

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

State Fiscal Year 2013

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**MONTANA
WATER POLLUTION CONTROL STATE REVOLVING FUND
SFY 2013 INTENDED USE PLAN**

I. INTRODUCTION

The State of Montana had previously adopted the Intended Use Plan (IUP) for state fiscal year 2013 as required under Section 606 of the Clean Water Act. Since that time, new regulations have been implemented by EPA that require this revision of the IUP.

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 FFY 2010 appropriation is available in FFY 2011). 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 new projects expected to receive WPCSRF funds for the period July 2012 through June 2013 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 by 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 concern 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 \$312 million in loans (this does not include nonpoint source or refinanced 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. **It is anticipated that the WPCSRF program will reduce their normal interest rate from 3.75% to 3.00% in SFY13.** Project draws on the federal capitalization grants will be drawn in the ratio of 83.33% federal to 16.67% state bond proceeds.
2. 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.
3. Guarantee or purchase insurance for local debt obligations. As of May, 2012, no loans have been made for this purpose;
4. Provide a source of revenue or security for general obligation bonds, the proceeds of which are deposited in the revolving fund. There is a 0.25% loan loss reserve surcharge included as part of the 3.00% interest rate for loans not qualifying for a hardship. The use of the surcharge is to pay principal and interest on state G.O. Bonds if the Debt Service Account is insufficient to make payments. This is to secure \$35.59 million in State General Obligation Bonds. The excess over the required reserve has periodically been transferred to the principal account to make loans. In 2013 it is anticipated that approximately \$325,000 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.
5. Provide loan guarantees for similar revolving funds established by municipalities. As of May, 2012, no loans have been made for this purpose;

6. Finance non-point source pollution control (Section 319) implementation projects or programs. As of May, 2012, approximately \$52 million has been loaned for these types of projects;
7. Earn interest on program fund accounts. At the beginning of FY12, 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 \$8.4 million through the end of SFY11.
8. Pay reasonable administrative costs of the WPCSRF program not to exceed four (4) percent (or the maximum amount allowed under the federal act) of all federal grants awarded to the fund. These administrative draws on the federal capitalization grants will be drawn in the ratio of 83.33% federal and 16.67% state bond proceeds. In addition to using WPCSRF funds for administration, each loan has a 0.75% administrative surcharge included in the 3.00% 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 after capitalization grants cease and for administration of projects that use recycled funds. Capitalization grants are approved by Congress every year and EPA is currently projecting WPCSRF funding through FFY13. However, if needed, these administrative funds could be transferred to the principal account and used to make loans. In FY2013, it is anticipated that approximately \$500,000 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 2012 – 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.

FFY10 and 11 grants are the only open cap grants at this time. Projects drawing funds from these grants are:

- Gilford project
- Billings UV project
- DNRC NPS 15 loan
- Lockwood Phase 3&4 projects
- Glendive Lift Station 2010 project
- Butte WWTP Ph 1A project
- Bigfork WWTP Ph II project
- Gardiner 2010 project
- Choteau Collection 2010 project
- Whitefish UV project
- DNRC NPS 16 loan
- Bridger Pines treatment project
- Missoula Wye collection project

The special administrative fee collected from these combined projects in SFY13 is expected to be approximately \$91,000. The total special administrative fees expected

to be collected in SFY13 are approximately \$1.2 million. Approximately \$1,109,000 could be used for Clean Water Act-related purposes other than SRF administration and loans. Of the \$1.2 million received in SFY2013, it is anticipated that about \$760,000 will be required for SRF administration, \$240,000 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 \$100,000) 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 or 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. 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 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.

Due to recent significant population growth in Montana and the expansion of water and sewer services to accommodate that growth, both the WPCSRF and Drinking Water SRF programs 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.

At the Governor's discretion, the state may transfer up to 33 percent 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 - 2011. Another one-year extension was granted with the FY12 appropriation bill and it is assumed that the extension will again be granted in FFY 2013. 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 not expected that 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
Totals		\$161,818,788	\$53,400,200	\$11,282,486	\$19,130,213			

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), to meet the water pollution control needs of the state, and to 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 2013.

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 14 new projects in SFY13 (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 four (4) percent of the federal capitalization grant for administrative expenses in FY13.

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 percent 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 federal requirements for principal forgiveness and green project reserve, it has become important to identify in this 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 SFY2013.**

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 new federal provision for FFY10 (and FFY11) capitalization grants is that at least 20 percent 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.

The final major provision in the FFY12 Clean Water SRF federal appropriation is 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 FFY12 appropriation the required minimum subsidy is \$383,922 and the maximum subsidy is \$575,882. The WPCSRF program is proposing to use approximately \$ 575,800 for principal forgiveness. 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 population or economic impact, given to all projects this year, or allocated based on the WPCSRF priority system. The following considerations will also 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. No community will be allowed to receive FFY12 principal forgiveness for more than one project.
3. In order to spread the funds to more than one project, it is proposed that the principal forgiveness will be capped at \$175,000 or 25% of the loan amount, whichever is less. This cap and percentage may change depending on the projects selected in the final IUP.
4. Projects seeking short term financing will not be given additional subsidy.
5. 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 SFY13 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. SUBSIDIES TO DISADVANTAGED COMMUNITIES

Communities that meet the disadvantaged criterion listed below may receive an additional subsidy on their WPCSRF loans, beyond the standard below-market rate financing (unless they receive a loan with principal forgiveness). This includes communities that will meet the disadvantaged criterion based on projected rates as a result of the project.

A community is considered economically disadvantaged when its combined 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.

To assist these economically disadvantaged communities, the WPCSRF loan program will provide to qualifying communities a 1.0% interest rate reduction (unless they received principal forgiveness for the proposed project). The total amount of reduced interest rate loans that the WPCSRF will issue under any single capitalization grant will be limited to 20% of that

capitalization grant beginning in FFY 1998. This measure is taken to ensure that the corpus of the WPCSRF fund will be maintained and the program will be able to operate in perpetuity, while still providing some additional assistance to economically disadvantaged communities. If funds are available, the maximum disadvantaged loan amount will be \$500,000.

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 be limited to new collection system piping and appurtenances. 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 will be held on Friday, June 15, 2012 in Helena to discuss the SFY 2013 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 \$3,000,000.

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. However, no RANs are expected to be issued during FY13.

Attachment 1

MONTANA

*WPCSRF Project Priority List
State Fiscal Year 2013*

<i>Rank</i>	<i>Name</i>	<i>EPAID</i>	<i>Project Description</i>	<i>Ranking Total</i>	<i>Amount Assist Type:</i>	<i>Commit Date</i>
1	Butte-Silver Bow WWTP-BNR	C301193	II	435	\$24,500,000 Loan	7/1/2013
2	Bozeman WWTP	C303105	I	415	\$20,000,000 Loan	7/1/2008
3	River Rock WWTP 2011	C302224	II	405	\$5,100,000 Loan	8/1/2012
4	Bridger Pines	C303183	I	385	\$950,000 Loan	6/1/2011
5	Deer Lodge Treatment Phase 1	C301209	I	355	\$3,886,000 Loan	1/1/2014
6	Lockwood Collection (Ph 5)	C303110	IVA	355	\$2,800,000 Loan	7/1/2012
7	Philipsburg WWTP	C302207	II, IIIA	350	\$3,000,000 Loan	7/1/2013
8	Kalispell Digester Lid	C303214	II	340	\$65,000 Loan	7/1/2012
9	Big Sandy	C303194	I, IIA	340	\$800,000 Loan	3/1/2012
10	Bigfork WWTP (Phase II)	C303196	II	340	\$8,500,000 Loan	9/1/2010
11	Laurel WWTP Improvements Ph2A2	C301241	II	340	\$6,000,000 Loan	12/1/2012
12	Roberts W&S District	C304215	I, IIIA, III	335	\$580,000 Loan	10/1/2012
13	Three Forks WWTP	C302217	II, IIIB	315	\$3,591,000 Loan	12/1/2013
14	Melrose Co W&S Dist	C302229	IIIB	310	\$160,000 Loan	1/1/2012
15	Greater Woods Bay WW Collection	C302221	IVA	305	\$4,435,000 Loan	6/1/2014
16	Harlem WWT	C303207	I, IIIB	305	\$1,760,000 Loan	3/1/2014
17	Tenmile-Pleasant Valley WWTF Upgrade	C301255	I	300	\$2,900,000 Loan	6/1/2013
18	Charlo Collection	C302232	IVA	300	\$500,000 Loan	6/1/2011
19	Fort Benton WWTF Upgrade	C301253	I, IIIB	300	\$900,000 Loan	7/1/2014

<i>Rank</i>	<i>Name</i>	<i>EPAID</i>	<i>Project Description</i>	<i>Ranking Total</i>	<i>Amount Assist Type:</i>	<i>Commit Date</i>
20	Great Falls Treatment & UV Disinfection	C301297	I, II	295	\$18,675,000 Loan	3/1/2013
21	Billings Five Mile Lift Station Rehab	C302236	IIIB	290	\$4,500,000 Loan	8/1/2012
22	Anaconda-Deer Lodge West Valley PH1	C302193	IVA	290	\$700,000 Loan	1/1/2014
23	Hardin, City of - Phase 1B	C303186	I, IIIB, IV	290	\$3,400,000 Loan	1/1/2010
24	Bozeman Digester	C301229	II	285	\$5,103,000 Loan	7/1/2010
25	Plentywood Collection & sludge removal	C302233	I, IIIB	280	\$2,444,000 Loan	10/1/2012
26	Hebgen Lake Estates	C301220	I, IIIB	280	\$620,000 Loan	6/1/2012
27	Alberton UV & Pond Covers	C304223	IIA	275	\$231,000 Loan	5/1/2013
28	Gallatin Gateway	C303148	I, IVA	275	\$3,000,000 Loan	6/1/2014
29	Plentywood WWTP-Lagoons	C301250	I	270	\$2,500,000 Loan	6/1/2014
30	Forsyth Collection	C304142	IIIB	270	\$2,200,000 Loan	11/1/2013
31	Conrad Sludge Removal	C303212	I	265	\$1,282,000 Loan	6/1/2012
32	Havre WWTP	C301053	I, II, IIIB	265	\$5,800,000 Loan	4/1/2014
33	DNRC NPS Projects	C307175	VIIA, VII	265	\$1,500,000 Loan	5/1/2012
34	Joliet Wastewater System	C304228	I, IIIB	260	\$1,500,000 Loan	5/1/2014
35	Wolf Creek SCS/WWTF	C303199	I, IVA, IV	255	\$1,000,000 Loan	1/1/2012
36	East Helena SS Separation	C302219	VI	250	\$500,000 Loan	6/1/2014
37	Richland County Septage Treatment	307192	VIII	250	\$1,000,000 Loan	6/1/2013
38	Valier WWTF Upgrade & Collection Improvemtns	C304220	I, IIIB	245	\$1,200,000 Loan	4/1/2014
39	Belt WWTF Upgrade and LS Improvements	C304221	I, IIIB	245	\$1,330,205 Loan	6/1/2014
40	Anaconda-Deer Lodge Lagoon Rehabilitation	C301256	I	240	\$3,300,000 Loan	10/1/2012

<i>Rank</i>	<i>Name</i>	<i>EPAID</i>	<i>Project Description</i>	<i>Ranking Total</i>	<i>Amount Assist Type:</i>	<i>Commit Date</i>
41	Fort Smith W&S Dist. WWTP Upgrades	C301218	I	240	\$2,600,000 Loan	7/1/2015
42	Cut Bank WWTF Upgrade	C301254	I, IIIB	240	\$7,000,000 Loan	4/1/2014
43	Lolo WWTP	C301215	II, IIIB	240	\$1,500,000 Loan	6/1/2014
44	White Sulphur Springs - WWTF	C304226	IIIB	235	\$1,100,000 Loan	9/1/2015
45	Rudyard Collection	C304153	IIIB	235	\$43,000 Loan	7/1/2014
46	Miles City Headworks & Haynes LS	C301252	II	235	\$1,600,000 Loan	9/1/2012
47	Glendive Husky LS	C304218	IIIB	235	\$281,000 Loan	7/1/2012
48	LaCasa Grande W&S Dist-New Collection	C302230	IVA	230	\$975,000 Loan	6/1/2014
49	Seeley Lake Sewer	C303187	II, IIIB, I	225	\$1,110,000 Loan	6/1/2015
50	Martinsdale	C303056	I, IVA, IV	225	\$900,000 Loan	12/1/2014
51	Craig	C303198	I, IVA	220	\$1,000,000 Loan	12/1/2014
52	Stevensville WWTF Upgrade	C301106	IIA, IVA	215	\$2,600,000 Loan	8/1/2015
53	Missoula Co.-Spring Meadow	C303204	IVA	210	\$1,100,000 Loan	6/1/2015
54	Meadowlark W&S Dist	C302178	IVA, IVB	205	\$250,000 Loan	12/1/2014
55	Winifred WWTP	C303193	I	205	\$1,000,000 Loan	6/1/2014
56	Park County Fairgrounds Collector	C302237	IVA	205	\$362,000 Loan	5/1/2014
57	Augusta Collection	C302228	IIIB	205	\$315,000 Loan	5/1/2012
58	White Sulphur Springs WWTF	C302056	IIIA	200	\$600,000 Loan	6/1/2014
59	Vaughn Treatment & Lift Station	C304227	I, IIIB	200	\$1,200,000 Loan	8/1/2014
60	Bridger UV		I	200	\$100,000 Loan	6/1/2013
61	Amsterdam/Churchill WWTF Improvements	C301245	I	195	\$3,000,000 Loan	6/1/2014

<i>Rank</i>	<i>Name</i>	<i>EPAID</i>	<i>Project Description</i>	<i>Ranking Total</i>	<i>Amount Assist Type:</i>	<i>Commit Date</i>
62	Jackson	C301249	I	195	\$100,000 Loan	9/1/2013
63	Whitehall, Town of	C303190	I, IIIA	190	\$1,800,000 Loan	12/1/2010
64	Dillon WWTF Upgrade	C301244	II	190	\$1,400,000 Loan	3/1/2013
65	Drummond	C304154	I, II, IIIA	190	\$1,200,000 Loan	6/1/2014
66	Kalispell Stormwater (Willows)	C307191	VIII	185	\$393,000 Loan	8/1/2012
67	Havre I&I Improvements	C304222	IIIA	185	\$1,700,000 Loan	9/1/2014
68	North Baker-Fallon Co	C302024	IVA, IVB	185	\$910,000 Loan	12/1/2015
69	Boulder Treatment	C304204	I	180	\$2,000,000 Loan	9/1/2014
70	Livingston WWTP	C303181	I, II, IIIB	180	\$1,000,000 Loan	6/1/2014
71	Helena City of, NPS	C307182	VI	175	\$1,125,000 Loan	6/1/2014
72	Rexford WWTP	C304225		175	\$300,000 Loan	8/1/2012
73	Custer County RID#1	C302235	IIIA & III	165	\$345,000 Loan	1/1/2012
74	Philipsburg I/I Reduction	C304208	IIIA	160	\$270,200 Loan	12/1/2015
75	Eureka (Midvale) Collection	C303200	IVA	160	\$1,325,000 Loan	7/1/2014
76	Fairfield WWTF Upgrade	C301219	I	160	\$1,730,000 Loan	6/1/2014
77	South Wind - Trailer Terrace	C304224		155	\$1,000,000 Loan	3/1/2014
78	Harlowton WWTP Improvements	C301213	I, IIIB	155	\$3,500,000 Loan	6/1/2016
79	Lewis & Clark Co WWTP/SCS	C302030	I, IVA, IV	155	\$500,000 Loan	12/1/2014
80	Flathead Co - Bigfork Stormwater	C307189	VI	155	\$1,400,000 Loan	5/1/2013
81	Dayton Sewer Dist	C303180	I, IVA, IV	150	\$500,000 Loan	12/1/2014
82	Choteau WWTP	C303097	I, IIIA	145	\$6,924,000 Loan	6/1/2014

<i>Rank</i>	<i>Name</i>	<i>EPAID</i>	<i>Project Description</i>	<i>Ranking Total</i>	<i>Amount Assist Type:</i>	<i>Commit Date</i>
83	Crow Agency Collection System Improv Phase 3	C303202	IIIB	140	\$3,000,000 Loan	1/1/2014
84	Colstrip, City of	C301216	I, IIIB	135	\$3,000,000 Loan	7/1/2013
85	Glendive WWTP Improvements 2014	C301251	II	130	\$7,000,000 Loan	1/1/2014
86	Sidney WWTF	C303213	I	115	\$4,000,000 Loan	7/1/2014
87	Polson Stormwater System Improvements	C306119	VIII D	115	\$500,000 Loan	12/1/2015
88	Lodge Grass WWTP Phase 1	C301074	I	115	\$2,331,000 Loan	12/1/2014
89	Ramsay W&S Dist	C301207	I, IIIB, IV	110	\$1,500,000 Loan	6/1/2015
90	Saco WWTP	C304205	I, IIIB	105	\$710,000 Loan	4/1/2015
91	Missoula-NPS-Open Space	C307180	VIII D	100	\$1,000,000 Loan	7/1/2015
92	Agricultural BMPs	C307174	VII A	95	\$1,000,000 Loan	12/1/2014
93	Culbertson WWTP	C302115	I, II	95	\$1,000,000 Loan	8/1/2013
94	Black Eagle Water Dist. Collection	C302185	IIIB	90	\$200,000 Loan	1/1/2014
95	Glendive Meade Ave Collection	C304216	IIIB	90	\$463,000 Loan	7/1/2014
96	Glendive Sargent Benham Collection	C304217	IIIB	90	\$233,000 Loan	5/1/2013
97	Treasure State Acres Sewer District	C301158	I	85	\$650,000 Loan	8/1/2015
98	Joliet	C304151	I, IIIB	85	\$500,000 Loan	12/1/2014
99	Ennis Collection	C304157	III A	80	\$200,000 Loan	8/1/2014
100	Fort Benton Collection	C302234	VI	80	\$200,000 Loan	8/1/2013
101	Libby WWTP Improvements	C303151	I, IV A	75	\$3,100,000 Loan	6/1/2014
102	Ennis Storm Sewer	C305174	VIII D	75	\$750,000 Loan	8/1/2014
103	Polson Collection	C302200	III A, IV A	70	\$1,500,000 Loan	9/1/2015

<i>Rank</i>	<i>Name</i>	<i>EPAID</i>	<i>Project Description</i>	<i>Ranking Total</i>	<i>Amount Assist Type:</i>	<i>Commit Date</i>
104	Baker, City of	C302186	IVA	60	\$800,000 Loan	12/1/2014
105	Somers New WWTF	C301242	I	50	\$1,100,000 Loan	10/1/2015
106	Lewis & Clark Co NPS #1	C307176	VIII	50	\$500,000 Loan	12/1/2013
107	Lakeside Lift Station Improvements	C301233	IIIB	35	\$1,200,000 Loan	6/1/2014

PROJECT DESCRIPTION CATEGORIES			
I	Secondary Treatment	VIIID	NPS Urban Runoff
II	Advanced Treatment	VIIIE	NPS Ground Water
IIIA	Infiltration/Inflow Correction	VIIIF	NPS Marinas
IIIB	Major Sewer System Rehabilitation	VIIIG	NPS Resource Extraction
IVA	New Collectors & Appurtenances	VIIH	NPS Brownfields
IVB	New Interceptors & Appurtenances	VII-I	NPS Storage Tanks
V	Correction of Combined Sewer Overflows	VIIJ	NPS Sanitary Landfills
VI	Stormwater Control	VIIK	NPS Hydromodification
VIA	NPS Agric. (Cropland)	VIII	Confined Animals-Point Source
VIB	NPS Agric. (Animals)	IX	Mining-Point Source
VIC	NPS Silviculture		

ATTACHMENT II

**PROGRAM FUNDING STATUS
MONTANA WPCSRF PROGRAM**

FISCAL YEARS 1990 TO 2012

Capitalization Grants	\$166,621,765
State Match	\$ 35,590,000
Overmatch from RIT, C.O.I. fees, investments, LLS	\$ 34,389,107
Program Administration Allowance	(\$6,664,870)
Available to Loan	\$229,936,002

Principal Repayments and Interest as of June 30, 2011	\$ 147,365,663
Transfers to DWSRF (principal repayments)	(\$ 5,152,273)
Transfers from DWSRF (direct capitalization grants)	\$ 13,000,000
Funds Available to Loan through FY12	\$ 155,213,390

FY 2013

Anticipated Capitalization Grant (FY12 and FY13)	\$ 13,000,000
DWSRF Transfer	\$ 0
Anticipated State Match for FY13	
- Normal G.O. Bond match	\$ 2,600,000
- Additional G.O. Bond Match	\$0
- Estimated Loan Loss Surcharge (LLS)	\$325,000
Program Administration Allowance	(\$520,000)
Anticipated Investment Transfers	\$2,000,000
Anticipated Principal Repayments and Interest	\$ 14,000,000
Anticipated Overmatch (RIT or other)	\$0
Anticipated transfers from special administration Acct.	\$ 260,000
Revenue Anticipation Note	\$0
Available to Loan FY2013	\$ 31,665,000

Total Funds Dedicated to Loan.....\$416,814,392

Loans committed as of May, 2012.....(\$368,898,900)

Funds available for Loans in FY2013.....\$ 47,915,492

Amount of Estimated Loans Identified on Attachment III of
Fiscal Year 2013 Intended Use Plan.....\$44,666,000

ATTACHMENT III

**Projects Expected to Receive WPCSRF Funds
For Calendar Year 2013**

\$7.222M Cap Grant		updated 5/23/2012					
Fundable Projects for 2012 Construction	Total Loan Amount	Potential Green	First Rnd Total	Principal Forgiveness	First Rnd Loan	Recycled Loan	WW rate /MHI
Anaconda Liner Replacement	3,300,000					3,300,000	
Billings 5-Mile LS	4,500,000					4,500,000	
Conrad Sludge Removal	1,200,000					1,200,000	1.45%
Forsyth Collection	2,800,000					2,800,000	1.47%
Great Falls Treatment and UV	18,675,000					18,675,000	0.83%
Hebgen Lake Estates	665,000		665,000	166,200	498,800		2.53%
Kalispell Digester Lid	850,000					850,000	
Kalispell Stormwater (Willows SID)	393,000					393,000	
DNRC NPS	750,000	750,000				750,000	N/A
Laurel BNR	5,057,000		3,959,720	175,000	3,784,720	1,097,280	1.97%
Lockwood Project (5)	2,800,000		2,800,000	175,000	2,625,000		2.15%
Tenmile/Pleasant Valley	2,900,000					2,900,000	
Rexford	200,000					200,000	1.48%
Roberts	576,000		576,000	59,600	516,400		1.78%
Total	\$44,666,000	\$750,000	\$8,000,720	\$575,800	\$7,424,920	\$37,330,280	
Min Green Required: \$690,800							
Min Principal Forgiveness required : \$383,922	Max: \$575,882						
Admin (4%) = \$288,880			\$288,8800				
State match (20% of grant): \$1,381,600							
Total grant with Match \$8,289,600							
Total Grant expenditures			\$8,289,600				

This assumes 25% subsidy with a cap of \$175,000 for projects with the highest ww rates as a percent of MHI