

Water Pollution Control State Revolving Fund Intended Use Plan and Project Priority List

State Fiscal Year 2015

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MONTANA
WATER POLLUTION CONTROL STATE REVOLVING FUND
SFY15 INTENDED USE PLAN

I. INTRODUCTION

The primary purpose of the IUP is to identify the proposed annual intended uses of the federal and state funds available to the Montana WPCSRF program. Federal dollars appropriated in one year are available for use in the next year (i.e. the FFY14 appropriation is available in FFY15). The State match will be raised through the sale of general obligation bonds or revenue anticipation notes as the need for funds arises. The draft IUP will be reviewed by the public and a hearing will be held to allow an opportunity to publicly comment on the draft IUP.

The IUP includes the following:

- I. Introduction
- II. List of Projects
- III. Order of Funding
- IV. Uses of the Revolving Fund
- V. Goals and Objectives
- VI. Activities to be Supported
- VII. Assurances and Specific Proposals
- VIII. Criteria and Method for Distribution of Funds
- IX. Subsidies to Disadvantaged Communities
- X. Public Comment, Amending IUP, State Commitment of Funds

II. LIST OF PROJECTS

The WPCSRF program is intended to provide low interest loans for the planning, design and construction of water pollution control projects. A complete list of any and all eligible projects that are considered possible candidates for assistance from the WPCSRF program at this time can be found in **Attachment I**, the Project Priority List (PPL). In addition to the PPL, this IUP also contains a list of projects expected to receive WPCSRF funds for the period July 2014 through June 2015 (SFY15) in **Attachment III**.

A binding commitment will be in the form of a written agreement between the State of Montana and a borrower describing the project and indicating the amount of the loan and the time at which the funds will be made available. The binding commitment obligates the State to make the loan and the borrower to receive the proceeds and repay, as per specified terms.

III. ORDER OF FUNDING

The following factors will be considered when the project is ranked by the program:

1. Need for and benefit to be derived from the project as determined by the annual project priority list. The project ranking criteria were changed in FY12 in an attempt to

alleviate some past concerns by program staff related to inconsistency of project ranking and to provide more emphasis on public health and water quality protection instead of readiness to proceed. However, readiness to proceed remains one of the primary ranking categories. As in the past, the ranking criteria still integrate point source and nonpoint source projects. Additional points are given if the project is part of a DEQ compliance strategy or a Total Maximum Daily Load (TMDL) watershed restoration plan. Also, points assigned toward refinancing existing long-term debt is only awarded a total of 10 priority points and interim financing projects are limited to 25 total points per project in an effort to direct more funds toward new projects that provide direct benefit to water quality.

2. Ability of the municipality or private person to finance the project, with and without loan assistance (See Section IX).
3. Amount of financial assistance available from the revolving fund and the cumulative amount of funds requested by other applicants.

IV. USES OF THE WATER POLLUTION CONTROL STATE REVOLVING FUND

The WPCSRF may be used to:

1. Provide low interest loans to municipalities for wastewater treatment systems, new interceptors, collectors, and appurtenances, infiltration/inflow correction, sewer system rehabilitation, correction of combined sewer overflows, and construction of new storm sewers and detention basins. The low interest loans can be made for up to 100 percent of the total project cost. Approximately \$339 million in loans (this does not include nonpoint source projects) have been made to communities in Montana. Each of these loans has had a total loan interest rate of 4% or less. Program interest rates will be evaluated and set annually. The interest rate for WPCSRF loans for SFY15 will be 2.50%.
2. Provide interim financing during construction for eligible projects. The interim financing rate for SFY15 will be 1.25%. The maximum term of the interim loan is the shorter of the construction period or three years.
3. Refinance qualifying debt obligations for water pollution control facilities if the debt was incurred and construction initiated after March 7, 1985. Approximately \$11.2 million of debt has been refinanced through this program in the past. However, for the period covered by this IUP it is not anticipated that WPCSRF funds will be provided for refinancing.
4. Guarantee or purchase insurance for local debt obligations. As of May, 2013, no loans have been made for this purpose.
5. Provide a source of revenue or security for general obligation bonds, the proceeds of which are deposited in the revolving fund. There is a 0.25% loan loss reserve surcharge included as part of the 2.50% interest rate. The purpose 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 \$44.5 million in State General Obligation Bonds. The

excess over the required reserve has periodically been transferred to the principal account to make loans. In SFY15 it is anticipated that approximately \$650,000 in excess loan loss reserve funds will be transferred to the principal account and, therefore, would be counted as additional state match for the capitalization grant.

6. Provide loan guarantees for similar revolving funds established by municipalities. As of May, 2013, no loans have been made for this purpose.
7. Finance non-point source pollution control (Section 319) implementation projects or programs. As of May, 2013, approximately \$52 million has been loaned for these types of projects.
8. Earn interest on program fund accounts. At the beginning of SFY13, cash flow analysis demonstrated this program will continue to be a strong source of loan funds after the federal grants are terminated. Interest income to date has been used to pay off program G.O. Bond debt. The cumulative interest earned in the program on investments is \$8.7 million through the end of SFY13.
9. Pay reasonable administrative costs of the WPCSRF program not to exceed 4% (or the maximum amount allowed under the federal act) of all federal grants awarded to the fund. In addition to using WPCSRF funds for administration, each loan has a 0.75% administrative surcharge included in the 2.00% interest rate. These fees are not considered part of the loan principal. The reserve generated from this loan surcharge will be used for WPCSRF administration costs not covered by the EPA grants. Capitalization grants are approved by Congress every year and EPA is currently projecting WPCSRF funding for at least a few more years. However, if needed, these administrative funds could be transferred to the principal account and used to make loans. In SFY15, it is anticipated that approximately \$100,000 in administrative surcharge funds will be transferred to the principal account and, therefore, would be considered additional state match for the capitalization grant.

The special administrative fees collected through loan repayments can be broken down into two categories. If the fees are repaid from first-round funds during the grant period (i.e., from capitalization grants that are still open as of May 2014 – see list below) the uses of these fee funds will be limited to either SRF program administration or transfers to the principal account, as indicated above. However, fees repaid from loans made from capitalization grants that have been closed or from recycled funds may be used for other purposes as long as those uses are consistent with the federal Clean Water Act, this Intended Use Plan, the Operating Agreement between DEQ and EPA, or the Trust Indenture and DEQ and DNRC rules and laws governing the WPCSRF program.

FFY12 and 13 grants are the only open cap grants at this time. Projects drawing funds from these grants are:

Lockwood Phase 3 & 4 project
Glendive Lift Station 2010 project
DNRC NPS 16 loan
Cut Bank force main Project

Forsyth collection project
Choteau collection project
Augusta collection project
Plentywood sludge removal project
Bridger UV project
Laurel WWTP project
Hebgen Lake WWTP project
White Sulphur Springs collection project

The special administrative fee collected from these combined projects in SFY15 is expected to be approximately \$85,998. The total special administrative fees expected to be collected in SFY15 are approximately \$1.3 million. Therefore, approximately \$1,200,000 could be used for Clean Water Act-related purposes other than SRF administration and loans. Of the \$1.3 million received in SFY15, it is anticipated that about \$800,000 will be required for SRF administration, \$300,000 will be transferred to the principal account, and approximately \$200,000 will be used for Clean Water Act-related purposes as indicated below.

The WPCSRF program is expecting to use up to \$45,000 of the special administrative fee funds for advanced training for staff, consultants and wastewater treatment operators to help promote optimization of wastewater treatment throughout Montana, especially with regard to nutrient reduction. This training is a free service to Montana's engineers and operators. Special administration fees (up to \$90,000) are also expected to be used for partial funding of a wetland specialist to provide outreach, technical assistance and education for conservation and protection of natural wetlands. In addition, approximately \$25,000 is expected to be used to help finance a vertical flow constructed treatment wetlands pilot project in conjunction with Montana State University and others to explore and demonstrate the viability of this green infrastructure as a low-tech approach to nutrient removal for small communities in a cold weather climate. Up to \$10,000 may be used to contract with a consultant to evaluate options related to pollutant trading in Montana. And finally, up to \$30,000 of these fee-based funds are anticipated to be used to fund water pollution control training costs for the Montana Environmental Training Center (METC) which specifically provides education to water and wastewater operators in Montana. The total annual cost of the training, the wetland specialist, the wetland pilot project, trading consultant and METC is expected to be approximately \$200,000.

A determination of which projects are to be selected from the PPL, the amount of assistance, and the financing terms and conditions will be made by the Montana Department of Environmental Quality (DEQ) and the Montana Department of Natural Resources and Conservation (DNRC). See Section VIII below for a discussion on the distribution of funds.

Both the WPCSRF and Drinking Water SRF programs have developed a growth policy to clarify the eligibility of certain types of projects directly associated with growth. Specifically, with regard to wastewater systems, new wastewater collection projects that serve areas that are not at least 50% occupied are not eligible for WPCSRF funding. It should be noted, however, that the recent explosive growth in Eastern Montana, due to the Bakken oil development, is creating near-emergency conditions as related to housing and supporting infrastructure, including

wastewater collection and treatment. Therefore, the WPCSRF program will allow for reasonable flexibility in its growth policy in order to accommodate growth-related funding requests on a case-by-case basis.

The entire state match for the current federal grant has already been deposited into the SRF fund and disbursed on eligible activities. Therefore, all cash draws in FY15 will be at a 100% federal proportion. During SFY15, State of Montana will continue to issue state match bonds and sweep excess SRF fees and deposit both sources of match into the SRF to be used for projects. These funds will be used to match future federal grants.

At the Governor's discretion, the state may transfer up to 33% of its Drinking Water SRF capitalization grant to the WPCSRF or an equal amount from the WPCSRF to the Drinking Water SRF. Transfers could not occur until at least one year after receipt of the first DWSRF 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 Appropriation Bills for fiscal years 2002 - 2015. In addition to transferring grant funds, states can also transfer state match, investment earnings, or principal and interest repayments between SRF programs.

Table 1 itemizes the amount of funds that have been transferred between the WPCSRF and DWSRF programs to date. At this time, it is expected that approximately \$6 million in funds will be transferred from the DWSRF to the WPCSRF during the next 12 months.

TABLE 1 - AMOUNTS AVAILABLE TO TRANSFER BETWEEN STATE REVOLVING FUND PROGRAMS

Year	Transaction Description	DWSRF Cap Grant Amount	33% of Cap Grant Amount (Eligible for Transfer)	Transferred from CWSRF to DWSRF	Transferred from DWSRF to CWSRF	Banked Transfer Ceiling	DWSRF Funds Available for Transfer	CWSRF Funds Available for Transfer
1996 & 1997	DW Grant Award	\$14,826,200	\$4,892,646			\$4,892,646	\$4,892,646	\$4,892,646
1998	DW Grant Award	7,121,300	2,350,029			7,242,675	7,242,675	7,242,675
1999	DW Grant Award	7,463,800	2,463,054			9,705,729	9,705,729	9,705,729
2000	DW Grant Award	7,757,000	2,559,810			12,265,539	12,265,539	12,265,539
2000	Transfer (2nd Rnd \$)			4,750,328		12,265,539	17,015,867	7,515,211
2001	DW Grant Award	7,789,100	2,570,403			14,835,942	19,586,270	10,085,614
2001	Transfer (2nd Rnd \$)			4,032,158		14,835,942	23,618,428	6,053,456
2002	DW Grant Award	8,052,500	2,657,325			17,493,267	26,275,753	8,710,781
2004	DW Grant Award (03)	8,004,064	2,641,341			20,134,608	28,917,094	11,352,122
2004	Transfer (2nd Rnd \$)				2,559,810	20,134,608	26,357,284	13,911,932
2005	Transfer (2nd Rnd \$)				2,570,403	20,134,608	23,786,881	16,482,335
2005	Transfer (2nd Rnd \$)				1,000,000	20,134,608	22,786,881	17,482,335
2005	DW Grant Awards (04 & 05)	16,588,524	5,474,213			25,608,821	28,261,094	22,956,548

2006	DW Grant Award (06)	8,229,300	2,715,669			28,324,490	30,976,763	25,672,217
2006	Transfer (1st Rnd \$)				5,000,000	28,324,490	25,976,763	30,672,217
2007	DW Grant Award (07)	8,229,000	2,715,570			31,040,060	28,692,323	33,387,787
2008	Transfer (2nd Rnd \$)			2,500,000			31,192,333	30,887,787
2008	DW Grant Award (08)	8,146,000	2,688,180			33,728,240	33,880,513	33,575,967
2009	Transfer (1st Rnd \$)				5,000,000		28,880,513	38,575,967
2009	DW Grant Award (09)	8,146,000	2,688,180			36,416,420	31,568,693	41,264,147
2009	DW ARRA Grant Award	19,500,000	6,435,000			42,851,420	38,003,693	47,699,147
2010	DW Grant Award (10)	13,573,000	4,479,090			47,330,510	42,482,783	52,178,237
2011	Transfer (1st Rnd 10)				3,000,000		39,482,783	55,178,237
2011	DW Grant Award (11)	9,418,000	3,107,940			50,438,450	42,590,723	58,286,177
2012	DW Grant Award (12)	8,975,000	2,961,750			53,400,200	45,552,473	61,247,927
2013	DW Grant Award (13)	8,421,000	2,778,930			56,179,130	48,331,403	64,026,857
2015	Dw Grant Award (14)	8,845,000	2,918,850			59,097,980	51,250,253	66,945,707
2015	Transfer (2 nd Rnd \$)				6,000,000		45,250,253	72,945,707
Totals		\$179,084,788	\$59,097,130	\$11,282,486	\$25,130,213			

V. GOALS AND OBJECTIVES

Long-Term Goal and Objectives

The long-term goal of the WPCSRF is to maintain, restore and enhance the chemical, physical and biological integrity of the State's waters for the benefit of the overall environment and the protection of public health.

Objectives:

1. Provide affordable financial assistance for eligible applicants concurrent with the objective of maintaining a long-term, self-sustaining State Revolving Fund Program.
2. Fulfill the requirements of pertinent federal, state and local laws and regulations governing water pollution control activities, while providing the state and local project sponsors with maximum flexibility and decision-making authority regarding such activities.

Short-Term Goal and Objectives

The short-term goals of the WPCSRF are to continue to preserve and improve the quality of the State's waters (surface and groundwater), meet the water pollution control needs of the state, and eliminate any public health hazards related to the discharge of inadequately treated wastewater or other pollutants. As an estimated measure of the environmental benefits attained through funding of water pollution control projects, the WPCSRF program will continue to complete an EPA environmental benefits spreadsheet for each project during 2015.

Objectives:

1. Maintain and promote the WPCSRF program, which provides low interest financing (up to 100 percent loans) for water pollution control projects; provide loans for approximately 18 new projects in SFY15 (some projects may have more than one loan).
2. Ensure the technical integrity of WPCSRF projects through the review of planning, design plans and specifications, construction activities and development of a sound operation and maintenance program.
3. Ensure compliance with all pertinent federal, state and local water pollution control laws and regulations.
4. Obtain optimum turnover of the funds for the State in the shortest reasonable time; fund eligible NPS projects.
5. Simplify the administrative and regulatory requirements of the program, without sacrificing project quality, to make the financial assistance readily accessible; coordinate on a regular basis with DNRC and financial consultants to consider ways to improve the program and optimize use of resources.
6. Apply for all available appropriated federal funds contingent upon federal legislation.

VI. INFORMATION ON THE ACTIVITIES TO BE SUPPORTED

The primary type of assistance to be provided by the WPCSRF is expected to be loans. On a more limited basis, the State may provide funds for refinancing existing debt, guarantee or buy insurance for local debt obligations, or leverage bond issues although none of these activities are expected during the period covered by this IUP. The State plans on reserving an amount equal to 4% of the federal capitalization grant for administrative expenses in FY14.

These types of assistance will be provided to local communities, sanitary sewer districts, counties, eligible private persons, or other sub-governmental units recognized under Montana statutes for the construction of publicly-owned wastewater treatment facilities or non-point source water pollution control projects.

VII. ASSURANCES AND SPECIFIC PROPOSALS

The State will assure compliance with the following sections of the law in the State/EPA Operating Agreement, of which this document is a part. In addition, the State has developed specific proposals for implementation of those assurances in the rules promulgated by the Montana Department of Environmental Quality (DEQ) and the Montana Department of Natural Resources and Conservation (DNRC).

- Section 602(a) - Environmental Reviews - The State of Montana certifies that it will conduct environmental reviews of each Title II project receiving assistance from the WPCSRF. Montana will follow EPA approved, NEPA-like procedures in conjunction with such environmental reviews.
- Section 602(b)(3) - Binding Commitments - The State of Montana certifies that it will enter into binding commitments equal to at least 120% of each quarterly grant payment within one year after receipt (on a cumulative basis).
- Section 602(b) (4) - Timely Expenditures - The State of Montana certifies that it will expend all funds in the WPCSRF in an expeditious and timely manner.
- Section 602(b)(6) - Compliance with Title II Requirements - The State of Montana certifies that the applicable Title II requirements listed under this section will be satisfied in the same manner as projects constructed under Title II of the Clean Water Act.

VIII. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

Historically, WPCSRF funds were allocated on a first-come, first-served basis because the supply of funds exceeded the demand. This allowed for the funding of all of the projects as they went into construction. **However, due to annual federal requirements for principal forgiveness and green project reserve, it has become important to identify in each IUP which projects will be receiving SRF funds for the next fiscal year. Please see Attachment III for a list of project expected to receive WPCSRF funds for SFY15.**

The federal appropriations bill (PL 111-88) for FFY12 contained several provisions that are new or have been reinstated. EPA's interpretation of PL 111-88, requires that all wastewater treatment projects for which SRF assistance agreements are executed beginning October 30, 2009 must meet federal Davis Bacon wage requirements unless construction was completed prior to October 30, 2009. This Davis Bacon provision applies to both capitalized and recycled WPCSRF funds.

Another federal provision for capitalization grants is that at least 10% of the capitalization grant must be used to fund green projects as defined by EPA. Projects that are believed to qualify in whole or in part for green reserve are identified in Attachment III.

A new federal requirement for the FFY14 grant is that all structural steel and other limited steel products used on wastewater projects must be manufactured in the United States of America. Contact WPCSRF engineers for specific details on your project.

Additionally, in the FFY14 Clean Water SRF federal appropriation is a requirement that at least 20% and not more than 30% of the federal appropriation must be provided as additional subsidy in the form of principal forgiveness, negative interest rates or grants. However, this percentage only applies to the amount of the total federal appropriation in excess of \$1 billion. For Montana's FFY14 appropriation the required minimum and maximum subsidies are \$372,924 and \$559,386, respectively. The WPCSRF program is proposing to use the maximum allowable amount of \$559,386 for principal forgiveness in SFY15. Because of the additional federal requirements associated with the term 'grants', DEQ and DNRC have chosen to use principal forgiveness as the mechanism for this additional subsidy.

There are various options for allocating the additional subsidy; it could all be given to green projects, prioritized by economic impact, given to all projects this year, or allocated based on the WPCSRF priority system. The following considerations will be observed in the allocation of these additional subsidies:

1. Projects with the highest user rates relative to median household income will be given priority status.
2. Consideration will be given to the effectiveness of the principal forgiveness in reducing user rates for a particular project.
3. No community will be allowed to receive FFY15 principal forgiveness for more than one project.
4. In order to spread the funds to more than one project, it is proposed that the principal forgiveness will be capped at \$200,000 or 25% of the loan amount, whichever is less. This cap and percentage may change depending on the projects selected in the final IUP.
5. Projects seeking short term financing will not be given additional subsidy - only long-term loans will be eligible for additional subsidy.
6. Projects receiving principal forgiveness will be allowed to receive extended loan terms of up to 30 years provided the loan term does not exceed the design life of the improvements.

The proposed list of projects that will receive WPCSRF funds in SFY15 is attached as Attachment III.

Loan terms and interest rates will be determined in accordance with the Administrative Rules adopted by the DNRC. The WPCSRF program may choose to limit the maximum amount of any loan if the demand for loan funds exceeds the availability of funds. Interest rates must be established to generate sufficient revenues to allow the State to make the principal and interest payments on general obligation bonds sold to generate the State match. Ability to repay the loan will also be considered when establishing loan terms. The types of financial assistance provided by the WPCSRF will initially be based on the applicant's request. It is anticipated that the majority of assistance will be provided in the form of direct loans.

IX. EXTENDED FINANCING TO DISADVANTAGED COMMUNITIES

A community is considered economically disadvantaged when its combined monthly water and wastewater system rates are greater than or equal to 2.3% of the community's Median Household Income (MHI). If the community has only a wastewater system, the percentage is 0.9% of the community's MHI. These percentages are consistent with affordability requirements of 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 depreciation and replacement of equipment.

In an effort to provide additional assistance to disadvantaged communities, the WPCSRF program will offer extended finance terms to qualifying communities. The extended loan terms allow qualifying communities up to 30 years to repay the loan. Loan terms cannot extend past the useful life of the improvements to be funded; therefore, it is expected that eligible projects will generally be limited to new collection system piping and appurtenances. However, in certain situations, where the user rates are extremely high, the WPCSRF program may consider extended financing for some treatment facilities if the replacement costs for the shorter-term assets (pumps, blowers, controls, lagoon liners, etc) are set aside by the community on an annual basis to ensure continuity of treatment throughout the term of the loan. The WPCSRF program reserves the right to limit extended term financing at any time in order to ensure the perpetuity of the fund. An evaluation of the funding baseline for the program will be evaluated annually to ensure the historic annual baseline established to date (\$12,753,710), per EPA, is continually met.

X. PUBLIC COMMENT, AMENDING IUP, STATE FINANCIAL COMMITMENT

Public Review and Comment – One public hearing was held on Thursday, June 19, 2014 in Helena to discuss the SFY15 PPL and to allow public comment on the draft IUP. Public notice concerning the PPL and IUP will be posted in major newspapers across the state, and the notice and draft IUP will be published on DEQ's website. There will also be a 30-day public comment period for the public to review and comment on the draft IUP.

Amending the IUP - A simple addition to the PPL and IUP will be allowed after notification has been provided to affected projects (if any) already on the list. If a project scheduled to receive loan assistance within the year is displaced by the addition of a new project, a formal public hearing, if requested, will be held to allow comment on the modifications to the PPL and IUP.

State Financial Commitment - The 1989 Montana Legislature passed House Bill 601, entitled the Wastewater Treatment Revolving Fund Act, which was subsequently signed into law by the Governor. The Act created the new program, established administrative procedures and allowed for a sale of state general obligation bonds in an amount not to exceed ten million dollars. The 1995 Montana Legislature passed House Bill 493, which was subsequently signed into law by the Governor. Among the State Financial Commitments - The 1989 Montana Legislature passed House Bill 601 titled the Wastewater Treatment Revolving Fund Act, which was subsequently signed into law by the Governor. The Act created the new program, established administrative procedures and allowed for a sale of state general obligation bonds in an amount not to exceed ten million dollars. The 1995 Montana Legislature passed House Bill 493, which was subsequently signed into law by the Governor. Among other things, the Act allowed for the sale of state general obligation bonds in an amount not to exceed an additional five million dollars. The 1999 Montana Legislature passed House Bill 110, which gives the WPCSRF an additional fifteen million dollars in general obligation-bonding authority. The 2003 Montana legislature passed House bill 46, which gives the WPCSRF an additional ten million dollars in general obligation-bonding authority. The combined bonding authority provided by these four bills furnishes the WPCSRF with forty million dollars in state general obligation bond authority, which provides enough funds to match all federal appropriations (1989-2006) that have been awarded to the program to date, as well as excess bond authority for potential future federal appropriations. In 2005 with HB142, the Legislative session allowed the Bond authority to be up to \$40 million in outstanding bonds. The State held its first bond sale in 1991. In June of 1996 Montana held its second and third bond sales to provide State match funds for projects scheduled to proceed in FFY 1997. In March of 1998 a fourth bond sale was held to provide State match for projects scheduled to proceed in FFY 1998 and 1999. In March of 2000 a fifth bond sale was held to provide State match for projects scheduled to proceed in FFY 2000 and 2001. In June 2001 a sixth bond sale was held to provide match for projects scheduled to proceed in 2002 and 2003. In June of 2003 a sixth bond sale was held to provide match for projects projected to proceed in 2003. In April of 2004 a seventh bond sale was held to provide match for projects projected to proceed in 2004. An eighth bond sale was held in April of 2005 to provide state match for proposed projects to proceed in 2005. The bond authorization includes notes to be issued instead of Bonds. Note sales were held in October, 2007, for \$500,000, in April, 2008, for \$400,000, and in March, 2009, for \$2,000,000. A bond sale of \$6,500,000 was held in 2010. The next bond or note sale is expected to be approximately \$8,000,000.

As discussed previously, the increased demand for funds may force the WPCSRF program to issue revenue anticipation notes (RANs) for the program, in order to keep the projects moving through construction with adequate SRF funds.

Attachment I

Attachment I

MONTANA
WPCSRF Project Priority List
State Fiscal Year 2015

<i>Rank</i>	<i>Name</i>	<i>EPAID</i>	<i>Project Description</i>	<i>Ranking Total</i>	<i>Amount</i>	<i>Commit Date</i>
105	Agricultural BMPs	C307174	VIIA	95	\$750,000	12/1/2014
9	Alberton UV & Pond Covers	C304223	IIA	395	\$231,000	5/1/2014
117	Alberton WW Refinance	C304234		10	\$350,000	12/1/2016
116	Amsterdam/Churchill WWTF Improvements	C301245	IIIB	25	\$3,000,000	8/1/2014
11	Anaconda_Deer Lodge West Valley PH 2	C302243	IVA	385	\$3,100,000	4/1/2015
93	Anaconda-Deer Lodge Lagoon Rehabilitation	C301256	I	150	\$3,100,000	10/1/2016
6	Anaconda-Deer Lodge West Valley PH1	C302193	IVA	415	\$2,112,000	8/1/2014
17	Augusta Collection	C302228	IIIB	360	\$316,000	5/1/2012
60	Bainville Advanced Treatment	C301259	II	225	\$1,000,000	8/1/2015
112	Baker, City of	C302186	IVA	60	\$800,000	12/1/2016
48	Belt WWTF Upgrade and LS Improvements	C304221	I, IIIB	245	\$1,330,205	6/1/2016
106	Black Eagle Water Dist. Collection	C302185	IIIB	90	\$100,000	1/1/2017
13	Boulder Treatment	C304204	I	370	\$4,000,000	9/1/2015
37	Bozeman Digester	C301229	II	285	\$5,103,000	7/1/2010
96	Bozeman Stormwater 2015	C305178	VI	125	\$1,700,000	6/1/1201
24	Bozeman Story Mill Landfill	C307193	VIII	340	\$2,000,000	3/1/2015
8	Bridger UV	C301249	I	400	\$488,400	9/1/2016
84	Buena Vista Community - Missoula County	C303217	IVB	160	\$400,000	3/1/2016
1	Butte-Silver Bow WWTP-BNR	C301193	II	465	\$30,000,000	8/1/2014
45	Choteau Collection System	C304232	IIIA	265	\$1,200,000	7/1/2013
38	Choteau WWTP	C303097	I, II	285	\$3,000,000	1/1/2015
94	Colstrip, City of	C301216	I, IIIB	135	\$3,000,000	7/1/2015
47	Craig	C303198	I, IVA	245	\$1,000,000	12/1/2016
50	Crow Agency Collection System Improv Phase 3	C303202	IIIB	245	\$3,000,000	1/1/2016
23	Culbertson WWTF Upgrade Phase 2	C301268	I, IIIB	340	\$1,300,000	5/1/2015
12	Culbertson WWTP Phase I	C302115	I, II	375	\$2,000,000	8/1/2013
29	Custer County RID#1	C302235	IIIA & IIIB	320	\$345,000	1/1/2012
35	Cut Bank Force Main Project	C301254	IVA	295	\$1,366,000	10/1/2013
56	Cut Bank WWTP	C301270	II	235	\$12,000,000	7/1/120
49	Dawson County / W Glendive Sewer Improvements	C304231	IIIB	245	\$2,200,000	9/1/2015

<i>Rank</i>	<i>Name</i>	<i>EPAID</i>	<i>Project Description</i>	<i>Ranking Total</i>	<i>Amount</i>	<i>Commit Date</i>
92	Dayton Sewer Dist	C303180	I, IVA, IVB	150	\$500,000	12/1/2016
2	Deer Lodge Treatment Phase 1 & 2	C301209	I	440	\$3,886,000	1/1/2014
80	Dillon WWTF Upgrade	C301244	II	190	\$1,400,000	3/1/2013
46	DNRC NPS Projects	C307175	VIIA, VIIE	265	\$1,500,000	5/1/2015
74	Drummond Lagoon Improvements	C304154	I	200	\$1,200,000	6/1/2014
67	East Clark Street W & S District	C303216	IVA, IVB	210	\$412,000	10/1/2015
108	Ennis Collection	C304157	IIIA	80	\$200,000	8/1/2015
111	Ennis Storm Sewer	C305174	VIII D	75	\$750,000	8/1/2015
72	Eureka (Midvale) Collection	C303200	IVA	200	\$1,325,000	7/1/2016
85	Fairfield WWTF Upgrade	C301219	I	160	\$1,730,000	6/1/2015
53	Fallon County Collection	C302242	IVA, IVB	240	\$1,000,000	2/1/2016
32	Fergus County Fairgrounds Collection	C303220	IVA	310	\$1,200,000	10/1/1201
5	Forsyth Collection UV	C304142	IIIB, I	420	\$2,400,000	11/1/2013
109	Fort Benton Collection	C302234	VI	80	\$200,000	5/1/2016
30	Fort Benton WWTF Upgrade	C301253	I, IIIB	320	\$4,000,000	7/1/2015
54	Fort Smith W&S Dist. WWTP Upgrades	C301218	I	240	\$2,600,000	7/1/2015
15	Gallatin Gateway	C303148	I, IVA	370	\$3,000,000	6/1/2014
34	Glendive Husky LS	C304218	IIIB	295	\$281,000	7/1/2012
65	Glendive Meade Ave Collection	C304216	IIIB	215	\$463,000	7/1/2014
39	Glendive Sargent Benham Collection	C304217	IIIB	280	\$233,000	5/1/2013
42	Glendive WWTP Improvements 2014	C301251	II	270	\$7,000,000	1/1/2014
104	Great Falls Storm Water 2015	C305179	VI	100	\$3,000,000	7/1/2015
10	Great Falls Treatment & UV Disinfection	C301297	I, II	390	\$17,968,000	3/1/2013
33	Greater Woods Bay WW Collection	C302221	IVA	305	\$4,435,000	6/1/2015
31	Harlem WWT	C303207	I, IIIB	315	\$1,760,000	3/1/2014
86	Harlowton WWTP Improvements	C301213	I, IIIB	155	\$5,000,000	6/1/2016
101	Havre I&I Improvements	C304222	IIIA	110	\$1,700,000	9/1/2014
18	Havre WWTP	C301262	I, II	360	\$8,400,000	10/1/2014
36	Hebgen Lake Estates	C301220	I, IIIB	290	\$620,000	6/1/2012
97	Helena City of, NPS	C307182	VI	125	\$1,125,000	6/1/2014
91	Helena Westside Collection	C303218	IVA	150	\$2,000,000	12/1/2014
76	Jackson	C301271	I	195	\$100,000	9/1/2016
21	Joliet Wastewater System Upgrade	C304228	I, IIIB	345	\$950,000	5/1/2015
75	Jordan WWTF	C301266	I	200	\$1,225,000	3/1/2016
59	LaCasa Grande W&S Dist-New Collection	C302230	IVA	230	\$975,000	6/1/2014
115	Lakeside Lift Station Improvements	C301233	IIIB	35	\$1,200,000	6/1/2014

<i>Rank</i>	<i>Name</i>	<i>EPAID</i>	<i>Project Description</i>	<i>Ranking Total</i>	<i>Amount</i>	<i>Commit Date</i>
14	Laurel WWTP Improvements Ph2A2	C301241	II	370	\$7,200,000	7/1/2013
113	Lewis & Clark Co NPS #1	C307176	VIII	50	\$500,000	12/1/2015
87	Lewis & Clark Co WWTP/SCS	C302030	I, IVA, IVB	155	\$500,000	12/1/2015
110	Libby WWTP Improvements	C303151	I, IVA	75	\$3,100,000	6/1/2015
57	Livingston WWTF 2015	C301265	II	235	\$10,000,000	4/1/2016
89	Livingston WWTP	C303181	I, II, IIIB	150	\$1,000,000	6/1/2017
16	Lockwood Collection (Ph 5)	C303110	IVA	365	\$2,800,000	7/1/2012
25	Lockwood Collection Phase 2	C302238	IVA	335	\$4,000,000	7/1/2014
98	Lodge Grass WWTP Phase 1	C301074	I, IIIB	125	\$2,331,000	12/1/2017
95	Lolo WWTP	C301215	II, IIIB	130	\$1,500,000	6/1/2016
61	Martinsdale	C303056	I, IVA, IVB	225	\$900,000	12/1/2017
71	Meadowlark W&S Dist	C302178	IVA, IVB	205	\$250,000	12/1/2016
100	Medicine Lake WWTP Improvements	C301257	I	110	\$1,000,000	9/1/2015
26	Miles City - UV & Solids Handling	C3012631	I, IIIA	335	\$6,203,000	9/1/2014
40	Miles City Headworks & Haynes LS	C301252	II	275	\$1,600,000	9/1/2012
66	Missoula Co.-Spring Meadow	C303204	IVA	210	\$1,100,000	6/1/2017
103	Missoula-NPS-Open Space	C307180	VIII	100	\$1,000,000	7/1/2017
81	North Baker-Fallon Co	C302024	IVA, IVB	185	\$910,000	12/1/2016
58	Park County Fairgrounds Collector	C302237	IVA	230	\$362,000	5/1/2015
90	Philipsburg I/I Reduction	C304208	IIIA	150	\$270,200	12/1/2017
55	Philipsburg WWTP	C302207	II, IIIA	235	\$3,000,000	7/1/2017
77	Plentywood Collection	C302233	IIIB	195	\$2,000,000	10/1/2017
41	Plentywood Sludge Removal	C301258	I	270	\$1,100,000	8/1/2017
44	Plentywood WWTP-Lagoons	C301250	I	270	\$2,500,000	6/1/2015
99	Polson Stormwater System Improvements	C306119	VIII	115	\$500,000	12/1/2017
28	Polson Treatment	C302200	II	325	\$17,000,000	5/1/2015
27	Rexford WWTP	C304225	I	325	\$300,000	10/1/2014
83	Richland County Septage Treatment	C307192	VIII	175	\$1,000,000	6/1/2017
22	Roberts W&S District	C304215	I, IIIA, IIIB	345	\$580,000	10/1/2015
102	Saco WWTP	C304205	I, IIIB	105	\$710,000	4/1/2016
82	Seeley Lake Sewer	C303187	II, IIIB, IVA	180	\$1,110,000	6/1/2016
70	Sidney Collection	C302240	IIIA	205	\$4,400,000	7/1/2016
7	Sidney WWTF	C303213	I	410	\$16,500,000	10/1/2014
114	Somers New WWTF	C301242	I	50	\$1,100,000	10/1/2016
88	South Wind - Trailer Terrace	C304224	I, IVA	155	\$1,000,000	3/1/2016
64	Stevensville WWTF Upgrade	C301106	IIA, IVA	215	\$2,600,000	8/1/2016

<i>Rank</i>	<i>Name</i>	<i>EPAID</i>	<i>Project Description</i>	<i>Ranking Total</i>	<i>Amount</i>	<i>Commit Date</i>
62	Sugar Beet Row w & S Collections	C303219	IVA	220	\$500,000	10/1/2014
20	Tenmile/Pleasant Valley WWTF Upgrade Phase 3	C301267	I, IIIB	350	\$3,100,000	9/1/2015
4	Tenmile-Pleasant Valley WWTF Upgrade Phase 2	C301255	I	425	\$2,900,000	9/1/2013
78	Terry WWTF	C301264	I	190	\$1,900,000	3/1/2016
69	Three Forks WWTP	C302217	II, IIIB	205	\$3,591,000	12/1/2016
51	Townsend UV	C301260	I	245	\$800,000	7/1/2016
107	Treasure State Acres Sewer District	C301158	I	85	\$650,000	8/1/2016
52	Valier WWTF Upgrade & Collection Improvememts	C304220	I, IIIB	245	\$1,200,000	4/1/2015
73	Vaughn Treatment & Lift Station	C304227	I, IIIB	200	\$1,200,000	8/1/2015
19	White Sulphur Springs Collection 2014	C302239	IIIA	355	\$600,000	6/1/2014
43	White Sulphur Springs WWTF	C301272	IIIB	270	\$1,000,000	10/1/2016
63	Whitefish US 93 Phase II Sewers	C304236	IIIA Refinanc	220	\$915,000	7/1/2014
68	Winifred WWTP	C303193	I	205	\$1,000,000	6/1/2016
3	Wolf Creek SCS/WWTF	C303199	I, IVA, IVB	440	\$1,000,000	1/1/2015
79	Yellowstone Boys & Girls Ranch W & S District	C301269	I	190	\$500,000	10/1/120

Total: \$298,811,805

PROJECT DESCRIPTION CATEGORIES			
I	Secondary Treatment	VIID	NPS Urban Runoff
II	Advanced Treatment	VIIE	NPS Ground Water
IIIA	Infiltration/Inflow Correction	VIIF	NPS Mannas
IIIB	Major Sewer System Rehabilitation	VIIG	NPS Resource Extraction
IVA	New Collectors & Appurtenances	VIH	NPS Brownfields
IVB	New Interceptors & Appurtenances	VI-I	NPS Storage Tanks
V	Correction of Combined Sewer Overflows	VIJ	NPS Sanitary Landfills
VI	Stormwater Control	VIK	NPS Hydromodification
VI-A	NPS Agric. (Cropland)	VII	Confined Animals-Point Source
VI-B	NPS Agric. (Animals)	IX	Mining-Point Source
VI-C	NPS Silviculture		

ATTACHMENT II

**PROGRAM FUNDING STATUS
MONTANA WPCSRF PROGRAM**

STATE FISCAL YEARS 1990 TO 2014

Capitalization Grants (not including ARRA \$19,239,100)	\$ 180,049,765
State Match.....	\$ 36,009,953
Overmatch from RIT, C.O.I. fees, investments, LLS.	\$ 26,371,009
Program Administration Allowance.....	\$ <u>(7,201,991)</u>
Available to Loan	\$ 235,228,736

Principal Repayments and Interest as of May, 2014	\$ 210,915,175
Transfers to DWSRF (principal repayments).....	\$ (5,152,273)
Transfers from DWSRF (direct capitalization grants)	\$ <u>13,000,000</u>
Funds Available to Loan through May, 2014.....	\$ <u>218,762,902</u>

SFY15

Capitalization Grant (FFY14)	\$ 6,853,000
DWSRF Transfer	\$ 6,000,000
State Match for FY14	
- Normal G.O. Bond match.....	\$ 1,370,600
- Additional G.O. Bond Match	\$ 0
- Estimated Loan Loss Surcharge (LLS)	\$ 650,000
Program Administration Allowance.....	\$ (274,120)
Anticipated Investment Transfers.....	\$ 1,250,000
Anticipated Principal Repayments and Interest	\$ 18,235,352
Anticipated Overmatch (RIT or other)	\$ 0
Anticipated transfers from special administration Acct.	\$ 0
Revenue Anticipation Note.....	\$ 8,000,000
Available to Loan SFY15	\$ <u>42,084,832</u>

Total Funds Dedicated to Loan \$ 496,076,470

Loans closed as of May, 2014 \$(401,399,474)

Funds available for Loans in FY2015 \$ 94,676,996

Amount of Estimated Loans Identified on Attachment III of
Fiscal Year 2015 Intended Use Plan \$ 102,169,000

ATTACHMENT III

Projects Expected to Receive WPCSRF Funds

\$6.853M Cap grant							updated 6/1/14
Fundable Projects for 2014/15 Construction	Total Loan Amount	Potential Green FFY14	First Rnd Total Loan FFY14	Principal Forgiveness FFY14	1st Rnd loan FFY14	Recycled, BAN or other FFY funds (Loan only)	WW Rate /MHI
Lockwood Phase II Collection	4,000,000	0	200,000	200,000		3,800,000	1.82%
Rexford Phase 1	300,000	0	300,000	75,000	225,000		1.45%
Cut Bank WWTP design interim loan	1,100,000	0	1,100,000		1,100,000		1.66%
Butte BNR	30,000,000	0	349,480		349,480	29,650,520	0.80%
Joliet WWTP	950,000	0	950,000	84,386	865,614		1.45%
Culbertson WWTP Ph 1	2,850,000	0	2,850,000		2,850,000		1.00%
Choteau WWTP	3,000,000	0	200,000	200,000		2,800,000	2.26%
DNRC NPS	750,000	750,000		0		750,000	N/A
Havre WWTP 2014	8,400,000	0				8,400,000	1.04%
Glendive WWTP**	17,981,000	0				17,981,000	1.54%
Helena West Side Collection	2,000,000	0				2,000,000	0.59%
Miles City UV & Solids Handling	6,203,000	0				6,203,000	1.08%
Bozeman landfill	2,135,000	0				2,135,000	N/A
Ten Mile/Pleasant Valley WWTF	3,100,000	0				3,100,000	
Alberton WWTF Upgrades	700,000	0	700,000		700,000		1.1%
Sidney WWTP Phase 1	1,300,000	0	1,300,000		1,300,000		0.9%
Polson WWTP	17,000,000	0				17,000,000	unknown
Whitefish Hwy 93 (II) Collection	400,000	0				400,000	1.03%
** Funded with prior year cap grants (fully or partially and may include principal forgiveness)							
Total	102,169,000	750,000	7,949,480	559,386	7,390,094	94,219,520	

Projects Expected to Receive WPCSRF Funds continued.....

Min green required: \$685,300

Min Principal Forgiveness required: \$372,924

Max Principal Forgiveness allowed: \$559,386

Admin (4%) = \$274,120

State match (20% of grant): \$1,370,600

Total grant with Match \$8,223,600

Total Grant expenditures \$7,949,480

This assumes 25% subsidy with a cap of \$200,000 for projects with the highest ww rates as a percent of MHI.