

MINUTES  
Drinking Water State Revolving Fund Advisory Committee  
Tuesday May 23, 2006  
DEQ Director's Conference Room 111, Metcalf Building  
1520 East Sixth Ave. Helena, Montana

**ATTENDEES:**

Committee Members:

Mike Hutchin, Polson  
Joe Menucucci, Belgrade  
Senator Aubyn Curtis  
Todd Teegarden

DNRC/DEQ Staff

Anna Miller, DNRC  
Mark Smith, DEQ  
Gary Weins, DEQ  
Marc Golz, DEQ  
Rob Ashton, DEQ  
Andrea Vickory, DEQ

Mark Smith welcomed everyone to the meeting and distributed travel expense forms for the committee members and lunch menus to everyone.

Mark distributed a draft of the Intended Use Plan explaining that we will discuss it later. Mark said that first we are going to give an update of the projects, loans, and financial status. Mark asked Anna Miller start the day with the financial information.

Anna said that the drinking water program has had an exceptionally large volume of loans. Through May 31<sup>st</sup> we have had 29 million dollars in loans and will do another 4 or 5 million dollars in additional loans before fiscal year end. This will be the biggest year ever in drinking water and before this we have averaged around 15 million a year. Anna distributed handouts. She explained that the blue map is the drinking water projects that we have done to date. The multi colored map shows the areas to be served by regional systems. Anna said that we have a lot of rehabilitation of old systems, systems that need to do expansion, need for new wells, and making sure that distribution systems don't have leaks. They need to use water as efficiently as they can because they have a lot of demand on them. The cost of supplies that we need to build these systems has increased considerably. Even with that facing us, we still had a huge amount of demand for our program. We see more people coming in wanting to rehabilitate systems and we also have our first two arsenic plants in Three Forks and Gardener-Park County Water and Sewer District going up and should be on line early this fall. Anna thinks we will have more arsenic plants to come in Montana. Our loan rate is going to stay at 3.75%. Anna hoped that we could bring that down but at this time interest rates are going up.

Anna brought attention to the handout of the map of regional systems. Most of these projects are in Eastern Montana. The Fort Peck Dry Prairie Rural Water System has one section done and they are using the city of Culbertson's water supply because they have abundant capacity and will hookup Froid, Medicine Lake, and about 250 rural water users. The next phases of that project will occur when this is done. It will total around 250 million dollars for the entire project.

The tribal government is going to supply the water intake, and this estimate may be low, due in part to seeing costs explode. As an example they went out 2 years ago and did the first bidding of the project and the engineer's estimate was about \$25 million and it came in at \$40 million. Then they recently reworked it and bid it again and it came in at \$51 million. The phase that Dry Prairie is working on now is about an 8 million dollar project and the Federal Bureau of Reclamation is funding around 76 %. Dry Prairie Rural Water Authority has borrowed 313,000 dollars and they will have another borrowing of over 500,000 dollars with the next phase.

North Central Project just received 6 million dollars in the last federal appropriations bill and so the majority of that will go to do some design. The supply source will be the Tiber Reservoir and distribution will be to people both on and off the reservation. This will be a 200 to 250 million dollar regional system. This will support a lot of rural water users, as well as a number of cities and towns. There are a number of towns on this that have a source of supply that they don't want to give up. But they are interested in the North Central Project because it will be a supply that they can rely on in addition to what they have. It is good having them on the system as it will provide some additional income to the system. Whenever you are more efficient and can get more people on one system, costs go down.

The yellow regional system in the middle of the handout map is the Central Montana System. It was the Musselshell originally and they changed there name. They really didn't have much development on that system until they had a good producing well, so now they are moving forward.

The tan one on the map is the Dry-Redwater system and they are the farthest behind in development. They are exploring to see what communities and rural water users are interested. It's estimated to be 3 to 5 years out. Definitely Dry Prairie and North Central are moving along building a customer base and getting things going and working with the tribal governments. Supplying water to these communities is very important. It makes them more economically and environmentally stable.

Mike Hutchins asked about the IUP, noting that with regional system they are projecting a cost of 230 million but on the next page on the groundwater regional it's a 326 million dollar project. Mike asked if they both will be making an application. Mark answered they would make application separately, 326 million in one and 230 million in another. One thing is they have federal dollars paying 76% of it, so whatever they loan will be a smaller amount. Mike asked if someone could come in a take all the funds. Mark said yes, potentially. Mike stated that the goal was to tie as many of these communities together as possible in each one of the regional systems correct? And Mark agreed.

Mike asked if they are using county right-of-way for these regional systems. Mark said that Dry Prairie uses a lot of state land and they have hundreds of easements. Mark said that they use mainly public property, ether county or state but there is probably some private too.

Mike asked that when they are completed if that means they are completed but in repayment status. Anna said they are in repayment status. Mike asked if we had some historical data that showed how many have paid back out of the loans. Anna said she could get this data. The

program started in 1997. There are a few that have paid back, but 90 percent are still paying as the loans are for longer term. Mike asked if we have had any defaults on any of our loans. Mark said no.

Joe asked: when we talked about the state right-of-way do they have to buy the leases? Mike said that through the counties they don't. We have some criteria they have to follow and there are certain things they cannot do within the right of way. But our right-of-ways are getting pretty clogged up with fiber optics and numerous other things so we need to be pretty careful.

Joe said he understood with state lands they generally sell there easement. Mark said he doesn't actually know. He thinks it's being done by someone from DNRC. Mark said there has been a lot of work in terms of the volume of easements.

Joe said that they have had to buy easements and wondered how much the cost of these are, as they expect fair value and it gets pricey. Anna said they try to use the Department of Highways as much as they can because they want to be sure they can get in to fix things if something goes wrong.

Joe said that Mike is saying that there hasn't been any control on the right of ways and water systems and sewer systems are going to have to find alternate routes because the utility company's have pretty much used up the space.

Aubyn asked what kind of protection do the non-tribal entities have if the tribe claims they have the right to the water. Anna said that is why the agreements are being constructed very carefully to make sure there is a central party to take care of these issues. There is a certain amount of anxiety with the communities where they say they don't want to give up there water system. The local agreement will say this is how the system will run and if a conflict comes about that needs to be resolved; this is the body we will go to. One of the benefits is that because we are involved with the tribal government they get 76% to 80% of the money from federal government as a grant to the project. Without those funds these projects wouldn't happen. That's why we put an agreement together so the tribes, local water users, and rural water users all feel protected. And if problems should occur there is an arbitrator.

Aubyn asked if the tribes are getting additional money from this particular funding source and what percentage would be coming from this source as opposed to the others such as grants and loans. Anna said that is hard to say.

Aubyn asked about the status of the regional water systems. Anna said that Dry Prairie was the farthest along. They have done Phase I where the water from Culbertson is being delivered to rural water users as well as Froid and Medicine Lake. Phase II will go out east where they will pickup a number of rural water users and Bainville. By this fall that system will be supporting in excess of 600 water users.

Aubyn asked if any portion of the north central region depended on the St. Maries? Anna said she didn't think so. She thinks that the Central Montana region has a plan of the communities they are going to serve. But she is not sure that they have those developed far enough and are

still approaching communities saying we need to finalize things and asking if they are on the system or off the system so that they can get final design. Mark mentioned that he still doesn't know if Havre is in or out.

Mark wanted to note that in talking about the Fort Peck-Dry Prairie, or the first phase of Culbertson-Froid project, we are trying to build these projects in independent phases. We try to build each phase as a stand alone in the event that federal appropriations stop or the uncertainty of the next 5 years. Mark said that Dry Prairie needs to get the treatment plant built or they will need to find an additional source of water before they can lay any more pipe. They are using Culbertson's excess capacity to serve Dry Prairie customers right now.

Anna then presented a summary of the waster water program. She talked about the transfer of money from one program to the other. She explained that the waste water program has been around longer and referenced the handout (the red sheet) listing loans made to communities from the Waste Water State Revolving Fund. She explained the handout (the green sheet) showing loans to farmers and ranchers for more efficient irrigation systems and the benefit these projects are to the streams and environment. They are getting the federal money out as fast as they can in loans and then it comes back as state money and then the SRF program can turn around and loan it to local governments. When we get the federal money in we issue State of Montana General Obligation (GO) bonds to match that money. And we loan it to communities when they repay the loans we use parts of these payment to pay off the GO bonds. Anna said to watch for CI-97 as one of the implications of CI 97 is that our GO bonds would have to be approved state wide. This means we would be required to have the entire state approve by vote the GO bonds. She is concerned what the implications of this would be.

Anna said that anyone who needs money at this time has been able to get it. This may tighten in the future.

Mark said so far this year we have done 29 million in closed loans and it will be 33 to 35 million by the time we are done. And last year we transferred 5 million into the waste water program, some federal cap grant money. So having had the ability to meet the demand one way or another, we have been able to help out the waste water demand and still not turn anyone away from the drinking water program. In a couple of months we will be at 100 million in total closed loans and this is a real milestone.

Mark listed the loans that we have closed in the last year and talked briefly about the high points. It's a good distribution around the state and a variety of projects and a variety of needs.

Mark said, in March we applied for our 06 federal cap grants and he was talking with our EPA contact, Brian Friel, and it has been approved. We expect formal written approval next week for a little over 8 million dollars. We will talk about the break out of these funds a little later. Approximately 7 million of this will go to the loan fund for future projects.

Mike asked if we have ever had problems collecting the money on the loans. Anna said that before we make a loan we do a complete financial analysis to make sure they have rates and charges in place to pay it back. So we haven't had a default.

Aubyn asked about the unknown in the amount column. Mark said it's when they recognize they need to make some improvements but they have not had an engineer study done and they don't know what the cost of that is going to be, or they haven't relayed that information on to us. It's just a rough identification of a need but the cost is unknown.

Aubyn asked about the cost effective ranking criteria, does it come into consideration. Mark said it does but if the cost is unknown they don't get points for that. What we look at is the affordability criteria, the cost, what the user rate will be, and how that compares to median household income. Then depending on that, they get a range of points in the affordability criteria. If we don't have any financial information then we can't give any points in that category. For now it gets them on the list as the first step and we know they are on the radar screen that they might be needing help. Generally speaking, they don't have any financial information but they can still rank high due to high acute health risk.

Mark said that he will not go through the entire IUP as everyone is familiar with the program and we are not planning to change a whole lot. Some individual activities and some of the set-aside programs may have slight changes. But overall things are working good, so we plan to continue in the same way. Mark said the draft will change as he talked to Brian Friel yesterday about additional things that need to go into the IUP. EPA wants us to elaborate more on our goals and objectives and carrying that over into the projects we are funding, and how that helps accomplish those goals. Mark said we don't know if anything will change in regards to substance but the final will have more verbiage to elaborate and provide more detail.

Mike asked to go through the pages in the IUP that he has questions, starting on page 3 paragraph 4 (from last years version of IUP). Source Water Assessment Delineation is being stricken as it is assumed they have been completed state wide. Mike said that he knew for a fact they aren't. He said he has 5 systems of which he knows that only 3 of the 5 are done. He knows they are nearing completion but was wondering how critical this is. Mark said maybe yes and no. This is in anticipation that they will be done. Todd asked which ones and Mike mentioned Jette Lake and Pinewood Shores. Todd said they are looking at the June 30<sup>th</sup> date to have them all done. Todd said that he will check on them. Mike said that he agrees in concept that it be stricken because in theory that's all been accomplished. So then the next line obviously has to be put there. Now we are going to do the source water protection plans. Is there a timeline to get that done? Todd said that there is no federal mandate that he is aware of. Mark agreed. Once we move into this mode is there an obligation to be updated? Todd said every six years. So that is something that should be put into this plan that this needs to be reviewed and updated within 6 years. There is no federal mandate so the plan is to start working with these city officials, town officials, districts, who ever and use some energy to get them moving.

Mike said that they are growing so fast on the west side that a six year plan won't be realistic with the growth and there will be so many other impacts to the source water plan. It will have to be redone anyway if you lose a well or have a major change in plans.

Mike then asked on page 7, criteria and method used for distribution of funds. The second paragraph, do we have bypass procedures described and defined? It's not in the intended use plan is it? Mark said that it is in there. Mark said that it is in the very back of appendix 2, with the ranking criteria. Mike said that it makes a comment about it but what is it and who is it? How did that come about? Mark said that if a project comes in and it is ranked number 50 and we want to proceed with it as it is ready to go, we send a letter to projects 1 through 49 to give them a chance to comment on it. Mike asked that a reference be put in to look at that appendix on page 26 etc. for details or explanation.

Mike said next he doesn't understand the table on page 10 and will ask Anna to explain. (Anna was out of the room at that moment.)

Next Page 16, the heading under short term goals. After sub 5 paragraph 2, it makes a statement about the utilization of funds. It went to 98.4 this past 06 and is projected to go to 92.6. With the information that Anna gave today with the need we see on the list, is this too low of a projected percentage to be used? Mark said: It's based on the anticipated projects for this next fiscal year. Todd said that you get a new grant, so you estimate your new cap grant and state match, and then look at projects that are potentially committed. Mike said that what you are trying to do is pick out the most likely ones and the most likely number is reflected in this 92.6 percent? Todd said that is correct. With the 98 being the actual loans closed divided by your actual grant dollars available. Mark said that in reality what Mike says is right, but what we know of right now, there is just a little more than \$5 million in projects for next year, but looking at a two year window we might have \$23 million.

Mike asked about the last paragraph in that section. We talk about this same thing as before, the completion of the source water assessment reports. This is probably accurate enough in terms of the completion. Mark said this is one set-aside that gets into more detail and we could elaborate even more. Mike said that the Source Water Delineation and Assessment reports that have been completed on his systems he noticed that the data is significantly inaccurate. He also added that he does not feel this is anyone's fault. The GIS data in particular might be saying a well is located here but it is clear across the road over there. He doesn't know how this happens but he's thinking the portable GIS wasn't capable of getting it down to the right locations like you can now. Mike said that he has seen wells reflected where there weren't wells and more wells than there actually were wells. These are some of the examples. We need to assure that the GPS is more accurate. Mike feels the only way they can do that is to go out with the operator or the board of directors and actually gather this information because when you get this information off the database it may be inaccurate. Mike commented that when there is a turnover the new person should have as accurate data as possible.

Mark said that the actual new GPS reading might be in order and agreed that you want to have the most accurate information available.

Mike said his next question is on page 17. Referring to the chart, the last sentence says that the transfer from the two programs for this fiscal year is shown in bold and he could not distinguish any bold. Mark said that there is no transfer this year. It's a carry over from the previous year so that should be removed. Also in 2007 we are not planning any transfers.

Mike said, “Back on page 10 regarding the drinking water revolving fund program funding status chart, what is interest on fund investment under loan repayments. Anna said that when money comes in it sits there until it is loaned out again, so there is interest earnings when it sits there. That is what this refers to, but it should be noted that this is what we predict we will get for interest and not an actual figure.

Mikes next question is on page 18 under administration. Regarding the contracts with MAP in finance area and also in technical assistance, is there a duplication of services with the Montana rural water doing technical assistance? Does DEQ think that MAP needs to go out and do site visits to assist communities? Why is this under the TA? Mark said with the close of some of the delineation and assessment work they wanted to assist public water supply in their back log. Mike said that he wasn’t aware of a back log and that further into the document there is the idea of contracted sanitary surveys and some counties do the contracts for you. Todd said that some counties haven’t done that and used Lewis & Clark County as an example. They are way behind due to a lack of staff. So this is a situation where they would provide funds and have Joe’s group do these for them. Mike said that they are running into the same situation as Lewis and Clark County with being short on staff and unless they get additional money will be in the same situation. Todd said that the reason Joe’s staff would work on this is they are doing follow ups on the delineation and assessment reports, and follow up on implementation. So they can do the sanitary survey while they are out there. Mike said he questioned it as to it regards local government or state government and if more employees are justified.

Mike said that the IUP is referring to wanting more people for the public water supply program. That means that this category to conduct routine site visits is part of that, I assume. Todd said that he did not think so, and Mark agreed. Mike said it states the set-aside is for contracted sanitary surveys etc. so if we are going to contract, why do we need more people here to do contracted work? If we are going to do away with some of the contracted work then this might be ok. Todd said that we need to follow up with the public water supply as they are the ones requesting this. Part of it is to get caught up on sanitary surveys. Mike asked is the staff hired to do O & M have technical experience? Todd said that they do, but they will also be given training. Todd said that he didn’t know if they were meant to be O & M inspectors.

Aubyn asked about the significant increase in administrative costs for other DEQ programs, and does it come out of revenues or the administrative budget. Mark said this is still all last year’s information and this will be updated. All we did was adjust the dollars amounts for this year. But it still comes out of the SRF program. They are separate programs. Other programs get a separate grant from EPA which has been declining in recent years, but EPA tells us to offset that decline in our budget and utilize your SRF set-aside funding to make up the difference, because you still have to do all this work. This year it’s a decrease for the PWS program and they are only asking for \$395 thousand compared to \$550 thousand last year.

Mark said he does need to clarify with the public water supply program on two things. One is input regarding the TA under the MAP contract. And the other is, given the technical assistance providers available, either Rural Water, MAP, existing PWS staff, or other existing entities, are new FTE in DEQ being requested?.

Mike said with Meek's program, based on the SWP follow up for the next step, he can see more help is necessary, but doesn't like the concept that they are going to go out to do technical assistance also.

Todd said that it will be traditional sanitary survey information. Mike said that now with source water protection plans and for example, going out to develop things with septic systems that may affect surface waters, he feels this is pretty technical stuff. Mike said that it might be able to be accomplished with one less FTE. Mike said one more thing on page 18 is the cost of 720 site visits at 718 thousand comes to just slightly under a thousand dollars per visit. He thinks this is awfully high. Then Mike said if you go to the next contract on finance and management on page 21 the total 94 to 110 visits on financial and managerial services to public water systems with a cost of 304 thousand dollars which is around \$3000 per technical visit. He feels this is incredibly high. Mike feels that someone needs to check this out. Mark thought that we were going to fewer systems but spending a lot more time with them. Mark said that they are generally paying an hourly rate and they have to be accountable for this time. Todd said that they would get the summary and look at it and get justification from Gary to the committee. Mike requested that the summary be sent to him as he is looking at a better way to do things to improve and reduce the cost. Mike felt that this could be scheduled in advance and improve efficiency. Mark said that they will take a look at the hours per system and again review what they did.

Mike asked on page 21, the last paragraph, what is the deadline for the RFP? Mark said that date is past. Mike was surprised that no engineers applied.

Mike wanted to reiterate that when you start going out in the field with the next review use updated GIS Equipment. Take the maps from the delineation and assessment reports to the operators or boards and fix and clean up reports and they will be much better documents.

Mike had to leave at this time.

Mark said that he would get the specific answers that he is looking for and get this information to him. Todd said they will definitely look into better more efficient management of programs.

Lunch

Mark said that he had a couple of things he wants to mention about the IUP in the future. Regarding the section on subsidies for disadvantaged communities and the hardship interest rate, last year we contemplated lowering our interest rate overall or maybe just for disadvantaged communities. That would give them an even lower rate. Another option is increasing the amount they could loan, or somehow trying to pass more savings on to communities. This is on hold now with increasing prime interest rates, but we will probably resurrect these ideas in the future when the situation allows. We still do not charge a loan origination fee and have waved that for the last two years, so this will be the third year we will not be charging this fee. Anna said that she thinks the 3.75% is pretty attractive to communities. Our goal is always to try and reduce this number as much as we can.

Anna said the CI 97 would be a problem with drinking water program as we have an 8 million dollar grant but can't use it unless we get the GO bonds to match, because we don't have that money available to the program. So we will have to see where they are as far as signatures. Anna said that she knows the governor is not a supporter of it.

Joe asked how are you dealing with the disadvantaged verses the non-disadvantaged communities that have a lot of people in the community that are disadvantaged? The rates impact these people more then the people that are not disadvantaged. Anna said, with CDBG and all of the other grants, it is always taken into consideration. There are more people out there in larger communities that are being served than in the smaller communities. Anna talked about the different rates around the state and that they try to keep rates as low as they can. Todd said the only avenue we have are SID's or RID's, and some of the bigger communities have targeted those neighborhoods for a potential project, and then you have the assessment based on that group.

Mark asked if there were any more questions or comments on the IUP before we move on to the people presenting from the set aside funded programs. Mark said that we have the public hearing on the IUP on June 20<sup>th</sup>. We will start the 30 day comment period this Sunday so the 30 day will end June 27<sup>th</sup>. The idea being by July first we will have the final IUP completed. This final version will be sent to all Advisory Council members.

Mark then introduced Andrea Vickory with the Public Water Supply. John Camden sent Andrea in his absence. Andrea said the Public Water Supply section has 7 ½ FTE that are funded by the set-aside moneys. They have three new staff, including a hydrologist position and that is Jim Consort. They also closed on the technical assistance sanitary survey position, and the hire here was Luella Schultz. Andrea is not sure what her title is, but she goes out it the field for inspections. In June they have a new hire coming on board for the new surface water treatment rule and that is Shelly Noland. She will be housed in the satellite office in Kalispell. So Surface Water Treatment will have a manager in Kalispell. Mark asked if Luella is the only new hire responsible for sanitary surveys? Andrea said that is correct. Andrea said you might see some changes in the lead and copper rule. Other new things with the Public Water Supply Program include the database, which is called Safe Drinking Water Information System (SDWIS). Andrea said this is our vehicle to report to the EPA. EPA tracks our compliances, violations, site visits, population, and inventory. Andrea said, "We in Public Water Supply have made a commitment to do this the best we can with the database." Andrea does a lot of the chemical monitoring. A new source of information for the public, staff, and for people we didn't realize would use, is a database report that is on the website. You can look at public water supply systems and see the sampling history, inventory, wells, and violation status. This is used by people writing consumer confidence reports, by realtor's for research, and water quality bureau to name a few. Internal staff are able to see contact information and lat-longs, etc. Laboratories are also able to use this database and add information. In January of 2007 our safe drinking water information database will be upgrading to a web base database. So you will see some changes. New rules that are affecting the public are going to be the Long Term 2 Enhanced Surface Water Treatment Rule. Andrea said the Public Water Supply is going to defer this to the EPA for about two years. They are going to bring it up to speed for the nation and then we will have the option of taking it over. Also new, is the stage II disinfection by product rule which is coming along in stages. This

involves the largest systems being required to sample. From these samples they will find out the locations in there distribution system where the areas of concern for disinfection by products are. Based on population and what the levels are, they will have a sampling scheme that represents the hot spots. This could result in an increase or decrease of monitoring for those systems. Mark said that in the Public Water Supply discussion of activities he makes a reference to the Montana Chlorination Rule. This rule states that wells are required to take chlorine residuals daily and report them monthly and there are minimum and maximum levels that they must maintain and provide DEQ with that documentation. It's a more stringent rule then the federal rule. The ground water systems that provide treatment also must chlorinate, and if you do that then you need to monitor daily the chlorine residuals and report this documentation monthly. Aubyn asked if this rule was coming from the Board of Environmental Review. Andrea said no, that it is a federal rule. Aubyn asked if it was more stringent then the previous rule. Andrea said she didn't know. Aubyn said that her question is why does the state have a more stringent rule then the federal rule? Andrea said that we must have seen a need for it. Mark said that he thinks the rule is from when there was an absence of a rule from the federal requirements. With the new federal rule, Mark thinks it will override the state rule. Mark said that he agrees with Aubyn that we would have a state rule more stringent then a federal rule. Aubyn said that we do have some rules that are more stringent than the federal rules and they generally came about from actions of the Board of Environmental Review.

Mark talked about Operator Certification and said that Jenny Chambers runs this program and she was unable to attend this meeting today. Mark said he failed to receive any update from Jenny and he felt that there was not much to update anyway. There are three full time employees and they make sure every system's operator is certified and maintaining there continuing education credits. There set-aside dollar amount from the SRF remains pretty steady. They have been using around \$90 thousand a year, however next year they don't need as much, and they are only asking for \$30 thousand.

Mark asked Todd to tell us about the Source Water Protection Program. Todd said that Joe Meek asked Todd to give a briefing on the program. He said that they will be finishing up, and will be done by June 30<sup>th</sup> 2006 with the Source Water Delineation and Assessment Reports for all public water supply facilities. It is a federal requirement to have these done and also to update them every six years. The program will be shifting into an implementation phase which will be working with the communities and checking the accuracy and a lot of the things we mentioned with Mike. The program will be staying plenty busy with doing field work and tapping into some of the other things they can help Public Water Supply with, as they go to these systems to look at the delineation and assessment reports. They do work with folks on demand and with water quality districts. They get requests to go do technical assistance with them.

Andrea came back with Kate Miller. The question as Kate understands it is: Do you currently have a ground water chlorination rule. Kate said we have been doing this for a very long time. We have always had the ability to require chlorination to any public water system, be it groundwater or surface water, if it is found to be a public health threat. Regarding if it was a function of the BER rule or not, Kate said that she didn't think so. The proposed ground water rule keeps getting pushed back in time. One of the reasons for that is that many states in the nation are already requiring ground water chlorination. Mark asked if that rule would be the

disinfection part, of the disinfection/by disinfection bi-products rule or is it a whole other entity. Kate said it a whole other entity. Discussion continued on different rules. Aubyn asked when did the water protection program start monitoring on the six year cycle. The safe drinking water amendments of 1996 amended federal law and set up the drinking water SRF program and said that we are going to require that every community do a wellhead protection/source water protection plan. And it will be done in a certain amount of time so it was mandated in the federal act almost 10 years ago. So that was the time line to get all of them done up to that time and now there done and there will be a six year renewal. They are to look at them within six years. Mark wanted to add to that when the SRF got approved, and the associated funding for source water program, was around July 98, so it took about 2 years. Todd said it was a prerequisite of the program that if you are going to establish an SRF program you will do these assessments along with it. Mark said that it was not a strict requirement but that it was strongly encouraged, and there was a big set-aside the first year for this.

Mark introduced Gary Wiens from the DWSRF program, representing the set-aside for the financial and managerial assistance for water systems in the state. Rob will talk later about the technical assistance aspect, which is going out and helping water systems with O&M. The part that Gary is talking about is the financial and managerial assistance, and the purpose of this is to provide advice and training for water system owners, operators, and managers in the financial and managerial end of operating a water system. Gary said we don't have anyone on staff with a lot of expertise in this area so we have hired a contractor to go out and provide this kind of training. Our first contract was signed in late 2000 with the Midwest Assistance Program (MAP) and we have renewed the contract over the last 5 or 6 years. They have a team of about 4 or 5 people that go out and provide this assistance, depending on the need and location of the water system. We decided last year that we would offer a new contract this year for financial and managerial assistance. We went out with a request for proposals (RFP) in March and the proposals were due April 21. Gary said we only received one response to our ad and again that was the Midwest Assistance Program. Since they were already doing this work we felt comfortable with their capabilities and looked over the proposal and found that it was responsive and met all the requirements of the request for proposal. So we are recommending that MAP be awarded the new contract for financial and managerial assistance services. We are ready to do that and we would like to get the new contract in place for the next fiscal year. The current contract will end with the end of this fiscal year. Aubyn asked how often these contracts are renewed? Gary said that typically we contract a year at a time and they are renewable for up to seven one year terms. Joe asked dollar wise how much has this gone up? Gary said that in terms of hourly rate they proposed the same in their new contract as they have been using, which is \$64.20 per hour. When they started 6 years ago the rate was \$60.00 per hour so it has gone up to \$64.20 in the last six years. Typically we have been budgeting \$75 thousand a year for this activity and some years they have fallen short and some years they are very close to this figure. Joe asked if this is the program with the cost of about 3000 dollars per system? Gary said yes to this and Mark commented that this averages out to about 40 hours per system. Todd said that Mike would like to see a run down of why it is costing almost 3000 dollars a system. He would like to see a listing of the communities and how much time they have spent at them as he feels this is expensive. Mark said you will have to look at each individual system as there will be some that they spent way more and some where they spent way less. We will have to look at the hours for each system and then look at the report to see what exactly they did, if its and excessive

amount of time or not. Gary said that the time reported includes their time preparing for the visit and their time traveling to and from the site, and their time spent at each community and follow up and reporting afterwards. They do not submit any travel expenses or meals as all of that is covered under their hourly rate. Mark said it's a totally loaded rate so it covers everything. Mark said that we need a break down of systems. Gary said that he has a list of the systems that were visited between April of last year and March of this year, but he didn't have the hours and times. Todd said that being this was asked last year, it would be a good idea to have spreadsheet with this information to present on a fiscal year basis. Mark said that some systems need a lot more help than others. Todd asked if we documented what they are doing and Gary said they provide a report stating what they did at each system. Gary said they also provide a quarterly report which lists what systems they helped, along with a brief summary of what they did. So they also have that information. Gary said he did notice that when they visited a system they were good about visiting several systems at a time so they didn't build up a lot of travel and preparation costs for those visits. Mark said it's good that everyone is aware of that and that we are trying to be as efficient as possible. The systems that we are able to help genuinely appreciate this assistance. It's not a huge dollar amount, it's more concentrated to a limited number of systems but with a larger amount of time spent at the system, in contrast to the Technical Assistance (TA) contract. Mark said he couldn't think of a good reason to stop doing it. We have had the one proposal from MAP and we will look at this one year at a time and will look at feedback from systems that were visited on quality assurance/quality control. Basically it's our recommendation that we continue provide this outreach effort and will leave it at that, opening it up for discussion if anyone has input or other ideas. Aubyn asked where Antelope County Water and Sewer District is located. Rob said the name of the community is Antelope. Anna said that she thinks that since they are not incorporated she thinks its Antelope Water and Sewer District. Joe asked where the Surprise Creek Colony was located. Gary said that he knew that MAP has Pam Higgins who lives in Lewistown and she has been providing that assistance. So it should be around that area. Anna said that there are a number of colonies that have water system problems that are looking to join the regional water systems because their wells are not working. Mark thought that would be a very good thing. Mark said from his time in the Public Water Supply Program, the Hutterite systems have a large amount of problems for a host of reasons. Hutterite colonies have a lot of violation problems, so if they get on these regional systems it would be good. Mark said hearing no objections; they will proceed with the contract for another year.

Mark introduced Rob Ashton from DWSRF Program. Part of the set-aside for the technical assistance is for our technician to visit the site and deal with their supply, storage, distribution, and problems that they might have or things they might have to look at. The technician also help with training of their operators if they have tests coming up and occasionally they will help with refresher courses or direct them to the right people for their sampling departments etc. We went through the request for proposal last year and again it was awarded to the Midwest assistance program. Rob said the cost is around 1 thousand dollars per visit and a lot of that dollar figure is in the required reporting information that we ask for. The community gives them a lot of information and then we ask them for a lot of information. In the future this might be one area where we can trim down this cost. You would still get the same effect on the ground but maybe cut out some of the reporting requirements. Todd said that Mike had the same request of this program as to the site visit, and the purpose etc. Rob said that he is welcome to look at the detailed reports and they are all public files and he can have the list and can go through them

anytime he would like. Rob said that he did put together a synopsis of the number of visits that have been made since the inception of the program. He also included the contract billing information on the contract renewal. So you can see how much we have put into the program and how much is remaining for this year. Rob then dispersed handouts. Rob expects that there will be 100 to 110 visits this year, which is a good year for them. The reports done by MAP include a computerized drawing of the system, a detailed investigation of their supplies, and assessing if they have the right documentation on their well depth and wellhead information. There are a lot of things that we have had them do and if these reports are used by others down the road, like for sanitary surveys, to simplify their process and save someone else time, then you could easily justify it. But we need to discuss this issue. The response to the survey shows they are generally satisfied with the assistance they are getting from the MAP technician. Rob then discussed the questions on the survey forms. Rob said that he would get a copy of the survey form to the advisory board members. The previous contract we had with MAP required sending an invoice every three or four months. In the current contract they are required to send us an invoice at least every two months, and this allows us to get the surveys out quicker and we get a better response to the surveys. Mark said that when you consider all the time put in, this may not be a bad rate. Rob added that the technician does a good job of doing research on EPA website and providing information on the new and upcoming rules. So there is a lot of background work the technician does that is not completed on site. They also provide a CD that has O & M maintenance programs that the communities can use if they want to track maintenance on their pumps, filters, and things like that, so they can get organized and stay organized. Mark asked why we added “conduct routine site visits to assist communities with proper O & M” regarding duties to the IUP. Rob said it was to get the duties in line with our written contract. The way this is set up is if, for example, someone in public water supply says this community is having a problem, their chlorinator has shut down and we have one to loan them but we don’t have anyone to show them how to set it up and use it, they can call MAP and have them send a technician to go and help. Or a community can say I have had this problem, my turbidity has gone very high, can you come and help us. The MAP technician can also just call the community and say I’m coming through your area, can I stop by and do a technical assistance visit and see how you are doing and see how your system is working. In our previous IUP we did not include all three ways that are allowed in the contract so we added it now. Rob said that if we have added other FTE doing the same thing we may need to look at the contract and make changes as we have the ability to do that on an annual basis. Todd said the question is: are there duplication of services and are they asking for FTE to do sanitary surveys with SRF money, and are we paying MAP to do the same thing? Are we duplicating services? The routine stop from MAP regarding the O & M visit could be a duplication of the sanitary survey. Mark said that this may just need clarification so that duplications are not done. It could be that if someone is due for a sanitary survey, we could kill two birds with one stone. This will need further discussion. Joe said that there is real value out there in that an operator will feel much more comfortable with another operator than they would with someone from the state. They’re not afraid to say something to them that they might be afraid to say to the state. The process for these visits is the technician sends Rob an e-mail saying here are the communities that I would like to visit and he calls them in advance. So it isn’t like he can just stop and say I want to look at your system. The community has to agree to it and Rob has to approve it. So there are checks and balances on this. There are pros and cons. You want them to help the systems that need help. There maybe some systems that need their help but when he calls them they refuse the visit. In the letter he sends it states that this is a technical

assistance, a non-regulatory type of program simply there for your benefit and free of charge to you and paid for by the state. There are probably some communities that they visit that really don't need any help but it gives another set of eyes into that system and reassures them that what they are doing is correct. A lot of Montana systems are small and its nice to have that experience from another operator that they area going down the right path.

Mark asked for questions on the set-asides.

Aubyn asked if we have one operator or technical advisor that primarily does this? Rob said there are two names, Paul Torok and Tim Miller. Aubyn asked if Tim Miller was a state employee. Rob said no, he works for the Midwest Assistance Program. And that is who our contract is with. Mark said that Tim is a good hand and has worked around the state and has a lot of experience.

Anna asked about the financial and managerial people from MAP that do the work. Gary named four people.

Mark said in summary, he would incorporate some of EPA's preliminary comments to the IUP, along with public comments, and the public hearing on the IUP will be held on June 20<sup>th</sup>. We plan to finalize the IUP on or around July 1<sup>st</sup>. We will send you final copies and supporting documentation as a result of this meeting. Mark said to get a hold of him if you have any questions and thanked every one for attending.