQ that a project or projects are not ready to proceed or that the project sponsors have chosen not to use the Drinking Water SRF funds, other projects may be funded in an order different from that indicated on the priority list. If DEQ chooses to bypass higher ranked projects, it should follow the bypass procedure.

The bypass procedure is as follows:

1. DEQ shall notify, in writing, all projects which are ranked higher than the proposed project on the Drinking Water SRF priority list, unless it is known that a higher project will not be using Drinking Water SRF funds.
2. The notified water systems shall have 15 calendar days to respond in writing with any objections they may have to the funding of the lower ranked project.
3. DEQ shall address, within a reasonable time period, any objections received.

Emergency bypass procedures.

If DEQ determines that immediate attention to an unanticipated failure is required to protect public health, a project may be funded with Drinking Water SRF funds whether or not the project is on the Drinking Water SRF priority list. DEQ will not be required to solicit comments from other projects on the priority list regarding the emergency funding.

APPENDIX 2: DRINKING WATER SRF COMPREHENSIVE PROJECT LIST – 2008

Numeric PPL Ranking Report

Rank No.	Total Points	Project Name	Description	Amount	Population
1	161.5	Carter-Chouteau Co. Water & Sewer District	Water System Improvements	Unknown	200
2	136	Hill Co Water District	Water Filtration Plant	\$600,000	3500
3	128.5	Opheim, Town of	New source, storage, distribution	\$700,000	137
4	112	Eastview Acres Homeowners	Connection to Mountain Water	\$100,000	28
5	110	South Chester Water Users	New Water Source	Unknown	100
6	99	Kevin, Town of	Water System Improvements	\$145,000	178
7	95	Upper/Lower River Road Water and Sewer	Unknown	\$2,103,036	1075
8	90	Butte Silverbow Water Dept	Distribution Improvements	\$1,250,000	34000
9	87.5	Piegan Border Station	SWTR Compliance Issues	Unknown	25
10	84	Essex	Develop GW to Replace Untreated	Unknown	35
11	75	Three Forks, City of	Additional Supply	\$1,500,000	1800
12	75	Three Forks, City of	Additional Supply	\$38,500	300
13	70	Stevensville, Town of	Water System Improvements	\$7,500,000	1732
14	65.5	Jordan	New Well, Storage Reservoir	\$4,066,000	443
15	65	Dry Prairie Regional Water System	Ref preliminary draft final	\$8,000,000	24829
16	65	Kalispell, City of	Distribution System Improvements	\$849,160	16089
17	65	Rocky Boys Regional Water System	Regional Water System	\$180,000	45743
18	60	Clyde Park, Town of	New/Additional Sources, Storage	\$750,000	337
19	60	Helena, City of	Stage 2 Develop Additional Wells	\$2,800,000	30000
20	60	Helena, City of	Stage 1 Wells, Clearwell, Winnie	\$6,200,000	30000
21	60	Lockwood Water Users Assn	Filter to Waste	\$93,000	5400
22	60	Lockwood Water Users Assn	Intake Presedimentation	\$1,118,700	5400
23	60	White Sulphur Springs	Backup Water System	\$75,000	984
24	57.5	Neihart, Town of	New Trans. Main	Unknown	190
25	57	Lambert Co Water and Sewer District	New Treatment Facility, New Well	\$62,600	154
26	56	Blue Cloud W & S, LLP	Arsenic Treatment	\$50,000	50
27	55	Avon School	Replace UV System	\$3,000	60
28	55	Browning, Town of	Unknown	Unknown	1065
29	55	Flathead Co Water and Sewer District #1	Distribution	\$132,513	4000
30	55	Hobson, Town of	New Water System	\$150,000	230
31	55	Lewistown, City of	Install Meters on Remaining	\$550,000	6500
32	55	Lima Water District	Trans Main	\$520,000	242
33	55	Ramsay School	Microbial Disinfection	\$14,500	100
34	55	Tiber Co Water District	Replace Filter Media	\$38,500	300
35	54	Sheavers Creek WD/Woods Bay	Water System Improvements	\$1,350,000	150
36	52.5	Choteau, City of	Source and Distribution Improvements	\$800,000	1781
37	52.5	Hot Springs, Town of	Distribution	Unknown	500
38	52.5	Lorraine So. WD - Missoula County	Transfer Main - Connect to MWC	\$1,000,000	28
39	50	Big Sky Water and Sewer District	Well, Storage, Transmission, Telemetry	\$5,000,000	4000
40	50	Billings, City of	Treatment Plant, Pump Station	\$50,000,000	92000
41	50	Bozeman, City of	Water System Improvements	\$7,500,000	28500
42	50	Conrad, Town of	Treatment Plant Upgrades	\$1,500,000	3000
43	50	Tamarack Woods HOA	Well Head Protection	Unknown	177
44	49	Shelby, City of	Well Field and Storage	\$4,500,000	3500

Rank No.	Total Points	Project Name	Description	Amount	Population
45	47.5	Deer Lodge, City of	Well, Pump, Well House, Telemetry	\$204,500	3375
46	47.5	Oilmont Co Water District	Extend Distribution System	Unknown	600
47	47.5	Red Lodge, City of	Treatment Plant Upgrades, Wells	\$500,000	2255
48	47	Elk Meadows Ranchettes	System Upgrades, Storage, Supply	\$300,000	150
49	47	Swan River School	Pressure Tanks, Piping, Wellhead Protection	Unknown	200
50	45	Anaconda - West Valley Consol.	Hearst Lake/Alt. Supply	\$6,500,000	1365
51	45	Barnaby Lake HOA	Increase Storage	\$49,250	100
52	45	Custer, Town of	Community Water System	\$1,000,000	180
53	45	Dutton, Town of	New Well	Unknown	447
54	45	Eureka, Town of	Connect Midvale Water & Sewer District	\$532,000	1287
55	45	Forsyth, City of	Treatment Plant Upgrades	\$27,192	2200
56	45	Great Falls, City of	Storage Rehab, Distribution	\$2,181,100	60000
57	45	Lewis & Clark County - Woodlawn Park	Distribution System Improvements - Connect to City of Helena	\$150,000	150
58	45	Melstone, Town of	New Well, Ro Treatment	Unknown	136
59	45	Roundup, City of	Water System Upgrade	Unknown	1807
60	45	Tiber Co Water District	Distribution, Telemetry, Controls	Unknown	300
61	42.5	Miles City, City of	(2) Treatment Plant, Storage	\$1,950,000	8487
62	42.5	Miles City, City of	(1) Northeast Water Systems	\$2,300,000	8487
63	42	Hungry Horse Water District	Additional Storage and Distribution	Unknown	1000
64	40	Glendive, City of	Distribution/Storage Improvements	\$736,052	4802
65	40	Scobey	New Pumps, Controls, CL2	\$140,000	1101
66	40	Sun Prairie Village Co. Water & Sewer District	Trans. Main, Storage, and Meters	\$750,000	1483
67	40	Sunrise Terrace II	Additional Groundwater Source(s)	\$55,000	105
68	39	Arlee School District	Chem Treatment	\$6,980	555
69	38	Belgrade, City of	Water Supply Well Construction, Replacement	\$8,132,850	5728
70	37.5	Arlee Water District	New Water Supply	Unknown	350
71	37.5	Pleasant View Homesites	Storage and Distribution System	\$420,000	82
72	37.5	Sheridan, Town of	Test well, Distribution improvements, non-res. Meters	\$461,400	659
73	37.5	Somers Co Water and Sewer District	New Well, Additional Storage	\$530,000	500
74	35.5	Dillon, City of	Storage reservoir, distribution	\$781,000	4050
75	35	Colstrip	Distribution Improvements	\$2,046,000	2600
76	35	Darby, Town of	Two Well Houses	\$100,000	650
77	35	Laurel, City of	WTP Improvements	\$950,000	6255
78	35	Mystic Heights HOA	Additional Well, Capacity	\$30,000	85
79	35	Spring Meadow Homeowners	Increase Capacity, Storage	\$522,000	350
80	32.5	Geyser - Judith Basin County Water and Sewer Dist	Water System Improvements	\$525,000	89
81	32.5	Libby, City of	Johnston Acres Annexation	Unknown	200
82	32.5	Ramsay Water and Sewer District	Water System Improvements	\$165,000	100
83	32.5	Saco, Town of	New Storage Reservoir, System Improvements	\$1,000,000	224
84	32.5	Sunny Meadows HOA	Upgrade System	Unknown	130
85	32.5	Superior, Town of	Phase I Distribution System Improvements	\$1,217,000	865
86	32.5	Yellowstone County RSID	Distribution System Improvements (Garden Ave. - Billings)	\$367,000	45

Rank No.	Total Points	Project Name	Description	Amount	Population
87	30	Baker-North County Water & Sewer District	Distribution System Improvements	\$916,000	100
88	30	Bearcreek, Town of	Water System Improvements	\$500,000	200
89	30	Big Timber Water Works	Treatment and Distribution	\$3,147,500	1568
90	30	Cooke City Water and Sewer District	Storage Tank and Distrib. System Improvements	\$1,000,000	300
91	30	Cut Bank, City of	Distribution Improvements	\$229,000	3105
92	30	Gardiner-Park County Water District	Transmission main replacement	\$200,000	700
93	30	Livingston, City of	Distribution System Improvements	\$700,000	6851
94	30	Loma Co Sewer and Water District	Treatment Plant Upgrade	\$99,000	495
95	30	Loma Co Sewer and Water District	Settling Pond	\$100,000	495
96	30	North Helena Valley Water and Sewer District	Consolidation of Existing PWSs	Unknown	5000
97	30	Ophir School District #2	General Expansion	\$2,093,000	1000
98	30	Ravalli County	Connection to City of Hamilton	\$100,000	50
99	30	Tamarack Woods HOA	Wellhead - Venting	\$2,000	177
100	30	West Glacier Water Users Inc	Distribution Line	\$20,000	1000
101	27.5	Goodan-Keil County Water District	Distribution System Improvements	\$410,000	238
102	27.5	Martinsdale WUA (Water and Sewer District)	Water System Improvements	\$100,000	100
103	27.5	Pablo - Lake Co Water and Sewer District	Distribution System Improvements	\$157,000	1814
104	27.5	Polson	Water System Improvements	\$6,500,000	4041
105	27.5	Thompson Falls, City of	Phase I Distribution System Improvements	\$150,000	1321
106	27.5	Troy, City of	Replacement of Water Systems	\$1,500,000	957
107	25	Culbertson, Town of	Refinance Existing Debt	\$207,535	716
108	25	Darby, Town of	Storage Tank, Additional Well	Unknown	650
109	25	Jette Meadows Water & Sewer District	New Well, Water System Improvements	\$250,000	300
110	25	Whitefish III	Distribution System Improvements	\$1,000,000	5032
111	25	Manhattan, Town of	Water System Improvements	\$1,802,000	1396
112	25	Mission View HOA	Distribution	Unknown	97
113	22.5	Bigfork County Water and Sewer District	Water System Improvements (Source, Storage, Distribution)	\$3,000,000	1200
114	22.5	Billings Heights W D	Storage and Distribution System Improvements	\$1,038,000	11418
115	22.5	Billings, City of	Zone 4 Storage Reservoir	\$6,360,000	92000
116	22.5	Cascade, Town of	New Storage Tank and Distribution Improvements	\$1,200,000	814
117	22.5	Columbus, Town of	New Well	\$320,000	1748
118	22.5	Harlem, City of	Treatment Plant Upgrades	\$600,000	848
119	22.5	Havre, City of	Distribution	\$1,000,000	10200
120	22.5	Lakeside County Water and Sewer District	New Storage Reservoir	\$500,000	500
121	22.5	Panoramic Mountain River Heights	New Well, Trans. Main, SI Meters	\$100,000	77
122	22.5	Plains, Town of	Municipal Well Improvements	\$250,000	1126
123	22.5	RAE Water & Sewer District	Distribution System Improvements	\$150,000	819
124	22.5	Richey, Town of	New Storage Reservoir	\$110,000	189
125	22.5	Seeley Lake	Storage Tank Improvements	Unknown	2000
126	22.5	Sheridan, Town of	Refinance Transmission Main Replacement	\$259,000	659
127	21	Rivershore MHP	Connect to City Water	\$170,000	100

Rank No.	Total Points	Project Name	Description	Amount	Population
128	20	Billings, City of	Distribution system improvements.	\$800,000	89847
129	20	Birchwood Duplexes	Hook up to Missoula Water and Sewer	Unknown	33
130	20	Meadow Hills HOA	Well, Distribution	\$35,000	138
131	20	Seeley Lake	Distribution	\$50,000	2000
132	17.5	Flathead Co Water and Sewer District #8	Additional Well	\$85,000	490
133	15	Potomac-Greenough	Additional Well and/or Storage	\$5,000	112
134	15	Riverside Trailer Court	Orthophosphate Inhib	Unknown	45
135	12.5	Glendive - Dawson Community College	Booster Station	Unknown	300
136	12.5	Glendive, City of	Treatment Plant Improvements	\$360,000	4729
137	10	Antelope Water and Sewer District	Refinance Existing Debt	\$60,000	58
138	10	Bainville	Refinance Existing Debt	\$326,000	153
139	10	Big Sandy, Town of	Refinance Existing Debt	\$393,922	345
140	10	Brockton, Town of	Refinance Existing Debt	Unknown	245
141	10	Froid, Town of	Refinance Existing Debt	\$221,000	195
142	10	Geyser-Judith Basin Co. Water & Sewer District	Refinance Existing Debt	Unknown	299
143	10	Glasgow, Town of	Refinance Existing Debt	\$1,374,203	3235
144	10	Hysham, Town of	Refinance Existing Debt	\$200,000	330
145	10	Medicine Lake, Town of	Refinance Existing Debt	\$360,000	269
146	10	Nashua, Town of	Refinance Existing Debt	\$60,000	325
147	10	Outlook Water and Sewer District	Refinance Existing Debt	Unknown	123
148	10	Plentywood	Refinance Existing Debt	Unknown	2061
149	10	Poplar, City of	Refinance Existing Debt	\$650,000	911
150	10	Ryegate, Town of	Refinance Existing Debt	Unknown	268
151	10	Stanford, Town of	Refinance Existing Debt	Unknown	454
152	10	Sun Prairie Water and Sewer District	Refinance Existing Debt	\$200,000	1483
153	10	Westby, Town of	Refinance Existing Debt	\$15,592	172
154	7.5	Alberton, Town of	Storage and Distribution System Improvements	Unknown	374
155	7.5	Circle, Town of	Well Improvements	Unknown	644