

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

State Fiscal Year 2023

August 15, 2022

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1.0 INTRODUCTION

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

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

The DWSRF program received U.S. Environmental Protection Agency (EPA) approval and was awarded its first (Federal Fiscal Year [FFY] 1997) capitalization grant on June 30, 1998. The FFY 1998 through 2022 capitalization grants have subsequently been awarded. DEQ will likely apply for at least portions of the FFY 2023 grant later in State Fiscal Year (SFY) 2023. In 2021, the Infrastructure Investment and Jobs Act of 2021 (also known as the Bipartisan Infrastructure Law [BIL]) was signed into law. The BIL includes, among other things, an additional capitalization grant that state DWSRF programs can apply for separately from the 'base' grant and is referred to as DWSRF General Supplemental Funding. Both grants are discussed in this document and will be referred to as the base grant and supplemental grant, respectively.

The DWSRF program offers below-market loans for construction of public health-related infrastructure improvements as well as provides funding for other activities related to public health and compliance with the SDWA. These other activities, or set-asides, include administration of the DWSRF program, technical assistance to small communities, as well as financial and managerial assistance, source water protection (SWP) activities, operator certification and assistance with administration of activities in the Public Water Supply Program (PWSP). Set-asides are discussed in more detail in Section 11.

As the primacy agency responsible for implementation of the SDWA, DEQ is also responsible for the oversight of the State Revolving Fund (SRF) program. This role consists primarily of providing technical expertise, while DNRC provides financial administration of project loans and oversees the sale of state General Obligation (GO) bonds. A portion of the funds for this program come to Montana in the form of capitalization grants through EPA. For the base grant, Montana provides the required 20% matching funds by issuing state GO bonds. For FFY 2022, the supplemental grant has a required match of 10% of the grant which will also be covered by issuing state GO bonds. Interest on the project loans is used to pay the GO bonds, thus using no state general funds to operate the program. The repaid principal on the project loans is used to rebuild the DWSRF loan fund and to fund additional projects in the future. Since the inception of the program, federal capitalization grants had only been authorized through FFY 2004. Still, Congress has continued to appropriate funds each year. In 2021, the BIL included language that reauthorizes the base federal capitalization grant for each federal fiscal year from FFY 2022 through FFY 2026. The BIL also authorizes additional appropriations which encompass the supplemental federal

capitalization grant for each federal fiscal year from FFY 2022 through FFY 2026. Federal and state law requires the DWSRF to be operated in perpetuity.

The 1996 Amendments to SDWA include requirements for each state to prepare an annual IUP for each capitalization grant application. This is the central component of the capitalization grant application and describes how the state will use the DWSRF to meet SDWA objectives and further the protection of public health. Regarding additional grant funding from BIL, EPA is giving states the option to issue one IUP for both the base and supplemental FFY 2022 grants. This IUP contains the following elements pertaining to both the base and supplemental grants:

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

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

2.0 LONG-TERM GOALS

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

3.0 SHORT-TERM GOALS

1. To continue implementing and maintaining the DWSRF program in Montana.
2. To fund projects that address specific and immediate requirements of the SDWA, including the Disinfectant/Disinfection By-Products Rule, the Surface Water Treatment Rule, the Long Term 2 Enhanced Surface Water Treatment Rule, the Revised Total Coliform Rule, and the Radionuclides Rule. Montana anticipates funding at least 7 projects to address these rules in SFY 2023.
3. To fund projects that promote regionalization and/or achieve consolidation of two or more existing public water supplies, thereby improving water quality. Montana expects to fund 2 consolidation projects in SFY 2023.

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4. To fund projects that address replacement of aging infrastructure. Montana anticipates funding at least 27 projects of this type in SFY 2023.
 5. To fund projects that develop system sustainability through financial capacity by refinancing existing debt. No refinancing of loans is expected in SFY 2023.
 6. To ensure the technical integrity of DWSRF projects through the review of planning, design plans and specifications, and construction activities.
 7. To provide outreach to communities and utilize the set-aside funding by:
 - a. Providing technical assistance to water supplies who request help with their system operation and maintenance procedures.
 - b. Providing financial and managerial assistance as part of capacity development education to those water supplies who request this type of help.
 - c. Assisting communities with the next phases of implementation of their Source Water/ Wellhead Protection Plans.
 - d. Emphasizing that PWSP staff perform sanitary surveys; facilitate SDWA compliance with all the National Primary Drinking Water Regulations such as the Lead and Copper Rule, all the Surface Water Treatment Rules, the Stage 2 Disinfectant/Disinfection By-Products Rule, the Revised Total Coliform Rule, and the Groundwater Rule.
 - e. Ensuring that 95% or more of the state's community and non-transient non-community water systems continue to have certified operators.
 8. To ensure the financial integrity of the DWSRF program through the review of the financial impacts of the set-asides and disadvantaged subsidies and individual loan applications and the ability for repayment.
 9. To ensure compliance with all pertinent federal, state, and local safe drinking water rules and regulations.

In SFY 2023, Montana expects to execute 36 new binding commitments, and close 36 loans totaling approximately \$60 million in drinking water infrastructure projects that will serve a total population of approximately 76,723. (Please see Anticipated Funding List, **Section 6.0**).

Through SFY 2022, Montana's DWSRF fund utilization rate (cumulative loan agreement dollars to the cumulative funds available for projects) was approximately 96% (\$439.7M in loans to \$456.0M available funds). In the coming SFY 2023, with both base and supplemental grant funds, we anticipate our pace to be over 100% (\$499.7M in expected loans to approximately \$497.9M in funds available for projects).

In SFY 2022, the rate at which DWSRF projects progressed as measured by disbursements as a percent of assistance provided was approximately 89.8% (\$395.0M in disbursements to \$439.7M in non-ARRA loans), above the national average of 85%. In SFY 2023, the DWSRF program intends to maintain this construction pace at or above 90%.

It is anticipated that approximately 75 small public water systems will receive Technical Assistance through providers under contract with DEQ. This Technical Assistance will be provided as Operation and Maintenance (O&M) or as Financial and Managerial Assistance (FMA).

The PWSP will continue to develop, maintain, and utilize the Safe Drinking Water Information System (SDWIS)/State database for compliance reporting; develop, maintain, and implement requirements for primacy of all primary SDWA contaminants, and perform over 500 engineering design reviews for proposed water system improvement projects. The Operator Certification program is planning to hold,

sponsor, or participate in approximately 15 training workshops and administer approximately 300 certification exams.

Finally, the SWP program has previously completed all Source Water Delineation and Assessments reports and will continue SWP Plan implementation in SFY 2023.

4.0 PROJECT PRIORITY LIST

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

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

Appendix 2 contains a comprehensive list of public water systems in Montana that have expressed interest in the DWSRF, that are planning capital improvement projects, or that have been identified as serious public health risks by DEQ. It is not anticipated that all the projects in **Appendix 2** will use SRF funds. Some systems do not have major projects planned; the remaining systems expect to be proceeding with projects in the near future or next several years. Cost information is not always available, as some systems may have not completed the financing plans for their projects at the time they are added to the project list. If the need arises, the IUP can be amended throughout the course of the year to include additional projects. This has been done in past years.

4.1 ELIGIBLE SYSTEMS

The SDWA allows DWSRF assistance to publicly and privately-owned community water systems and nonprofit non-community water systems, other than systems owned by Federal agencies. Federal Regulations also set forth certain circumstances under which systems that will become community water systems upon completion of a project may be eligible for assistance. The SDWA requires that loan recipients must demonstrate the technical, financial, and managerial capacity (TFM) to comply with the SDWA and not be in significant noncompliance with any requirement of a national primary drinking water standard or variance. The DEQ and DNRC will assess TFM and compliance in accordance with Chapter One of their Handbook of Procedures after loan applications have been received. Those systems lacking in TFM or compliance may still be eligible for a loan if the loan will address the non-compliance, or the system agrees to undertake feasible and appropriate changes in operations, which may include changes in ownership, management, accounting, rates, maintenance, consolidation, alternative water supply or other procedures as an enforceable term of the loan agreement or pursuant to an enforceable Administrative or Court Order. (Please also see discussion of Capacity Development, **Section 11.4.1.**)

Due to recent significant population growth in Montana and the expansion of water and sewer services to accommodate that growth, both the WPCSRF and DWSRF programs have modified and continue to implement growth policies which address the eligibility of certain types of projects to receive SRF funding.

4.2 LIMITATIONS ON INDIVIDUAL PROJECT FINANCING

DEQ, DNRC, and the DWSRF Advisory Committee have previously discussed at length whether to attempt to limit the total amount of loans available to any one project and if so, how. The Committee determined that should the actual demand for funds during the period of time covered by an IUP exceed the funds available for that same period, then the maximum amount of loan funds available to any one project could not exceed either \$5 million or 50% of the total capitalization grant amount for that period. Actual demand is not known until applications are received from those projects ready to proceed within the timeframe of a particular capitalization grant. At that point, DEQ and DNRC, in consultation with the Advisory Committee, determine whether the limit on individual projects should be applied in that round. To date, no limitations have been placed on the amount of the loan applications.

5.0 SUBSIDIES TO DISADVANTAGED COMMUNITIES

Communities seeking a DWSRF loan that meet the disadvantaged community criterion described below may receive an additional subsidy on their SRF loans, beyond the standard below-market rate financing, in the form of some principal forgiveness. This includes communities that will meet the disadvantaged criterion based on projected user rates as a result of the project.

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

For SFY 2023, to assist these economically disadvantaged communities, the DWSRF loan program will provide to qualifying communities 75% principal forgiveness of the loan amount, up to a maximum of \$750,000. The regular interest rate will apply to the balance of the loan. Only one principal forgiveness subsidy, up to \$750,000 total, will be allowed per project. Projects with the highest user rates relative to MHI will be given priority status. Refinancing of existing debt is not eligible for principal forgiveness. SRF funding must be utilized to include actual project construction and not just for preliminary or design engineering only. A project must be ready to proceed to construction. That is defined to include having all required permits and approvals, complete project funding in place, and in a position to advertise for bids and make a contract award.

The total amount of principal forgiveness that the DWSRF may allocate under the FFY 2022 base capitalization grant will be limited to 30% of that capitalization grant. This measure is taken to ensure that the corpus of the DWSRF fund will be maintained and that the program will be able to operate in perpetuity, while still providing some additional assistance to economically disadvantaged communities. The total amount of principal forgiveness that the DWSRF may allocate under the FFY 2022 supplemental capitalization grant will be limited to 49% of that capitalization grant. This amount is stipulated in the BIL. If any capitalization grant funds are transferred to the WPCSRF program, the corresponding principal forgiveness amount (30% [base] or 49% [supplemental]) will also be transferred.

6.0 ANTICIPATED FUNDING LIST

DEQ became eligible to apply for the FFY 2022 federal capitalization grant on October 1, 2021, and this grant has subsequently been awarded. It is anticipated that we will apply for the FFY 2023 grant later in SFY 2023.

Montana matches its base federal capitalization grant by 20% using state GO bonds, which would result in an 83/17 federal to state ratio in total. Montana will match its supplemental federal capitalization grant by 10% as required in the BIL for FFY 2022 using state GO bonds resulting in an 91/9 federal to state ratio in total. Since set-aside activities are funded entirely by federal grant funds, it leaves a lesser amount of federal funds, combined with all the state match funds, to be used on projects. Montana also periodically deposits DWSRF fees into the fund to also be used for match.

During SFY 2023, the State of Montana will continue to issue state match bonds and sweep excess SRF fees, and deposit both sources of match into the SRF to be used for projects. These funds will be used to match future federal grants.

Table 1 contains those projects that the DWSRF program anticipates will be funded with both the base and supplemental FFY 2022 capitalization grants as well as previous capitalization grants, in conjunction with the respective state match (20% for the base grant and 10% for the supplemental grant). This list represents those projects most likely to proceed, starting from the highest ranked projects on the comprehensive priority list (see discussion of ranking criteria in **Appendix 1**). Projects that qualify for potential principal forgiveness are indicated with a “P” beside the proposed project cost. Projects that are anticipated to be funded from the base grant will be denoted as ‘Base’ in the SRF Cost Column. Projects anticipated to be funded from the supplemental grant will be denoted as ‘BIL’ in the SRF Cost column. It is possible that, if other projects are ready to proceed before those on this list, the actual projects that are ultimately funded may vary from those indicated on this list. This did occur during calendar years 1998 through 2021. It is expected to happen again due to the high variability in project schedules, needs, other funding sources, etc.

Table 1. DWSRF Projects Anticipated to Receive Funding SFY 2023

Priority Rank	Project	Project Information	SRF Cost
2	South Wind W&SD	Population: 200. Construct next phase of system improvements, including new well and storage. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$750,000 Base
5	Whitehall	Population: 1038. New ion exchange treatment plant and associated raw and finished water transmission mains, main replacement, looping. Expected loan terms are interim financing at 1.75% interest over a 3-year period for \$900,000 and 2.5% interest over a 20-year period for \$1,000,000. Funding for this project is expected to include federally assisted funds.	\$1,900,000 P Base

Priority Rank	Project	Project Information	SRF Cost
13	Harlem	Population: 822. Water distribution and WTP improvements for DBPs. Expected loan terms are 1.75% for interim funding of RD project. Funding for this project is expected to include federally assisted funds.	\$770,000 Base
15	Lewistown	Population: 5883. Disinfection & Distribution Improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$2,740,000 Base
17	Alborton	Population: 420. Water System Improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$889,000 Base
18	Philipsburg	Population: 768. Membrane filtration to address SWTR, new pumps, distribution work. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,000,000 P Base
27	Loma CWSD	Population: 300. Connection to regional water system. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$690,000 P Base
32	Chester	Population: 847. WTP improvements for DBPs. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$125,000 Base
33	Fort Benton	Population: 1464. New RO treatment system to address secondary contaminants. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$3,251,000 P Base
34	Gore Hill CWD	Population: 570. Water System Improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$997,000 Base
36	Power-Teton WSD	Population: 172. Project to include new proposed ground water source for District. Expected loan terms are 1.75% for interim funding of RD project. Funding for this project is expected to include federally assisted funds.	\$884,300 Base

Priority Rank	Project	Project Information	SRF Cost
42	Shelby System Improvements	Population: 160. Install new 250,000-gallon elevated tank, transmission main and an additional 500,000-gallon tank at the wellfield booster station. Expected 20-year loan term at 2.5% interest. Funding for this project is expected to include federally assisted funds.	\$1,500,000 Base
43	Miles City	Population: 8487. Treatment plant and storage tank. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,950,000 Base
47	Glendive Distribution	Population: 5353. Water system improvements – main replacement. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,062,594 BIL
48	Three Forks	Population: 1888. Construct water system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$2,392,000 P BIL
56	Kalispell Storage	Population: 25,000. Replace two existing tank roofs. Expected loan terms are 2.50% interest over a 30-year period. Funding for this project is expected to include federally assisted funds.	\$7,505,000 BIL
62	Big Sandy	Population: 677. Connection to regional water system. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,277,000 P BIL
63	Circle	Population: 615. Construct distribution system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$240,000 P BIL
71	Cut Bank	Population: 3105. Construct a new one million-gallon concrete storage tank. Expected loan terms are 2.50% interest over a 30-year period. Funding for this project is expected to include federally assisted funds.	\$1,500,000 P BIL
76	Bigfork WSD	Population: 4,668. Distribution system improvements and new generator. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,065,000 BIL

Priority Rank	Project	Project Information	SRF Cost
81	Basin WSD	Population: 227. Replace leaking service lines. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$400,000 P BIL
83	Big Sky Mountain Village	Population: 3,000. Project to include transmission mains, generators, meters, new well, and treatment. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$2,575,000 BIL
84	Ponderilla Hills WSD	Population: 43. Distribution and transmission main replacement project. Expected 20-year loan term at 2.5% interest. Funding for this project is expected to include federally assisted funds.	\$488,000 P BIL
87	Bigfork WSD	Population: 4668. Construct new storage tank and transmission main. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$3,116,000 P BIL
90	Choteau	Population: 1714. Water system improvements – main replacement and new well. Expected loan terms are 1.75% for interim funding of RD project. Funding for this project is expected to include federally assisted funds.	\$3,250,000 BIL
92	Richey	Population: 200. Water system improvements – main replacements. Expected loan terms are 1.75% for interim funding of RD project. Funding for this project is expected to include federally assisted funds.	\$426,000 BIL
96	Red Lodge Distribution	Population: 619. Distribution improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,740,000 BIL
105	Sunny Meadows WSD	Population: 130. Engineering loan for distribution replacement project. Expected loan term of 2.5% for 20-years with the use of federal funds expected.	\$50,000 BIL
108	Sidney Phase 3	Population: 5191. Construct distribution system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,000,000 P BIL

Priority Rank	Project	Project Information	SRF Cost
110	Culbertson	Population: 795. Distribution system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$215,000 P BIL
112	Harlowton Distribution	Population: 899. Water system improvements. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$714,000 P BIL
113	Coram	Population: 271. Construction of a new 200,000-gallon storage tank. Expected loan term of three years at 1.75% interest for RD interim funding. Funding for this project is expected to include federally assisted funds.	\$607,000 BIL
117	Kalispell Supply	Population: 25,000. Install new water supply wells and a 1 million-gallon elevated water storage tank. Expected loan term of 20-years at 2.5% interest. Funding is expected to included federal funds.	\$9,850,000 BIL
123	Fort Benton	Population: 1464. New storage tank. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$1,071,000 P BIL
126	Plains	Population: 1048. Construct distribution system improvements and install meters. Expected loan terms are 2.50% interest over a 20-year period. Funding for this project is expected to include federally assisted funds.	\$420,000 P BIL
133	Broadview	Population: 150. Water system improvements. Expected loan terms are 1.75% for interim funding of RD project. Funding for this project is expected to include federally assisted funds.	\$1,500,000 BIL
	TOTAL		\$59,909,894

7.0 CRITERIA AND METHOD USED FOR DISTRIBUTION OF FUNDS

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

DEQ initially proposed balancing these factors, with slightly more emphasis placed on health and compliance and less on affordability and readiness to proceed. In discussions with EPA and with our state's DWSRF Advisory Committee, it became clear that health risks and compliance issues needed to

be given even more emphasis, and that readiness to proceed could be eliminated and handled through bypass procedures. (Please see **Appendix 1** for explanation of bypass procedures.)

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

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

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

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

Summary of Ranking Criteria for DWSRF Priority List

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

8.0 FINANCIAL STATUS

Since the inception of the program, states are required to match federal capitalization grant funds with state funds. For Montana, state match funds are provided by issuing GO bonds. For the base federal capitalization grant, the required state match is 20% of that grant. For the supplemental federal capitalization grant, the required state match is 10% of that grant for FFY 2022 and FFY 2023 and 20% for FFY 2024 through FFY 2026. The individual capitalization grants and corresponding state match for

each FFY for the base and the supplemental grants to-date are listed in **Table 2** and **Table 3**, respectively.

Table 2. Federal Grants and State Matches by FFY for Base Grant

FFY	Federal Grant	State Match
1997	\$14,826,200	\$2,965,240
1998	\$7,121,300	\$1,424,260
1999	\$7,463,800	\$1,492,760
2000	\$7,757,000	\$1,551,400
2001	\$7,789,100	\$1,557,820
2002	\$8,052,500	\$1,610,500
2003	\$8,004,064	\$1,600,813
2004	\$8,303,100	\$1,660,620
2005	\$8,285,500	\$1,657,100
2006	\$8,229,300	\$1,645,860
2007	\$8,229,000	\$1,645,800
2008	\$8,146,000	\$1,629,200
2009	\$8,146,000	\$1,629,200
2010	\$13,573,000	\$2,714,600
2011	\$9,418,000	\$1,883,600
2012	\$8,975,000	\$1,795,000
2013	\$8,421,000	\$1,684,200
2014	\$8,845,000	\$1,769,000
2015	\$8,787,000	\$1,757,400
2016	\$8,312,000	\$1,662,400
2017	\$8,241,000	\$1,648,200
2018	\$11,107,000	\$2,221,400
2019*	\$11,103,000	\$2,220,600
2020	\$11,011,000	\$2,202,200
2021	\$11,001,000	\$2,200,200
2022	\$7,008,000	\$1,401,600
TOTAL	\$236,154,864	\$47,230,973

*Note: The 2019 federal grant amount was increased by \$99,000 to include additional funds from EPA.

Table 3. Federal Grants and State Matches by FFY for Supplemental Grant

FFY	Federal Grant	State Match
2022	\$17,992,000	\$1,799,200
TOTAL	\$17,992,000	\$1,799,200

The impacts of funding decisions on the long-term financial health of the DWSRF are evaluated frequently during the course of the fiscal year. Prior to the application for a capitalization grant, DEQ program staff review and establish the requested set-aside amounts. States are given the flexibility to set aside specified dollar amounts of a capitalization grant to support state programs to meet the federal SDWA requirements (for a detailed description of set-asides, see Section 11). The total set-aside amounts for the year are then considered in evaluating the status and availability of loan funds. For the FFY 2022 grants, states have the option to take set-asides from both the base and supplemental grants. For SFY 2023, DEQ program staff will take set-asides from both grants. See **Table 4** for the base grant set-aside amounts and **Table 5** for the supplemental grant set-aside amounts.

Table 4. State DWSRF Set-Aside Activity for the Base Grant

Set-Aside		Through FFY 2021 Grant	FFY 2022 Set-Aside (for SFY 2023)	% of 2022 Grant	Total	Reserved Authority (year)	Reserved Authority Applied to Previous Grants	Total Remaining Authority Reserved
4% Administration		9,242,356	400,000	5.7%	9,642,356			0
10% State Program	Public Water Supply Supervision	13,238,174	530,000	7.6%	13,768,174	155,000 (2001) 92,930 (2006)	118,400 (2009) 95,000 (2011) 32,500 (2012)	2,030
	Source Water Protection	2,090,511	0	0%	2,090,511			0
	Capacity Development	1,445,393	0	0%	1,445,393	50,000 (2003)	50,000 (2012)	0
	Operator Certification	2,283,392	170,000	2.4%	2,453,392	70,000 (2001)	70,000 (2012)	0
<i>Subtotal</i>		<i>19,057,470</i>	<i>700,000</i>	<i>10%</i>	<i>19,757,470</i>			
2% Small System Technical Assistance		2,335,726	108,000	1.5%	2,443,726	155,140 (2000) 155,782 (2001) 144,585 (2006)		455,507
15% Local Assistance	Loan Assistance for SWP							
	Capacity Development	2,082,500	570,000	8.1%	2,652,500			
	Source Water Assessment ^a	1,482,620	-	--	1,482,620			
	Wellhead Protection	1,771,400	200,000	2.9%	1,971,400			
Total		\$35,972,072	\$1,978,000	28.2%	\$37,950,072	\$823,437	\$365,900	\$457,537

^a The SDWA only allowed funds for this activity to be set aside one time from the initial FFY 1997 capitalization grant. Montana elected to set aside the maximum allowable amount of \$1,482,620 (10%).

Table 5. State DWSRF Set-Aside Activity for the Supplemental Grant

Set-Aside		Through FFY 2021 Grant	FFY 2022 Set-Aside (for SFY 2023)	% of 2022 Grant	Total	Reserved Authority (year)	Reserved Authority Applied to Previous Grants	Total Remaining Authority Reserved
4% Administration		N/A	\$719,680	4.0%	\$719,680	-	-	-
Total		N/A	\$719,680	4.0%	\$719,680	\$0	\$0	\$0

The state also evaluates the financial health of the program by examining both short- and long-term cash flows. Each loan is evaluated, and security is required to ensure that loans will be repaid to the fund. The long-term cash flows extend over 20 years. This demonstrates there will be funding for future projects and that the fund will continue to grow. **Table 6** shows the funding status for the DWSRF base grant and **Table 7** shows the funding status for the DWSRF supplement grant.

Table 6. DWSRF Base Grant Funding Status

	Projected thru SFY 2022	Projected for SFY 2023	Total
SOURCE OF FUNDS			
Federal Capitalization Grants	\$229,146,864	\$7,008,000	
Set-Asides (Section 11.0)	(\$35,972,072)	(\$1,978,000)	
Total to Loan Fund	\$193,174,792	\$5,030,000	\$198,204,792
<i>State Match</i>			
Bond Proceeds	\$51,908,980	\$2,200,000	\$54,108,980
Loan Loss Reserve Sweeps	\$10,667,190	\$500,000	\$11,167,190
Loan Repayments	\$186,874,934	\$15,000,000	\$201,874,934
Interest on Fund Investments	\$2,111,560	\$30,000	\$2,141,560
Transfers from WPCSRF	\$11,282,486	\$0	\$11,282,486
Total Source of Funds	\$456,019,942	\$22,760,000	\$478,779,942
USE OF FUNDS			
<i>Loans Executed</i>			
Direct Loans	\$439,744,267		\$439,744,267
Transfer to WPCSRF	\$22,130,213	\$0	\$22,130,213
Total Uses			\$461,874,480
Funds Available for Loan			\$16,905,462
<i>Projected IUP Loans</i>			
Direct Loans (SFY 2023)		\$17,446,300	\$17,446,300
Projected Balance Remaining			(\$540,838)

Table 7. DWSRF Supplemental Grant Funding Status

	Projected thru SFY 2022	Projected for SFY 2023	Total
SOURCE OF FUNDS			
Federal Capitalization Grants	\$0	\$17,992,000	
Set-Asides (Section 11.0)	\$0	(\$719,680)	
Total to Loan Fund	\$0	\$17,272,320	\$17,272,320
<i>State Match</i>			
Bond Proceeds	\$0	\$1,799,200	\$1,799,200
Loan Loss Reserve Sweeps	\$0	\$0	\$0
Loan Repayments	\$0	\$0	\$0
Interest on Fund Investments	\$0	\$0	\$0
Transfers from WPCSRF	\$0	\$0	\$0
Total Source of Funds	\$0	\$19,071,520	<u>\$19,071,520</u>
USE OF FUNDS			
<i>Loans Executed</i>			
Direct Loans	\$0		\$0
Transfer to WPCSRF	\$0	\$0	\$0
Total Uses			<u>\$0</u>
Funds Available for Loan			<u>\$19,071,520</u>
<i>Projected IUP Loans</i>			
Direct Loans (SFY 2023)		\$42,463,594	\$42,463,594
Projected Balance Remaining			<u>(\$23,392,074)</u>

9.0 USES OF THE DRINKING WATER REVOLVING FUND

The DWSRF may be used to:

1. Provide low interest loans to communities for cost-effective drinking water treatment systems, source developments and improvements, finished water storage, and distribution system improvements. The low interest loans can be made for up to 100% of the total project cost. At the beginning of SFY 2023 approximately \$439.7 million in loans (non-ARRA) have been made to communities in Montana. All these loans have had a total loan interest rate of 4% or less. Beginning July 1, 2003, interest costs decreased to a total loan interest rate of 3.75% or less. Beginning July 1, 2012, interest costs decreased to a total loan interest rate of 3.00% or less. Beginning July 1, 2014, interest costs decreased to a total loan interest rate of 2.50% or less.

Program interest rates are evaluated and set annually. To establish the program interest rate, several items are considered, including the costs of the state's match. The ability to provide a lowest possible cost is also a consideration in setting the interest rate. In SFY 2023, the program will provide principal forgiveness for a portion of the loan to help some economically struggling communities. The financial advisor also provides information to help the program provide interest rates below the market rate.

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2. Refinance qualifying debt obligations for drinking water facilities if the debt was incurred and construction initiated after July 1, 1993. At the beginning of SFY 2023, approximately \$23,680,591 of debt has been refinanced through this program;
 3. Guarantee or purchase insurance for local debt obligations. At the beginning of SFY 2023, no loans have been made for this purpose;
 4. Provide a source of revenue or security for GO bonds and Bond Anticipation Notes (BANs), the proceeds of which are deposited in the revolving fund. At the beginning of SFY 2023, \$7,000,000 will be provided for this purpose. There is a 0.25% loan loss reserve surcharge included as part of the 2.5% interest rate. The use of the surcharge is to pay principal and interest on state GO Bonds if the Debt Service Account is insufficient to make payments. This is to secure \$4,900,000 in BANs. The excess over the required reserve was transferred to the principal account to make loans;
 5. Provide loan guarantees for similar revolving funds established by municipalities. At the beginning of SFY 2023, no loans have been made for this purpose;
 6. Earn interest on program fund accounts. At the beginning of SFY 2023, our cash flow demonstrates this program will continue to be a strong source of loan funds once the federal grants are terminated. Interest income to date can be used to pay off program GO Bond debt and RANs. The projected interest of approximately \$30,000 in SFY 2023 will be used to pay debt or make loans in the program;
 7. Pay reasonable administrative costs of the DWSRF program not to exceed 4% (or the maximum amount allowed under the federal act) of all federal grants awarded to the fund. If in the unlikely event there are unused administrative funds, they will be spent on administrative costs in the subsequent fiscal year. In addition to using DWSRF funds for administration, each loan has an administrative surcharge included in the 2.5% interest rate charged to borrowers. The surcharge is 0.25%. The revenue generated from this fee and surcharge, will be used for DWSRF administration costs not covered by the EPA grants after capitalization grants cease and pay for administration of recycled projects. At the beginning of SFY 2023, there was approximately \$1,539,700 available for this purpose. If needed, these administrative funds could be transferred to the principal account and used to make loans.

Since the inception of the program, federal capitalization grants had only been authorized through FFY 2004. Still, Congress has continued to appropriate funds each year. In 2021, the BIL included language that reauthorizes the base federal capitalization grant for each federal fiscal year from FFY 2022 through FFY 2026. The BIL also authorizes additional appropriations which encompass the supplemental federal capitalization grant for each federal fiscal year from FFY 2022 through FFY 2026. While Congress continues to appropriate funds each year, it should be noted that when capitalization grants are no longer available, the program is expected to be capitalized and to operate on its own revenue.

One option available to states is to use the federal funds to leverage additional state bond funds. This makes available more money to meet high demands, but it increases the financing costs and thus the loan rate charged to communities and districts. DEQ and DNRC still do not recommend using the program in this manner at this time, and do not currently foresee changing to a leveraged approach. The two departments previously explained the leveraging option to the Advisory Committee and to the

people attending the 1997 public hearings, along with their recommendation not to pursue leveraging. The advisory committee concurred, and general agreement with this recommendation was expressed at each hearing.

10.0 TRANSFER OF FUNDS BETWEEN THE WPCSRF AND THE DWSRF

At the Governor’s discretion, a state may transfer up to 33% of its DWSRF capitalization grant to the WPCSRF or an equal amount from the WPCSRF to the DWSRF. Transfers could not occur until at least 1 year after receipt of the first capitalization grant, which was June 30, 1999. This transfer authority was effective through FFY 2001. One-year extensions of this transfer authority were granted through Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriation Bill until the FFY 2006 appropriation bill, when the transfer provision was authorized indefinitely. In addition to transferring grant funds, States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs.

There is an expectation that no recycled funds will be transferred to the WPCSRF program from the DWSRF program in the SFY 2023 for either the base or supplemental grant. In the last 24 years, funds from the base grant have been transferred back and forth between the two programs, as needed.

Table 8 and **Table 9** summarize transfers to date, and funds still available for transfer for the base grant and supplemental grant, respectively.

Table 8. Amounts Available to Transfer between SRF Programs for the Base Grant

Year	Transaction Description	Banked Transfer Ceiling	Transferred from WPCSRF to DWSRF	Transferred from DWSRF to WPCSRF	DWSRF Funds Available for Transfer	WPCSRF Funds Available for Transfer
1997	DW Grant Award	\$4,892,646	---	---	\$4,892,646	\$4,892,646
1998	DW Grant Award	7,242,675	---	---	7,242,675	7,242,675
1999	DW Grant Award	9,705,729	---	---	9,705,729	9,705,729
2000	DW Grant Award	12,265,539	---	---	12,265,539	12,265,539
2000	Transfer (2nd Rnd \$)	12,265,539	4,750,328	---	17,015,867	7,515,211
2001	DW Grant Award	14,835,942	---	---	19,586,270	10,085,614
2001	Transfer (2nd Rnd \$)	14,835,942	4,032,158	---	23,618,428	6,053,456
2002	DW Grant Award	17,493,267	---	---	26,275,753	8,710,781
2004	DW Grant Award	20,134,608	---	---	28,917,094	11,352,122
2004	Transfer (2nd Rnd \$)	20,134,608	---	2,559,810	26,357,284	13,911,932
2005	Transfer (2nd Rnd \$)	20,134,608	---	2,570,403	23,786,881	16,482,335
2005	Transfer (2nd Rnd \$)	20,134,608	---	1,000,000	22,786,881	17,482,335
2005	DW Grant Awards	25,608,821	---	---	28,261,094	22,956,548
2006	Transfer (1st Rnd \$)		---	5,000,000	23,261,094	27,956,548
2006	DW Grant Award	28,324,490	---	---	25,976,763	30,672,217
2007	DW Grant Award	31,040,060	---	---	28,692,333	33,387,787
2008	Transfer (2nd Rnd \$)		2,500,000	---	31,192,333	30,887,787
2008	DW Grant Award	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	36,416,420	---	---	31,568,693	41,264,147
2009	DW ARRA Grant Award	42,851,420	---	---	38,003,693	47,699,147
2010	DW Grant Award	47,330,510	---	---	42,482,783	52,178,237
2011	Transfer (1st Rnd \$)		---	3,000,000	39,482,783	55,178,237
2011	DW Grant Award	50,438,450	---	---	42,590,723	58,286,177
2012	DW Grant Award	53,400,200	---	---	45,552,473	61,247,927
2013	DW Grant Award	56,179,130	---	---	48,331,403	64,026,857
2014	DW Grant Award	59,097,980	---	---	51,250,253	66,945,707
2015	DW Grant Award	61,997,690	---	---	54,149,963	69,845,417
2016	DW Grant Award	64,740,650	---	---	56,892,923	72,588,377
2017	DW Grant Award	67,460,180	---	---	59,612,453	75,307,907
2018	DW Grant Award	71,208,650	---	---	63,360,923	79,056,377
2019	Transfer (2nd Rnd \$)		---	3,000,000	60,360,923	82,056,377
2019	DW Grant Award	74,839,970	---	---	\$63,992,243	85,617,697
2020	DW Grant Award	78,473,600	---	---	67,625,873	89,251,327
2021	DW Grant Award	82,103,930	---	---	71,256,203	92,881,657
2022	DW Grant Award	84,416,570	---	---	73,568,843	95,194,297
Total			\$11,282,486	\$22,130,213		

Table 9. Amounts Available to Transfer between SRF Programs for the Supplemental Grant

Year	Transaction Description	Banked Transfer Ceiling	Transferred from WPCSRF to DWSRF	Transferred from DWSRF to WPCSRF	DWSRF Funds Available for Transfer	WPCSRF Funds Available for Transfer
2022	DW Grant Award	\$5,937,360	---	---	\$5,937,360	\$5,937,360
Total			\$0	\$0		

11.0 SET-ASIDES

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

- Administration
- State programs including public water supply supervision, source water protection, capacity development, and operator certification
- Small system technical assistance
- Local assistance including capacity development, source water assessments, and wellhead protection

Note, capacity development activities fall under two set-aside categories: state program and local assistance. They will be discussed in each section as they have historically been funded in each category for different purposes.

11.1 ADMINISTRATION

DEQ has the authority to set aside 4% or \$400,000 (whichever is greater) of the FFY 2022 base and supplemental capitalization grants for program administration. DEQ has elected to set aside the greater amount for both the base grant (\$400,000) and the supplemental grant (\$719,680). This will cover continued operation of the program, including development of the IUP, review of water system facilities plans, review of construction and bid documents, assistance and oversight during planning, design and construction, loan origination work, administering repayments, preparation of bond issuance, and costs associated with the advisory committee and the public comment process. This set-aside also will continue to fund one loan management position at DNRC, 4.5 engineering positions at DEQ, and one administrative support position at DEQ. These costs and new personnel were approved by the 1997 Montana Legislature.

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

11.2 STATE PROGRAMS

DEQ has historically funded the Public Water Supply Supervision (PWSS) program, the source water protection program, capacity development, and operator certification under the state program set-aside. However, in more recent years, source water protection activities have been funded under the local assistance set-aside and are discussed in that section.

11.2.1 Public Water Supply Supervision (PWSS)

The Public Water Supply Supervision (PWSS) set-aside of \$530,000 will be funded from the FFY 2022 base grant. The local assistance set-aside under capacity development (see Section 11.4.1) will provide additional funds (\$570,000) for the PWSS program. Funds from the two set-asides will be used for salaries, benefits, and operating expenses for eight environmental science specialists assigned to the Helena, Billings, Missoula, and Kalispell Offices. The positions have been previously funded through set-asides every state fiscal year since SFY 2015. These positions provide direct assistance to water suppliers through implementation of National Primary Drinking Water Regulations (NPDWR) such as: the Lead and Copper Rule, Phase 2/5 rules, Revised Total Coliform Rule, Consumer Confidence Report Rule, all of the Surface Water Treatment Rules including Long Term 1 and Long Term 2 Enhanced Surface Water Treatment Rules and Filter Backwash Rule, Stage 1 and Stage 2 Disinfection/Disinfection By-Products Rules, Radionuclide Rule, Groundwater Rule, and the State's ground water chlorination rule.

The set-aside will also be used to fund database development expenses associated with implementation and upgrading to SDWIS PRIME; maintenance of SDWIS and the state databases; and supporting the Montana Water and Wastewater Operators' Initiative through the Montana State University in Bozeman. All these activities help the PWSP achieve its overall goal of facilitating SDWA compliance by public water supplies.

11.2.2 Source Water Protection

Section 1452(g)(2)(B) of the SDWA allows Montana to set aside a portion of the capitalization grant to "administer or provide technical assistance through source water assessment programs." Past uses for this set-aside have included administering Montana's Source Water Protection program and providing technical assistance to local communities in support of source water protection activities. For the FFY 2022 grants, no funding will be applied to the source water protection program under the state program set-aside. Instead, activities related to source water protection, including wellhead protection, will be funded under the local assistance set-aside. The set-aside funds and related activities are discussed in Section 11.4.2.

11.2.3 Capacity Development

For the FFY 2022 grants, no funding will be applied to capacity development under the state program set-aside. Past uses for this set-aside have included paying for up to 10% of the operating expenses for ten full-time staff positions in the Engineering Bureau, Public Water and Subdivision section to conduct on-site inspections. These funds have also been used to provide technical assistance to Public Water systems that are struggling with monitoring compliance or other engineering related issues, but this service is now funded with small system technical assistance funds discussed in Section 11.3.

11.2.4 Operator Certification

DEQ has a \$170,000 set-aside from the FFY 2022 base capitalization grant for this activity. These dollars will be used for personal services and operating expenses for staff in the Operator Certification Program. Set-aside funds are used to pay portions of the salary and benefits for full-time staff positions and the program manager and program operating expenses including things such as organizing and providing training for certified operators on water system operations, scheduling and proctoring certification exams, tracking operator CECs, reviewing proposed training for CECs, notifying communities of the need to have a certified operator, public outreach, compliance monitoring, and enforcement activities.

This program maintains the information for Montana certified water and wastewater operators, including operators for approximately 765 community systems, 298 non-transient non-community systems and 342 wastewater systems. These water and wastewater operators hold approximately 3300 certifications. There are 1607 certified operators in Montana. The program has fully incorporated Association of Boards Certification (ABC) exams as a part of the operator certification.

The Program is currently updating operator study materials; evaluating certification levels; and working on increasing electronic access including training, exams, and renewals.

11.3 SMALL SYSTEM TECHNICAL ASSISTANCE

This provision allows states to provide technical assistance to public water systems serving populations of 10,000 or less. The DWSRF program will continue to provide outreach to small PWS systems through an integrated approach designed to reach: (1) communities whose systems have chronic violations that threaten public health, (2) communities requesting help to correct operation and maintenance problems or to develop needed water system improvement projects, and 3) communities due for routine site visits by DEQ to assist them with proper operations and maintenance (O&M) procedures. These routine visits will be conducted with close coordination with and at the specific direction of the DEQ PWSP. These activities help achieve SRF program short- and long-term goals by providing technical expertise with system O&M and facilitating SDWA compliance.

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

Since SFY 2020, the Small System Technical Assistance grant funds are also being used to fund Financial and Managerial Assistance (FMA) work that has historically been fund through capacity development set-aside funds. The format for financial and managerial assistance begins with telephone or written contact with the selected water system, followed by one or more on-site visits to evaluate the financial and managerial status of the system. Following the site visit, a written report is prepared and mailed to the system owner or manager summarizing the observations and recommendations discussed during the evaluation. A copy of any written correspondence is also forwarded to DEQ.

The 1996 Amendments to the SDWA allow states to use SRF funds to establish authority to enforce capacity requirements and to implement a capacity development strategy. The purpose of this effort is to ensure that all new and existing community and non-transient non-community PWS systems have the necessary Technical, Financial, and Managerial (TFM) capacity to comply with all the primary requirements of the SDWA. EPA also requires that systems demonstrate adequate capability in these areas as a condition of approval for DWSRF loans.

The State could have lost substantial portions of successive capitalization grants if it did not develop and implement strategies to assist existing water systems with capacity development. DEQ submitted its strategies to EPA in August 2000 to meet the October 1, 2000, deadline to avoid the withholding provisions. These strategies were then subsequently approved by EPA on October 10, 2000.

The strategies are a methodology used to identify and prioritize public water systems in need of improving TFM. A part of these strategies includes aiding those systems by use of the set-aside funding. The state of Montana has over 1,900 public water supplies. Given the large number of systems and a shortage of staff with the requisite technical, financial, and managerial experience, DEQ has chosen to provide this assistance through contracted services.

DEQ has contracted these services to a technical assistance provider within the state. Expenditures from this set aside cover contractor salaries, travel expenses and costs related to reporting and follow-up activities, and DEQ contract administration and other small system technical assistance. The original contract was awarded to Midwest Assistance Program (MAP) to provide these services from June 1999 through June 2005. In February 2005, a Request for Proposals (RFP) was issued to re-bid the contract and in July 2005 a new contract was again awarded to MAP with services provided through June 2012. In April 2012, a new RFP was issued to solicit another technical assistance contract. Based on the outcome of this RFP, Rural and Tribal Environmental Solutions (RATES) was selected as the new contractor and RATES provided contract services through June 2019. In July 2019, a new RFP was issued to solicit for a technical assistance provider and in February 2020 MAP was awarded the contract to provide Technical, Financial and Managerial Assistance (FMA). As noted above this new contract funds both O&M and FMA type technical assistance. Through SFY 2021 this new contract work has provided over 1580 hours of technical assistance to small public water systems. By June 30, 2022, MAP should complete an additional 1,200 hours of technical assistance (both O&M and FMA) for small water systems.

Contract activities for SFY 2023 will be funded with set-aside balances from previous capitalization grants for technical assistance under this contract. An additional \$108,000 will be set aside from the FFY2022 base capitalization grant to assist with the technical assistance contract and contract management.

To determine the value and effectiveness of this set-aside, DEQ evaluates the program on a yearly basis. Evaluations are based on the contractor's written reports mentioned above and on a survey of water system personnel who have received technical assistance. These evaluations are used to identify positive results, or problems with the program, and to consider opportunities for improvement. The original contract with MAP was renewed annually from SFY 2000 to SFY 2005. The SFY 2006 contract with MAP was renewed annually from SFY 2007 to SFY 2012. The SFY 2013 contract with RATES was renewed from SFY 2014 to SFY 2019. The SFY 2020 contract with MAP was renewed in SFY 2021, SFY 2022, and SFY 2023 and will be reviewed annually with the option of renewing the contract if appropriate. Any significant changes would be discussed in future IUPs.

11.4 LOCAL ASSISTANCE

DEQ has historically funded the capacity development and wellhead protection under the local assistance set-aside. The source water assessment set-aside could only be funded in the initial FFY 1997 grant.

11.4.1 Capacity Development

The capacity development set-aside of \$570,00 will be funded from the FFY 2022 base grant. The PWSS program environmental science specialists assist in capacity development activities by providing technical assistance to water suppliers, performing sanitary surveys, conducting operator training, monitoring compliance, and attending public meetings as requested to provide information and assistance (see Section 11.2.1 for additional information).

11.4.2 Wellhead Protection Program

Section 1428 of the 1996 Amendments to the federal State Drinking Water Act (SDWA) requires primacy states to implement a program *"to protect wellhead areas within their jurisdiction from contaminants which may have any adverse effects on the health of persons."* Set-aside funds in the amount of \$200,000 from the FFY 2022 base grant will be used in SFY 2023 to administer Montana's Wellhead Protection Program and to provide technical assistance to local communities in support of source water protection activities. Funds are used to verify and improve potential contaminant source (PCS) inventories and provide community outreach in the form of workshops on the operation and maintenance of wells. Staff will continue to work with the Public Water Supply Bureau to further refine understanding of the source water context and hazards posed by on-site wastewater discharges or other PCSs.

The specific goals are to:

- Promote source water protection and management practices preventing degradation of state waters.
- Develop, review, or update source water assessment reports for new or existing public drinking water sources.
- Provide technical assistance to PWS Bureau staff in evaluating public water supply eligibility for monitoring waivers.
- Evaluate the efficiency and effectiveness of Montana's Source Water Protection program in preventing contamination of public water supply sources and identify potential changes or improvements to the program's approach.
- Provide technical assistance and training to PWS operators, managers, and local officials in using source water delineation and assessment reports to develop local source water protection plans, this may include small grants to communities to support development of source water protection plans, to update source water protection area potential contaminant source (PCS) inventories, to implement components of a source water protection plan, or to better characterize a source water-related potential contaminant source.
- Provide technical support to non-profit technical assistance providers (for example, Montana Rural Water, RATES, Midwest Assistance, local water quality districts) relating to source water protection plan development or implementation.
- Provide on-site groundwater and wastewater O&M workshops to citizens and others.

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- Maintain and enhance public access to spatial data essential to the local development of source water protection plans.
 - Continue to improve PWS feature locational data in SDWIS State database by reconciling against source water assessments and sanitary surveys,
 - Develop and publish educational materials to provide outreach to communities on source water protection.

APPENDIX 1: RANKING CRITERIA FOR DWSRF PRIORITY LIST

1. Documented health risks

a. Acute health risks - 120 points maximum

A waterborne disease outbreak or other waterborne emergency such as an interruption in a key water treatment process or a natural or man-made disaster that disrupts the water supply or distribution system.

E. coli or other pathogens - two or more boil orders in any 12-month period. Risk must be documented as a reoccurring and unresolved problem that appears to be **beyond the direct control** of the water supplier. *E. coli* MCL exceedance in the distribution system. A detection of *E. coli* or other pathogens in the source water where the system does not currently provide 4-log treatment of viruses.

Surface Water Treatment Rule (SWTR) treatment technique violation such as a single exceedance of the maximum allowable turbidity limit or sources that have been under the direct influence of surface water and have not resolved that designation.

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

Chlorine dioxide Maximum Residual Disinfectant Level (MRDL) violation where one or more samples taken in the distribution system the day following an exceedance of the MRDL at the entry point also exceed the MRDL.

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

For filtered surface water systems, a Contact Time violation without boil orders or *E. coli* MCL violations, etc., should receive 50% of maximum points under this category. Award additional points for the additional violations.

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

b. Non-acute health risks - 60 points maximum

Groundwater Rule - significant deficiency(ies) identified in a sanitary survey. Montana Chlorination Rule violations.

Lead and Copper Rule - lead and/or copper action level exceedance.

Inorganic chemicals and/or organic chemicals (including volatile organic chemicals (VOCs) and synthetic organic chemicals (SOCs)) maximum contaminant level (MCL) exceedance. MCL violations may or may not have occurred.

Radionuclide contaminants (radium, uranium, gross alpha emitters) maximum contaminant level (MCL) exceedance. MCL violations may or may not have occurred.

Disinfection byproducts maximum contaminant level (MCL) exceedances. MCL violations may or may not have occurred. Disinfectant residuals (not including chlorine dioxide) maximum disinfectant residual level (MRDL) exceedance. Disinfection byproduct precursors (total organic carbon (TOC)) treatment technique violation.

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

2. Proactive compliance measures - 50 points maximum

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

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

3. Potential health risks

a. Microbiological health risks - 25 points maximum

Total coliform bacteria (non-acute) - two or more Level 1 assessments (under Revised Total Coliform Rule (RTCR)) in any 24-month period.

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

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

Documented water main leaks or main breaks.

b. Nitrate or nitrite detects - 25 points maximum

Nitrate or nitrite detections between 5 mg/L and 10 mg/L within the last 24-months.

c. Chemical contaminant health risks - 20 points maximum

Chemical contaminant detections are approaching the MCL.

Radionuclide contaminant detections are approaching the MCL.

Documented lead service lines.

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

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

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

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

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

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

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

- greater than 2.6% of MHI - 20 pts
- between 1.6% and 2.6% (inclusive) of MHI - 15 pts
- between 0.1% and 1.6% (inclusive) of MHI - 10 pts
- 0.1% or less of MHI - 5 pts

DWSRF Priority List Bypass Procedures

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

The bypass procedure is as follows:

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

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3. DEQ shall address, within a reasonable time period, any objections received.

Emergency Bypass Procedures

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

APPENDIX 2: DWSRF COMPREHENSIVE PROJECT LIST—SFY 2023

Numeric PPL Ranking Report

<i>Rank No.</i>	<i>Total Points</i>	<i>Project Name</i>	<i>Description</i>	<i>Amount</i>	<i>Population</i>
1	111	Worden Ballantine WSD	Water System Improvements	\$1,000,000	727
2	97.5	South Wind Water & Sewer District	Water System Improvements	\$750,000	225
3	94	Wilsall WD	Filtration & Distribution Improvements	\$190,500	198
4	90	Pinesdale	Water Treatment Plant Improvements	\$2,475,000	827
5	80	Whitehall	New treatment plant, transmission main, and distribution work.	\$1,900,000	1038
6	70	Libby	Water System Improvements	\$1,719,000	2764
7	70	Dry-Redwater Regional Water Authority	Distribution System Improvements	\$247,500	100
8	65	Dry Prairie Regional Water System	Distribution Improvements	\$1,000,000	24829
9	65	Central Montana Regional Water Authority	Construct Regional Water System	\$5,000,000	7000
10	65	North Central Montana Regional Water System	Regional Water System	\$252,000	45743
11	63	Absarokee WSD - Filtration	Cartridge filtration for Hawkins Park Infiltration Gallery - 2024	\$821,000	1000
12	62.5	Libby Creek Community	Distribution & Consolidation with Libby	\$600,000	47
13	62	Harlem	Water Treatment Plant & Distribution System Improvements	\$3,630,000	822
14	60	Colstrip	Water Treatment Plant Improvements	\$751,000	2214
15	60	Lewistown	Disinfection & Distribution Improvements	\$2,740,000	5883
16	57.5	Bynum-Teton Co. Water District	Water System Improvements	\$500,000	45
17	57.5	Alberton	Water System Improvements	\$876,500	420
18	57.5	Philipsburg	Membrane filtration, new pumps at Silver Springs, SCADA and distribution replacement	\$3,304,331	768
19	55	Hobson	New Water System	\$150,000	230
20	55	Lewistown	Install Meters on Remaining	\$550,000	6500
21	55	Flathead Co. Water & Sewer District #1 Evergreen	Distribution	\$132,513	4000
22	55	Buffalo Trail WD	Water System Improvements	\$334,000	58
23	54	Sheavers Creek Water District/Woods Bay	Water System Improvements	\$1,350,000	150
24	54	Lake Co. Transfer Station	Water System Improvements	\$131,750	62
25	52.5	Fort Smith Water & Sewer District	New Well, Storage and Distribution System Improvements	\$535,000	350
26	52	Deer Lodge - Supply	New Well, wellhouse and transmission main - 2024	\$2,000,000	3056
27	50	Loma WSD - Regional connection	Connect to regional water system.	\$690,000	300
28	50	Hebgen Lake Estates WSD	New Well	\$415,000	380
29	50	North Havre Water District	Distribution and Storage Improvements	\$450,000	90
30	50	Moming Star Community	Distribution & Consolidation with Kalispell	\$467,595	103
31	50	Helena - WTP	Ten Mile raw water main, filter media & transmission main \$19.5 Million split ARPA & SRF	\$9,750,000	32024
32	47.5	Chester, Town of	Water system improvements. WTP (TOCs), tank rehab, intake cross connection.	\$125,000	847
33	46	Fort Benton Filtration	Filtration and orthophosphate addition.	\$3,251,000	1523
34	45	Gore Hill County WD	Water System Improvements	\$920,000	570
35	45	Custer Co. Water & Sewer District	Community Water System	\$1,000,000	180
36	45	Power-Teton Co WSD	New wells & transmission mains	\$2,000,000	167
37	45	Twin Bridges	Supply, Storage & Distribution - 2024	\$565,000	235
38	45	Bridger Pines Water & Sewer District	Water System Improvements	\$250,000	100

<i>Rank No.</i>	<i>Total Points</i>	<i>Project Name</i>	<i>Description</i>	<i>Amount</i>	<i>Population</i>
39	45	Forsyth	Intake rehab, WTP controls upgrade, distribution work.	\$806,057	1647
40	45	Firelight Meadows Subdivision	Corrosion Control and Disinfection	\$30,000	500
41	45	Thompson Falls, City of	New well, transmission distribution, new 700,000 gal concrete tank (\$1.4 million + ARPA)	\$1,365,538	1432
42	43.5	Shelby System Improvements	Storage, transmission, and distribution System Improvements. Need to update \$s June 2022	\$1,321,200	3419
43	42.5	Miles City	Intake & Treatment Plant Improvements	\$4,259,000	8487
44	40	Scobey	New Pumps, Controls, CL2	\$140,000	1101
45	40	East Helena	Water System Improvements	\$740,000	2194
46	40	Hidden Lake WSD	Water system improvements	\$325,000	2700
47	40	Glendive Distribution	Distribution in town and river bore, tank rehab - 2023	\$1,062,594	5126
48	40	Three Forks	Water System Improvement	\$2,392,000	1888
49	37.5	Pleasant View Homesites	Storage and Distribution System	\$420,000	82
50	37.5	Cascade	New well & transmission - 2022	\$1,006,500	712
51	37.5	Sand Coulee Water District	Water System Improvements	\$577,000	161
52	36	Clearview Heights - Lake County WSD	Distribution replacement and storage study - 2024	\$400,000	30
53	35.5	Dillon	Storage Reservoir, Distribution	\$781,000	4050
54	35	Dutton, Town of	Transmission & Distribution	\$1,056,324	270
55	35	Darby	Two Well Houses	\$100,000	650
56	35	Kalispell - LPZ Tank Roofs	Replace two wooden roofs for lower pressure zone concrete tanks - 2023-24	\$6,587,000	23241
57	35	Martinsdale WSD	Water distribution and meter replacement project - 2024	\$223,000	57
58	35	Havre	Distribution - 2024	\$3,337,397	9786
59	35	North Valley Co WSD	Distribution improvements	\$1,500,000	619
60	35	Eastgate WUA	Distribution System Improvements. PWS MT0001784	\$986,000	1739
61	35	Ten Mile/Pleasant Valley WSD	Water System Improvements	\$341,000	740
62	32.5	Big Sandy	Distribution System Improvements	\$1,277,000	598
63	32.5	Circle, Town of	Distribution System Improvements Updated: 05/01/2022	\$650,000	481
64	32.5	Clancy W&SD	New Central Water System	\$1,560,000	287
65	32.5	Vaughn WSD	New well, storage tank, and distribution system improvements	\$716,000	863
66	32.5	Flaxville	Storage and distribution system improvements	\$1,250,000	95
67	32.5	Jette Meadows/Lake County WSD	Replace old, deteriorating water main.	\$300,000	147
68	32.5	Joliet Water System Improvements	Water System Improvements	\$2,200,000	600
69	30	Ekalaka	Distribution Improvements	\$65,000	332
70	30	Malta	Distribution & Well House Improvements	\$6,100,000	2120
71	30	Cut Bank	Distribution Improvements and new water storage tank (tank work slated for 2022)	\$2,576,000	3105
72	30	Wapiti Acres Water & Sewer District	New Well, Transmission Main, Storage Tank, S/L Meters	\$377,000	41
73	30	North Baker Water & Sewer District	Distribution System Improvements	\$916,000	100
74	30	Billings Heights Water District	Distribution System Improvements- NW pressure zone supply main.	\$9,207,000	61264
75	30	Ravalli Co.	Connection to Hamilton	\$100,000	50
76	30	Bigfork WSD - Distribution	Main replacement, PRVs, replace existing generator.	\$1,064,501	4668

<i>Rank No.</i>	<i>Total Points</i>	<i>Project Name</i>	<i>Description</i>	<i>Amount</i>	<i>Population</i>
77	30	Cooke City Water & Sewer District	Storage Tank and Distribution System Improvements	\$1,000,000	300
78	30	Valier	Water System Improvements	\$900,000	469
79	30	White Sulphur Springs	Distribution Improvements	\$818,000	939
80	30	Loma WSD - WTP	Settling pond and WTP Upgrade	\$199,000	495
81	30	Basin Co. WSD	Well no. 3 treatment	\$400,000	227
82	30	Bainville	Distribution System Improvements	\$1,500,000	208
83	30	Big Sky WSD No 363	Water system improvements - disinfection, treatment, distribution	\$3,125,000	3000
84	27.5	Ponderilla Hills WSD	Distribution and transmission	\$488,000	43
85	27.5	Sunburst, Town of	Storage tank rehabilitation, meters and fill station	\$632,000	355
86	27.5	Missoula Airport Well, Transmission, & Tank	New well, transmission main and storage tank	\$7,800,000	75514
87	27.5	Bigfork WSD - Storage	New Storage Tank and Transmission Main	\$3,116,000	4668
88	27.5	Hinsdale County WSD	New well & transmission	\$485,000	217
89	27.5	Belt	Distribution system improvements	\$745,000	625
90	27.5	Choteau Water System 2021	Water System Improvements	\$3,010,000	1713
91	27.5	Winifred	New Storage Tank & Distribution System Improvements	\$215,500	208
92	27.5	Richey - Distribution	Distribution system Improvements -2024	\$625,000	186
93	27.5	Troy	Replacement of Water Systems	\$1,500,000	957
94	27.5	Fort Peck Co. Water District	Distribution Improvements	\$750,000	663
95	27.5	Fairfield	Distribution and Pump Control Improvements	\$350,000	659
96	27.5	Red Lodge - Distribution	Distribution System Improvements	\$1,628,000	2236
97	25	Lockwood WSD	Storage for mid zone - 2024	\$3,010,000	7463
98	25	Seeley Lake - Missoula County Water District	Meter replacement project - 2022	\$267,575	1286
99	25	Lockwood WSD	Distribution - 2024	\$8,082,000	7463
100	25	Ennis	New Well and Pumphouse	\$200,000	1005
101	25	Helena - Distribution	West Side Service and Cross Town Connector	\$4,307,696	32024
102	25	Flathead Co. Water & Sewer District #8	Water System Improvements	\$1,194,000	480
103	25	Hot Springs	New Telemetry and SCADA	\$75,000	544
104	25	Nashua	Distribution System Improvements	\$1,660,000	296
105	22.5	Sunny Meadows WSD - Engineering	Engineering loan. Distribution and valve house. No recent positive BACT's.	\$50,000	130
106	22.5	Grass Range, Town of	System Improvements Phase 2	\$109,000	110
107	22.5	Billings - Storage	Logan Storage Tank	\$7,000,000	100000
108	22.5	Sidney Distribution	Phase 3 - Distribution and Lead Service Line Replacement	\$1,132,200	6416
109	22.5	Shakopee Heights WSD	New Storage Tank & Transmission main	\$380,000	62
110	22.5	Culbertson	Distribution System Improvements	\$215,000	795
111	22.5	Conrad	Distribution System Improvements	\$376,000	2570
112	22.5	Harlowton	Water System Improvements	\$714,000	899
113	22.5	Coram WSD	New Storage Tank. RD Interim loan.	\$710,000	271
114	22.5	Sun Prairie Village Co. Water & Sewer District	Transmission Main, Storage, and Meters	\$750,000	1483
115	22.5	Bozeman	Lyman reservoir and transmission main	\$16,850,000	49831
116	22.5	Columbus	New Well	\$320,000	1748
117	22.5	Kalispell - UPZ Wells and Tank	New wells and storage tank in upper pressure zone - 2023-24	\$9,525,000	21142
118	22.5	Lakeside Co. Water & Sewer District	New Storage Reservoir	\$500,000	500

<i>Rank No.</i>	<i>Total Points</i>	<i>Project Name</i>	<i>Description</i>	<i>Amount</i>	<i>Population</i>
119	22.5	Missoula Storage Tanks	Three new storage tanks, transmission and connection to system	\$3,650,000	75514
120	22.5	Big Timber	Distribution Improvements	\$755,000	1517
121	20	Sidney Storage	Storage and Distribution Improvements	\$4,675,000	5191
122	20	Billings - Distribution	Distribution System Improvements	\$800,000	89847
123	20	Fort Benton Storage	New Storage Tank	\$1,071,000	1464
124	20	Belgrade	Distribution System Improvements	\$1,251,000	7323
125	20	Roundup	Distribution System Improvements	\$818,000	1880
126	20	Plains	Distribution Improvements and Service Meters	\$420,000	1048
127	20	Glendale Colony	New water storage and building - 2022.	\$130,000	98
128	20	Missoula Distribution and meters	Distribution replacement	\$12,462,000	75514
129	20	Butte-Silverbow	Treatment Plant and Distribution Improvements	\$7,414,000	33892
130	20	Forest Park	Water RSID 24. Dawson County (West Glendive) 175k gal - glass fused tank	\$832,800	823
131	17.5	Lewistown / Fergus Co. Fairgrounds	Distribution Improvements	\$1,118,366	11586
132	17.5	Flathead Co. Water & Sewer District #8	Additional Well	\$85,000	490
133	15	Broadview	Water System Improvements	\$175,000	150
<i>Total of All Amounts:</i>				\$233,309,937	

APPENDIX 3: GLOSSARY OF ACRONYMS AND INITIALIZATIONS

Acronym	Definition
ARRA	American Recovery and Reinvestment Act (2009)
DEQ	Department of Environmental Quality (Montana)
DNRC	Department of Natural Resources and Conservation (Montana)
DW	Drinking Water
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency (U.S.)
FFY	Federal Fiscal Year (begins October 1 and ends September 30)
FTE	Full-Time Equivalent
GO	General Obligation
IUP	Intended Use Plan
MAP	Midwest Assistance Program
MCA	Montana Code Annotated
MCL	Maximum Contaminant Level
MHI	Median Household Income
MRDL	Maximum Residual Disinfectant Level
PCS	Potential Contaminant Source
PQL	Practical Quantification Limit
PWS	Public Water Supply
PWSP	Public Water Supply Program
PWSS	Public Water Supply Supervision
RAN	Revenue Anticipation Note
RATES	Rural and Tribal Environmental Solutions
RFP	Request for Proposals
RTCR	Revised Total Coliform Rule
SCADA	System Control and Data Acquisition
SDWA	Safe Drinking Water Act
SDWIS	Safe Drinking Water Information System
SFY	State Fiscal Year (begins July 1 and ends June 30)
SRF	State Revolving Fund
SWP	Source Water Protection
SWTR	Surface Water Treatment Rule
TFM	Technical, Financial, and Managerial Capacity
WPCSRF	Water Pollution Control State Revolving Fund