

**Final Meeting Minutes**  
**DRINKING WATER STATE REVOLVING FUND ADVISORY COMMITTEE**  
**Tuesday, June 18, 2013**

**DEQ Metcalf Building, Director's Conference Room 111, 1520 East 6th Ave Helena, MT**

Committee Members Present:

Senator John Brenden  
Representative Bridget Smith (via phone)  
Anna Miller, DNRC  
Todd Teegarden - TFAB

DEQ Staff Present:

Mark Smith – TFAB/SRF  
Gary Wiens – TFAB/SRF  
Robert Ashton – TFAB/SRF  
Joe Meek – TFAB/SWP  
Shelley Nolan – PWS

**OPENING**

Mark Smith opened the meeting by welcoming attendees, addressing logistics, and going over the Agenda. Handouts were distributed.

**STATUS REPORTS**

**SRF Project/Loan Updates**

Anna Miller from DNRC reported a number of loans in 2013. There was \$30 million for projects, \$20 million of which was for the SRF program. They also had Renewable Resource Grants (HB 6), TSEP Grants – approved in 2011, and Regional Water Grants.

Example of Dry Prairie which received \$1.8 million. \$800,000 was Regional Water Grant money, \$300,000 was from DNRC/SRF, and the rest from Bureau of Reclamation

They also had \$39.5 million in wastewater projects in 2013. Projects ranged from Bear Creek, only 58 households, to Great Falls with 60,000 people and a \$15 million project.

Noted that about 90% of funded projects use MT contractors so the money helps boost Montana's local economy.

2014 expected projects are: Augusta - \$575,000, Butte - \$30 million, Culbertson - \$7 million and will be a phased project, Dry Prairie - \$1.5 million from DNRC and \$7 million from HB11, Plentywood (wastewater) - \$2 million. Sidney and Bainville were waiting on HB18, so should hear from them in the next couple of weeks to start projects.

**Loan Restructuring**

Anna pointed out loan re-structuring on yellow handout sheet. DNRC has been contacting communities with loans to look at re-structuring to potentially help save communities money. Billings used as an example. Their re-structure from 3.75% to 2.5% interest will save them \$1.3 million over the life of their loan.

**Financial Status**

DNRC will be issuing GO Bonds in August/September. They usually do \$20 to \$30 million per year for construction and engineering expenses in the Drinking Water and Wastewater programs.

Mark Smith pointed out that in 15 years the program has \$260 million loans in aggregate. He explained how payments on the loan principal go back into funds for new projects. There is currently \$23 million available of that money. Being able to transfer this money between Drinking Water and Wastewater programs helps them use money more efficiently. Todd noted that the wastewater program currently has more projects planned than drinking water, so there may be a transfer of funds from Drinking Water to Wastewater next year.

## **Future Projects**

Anna mentioned several projects that are not yet on the priority list: Forsyth - \$3-4 million, Great Falls - \$20 million, and Butte - \$30 million. Also potentially have many wastewater projects coming in Eastern MT.

Sen. John Brenden mentioned Scobey, Richland County, and HB218 funding.

Todd mentioned Sidney has a Wastewater project on the 2014 priority list and will have a \$5-10 million drinking water project coming.

Sen. Brenden asked about the loan repayment record.

Anna replied that there have been no defaults or people getting behind to date.

Sen. Brenden asked if users in the community are paying for the loan.

Anna answered that the interest on the loan pays back the GO Bond and they've been very good at paying.

Todd noted that there have been no defaults, or problems with repayment in the 15 years of the Drinking Water program and 23 years of the Wastewater program is a tribute to Anna and her group at DNRC.

Mark explained principal forgiveness, which started with the Federal Recovery Act/stimulus. It has been very popular with communities and has been a great help to small communities. Communities can get up to 50% of their loan, or up to \$500,000 forgiven. About \$2.5 million a year in forgiveness money is used and comes out the Drinking Water program's Federal funding.

Anna noted that \$3 million in principal forgiveness was given in 2013 to Dry Prairie, Carter County, Ekalaka, Fairfield and Flaxville. Wastewater forgave away \$1 million, \$300,000 of which went to Miles City.

Sen. Brenden inquired when applications for grants need to be turned in.

Mark answered that the program has an open cycle for taking applications. The only pre-requisite is they need to get on the intended project list which is done in May/June each year but can be amended at any time if there is a need for a new project.

Anna mentioned that since HB6, TSEP Grants, and Renewable Grants have been passed, they have been contacted about more potential projects that may need to be added to the list.

Anna also explained that SRF is the loan piece for Renewable Resource and TSEP grants which are authorized through the legislature. TSEP is from HB11 and requires a match; SRF can be used as the match money.

## **Cap Grant Application Status**

Mark added that SRF has a Federal piece to its funding. SRF applies to EPA every year around March and has the money in place by July 1. This year it may be later because of the furloughs at EPA.

Anna noted that there is a contingency plan if the money is not available July 1.

Todd explained that the money would be borrowed from state funds and repaid with the Federal funds once they are in place.

Mark added that set aside programs might suffer a little bit and need to come up with more funding but the Drinking Water and Wastewater projects would be able to proceed.

## **DRAFT INTENDED USE PLAN**

Mark gave an overview of the plan and pointed out the Project Priority List in back of the IUP. The list illustrates a need but does not commit anyone to using SRF funding. If a project on the list needs to be bypassed by another, notification letters are mailed to every project ahead of the project that is starting.

Page 8 has a short list of projects expected to be funded in 2013 – this is a best guess list and usually changes.

Anna brought up the application for the getting on the list. It is a simple one-page form with basic questions about the project and community. It should not be burdensome for communities to complete.

Mark also pointed out the summary of Federal funding and State match money on page 13. The program has received \$150 million since 1997.

Todd noted that the state match requirement is 20% for both Drinking Water and Wastewater programs.

Mark pointed out page 16 with the summary of funds to date. Total sources of funding to date is a little over \$256 million, \$213 million has been spent leaving roughly \$14 million available. Great Falls will have a \$20 million project next fiscal year. He said there is always a demand for this funding and then pointed out the table showing the transfer of funds between the Drinking Water and Wastewater programs.

Sen. Brenden mentioned adding a glossary of terms to the Intended Use Plan.

Mark said he would include the list used in the annual report. He then brought up the required 30-day, public comment period for the Intended Use Plan. A public hearing will be held at DEQ on Tuesday, June 25<sup>th</sup> for the Project Priority List. Usually the only comment received is a community asking if they can get on the list for funding.

## **BREAK**

### **SET ASIDE UPDATES**

#### **SWP (Source Water Protection)**

Mark introduced Joe Meek of the Source Water Protection Program. Joe explained that the Source Water Protection Program uses two set asides. One from the 1986 Safe Drinking Water Act for a Wellhead Protection Program, the other from a 1996 Amendment which required States to have a Source Water Program. Source water includes surface water, ground water, springs, etc. The SWP program has done assessments on the 2,000 public water supplies in MI. The assessments bring attention to potential issues but it is completely voluntary for public water systems to address the issues. The Source Water Protection/ Technical Assistance set aside provides \$140,000 to fund 1.5 people in the program.

Joe gave an example of setting up recycling drives in some communities to clean up things like used oil and old DET in people's garages.

Joe said the money is also used to train system operators. Due to high turnover rates, the knowledge level of the operators is low.

The program reviews between 35 and 80 new drinking water sources a year. He gave examples of Sidney and Deer Lodge.

The second set aside is Wellhead Protection. \$130,000 supports about 1 FTE and is for technical planning support work and staff time to identify susceptible systems. They look at the big picture of possible contaminants. For example, groundwater flows, chemical plumes, and where wells are generally located in a specific area. All 200 reports that have been done are available online for public access. Consultants use information to get an understanding of the hydrogeology of area.

Mark pointed out the main goal of the program is to be preventative/proactive; to know what's going on with the source water before a disaster happens and know the best place to put new wells.

Joe added that wells are expensive to replace and it's best to find the proper location for a new well before drilling.

### **O&M Technical Assistance**

Mark introduced Rob Ashton of the Drinking Water SRF program who is in charge of the O&M Technical Assistance set aside.

Rob described the program as using Federal set aside funds to give technical assistance and operation and maintenance training to small communities. The work is contracted out to private companies. Midwest Assistance Program (MAP) held the contract from 2004 – 2012. This year, a new program, RATES, presented much lower costs and has been awarded the contract. There have been no complaints about the new contract. The contracting company (RATES) contacts communities to offer technical assistance or operation and maintenance training. There may be referrals from DEQ for bigger issues. If any follow-up is needed, the contracting company does it.

Rob pointed out the current survey form used and the chart that showed the trend of responses. All communities who receive assistance are sent a survey about how the contracting company performed. Usually about half of the surveys are returned.

Mark added that the contracting company can help with a variety of things; for example, pulling a pump, fixing a chlorinator, hands-on O&M troubleshooting, etc. Other organizations do offer this service as well, like Rural Water.

Mark clarified for Rep. Bridget Smith that Midwest Assistance is now called RCAC – Rural Community Assistance Corporation and offered to give her the contact person's information (Pam Higgins from Lewistown).

Anna noted that while the SRF Technical Assistance program does a good job, communities might be more comfortable asking Rural Water for help instead of a state official. She also said that the technical assistance program is vital in providing training to operators so they can keep up the systems the State has invested in.

### **Financial & Managerial Contract**

Gary Wiens of the Drinking Water SRF Program reported on the Financial and Managerial Contract. This year's contract was given to RATES. So far, the response to the new contractor has been positive. Four staff members have made 36 visits to 17 sites in the last 9 months and given assistance over the phone. He pointed out the questionnaire used in the handout and summary of the responses. Sixteen questionnaires were sent out and nine were returned, which is lower than normal but with a new contractor, it is a good result. He noted that the systems receiving this help require more time than those receiving technical assistance.

Mark asked for specific examples of the type of work done.

Gary gave the example of a homeowner's association needing to form a water district in order to be eligible for funding. He added that the contractor also assists with rate restructuring, setting up bylaws, establishing rules for governing a water system, and helping with accounting and managing finances.

Gary also noted that turnover is a big problem with systems. RATES provides a training manual for systems to help new people understand the procedures of the system.

### **PWS and Operator Certification**

Shelley Nolan presented the Public Water Supply Program and Operator Training Certification Program. There are 2,150 water supplies in MT. The set aside is used to fund 30 positions in PWS – either partial or whole for positions. The program does sanitary surveys, technical assistance, operator training, and operator certification programs. They have received \$700,000 for the last 7 years and have not had any fee increases since 1993.

SRF gave an additional \$150,000 to keep program running. Every system report is uploaded to a Federal database on a quarterly basis.

Sen. Brenden asked whether the reporting was federally mandated.

Shelley affirmed that it was and said that was how they had primacy from what they enforced. The program is funded by SRF set aside money, EPA grants, and connection fees. With 100 surveys to complete this next year, they will use the additional \$150,000 to fund a vacant position to assist with inspections and help fund in kind services for the MT Environmental Training Center. She noted that MT operators don't have many training options so the Environmental Training Center is very important.

She listed the fees that operators pay: \$70 exam application, \$70 to take exam, \$30 annual certification renewal for Drinking Water, \$40 annual certification renewal for Wastewater, and \$70 for reciprocity application. The Operator Certification Program administers exams, sets up training, tracks continuing education credits, gives specialized certificates to operators who are not fully certified.

Shelley also summarized their annual report. The program granted 213 new certificates last year. There were 45 systems in non-compliance.

There are a total of 1,377 distribution certificates, 1,355 drinking water treatment certificates, and 731 waste water certificates held in Montana by about 1,700 operators. Usually the operators in smaller communities hold all three certificates.

The program does about 16 trainings and 4 water schools a year. They will be cutting back on trainings due to staff overload.

The program has developed an electronic monitoring system over the last few years and is ready to go public. They also developed a lab application sample program to make it easier for small communities to get their information in. It was implemented last August.

Sen. Brenden asked if there was anyone on the 'watch list'.

Shelley answered that they don't have a watch list. They use an enforcement tracking tool.

They receive a quarterly report from EPA that usually has 8-12 non-compliant systems.

Sen. Brenden mentioned the community of Coffee Creek has major problems. It is no longer a public water supply so is off the list.

Anna pointed out that Brady and Carter were on the list for non-compliance but they are highly ranked on the priority list because they are trying to fix their problems. Pablo and Great Falls are being proactive and upgrading now for new requirements in a few years.

It was stressed that PWS works closely with the SRF program. The programs try to help the communities before bringing in Enforcement.

## **OTHER BUSINESS**

Mark promised to get handouts and copies of the meeting minutes sent out to everyone.

Todd said the Intended Use Plan needs to be finalized by July 1 and that the programs welcome comments or suggestions any time.

Sen. Brenden mentioned underground tanks being a large problem in MT and needing to be corrected by helping communities, not just bringing in Enforcement to the communities.

## **MEETING ADJOURNED**