

TREASURE STATE ENDOWMENT PROGRAM

2005 Biennium Project Evaluations and Funding Recommendations

**Montana Department of Commerce
Mark Simonich, Director**

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PART 1

EXECUTIVE SUMMARY

1. The Treasure State Endowment Program (TSEP) was authorized by Montana voters with the passage of Legislative Referendum 110 in 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA, as amended by the 1999 Legislature. See Appendix A for the complete text of the statute.
2. Eligible TSEP applicants include cities, towns, counties, consolidated governments, tribal governments, and county or multi-county water, sewer, or solid waste districts.
3. Eligible TSEP projects include drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges.
4. Eligible TSEP applicants may submit one application for up to \$500,000 for a TSEP grant to assist with funding a construction project. Applicants may also apply for loans in addition to a grant.
5. For the 2005 biennium, 55 applications from local governments were submitted to the Department of Commerce (MDOC) requesting \$21,902,149 in TSEP grant funds for local public facility construction projects. See Part 6 for a description, evaluation and recommendation for each application.
6. Based on revenue projections from the Governor's Office of Budget and Program Planning (OBPP), the department has estimated that \$15,817,695 in interest earnings from the treasure state endowment fund would be available for awarding TSEP grants to local governments to construct public facility projects. This is a net figure, after deducting administrative expenses, \$100,000 for emergency projects, and \$425,000 for preliminary engineering grants. Based on revenue projections from OBPP, it is projected that \$4,525,356 in interest earnings from the treasure state endowment regional water system fund would be available for the state's share of the cost to construct the two authorized regional water projects during the 2003 biennium. See Part 4 for more information on the amount of funds that would be available during the 2003 biennium.
7. Based on \$15,817,695 being available for grants, 40 projects have been recommended for funding. Each project would be guaranteed funding as long as grant recipients have met all start-up requirements before the end of the 2005 biennium. Three additional projects are recommended for funding contingent upon TSEP funds being available. See Tables 3 and 4 in Part 5 for more information on the rank order of projects and the amounts recommended.
8. The review and ranking of TSEP applications is a two-step process. First, the department is required by statute to review and rank TSEP project proposals and prepare a list of recommended projects, based on seven statutory priorities. Secondly, the department is also required by statute to recommend the form and amount of financial assistance for each project. The Governor reviews the department's recommendations and submits her recommendations to the Legislature. The Legislature makes the final decisions on funding awards. See Part 5 for more information about the review and ranking of TSEP applications.
9. The 1999 Legislature, during the special session in May 2000, passed a bill establishing a statutory appropriation of \$425,000 in each of the next two biennium to be used by the department to provide matching grants to local governments for preliminary engineering studies. The department awarded 40 matching grants for preliminary engineering studies to local governments with the 2003 biennium funds. The 2001 Legislature also appropriated \$100,000 for emergency projects. The department has funded

four emergency projects to date with the 2003 biennium funds. See Part 2 for more information about the actions that the program has taken since the 2001 Legislature.

10. There are three issues that the department would like to bring to the Legislature's attention:
 - ❑ First, the department is requesting that the Legislature authorize an additional TSEP position. The program needs a civil engineer on staff because of an increased workload (due to a steadily increasing number of TSEP projects and new duties related to funds appropriated for preliminary engineering studies and emergency projects). In addition to the increased workload, none of the current TSEP staff are qualified to evaluate technical engineering issues.
 - ❑ Second, the program has received less revenue than was anticipated and awarded by the 2001 Legislature.
 - ❑ Third, a recurring issue is whether or not to continue to authorize funding of some previously approved projects that have not yet moved to construction, or to what extent current grant recipients should be allowed to change the scope of their projects. Some projects are being referred back to the Legislature for its consideration of proposed major changes in project activities.

See Part 3 for more information about these key issues for the 2003 Legislature.

11. The department's research findings indicate that the principal reason why local public facilities are deficient is that most options for correcting deficiencies are simply not considered affordable by local residents. This finding is especially true for most of Montana's communities because these facilities are very expensive to construct, the cost is usually divided among a relatively small number of users, and the community may also need to upgrade other facilities at the same time. An article in the Montana Policy Review published in the Fall of 1992 by Kenneth L. Weaver, director of the Local Government Center at Montana State University, titled "*The Treasure State Endowment Program: A Question of Incentives*," reported that low interest loans may not provide sufficient incentive to communities to take on an expensive infrastructure project that will create user fees that will not be affordable to the users of the system. In summary, the article discussed how most of Montana's communities need significant grants to write down the total cost of projects and that some jurisdictions simply cannot service the long-term debt of a loan at any rate of interest. The TSEP program has been designed to help address this "affordability" problem.
12. Since the inception of the program, almost all TSEP applications have been for matching grants. Even when local governments have asked for or been awarded TSEP loans, the loans have never been utilized. Grants have been the preferred type of TSEP funding by local governments for various reasons. The first and most important reason is the affordability issue discussed above, which indicates that grants are needed to make most local projects financially feasible and affordable. Secondly, if a loan is appropriate, there are other state and federal loan programs available with better rates and terms for water and wastewater projects. Finally, grant funds are extremely limited. A loan may be recommended when a grant is reduced or not recommended at all, if there is no loan already proposed. There were no loans requested by local governments during this application cycle, and none were recommended by the department.
13. During the original legislative discussion of TSEP, legislators stated that applicants should make the maximum effort to pay for local public facility projects with their own resources before they ask the state to subsidize a local project. There was also a strong consensus among the local officials and legislators that participated in the original public hearings on TSEP that communities should participate in the funding of any public facility project in proportion to their financial resources. The challenge is to try to define a reasonable minimum level of local financial effort. In addition, the department had to find

a way to determine whether an individual TSEP applicant needed a TSEP grant, loan, or a grant/loan combination to make the applicant's project affordable and feasible, yet ensuring that the applicant was proposing a reasonable level of local financial effort. In order to ensure that an adequate level of local financial effort is achieved, the department has established "target rates" that applicants are expected to reach before grant funds are recommended for the project. Target rates are based on a percentage of a community's median household income, making target rates unique financial measures for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial capacity of each applicant. See Part 5 for more information on the TSEP financial analysis procedures.

PART 2

ACTIONS TAKEN BY TSEP SINCE THE 2001 LEGISLATURE

Applications Reviewed

The program received 55 applications in 2002, which was a 37.5 percent increase over what the program has averaged previously. The dramatic increase in applications was primarily due to the number of applications received from county governments for bridge projects, which was approximately a 400 percent increase over what has typically been received in the past. A related reason for the increase was the matching grants now provided by TSEP for preliminary engineering studies.

Active Projects Administered

Projects are considered active from the time they have been awarded funding by the Legislature until they are substantially complete and "conditionally closed out." During this time period, the program's staff assists the local government in administering program funds and managing the project. Active projects are conditionally closed out when the project has been completed and accepted by the local government, and the local government has submitted documentation describing what was actually accomplished and expended by each funding source for the project. Once the project is conditionally closed out, the final disbursement of TSEP funds is provided to the local government.

The department started the 2003 biennium with approximately 68 active TSEP projects. There were 55 active projects at the end of FY 2002 and it is estimated that there will be approximately 36 active projects at the end of the 2003 biennium, not including any new projects that will result from the TSEP funds that will be awarded by the 2003 Legislature. A summary of all previously authorized projects that are still active is presented in Appendix C. Each project summary provides current information about the project, including the sources of funding and its status.

Preliminary Engineering Grants Awarded

The 2000 special session of the 56th Legislative Assembly statutorily appropriated \$425,000 for each biennium beginning in FY 2002, and ending at the end of FY 2005, for the purpose of providing communities with matching grants for preliminary engineering work. The department developed the new program and awarded 40 matching grants totaling \$423,479 in order for local governments to study their public facilities. Twenty-seven of those studies have been completed and closed out. The TSEP matching grants for preliminary engineering have proven to be an important resource for smaller communities, counties, and county water and sewer districts to initiate local public facility projects. Of the 55 applications reviewed in 2002, 24 of the local governments also received a grant to help fund their preliminary engineering study. Four additional applications for preliminary engineering grants have been received, and are waiting to be awarded funding from the 2005 biennium's funds. See Appendix D for a listing of the preliminary engineering grants that have been awarded by the department.

Emergency Grants Awarded

The 2001 Legislature appropriated \$100,000 to be used by the department to award grants to local governments for emergency public facility projects that could not wait for legislative approval. The department established a general limit of \$30,000 per project. Four emergency projects have been funded to date:

Beaverhead County for the Jackson Water and Sewer District – A \$25,000 TSEP emergency grant was awarded. This was combined with a \$25,000 from DNRC emergency grant and \$74,209 from the district, to repair a failed community septic tank. The project was required as a result of groundwater infiltrating into the failed septic tank, which overloaded the entire system. It was located next to the school and there were sewer backups and surface discharges. In addition, the septic tank was not adequately treating the raw sewage. It was potentially polluting the ground water and there was considerable opportunity for humans to come into contact with raw sewage. The septic tank was constructed of concrete culvert sections that had settled and pulled apart. There was no backup system. The existing septic tank was abandoned, a new 10,000-gallon septic tank installed, and a new lift station constructed.

Fort Peck Tribes – A \$12,323 TSEP emergency grant was awarded to repair an elevated drinking water storage reservoir. A 75,000-gallon elevated water storage reservoir for the community of Frazer (operated by the Fort Peck Tribe) was taken out of service last winter due to a leak of unknown cause, but probably freezing. The system was being operated without storage, so there was very limited fire protection, and the users, particularly the school, experienced low pressures and no water at times. A power outage could have put the system out of service, since there is no gravity flow. The tank was repaired, a re-circulating pump system was installed to prevent internal freezing, and additional sway braces were attached.

Town of Lodge Grass – A \$14,530.16 TSEP emergency grant was awarded to help the town to pay for replacing a water pump. Both of the town's two well's pumps broke down, just weeks apart. The first pump that broke down (City Hall Well) was replaced, but when the other pump (Park Well) broke down most of the homes were without water because the one well could not provide sufficient pressure to reach higher elevations and provide adequate water to all parts of the system. There were approximately 700 citizens without water for almost two months. Porta-potties were brought in and bottled water was provided to residents. The loss of the town's water supply also had a major impact on being able to operate the school. The town was seeking help to pay for both of the repairs; however, TSEP provided a grant for only a portion of the requested amount. The first pump burnt out because the screens protecting the pump were clogged and the pump was sucking dry air. As a result, the cause of the first pump breaking down was related to lack of proper operation and maintenance, and not to a true emergency. In addition, the town had a chlorination unit installed on the well to help reduce future fouling of the well. This was a new capital improvement and not required to resolve the immediate problem. The Park Well, on the other hand, was apparently struck by lightning, which was clearly an unforeseen event. The contractor confirmed that all of the wiring and electrical components were burnt and blackened. A chlorination unit was also installed on the second well, which again was a new capital improvement and not required to resolve the immediate problem. The department paid to repair the pump and associated equipment that had been struck by lightning.

Town of Geraldine – A \$25,000 TSEP emergency grant was awarded to help the town to pay for rerouting a section of blocked sewer main. An older sewer main that collected wastewater from approximately a third of the town developed a blockage and was in imminent risk of collapsing if any further actions were taken to unblock the main. Wastewater was frequently backing up into several houses. If the main had collapsed, a significant portion of the town would not have sanitary sewer. In addition to the main being old and deteriorated, the blocked main was situated underneath a house, which was inadvertently built on top of the main in the 1960s. As a result, approximately 400 feet of pipe was installed in the right-of-way in the alley, along with four new manholes.

The department received several other inquiries and requests for emergency funding in FY 2002, but none were funded because the situations were not deemed to be true emergencies. The department has \$23,146.84 remaining to award for emergency projects for the remainder of FY 2003.

Regional Water System Projects

The 1999 Legislature created the treasure state endowment regional water system fund to provide a portion of the cost to construct large regional water system projects. Two projects have been authorized by the Legislature to access these funds. The Fort Peck Indian Reservation/Dry Prairie Regional Water System (DPRWS) will serve the northeastern portion of the state north of the Missouri River and east of Glasgow, with water from the Missouri River. The Rocky Boy's Indian Reservation/North Central Montana Regional Water System (NCRMWS) will serve a large area encompassing the Rocky Boy's Indian Reservation on the east, west to the area around Interstate 15, and north to the Canadian border, with water obtained from Tiber Reservoir. The U.S. Congress has also authorized both of these regional water system projects. The department's staff, along with staff from numerous other state and federal agencies, meet on a regular basis to discuss the progress of these projects and to coordinate agency actions.

The core components of the DPRWS project, the water treatment plant that will be located on the reservation and water distribution mains serving the Fort Peck Indian Reservation, will be funded entirely by the federal government. Seventy-six percent of the total cost of the distribution mains to serve the off-reservation users of the system will be paid for by the federal government. The remaining 24 percent will come from a local match that will be split between the regional water system authority, which will provide the water to the off-reservation users of the system, and the State of Montana. The estimate to complete the entire DPRWS project is estimated at \$220 million, with the amount attributable to the off-reservation portion of the system at \$76.6 million. The local match is estimated to be \$18.4 million.

Congress has appropriated approximately \$1.5 million for the DPRWS project for final engineering and the environmental assessment. Both the final engineering report and final environmental assessment are in the final stages of preparation for submittal to Congress, which will hopefully appropriate \$7-8 million for FY 2003 in order to begin construction. The regional water system authority plans to construct the water main between Culbertson and Medicine Lake next year, at which time the state's share will be required. Even though the construction of the regional water treatment plant has not yet been started, constructing this water main would allow Culbertson to provide drinking water to both Froid and Medicine Lake from its water system. Medicine Lake is having serious problems with its treatment plant and this would resolve that issue. Froid is utilizing a complex water treatment system that is very expensive to operate. By accessing Culbertson's water, both communities would be able to disconnect from their treatment plants, and be able to obtain good water that is reasonably priced. This would be a temporary solution, for once the regional water system is completed, all three communities would use treated water obtained from the new treatment plant to be located between Poplar and Wolf Point. The distribution main connecting these communities would be part of the overall distribution system for the DPRWS.

The core components of the NCRMWS project, the water treatment plant and water mains to serve the Rocky Boys Indian Reservation, will be funded entirely by the federal government. The water treatment plant for this system will be located at Tiber Reservoir, off of the reservation, with a water main approximately 55 mile long to carry the water to the reservation. Unlike the DPRWS project, when Congress recently authorized the NCRMWS project, it required that the additional cost needed to build the treatment plant and the main carrying the water to the reservation large enough to serve the off-reservation areas of the system, be paid for by the off-reservation users of the system. However, Congress also agreed to increase the federal share of the project; therefore, 80 percent of the total cost of the project attributable to the off-reservation portion of the system will be paid for by the federal government. The remaining 20 percent will come from a local match that will be split between the regional water system authority, which will provide the water to the off-reservation users of the system, and the State of Montana. The estimate to complete the entire NCRMWS project was recently increased to \$229 million, with the amount attributable to the off-reservation portion of the system at \$92 million. The local match is estimated to be \$18.4 million. The NCRMWS project was only recently authorized for funding in November 2002, and no funds have yet been appropriated to proceed with the project. The department does not anticipate needing to provide any of the

state's share for the construction of this project for probably a couple of years.

The 2001 Legislature appropriated up to \$2,358,058 for the 2003 biennium to provide the state's share for regional water system projects. Neither of the two systems has yet accessed the state's funds. Based on revenue projections from the Governor's Office of Budget and Program Planning, \$4,525,356 in interest earnings from the treasure state endowment regional water system fund would be available during the 2003 biennium. However, the Department of Natural Resources and Conservation (DNRC) is proposing to request that \$126,023 be used to fund the DNRC regional water system coordinator position, and a total of \$534,000 to be provided to the two authorized regional water system authorities as non-matching grants. The grants, which is a continuation of state support to these projects and was previously provided from the state general fund and the resource indemnity trust fund, would be used by the regional water system authorities to fund planning, engineering, and lobbying efforts needed to obtain federal funds for the construction of the projects. That would leave \$3,865,333 for the state's share of the cost to pay for construction activities that would require local matching funds.

Revision of the TSEP Application Guidelines

The department extensively revised the *TSEP Application Guidelines* in order to include information about the new types of TSEP funding (preliminary engineering matching grants and emergency grants). In addition, a variety of other amendments were made, including one major change: a provision was added that allows the department to recommend to the Legislature an amount greater than what is requested by applicants, including exceeding the \$500,000 grant ceiling, in order to ensure that applicants with serious and urgent health and safety problems are not unduly burdened by unreasonably high user rates. The provision also allows the department to recommend increased funding for projects approved by previous legislatures in order to move projects forward that have had difficulty obtaining matching funds and that otherwise may not get constructed. The possibility of this change was discussed with the Joint Long-Range Planning Subcommittee during the 2001 Legislature.

A recommendation for increased funding under either of the two situations would be made only after taking into account the total amount of funds available for grants, the number of applicants and the seriousness of the problems to be resolved. The recommendation for awarding additional funds would be limited to projects that can meet the same tests required for a hardship grant. The department would only recommend enough additional funding that would be sufficient to bring the projected user rates down to 200 percent of the target rate. The department decided not to recommend any projects for additional funding because of the possibility that numerous applicants would not be funded through the 2003 Legislature.

PART 3

KEY ISSUES FOR THE 2003 LEGISLATURE

TSEP Related Bills Submitted to the Legislature

HB 11 – In addition to appropriating funds for construction projects from the treasure state endowment fund, HB 11 would also appropriate \$100,000 from the fund for emergency public facility projects as needed to address critical public health and safety issues that could not wait for legislative approval. In addition, HB 11 would also appropriate \$3,865,333 from the treasure state endowment regional water system fund to pay the state's share of the two authorized regional water system projects: the Dry Prairie Regional Water Project and the North Central Montana Regional Water Project.

Request for an Additional FTE

The department is requesting that the Legislature authorize an additional TSEP position. The program needs a civil engineer as part of the TSEP staff, because of increased workload (due to a steadily increasing number of TSEP projects and new duties related to funds appropriated for preliminary engineering studies and emergency projects). In addition, none of the current TSEP staff are qualified to address the technical engineering issues that continually arise with TSEP projects.

The staffing for the program has not changed since 1994, while the workload has steadily grown. The number of projects awarded TSEP funds has gradually increased since 1993, when the first projects were awarded funding by the Legislature. There were 19 projects awarded funding in 1993, 15 in 1995, 22 in 1997, 28 in 1999, and 33 in 2001. In addition, funding was appropriated for the two regional water projects in 2001. This has been a 57 percent increase in projects funded since 1995. The number of projects awarded funding each biennium will continue to increase at the rate of approximately four to six projects each biennium as the treasure state endowment fund continues to grow. Each grant requires a considerable amount of time to administer until the project is closed out, which is typically two to four years after funds are awarded. Currently, there are 55 grants that are being administered that have not been closed out. It is estimated that the program will have approximately 70 active projects being administered beginning in FY 2004.

In addition, the program started providing grants for preliminary engineering studies in 2001 as a result of a statutory appropriation that was passed by the 56th Legislature. In the first year, TSEP awarded 40 grants for preliminary engineering studies, which it is administering. Funds were also appropriated in 2001 for TSEP to provide grants for emergency projects for the first time. A total of four emergency projects have been funded to date, but several other inquiries and requests have been received since the 2001 Legislature that have required staff time to respond to.

Finally, the program received 55 applications in 2002, which was a 37.5 percent increase over the 40 that the program has averaged previously. The dramatic increase in applications was primarily due to the number of applications received from county governments for bridge projects, which was approximately a 400 percent increase over what has typically been received in the past. Each application requires a considerable number of hours to review and the increase in the number of applications results in the TSEP staff having less time to review each application. The natural growth of funds available to award to projects, the availability of matching grants for preliminary engineering studies, and the surge in the number of bridge applications, suggests that it is likely that the program will be reviewing a similar or greater number of applications in 2004.

In addition to the increased workload, the program does not have any staff qualified to address technical engineering issues, which is important to properly operate the program. With the new funds available for preliminary engineering studies, the current TSEP staff is limited to reviewing the reports produced by local governments for only the most basic requirements. The TSEP staff is not qualified to review the reports at a technical level and provide any technical comments on potential deficiencies of the reports. An engineer on staff would also be qualified to perform some of the engineering reviews required when TSEP receives applications each biennium, thereby reducing the cost of consulting services. A staff engineer would also be able to evaluate the technical performance of engineers contracted with to perform these reviews, and would be better able to ensure greater consistency and quality in the engineering review process. In addition, once a project is awarded funding for a construction project, none of the TSEP staff are able to properly evaluate technical engineering issues related to project plans and specifications, or monitor work progress from a technical standpoint. Since the Department of Transportation (MDT) does not review bridge projects constructed by counties, a staff engineer would also be able to provide a review of proposed bridge designs funded by TSEP. Finally, none of the TSEP staff are able to properly evaluate requests for emergency funding since they are not qualified to determine the validity of the emergency. A staff engineer would be able to properly evaluate whether using scarce emergency monies to fund a project is justified.

Potential Shortage of TSEP Funds for 2003 Biennium Projects

Thirty-two projects were authorized to receive funding during the 2003 biennium; however, based on the interest earnings on the treasure state endowment fund actually received in FY 2002, it appears that there will be a shortfall needed to fund all 32 projects. The projected amount for FY 2002 was \$7,088,000, but only \$6,804,840 was actually earned, which is \$283,160 less than what had been projected for FY 2002. If that trend continues in FY 2003, the amount of funds that were projected to be available for the 2003 biennium could be short by approximately \$600,000.

However, one recipient of TSEP funds awarded by the 2001 Legislature, the City of Havre, recently notified the department that they no longer need the TSEP funds as a result of changing circumstances. The contract with the city has been terminated, and therefore, that \$500,000 can be used to lessen the impact of a shortage. In addition, some of the local governments awarded funding will likely not have completed their start-up conditions within the 2003 biennium, based on past experience. As a result, the awardees would lose their guarantee to receive funding, and would possibly not receive the funds awarded to them if there is a shortfall in funds. The local governments awarded TSEP funds by the 2001 Legislature are only guaranteed funding if they have met the start-up conditions by the end of the 2003 biennium. The remaining shortage should only impact one project.

As a result, the department does not anticipate that any 2003 biennium projects would require funding from 2005 biennium revenues. However, the possibility does exist that projects authorized funding by the 2001 Legislature may need to be provided revenues earned during the 2005 biennium.

Referral of Current Projects for Consideration of Continued Funding

The department refers previously approved projects back to the Legislature for its consideration of whether to continue funding the project if:

1. the grant recipient has not commenced or completed its project in a timely manner, or
2. the local government requests a modification that significantly affects the scope of work or budget that would materially alter the intent and circumstances under which the application was originally ranked by the department and approved by the Governor and Legislature.

At the time this report went to print, the department was prepared to refer only one project back to the Legislature:

Town of Ekalaka: The town was awarded a TSEP grant in 1999, in the amount of \$87,200, to replace two sections of sewer main. Upon further engineering investigation, the town determined that one of the mains was not as serious a problem as first thought and decided not to replace that main. In addition, since the TSEP funds were awarded in 1999, the Department of Environmental Quality (DEQ) has issued discharge permit violations and is requiring the town to add a disinfection system to their effluent stream by December 31, 2003. The TSEP funds awarded to the town have not been provided to the town as a result of it wanting to change the scope of the project. The town re-applied to TSEP this funding cycle requesting a larger amount. The town is recommended for funding (project #37), assuming that there are no reductions in the amount that would be available to fund TSEP projects. Part of the recommendation for funding the project is that the TSEP grant awarded in 1999 be terminated, allowing those funds to be used by other projects awarded funding in 1999. If funding is reduced and the town is no longer above the cut-off line for funding, the TSEP staff recommends that the town be allowed to change the scope of the project, so as to utilize the funds awarded in 1999.

No other projects were identified for referral at the time this report went to print, but others may be presented to the Joint Long-Range Planning Subcommittee.

PART 4

FUNDS AVAILABLE TO THE 2003 LEGISLATURE

Treasure State Endowment Fund

Under 17-5-703, MCA, there is a separate sub-fund called the treasure state endowment fund (the "TSE fund"), established within the coal severance tax trust fund (the "trust") to generate ongoing funding for TSEP projects. As a sub-fund of the trust, the TSE fund principal is afforded the same constitutional protection as the principal in the trust. The Montana constitution states, "The principal of the trust shall forever remain inviolate unless appropriated by a vote of three-fourths of the members of each house of the Legislature."

On July 1, 1993, \$10 million was transferred from the trust to the TSE fund, and 50 percent of the coal severance taxes started transferring from the trust to the TSE fund for a 20-year period. In 1999, the Legislature increased the percent of the coal severance taxes earmarked for the TSE fund from 50 percent to 75 percent. Beginning on July 1, 2003, the percent of the coal severance taxes earmarked for the TSE fund will return to 50 percent as a result of legislation passed by the 2001 Legislature. The diagram on the next page illustrates the mechanics of the flow of funds into the trust, and then into the permanent fund, the treasure state endowment fund and the treasure state endowment regional water system fund. The interest earnings on the principal of the TSE fund provide the funds spent to administer the program and for the TSEP grants.

Based on revenue projections provided by the Governor's Office of Budget and Program Planning (OBPP), it has been projected that \$17,210,000 would be available for the 2005 biennium. After subtracting out the proposed expenditures of \$1,392,305 (\$867,305 for administrative expenses, \$425,000 for preliminary engineering grants, and \$100,000 for emergency grants), \$15,817,695 would be available for matching construction grants during the 2003 biennium. This figure is subject to change as a result of the actual expenses incurred and actual fund earnings received during the biennium. The fund earnings can change as a result of the actual coal severance taxes received by the state and the rate of interest that the TSE fund earns.

Table 1 on page 18 shows the actual deposits into the TSE fund, along with the interest earnings, from FY 1994 to FY 2002.

Treasure State Endowment Regional Water System Fund

Under 17-5-715, MCA, there is a separate sub-fund called the treasure state endowment regional water system fund (the "RWS fund"), established within the trust. The RWS fund was created in 1999 by the Legislature to provide a portion of the cost to construct large regional water system projects. Twenty-five percent of the coal severance taxes that go into the trust are earmarked to flow into the RWS fund until 2016, at which time the coal severance taxes flowing into the RWS fund will cease and the RWS fund itself will no longer exist.

Revenues generated by interest earnings on the principal of the RWS fund are used to provide the state's share on authorized regional water projects. Only the interest earnings on the RWS fund may be spent. Based on revenue projections provided by OBPP, it has been projected that \$4,525,356 would be available for the 2005 biennium.

Table 2 on page 18 also shows the actual deposits into the RWS fund, along with the interest earned on the RWS fund, from FY 2000 to FY 2002.

DIAGRAM 1

Coal Severance Tax Deposits into the Coal Trust Fund Effective July 1, 2003

(50 percent of total coal severance tax collections)

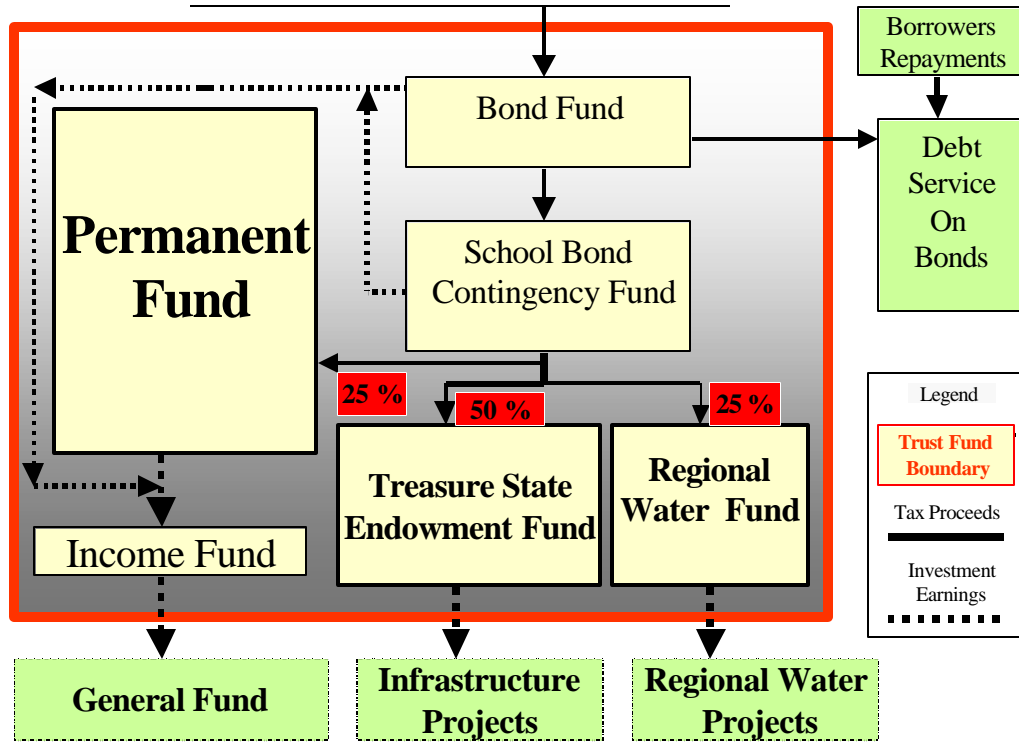


TABLE 1

**ACTUAL COAL SEVERANCE TAX DEPOSITS INTO THE
TREASURE STATE ENDOWMENT FUND
AND ACTUAL INTEREST EARNINGS**

Operating Year	Annual Deposits To The TSE Fund (Principal)	Cumulative TSE Fund Principal	Annual Interest Earnings	Cumulative Interest Earnings
Initial Deposit	\$10,000,000			
1 FY '94	\$9,809,476	\$19,809,476	\$928,696	\$928,696
2 FY '95	\$9,910,610	\$29,720,086	\$1,810,151	\$2,738,847
3 FY '96	\$8,787,910	\$38,507,996	\$2,916,499	\$5,655,346
4 FY '97	\$9,151,139	\$47,659,135	\$3,453,907	\$9,109,253
5 FY '98	\$8,720,156	\$56,379,291	\$4,250,377	\$13,359,630
6 FY '99	\$8,361,643	\$64,740,934	\$4,772,585	\$18,132,215
7 FY '00	\$12,189,836	\$76,930,770	\$5,123,375	\$23,255,590
8 FY '01	\$10,733,368	\$87,664,138	\$5,801,525	\$29,057,114
9 FY '02	\$11,646,533	\$99,310,671	\$6,804,839	\$35,861,953

TABLE 2

**ACTUAL COAL SEVERANCE TAX DEPOSITS INTO THE
TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND
AND ACTUAL INTEREST EARNINGS**

Operating Year	Annual Deposits TSERWS Fund (Principal)	Cumulative TSERWS Fund Principal	Annual Interest Earnings	Cumulative Interest Earnings
1 FY '00	\$3,409,919	\$3,409,919	\$32,058	\$32,058
2 FY '01	\$3,577,789	\$6,987,708	\$402,222	\$434,208
3 FY '02	\$3,882,178	\$10,869,886	\$643,133	\$1,077,341

PART 5

TSEP APPLICATION EVALUATION, RANKING AND RECOMMENDATION PROCESS

Process MDOC Uses to Recommend TSEP Projects for Funding

The process that the department uses to make its funding recommendations is based on the following principles:

1. In compliance with the intent of the statute, the applicants' scores on the seven statutory priorities provide the overall rank order of applicants;
2. The statute also requires the department and the Governor to recommend the form and amount of the TSEP financing. Applicants with water, wastewater and solid waste projects are only recommended for a grant if their projected user rates at the completion of the project will be at or above the applicant's "target rate." The applicant's target rate is a predetermined benchmark or "target" based on a percentage of the community's median household income. If a grant is not recommended, a TSEP loan may be recommended if a loan source has not already been identified; and
3. Projects that appear to have major technical or financial feasibility problems are not recommended for funding.

STEP ONE OF THE PROCESS, RANKING OF PROJECTS BASED ON THE SEVEN STATUTORY PRIORITIES

Based on state statute (90-6-710 (2), MCA), and the precedents established by the department, the Governor, and the Legislature in the past funding cycles, the department uses a two-step process to develop the recommendations provided to the Governor and the Legislature. In the first step, the applications are scored and ranked according to the seven statutory priorities. The seven statutory priorities consider the extent to which the proposed projects:

1. Solve urgent and serious public health or safety problems and enable local governments to meet state or federal health or safety standards;
2. Reflect greater need for financial assistance than other projects;
3. Incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;
5. Reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.
6. Enable local governments to obtain funds from sources other than TSEP;
7. Provide long-term, full-time job opportunities for Montanans, or provide public facilities necessary for the expansion of a business that has a high potential for financial success, or Maintain or do not discourage expansion of the tax base; and
8. Are high local priorities and have strong community support.

The TSEP applications were analyzed by the department's staff and consulting engineers. The department contracted with eight engineering firms to review and analyze each of the preliminary engineering reports submitted with the applications. The consulting engineers met as a team, along with the department's TSEP ranking team, to score the first and third statutory priorities for each application. The department's TSEP ranking team scored the remainder of the seven statutory priorities. The ranking team used a consensus approach in applying the scoring criteria to assure consistency and fairness. With the exception of statutory priority #2, the scoring of each statutory priority is scored using five quintiles with each scoring level being pre-defined. The pre-defined scoring levels for each of the statutory priorities are described at the end of this section.

In order to score statutory priority #2 (financial need), the department analyzes each applicant's relative financial need compared to other like applicants. This financial assessment uses two indicators:

Indicator 1. Economic Condition of Households Analysis - This indicator provides a comparative measure of the ability of the applicant's citizens to pay for public utility services and taxes, and accounts for 40 percent of the score for statutory priority #2. It consists of ranking each applicant in relation to the community's "median household income" (MHI), the percent of persons in the jurisdiction at or below the level designated as "low to moderate income" (LMI), and the percent of persons at or below the level designated as "poverty". MHI is calculated by the U.S. Bureau of the Census as the amount of household income above and below which the household incomes in a jurisdiction are equally distributed. In other words, there are as many households with incomes above MHI as there are below MHI. These three statistics - MHI, LMI and poverty - provide a means of identifying concentrations of population that have relatively less ability to pay for public services.

Each of the three sub-indicators account for 33 percent of the total score for indicator #1. Being ranked 1st indicates that the community has the most severe household economic conditions and is assigned the highest score. The scores for each sub-indicator are added together, with the total number of points possible for indicator #1 based on five quintiles. The fifth highest quintile is assigned to the group of applicants with the most severe household economic conditions.

Indicator 2. Financial Analysis - The second indicator accounts for 60 percent of the score for statutory priority #2. The type of analysis used depends on the type of project.

Water, Wastewater, or Solid Waste Projects

For water, wastewater, and solid waste projects, the analysis is based on "target rate analysis." The analysis is used by the department to help determine the amount of grant funds a community needs to ensure that user rates will be reasonably affordable for its citizens. Target rate analysis compares the applicant's projected user rates to predetermined benchmarks or "targets." Target user rates are based on a percentage of the MHI of the community. This approach has been used by the U.S. Department of Agriculture's Rural Development/Rural Utilities Service program and the department's Community Development Block Grant program for many years.

Target rate percentages were computed by surveying communities throughout Montana. The average, monthly water, wastewater, and solid waste rates currently paid by the communities surveyed were compared to each of their individual MHI's in order to determine a ratio. These ratios were then averaged and the following target rate percentages were derived: 1.4 percent for water systems, 0.8 percent for wastewater systems, and 0.4 percent for solid waste systems.

The target rate analysis compares the applicant's projected user rate to its target rate. An applicant's target

rate was computed by multiplying the community's MHI by the appropriate target rate percentage. For applicant's that have both a water and wastewater system, the combined rates were analyzed using a combined target rate percentage of 2.2 percent. This is done to ensure that the low rates for an applicant's wastewater system did not ignore the high rates that are charged for the water system (or vice versa), thereby understating an applicant's need for financial assistance.

Scores are assigned based on how much difference there is between the applicant's user rate and the target rate. The number of points possible for indicator #2 is based on five quintiles. The fifth highest quintile is assigned to the group of applicants furthest over the target rate.

Bridge Projects

The financial analysis of application's proposing a bridge project were analyzed in a different manner, since they are funded through general taxes, as compared to user fees which are used to fund most water, wastewater, or solid waste infrastructure projects. Instead, the analysis for the bridge projects looked at past efforts by applicants to finance their bridge systems using property taxes.

The financial analysis for bridge applicants is primarily based on two sub-indicators. The first sub-indicator measures the residential property tax burden as a percentage of the county's MHI. This is accomplished by evaluating the residential portion of both the property tax levy for bridges and total mill levy, as a percentage of MHI. The purpose of this sub-indicator is to measure the property tax burden on residential taxpayers relative to other counties, and more specifically, the residential property tax burden related to taxes being levied for bridges. By looking at what counties were levying for bridges in 2001, the department has determined that the median county property tax levy for bridges statewide is approximately equal to .04 percent of a county's MHI. The median is computed using only those counties that use some local property tax revenues to fund their bridge systems. For counties with an all purpose levy, the analysis used that portion of the levy that is used for its bridge system. In order for a county to be competitive in the financial analysis, it should be currently levying for bridges, and/or have committed to levy for bridges in the next budget year, an amount equal to or greater than .04 percent of a county's MHI. The state median in 2001 for the total residential property tax burden is 2.78 percent of a county's MHI. Counties that are levying an amount equal to or greater than the state median were also more competitive in the financial analysis.

The second sub-indicator measures the effects of changes in the applicant's ability to levy taxes. This is accomplished by evaluating changes in mill value, number of bridge mills levied, and the actual bridge levy. In general, in order for a county to be competitive in the financial analysis, it should be levying for bridges, or have committed to it for the next year, an amount equal to or greater than what was being levied in 1986 (the year that the taxation restrictions imposed by Initiative 105 took effect). However, if a county is levying less than it was in 1986, the department took into account decreases in the county's mill value and whether the number of bridge mills were increased in an attempt to maintain the bridge levy at a level similar to 1986.

Final Competitive Ranking Score on Statutory Priority #2 - The results from indicators 1 and 2 were added together on a weighted basis to determine an applicant's final score on statutory priority #2.

<insert> Table 3 – TSEP Applications – Scores on the Seven Statutory Priorities and Final Ranking Recommendations for the 2005 Biennium

Step Two of the Process – Financial Assistance Analysis

The second step of the process requires the department to make recommendations on the form and amount of financing. The department's ranking results and recommendations on the amount of grant funding for each application is summarized in Table 4 – "Financial Assistance Analysis/Grant Award Recommendations for the 2005 Biennium" on page 26. Details on the basis for the department's recommendation concerning the form and amount of funding for each application are found in the individual reports for each project in Part 6.

Water, Wastewater, or Solid Waste Projects

The amount of the grant award recommendation for water, wastewater and solid waste projects is based on whether the applicant has proposed to have user rates at or above the applicant's target rate. In conducting the analysis, the department used only 90 percent of the target rate as the basis for comparison against actual rates. This provides local governments with a "margin" or "cushion," which can be used to meet emergencies or other facility needs that may be unknown at this time.

It is important to note that during the 1999 Legislature, the Joint Long Range Planning Subcommittee established that TSEP grants should only be approved for water, wastewater and solid waste projects where the applicant has proposed to have user rates at or above the applicant's target rate. All of the applicants have proposed funding packages that result in projected user rates above the target rate.

Bridge Projects

The amount of the grant award recommendation for bridge projects is based on the degree to which counties have attempted to fund their bridge systems and the impact of restrictions on their ability to levy taxes. The analysis is essentially the same as described earlier for bridges. If it does not appear that a county sufficiently funded their bridge system given their ability to levy taxes, MDOC may recommend reducing the amount of the grant award or recommending no grant funding for the applicant. After taking into consideration property tax levies and other funds that applicants added to their bridge budgets, the Department determined that all of the applicants with bridge projects were reasonably funding their bridge systems.

Conclusion

The process of evaluating and ranking TSEP applications is complex because of the numerous review elements, differences between applicants, and the complexities of different types of community infrastructure and financing methods for each. The Department stressed objectivity and fairness in the procedures used to evaluate and score TSEP applications.

While no system is perfect, the methodology used in the financial analysis of water, wastewater and solid waste projects represents fourteen years of effort to develop a system that analyzes relative financial need and capacity, that is fair and equitable to all applicants. The Department's financial analysis methodology used for water, wastewater and solid waste projects is considered a model nationally and was highlighted at the Council of State Community Development Agencies infrastructure workshop held in Washington D.C. in 1996. The Department's financial analysis methodology used for bridge projects also represents many years of development. The Department is not aware of any other financial analysis methodology for bridge projects that would offer an effective alternative to the system the Department has developed.

<insert> Table 4 - Financial Assistance Analysis/Grant Award Recommendations for the 2003 Biennium

PART 6

TSEP APPLICATION (PROJECT) REPORTS FOR THE 2005 BIENNIUM

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GLOSSARY OF ABBREVIATIONS USED IN THE TSEP APPLICATION (PROJECT) REPORTS

'	.....feet
"	.....inch
AASHTO	.....American Association of State Highway and Transportation Officials (refers to road and bridge standards)
BNSF	.....Burlington Northern Santa Fe Railroad
BOD	.....Biochemical oxygen demand (a water quality measurement)
CDBG	.....Community Development Block Grant Program (MDOC)
CIP	.....Capital improvements plan
cfs	.....cubic feet per second
DEQ	.....Montana Department of Environmental Quality
DHES	.....Montana Department of Health and Environmental Sciences (previous name for DEQ)
DNRC	.....Montana Department of Natural Resources and Conservation
ED	.....Economic Development
EDA	.....Economic Development Agency (U.S. Department of Commerce)
EPA	.....U.S. Environmental Protection Agency
fps	.....feet per second
FEMA	.....Federal Emergency Management Administration
FW&P	.....Montana Department of Fish, Wildlife and Parks
gal	.....gallons
gpd	.....gallons per day
gpm	.....gallons per minute
HDPE	.....High density polyethylene (type of plastic pipe)
HUD	.....U.S. Department of Housing and Urban Development
I&I	.....Infiltration and inflow (engineering analysis term)
INTERCAP	.....Intermediate Term Capital Program (Board of Investments)
ISO	.....Insurance Services Office
LMI	.....Low and moderate income
MCL	.....Maximum contaminant level (a water quality measurement)
MDOC	.....Montana Department of Commerce
MDT	.....Montana Department of Transportation
mg/l	.....Milligrams per liter

MHI.....Median household income

MOA.....Memorandum of understanding

MPDES.....Montana Pollutant Discharge Elimination System

MRL.....Montana Rail Link

N/A.....Not Applicable (typically refers to the fact that an applicant does not have either a water or wastewater system)

NBI.....National Bridge Inspection Coding Guide

NCRS.....National Conservation and Resource Service

O&M.....Operation and maintenance

OSBRP.....MDT's Off-System Bridge Replacement Program

PER.....Preliminary engineering report

PILT.....Payment in lieu of tax

psi.....pounds per square inch

PVC.....Poly vinyl chloride (type of plastic pipe)

RUS.....U.S. Department of Agriculture, Rural Development, Rural Utilities Service Program

RRGL.....Renewable Resource Grant and Loan Program (DNRC)

SID.....Special Improvement District

SCS.....Soil Conservation Service

SRF.....State Revolving Loan Fund (Water and Wastewater) Programs (DEQ)

STAG.....State and Tribal Assistance Grant (EPA)

TA.....Technical assistance

TSEP.....Treasure State Endowment Program (MDOC)

TSS.....Total solids suspended (a water quality measurement)

USFS.....U.S. Forest Service

USGS.....U.S. Geological Service

WQB.....Water Quality Bureau (DEQ)

APPENDIX A

TSEP STATUTES

The Treasure State Endowment Program is a state-funded program designed to assist communities in financing public facilities projects. The program was authorized by Montana's voters with the passage of Legislative Referendum 110 on June 2, 1992. The law has been codified as Sections 90-6-701 through 90-6-710, MCA. The Treasure State Endowment Regional Water Fund was created by the 1999 Legislature and has been codified in Section 90-6-715, MCA.

90-6-701. Treasure state endowment program created -- definitions. (1) (a) There is a treasure state endowment program that consists of:

- (i) the treasure state endowment fund established in 17-5-703;
- (ii) the infrastructure portion of the coal severance tax bond program provided for in 17-5-701(2).

(b) The treasure state endowment program may borrow from the board of investments to provide additional financial assistance for local government infrastructure projects under this part, provided that no part of the loan may be made from retirement funds.

(2) Interest from the treasure state endowment fund and from proceeds of the sale of bonds under 17-5-701(2) may be used to provide financial assistance for local government infrastructure projects under this part and to repay loans from the board of investments.

(3) As used in this part, the following definitions apply:

(a) "Infrastructure projects" means:

- (i) drinking water systems;
- (ii) wastewater treatment;
- (iii) sanitary sewer or storm sewer systems;
- (iv) solid waste disposal and separation systems, including site acquisition, preparation, or monitoring;

or

(v) bridges.

(b) "Local government" means an incorporated city or town, a county, a consolidated local government, a tribal government, or a county or multi-county water, sewer, or solid waste district.

(c) "Treasure state endowment fund" means the coal severance tax infrastructure endowment fund established in 17-5-703(1)(b).

(d) "Treasure state endowment program" means the local government infrastructure investment program established in subsection (1).

(e) "Tribal government" means a federally recognized Indian tribe within the state of Montana.

90-6-702. Purpose. The purpose of the treasure state endowment program is to assist local governments in funding infrastructure projects that will:

- (1) create jobs for Montana residents;
- (2) promote economic growth in Montana by helping to finance the necessary infrastructure;
- (3) encourage local public facility improvements;
- (4) create a partnership between the state and local governments to make necessary public projects affordable;
- (5) support long-term, stable economic growth in Montana;
- (6) protect future generations from undue fiscal burdens caused by financing necessary public works;
- (7) coordinate and improve infrastructure financing by federal, state, local government, and private sources; and

(8) enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

90-6-703. Types of financial assistance available. (1) The legislature shall provide for and make available to local governments the following types of financial assistance under this part:

- (a) matching grants for local infrastructure projects;
- (b) annual debt service subsidies on local infrastructure projects; and
- (c) loans from the proceeds of coal severance tax bonds at a subsidized interest rate.

(2) The department of natural resources and conservation and the department of commerce:

(a) may adopt rules to commit to interest rate subsidies for local infrastructure projects and may allow the subsidies to be paid over the life of the loan or bonding period; and

(b) may make deferred loans to local governments for preliminary engineering study costs. The applicant shall repay the loans whether or not the applicant succeeds in obtaining financing for the full project. Repayment may be postponed until the overall construction financing is arranged.

90-6-704 through 90-6-708 reserved.

90-6-709. Agreements with tribal governments. (1) Agreements with tribal governments in Montana entered into under this part must contain, in addition to other appropriate terms and conditions, the following conditions:

(a) a requirement that in the event that a dispute or claim arises under the agreement, state law will govern as to the interpretation and performance of the agreement and that any judicial proceeding concerning the terms of the agreement will be brought in the district court of the first judicial district of the state of Montana;

(b) an express waiver of the tribal government's immunity from suit on any issue specifically arising from the transaction of a loan or grant; and

(c) an express waiver of any right to exhaust tribal remedies signed by the tribal government.

(2) Agreements with tribal governments must be approved by the secretary of the United States department of the interior whenever approval is necessary.

90-6-710. Priorities for projects -- procedure -- rulemaking. (1) The amount of \$425,000 is statutorily appropriated, as provided in 17-7-502, to the department of commerce for each biennium for the period beginning July 1, 2001, and ending June 30, 2005, from the treasure state endowment special revenue account for the purpose of providing communities with grants for engineering work for projects provided for in subsection (3).

(2) The department of commerce must receive proposals for projects from local governments as defined in 90-6-701(3)(b). The department shall work with a local government in preparing cost estimates for a project. In reviewing project proposals, the department may consult with other state agencies with expertise pertinent to the proposal. The department shall prepare and submit a list containing the recommended projects and the recommended form and amount of financial assistance for each project to the governor, prioritized pursuant to subsection (3). The governor shall review the projects recommended by the department and shall submit a list of recommended projects and the recommended financial assistance to the legislature.

(3) In preparing recommendations under subsection (2), preference must be given to infrastructure projects based on the following order of priority:

(a) projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards;

(b) projects that reflect greater need for financial assistance than other projects;

(c) projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;

(d) projects that reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;

(e) projects that enable local governments to obtain funds from sources other than the funds provided

under this part;

(f) projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and

(g) projects that are high local priorities and have strong community support.

(4) After the review required by subsection (2), the projects must be approved by the legislature.

(5) The department shall adopt rules necessary to implement the treasure state endowment program.

90-6-715. (Temporary) Special revenue account -- use. (1) The treasure state endowment regional water system special revenue account may be used to provide matching funds to plan and construct regional drinking water systems in Montana. Each state dollar must be matched equally by local funds. Federal and state grants may not be used as a local match.

(2) Up to 25% of the local matching funds required under subsection (1) for the treasure state endowment regional water system may be in the form of debt that was incurred by local government entities included in the regional water system to construct individual drinking water systems before the individual systems were connected to the regional system. However, the amount of an individual entity's debt that may be used for matching funds is limited to the amount necessary to allow the entity to maintain its water service charges below the hardship standard established by the department through administrative rules adopted under 90-6-710(4).

(3) The funds in the account are further restricted to be used to finance regional drinking water systems that supply water to large geographical areas and serve multiple local governments, such as projects in north central Montana, from the waters of the Tiber reservoir, that will provide water for domestic use, industrial use, and stockwater for communities and rural residences that lie south of the Canadian border, west of Havre, north of Dutton, and east of Cut Bank and in northeastern Montana, from the waters of the Missouri River, that will provide water for domestic use, industrial use, and stockwater for communities and rural residences that lie south of the Canadian border, west of the North Dakota border, north of the Missouri River, and east of range 39.

(4) The funds must be administered by the department of commerce for eligible projects. (Terminates June 30, 2016--sec. 1, Ch. 70, L. 2001.)

APPENDIX B

SEVEN STATUTORY PRIORITIES, SCORING CRITERIA, AND SCORING LEVEL DEFINITIONS

TSEP Application Scoring System

The TSEP enabling statute requires MDOC to submit a list of recommended projects for TSEP funding, giving preference according to seven priorities, and to recommend the form and amount of financial assistance for each. In order to evaluate applications, each TSEP applicant is required to submit a narrative as part of its application, which describes the relationship of the proposed project to the TSEP statutory priorities. Each application is assigned points based upon the extent to which the proposed project is consistent with each statutory priority, using five possible point levels, as follows:

The Proposed Project Most Closely Meets the Intent of the Statutory Priority	Maximum Possible Points
	Four-Fifths Possible Points
	Three-Fifths Possible Points
	Two-Fifths Possible Points
The Proposed Project Least Closely Meets the Intent of the Statutory Priority	One-fifth Possible Points

The total number of points assigned to each TSEP application is based upon its cumulative response to the seven statutory priorities for TSEP projects.

Statutory Order of Priority for TSEP Projects

A declining numerical score has been assigned to each succeeding priority to reflect its importance. The TSEP statutory priority and the numerical score for each are listed below, in order of priority.

	<u>Maximum Possible Points</u>
Statutory Priority #1 (Urgent or Serious Health or Safety Problems, or Compliance with State or Federal Standards)	1,000 Points
Statutory Priority #2 (Greater Financial Need)	900 Points
Statutory Priority #3 (Appropriate Design and Long-term Solution)	800 Points
Statutory Priority #4 (Planning and Management of Public Facilities)	700 Points

Statutory Priority #5 (Funds from Other Sources)	600 Points
Statutory Priority #6 (Long-term, Full-time Jobs, Business Expansion, or Maintenance of Tax Base)	500 Points
Statutory Priority #7 (Community Support)	400 Points
Total	4,900 Points

The Total Maximum Possible Number of Points = 4,900 Points

TSEP Statutory Priorities and Scoring Criteria

The following lists the seven TSEP statutory priorities, along with the major issues that are considered by MDOC in evaluating each applicant's response.

Statutory Priority #1

1,000 Possible Points

Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

- a. Does a serious deficiency exist in a basic or necessary community public facility or service, such as the provision of a safe domestic water supply or does the community lack the facility or service entirely, and will the deficiencies be corrected by the proposed project?
- b. Have serious public health or safety problems that are clearly attributable to a deficiency occurred, or are they likely to occur, such as illness, disease outbreak, substantial property loss, environmental pollution, or safety problems or hazards?
- c. Is the problem existing, continual, and long-term, as opposed to occasional, sporadic, probable or potential?
- d. Is the entire community, or a substantial percentage of the residents of the community, seriously affected by the deficiency, as opposed to a small percentage of the residents?
- e. Is there clear documentation that the current condition of the public facility (or lack of a facility) violates a state or federal health or safety standard (as opposed to a design standard)?
- f. Does the standard that is being violated represent a significant threat to public health or safety?
- g. Is the proposed TSEP project necessary to comply with a court order or a state or federal agency directive?
- h. Are there any reliable and long-term management practices that would reduce the public health or safety problems?
- i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #2

900 Possible Points

Projects that reflect greater need for financial assistance than other projects.

This priority assesses the applicant's need for financial assistance by examining each applicant's relative financial need compared to other applicants. The financial assessment will determine whether an applicant's need for TSEP assistance is greater than other applicants.

Applicants will be ranked and points awarded, using a computer-assisted financial assessment that makes a comparative analysis of financial indicators. This process is conducted using two competitive ranking indicators that evaluate the relative financial need of each applicant. The analysis for the first indicator is common to all applicants, while the analysis for the second indicator depends on the type of project. Based on an applicant's relative financial need, an applicant can potentially receive up to 900 points.

Statutory Priority #3

800 Possible Points

Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

- a. Does the PER provide all of the information as required by the Uniform PER outline, and did the analysis address the entire system in order to identify all potential deficiencies?
- b. Does the proposed project completely resolve all of the deficiencies identified in the PER? If not, does the proposed project represent a complete component of a long-term master plan for the facility or system, and what deficiencies will remain upon completion of the proposed project?
- c. Are the deficiencies to be addressed through the proposed project the deficiencies identified with the most serious public health or safety problems? If not, explain why the deficiencies to be addressed through the proposed project were selected over those identified with greater public health or safety problems
- d. Were all reasonable alternatives thoroughly considered, and does the technical design proposed for the alternative chosen represent an efficient, appropriate, and cost-effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project?
- e. Does the technical design proposed thoroughly address the deficiencies selected to be resolved and provide a reasonably complete, cost-effective and long-term solution?
- f. Are all projected costs and the proposed implementation schedule reasonable and well supported? Are there any apparent technical problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
- g. Have the potential environmental problems been adequately assessed? Are there any apparent environmental problems that were not adequately addressed that could delay or prevent the proposed project from being carried out or which could add significantly to project costs?
- h. For projects involving community drinking water system improvements, has the conversion to a water metering system for individual services been thoroughly analyzed and has the applicant decided to install meters? In those cases where individual service connection meters are not proposed, has the applicant's PER thoroughly analyzed the conversion to a water metering system and persuasively demonstrated that the use of meters is not feasible, appropriate, or cost effective?
- i. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #4

700 Possible Points

Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

- a. Have there been substantial past efforts to deal with public facilities problems through a long-term commitment to capital improvement planning and budgeting, and if necessary, by raising taxes, hook-up charges, user charges or fee schedules to the maximum reasonable extent?
- b. Have reasonable operation and maintenance budgets and practices been maintained over the long-term, including adequate reserves for repair and replacement?
- c. If there are indications that the problem is not of recent origin, or has developed because of inadequate operation and maintenance practices in the past, has the applicant thoroughly explained the circumstances and described the actions that management will take in the future to assure that the problem will not reoccur?
- d. Has the applicant demonstrated a long-term commitment to community planning in order to provide public facilities and services that are adequate and cost effective?
- e. For projects involving drinking water system improvements, has the applicant installed individual service connection meters to encourage conservation and a more equitable assignment of user costs, and has the applicant adopted and implemented a wellhead protection plan for ground water.
- f. Is the proposed project consistent with current plans (such as a local capital improvements plan, growth policy, transportation plan, or any other development-related plan) adopted by the applicant?
- g. In cases where the applicant has received state or federal grants or loans for public facility improvements, did the applicant adequately perform its project management responsibilities as required by the funding programs?
- h. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #5

600 Possible Points

Projects that enable local governments to obtain funds from sources other than TSEP.

- a. Has the applicant made serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate public or private sources, to finance or assist in financing the proposed project?
- b. How viable is the proposed funding package
- c. Is TSEP's participation in the proposed project essential to obtaining funds from sources other than TSEP?
- d. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #6

500 Possible Points

Projects that provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or encourage expansion of the tax base.

- a. Will the proposed TSEP project directly result in the creation or retention of a substantial number of long-term, full-time jobs for Montanans?

- b. Will the proposed TSEP project directly result in a business expansion? Is the business expansion dependent upon the proposed project in order to proceed?
- c. Has the applicant provided a business plan for the specific firm(s) to be expanded as a result of the proposed TSEP project? If yes, is it a realistic, well-reasoned business expansion proposal and does it clearly demonstrate that the firm to be assisted by the proposed public facilities has a high potential for financial success if TSEP funds are received?
- d. Will the proposed TSEP project maintain or encourage expansion of the private property tax base?
- e. In situations where a private sector alternative could be reasonably appropriate and capable of providing a long-term, cost-effective solution, did the applicant seriously evaluate the option of utilizing the private sector to resolve the identified public facility problem?
- f. Is there any other pertinent information that might influence the scoring of this statutory priority?

Statutory Priority #7

400 Possible Points

Projects that are high local priorities and have strong community support.

- a. Has the applicant encouraged active citizen participation, including at least one public hearing or meeting held not more than 12 months prior to the date of the application, to discuss the proposed TSEP project with the affected community residents?
- b. Has the applicant informed local citizens and affected property owners of the estimated cost per household of any anticipated increases in taxes, special assessments, or user charges that would result from the proposed project?
- c. Has the applicant assessed its public facility needs, established priorities for dealing with those needs through an officially adopted capital improvements plan (or other comparable plan), and is the proposed TSEP project a high priority of that plan?
- d. Are the local citizens and affected property owners in support of the project?
- e. Is there any other pertinent information that might influence the scoring of this statutory priority?

Scoring Level Definitions

Note: There are numerous variables involved in scoring each of the seven statutory priorities. As a result, the point level ultimately assigned may have been higher or lower than what the scoring level definitions would typically suggest.

Statutory Priority #1 - Projects that solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards.

Level 1 The Applicant did not demonstrate that it has a deficiency in its (*type*) system that could seriously affect the public's health and safety.

- ❑ Typically, this level is assigned when the applicant does not submit the required preliminary engineering information that would allow the TSEP staff to adequately evaluate the needs of the system.
- ❑ This level may also be assigned when the applicant was unable to document a serious or credible threat to public health and safety or the environment. The claimed deficiency may be related to routine operations and maintenance issues.

- Level 2 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in its *(type)* system may potentially occur at some point in the future if the deficiencies are not corrected. The deficiencies, and associated potential public health and safety problems, are not considered to pose a serious threat to public health or safety.
- This level may also be assigned if the applicant has not adequately shown that the deficiencies, which would otherwise be scored at a higher level, would be resolved.
- Level 3 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in its *(type)* system are likely to occur in the long-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence after chronic exposure, and a moderate level of probability of occurrence in the near-term as a result of incidental, short-term or casual contact.
- Level 4 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in its *(type)* system are likely to occur in the near-term if the deficiencies are not corrected, even though they have not been documented to have occurred yet. However, these serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.
- Level 5 The Applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in its *(type)* system have occurred or are considered to be imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Statutory Priority #2 – Projects that reflect greater need for financial assistance than other projects.

This priority will be automatically scored using a computer analysis that is based on predetermined parameters. However for some types of projects, such as bridge projects, that are not analyzed using the automated target rate analysis, the point level scores for the second financial indicator are manually inserted into the automated analysis after being assigned by the TSEP ranking team.

Statutory Priority #3 - Projects that incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs.

- Level 1 The Applicant did not demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The application did not provide sufficient information to properly review the proposed project. Either the preliminary engineering report was not submitted with the application, or if it was submitted, did not address numerous critical issues needed to evaluate the project proposed by the Applicant.
- Level 2 The Applicant weakly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report was incomplete and there were some significantly important issues that were not adequately addressed, which raised serious questions regarding the appropriateness of the solution selected by the Applicant.

- Level 3 The Applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. While the preliminary engineering report is generally complete, there were some potentially important issues that were not adequately addressed. However, it does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.
- Level 4 The Applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The preliminary engineering report is generally complete and there were only minor issues that were not adequately addressed. It does not appear that the issues would raise serious questions regarding the appropriateness of the solution selected by the Applicant.
- Level 5 The Applicant clearly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution to its public facility needs. The problems were well defined, the various alternatives were thoroughly discussed, and construction costs were well documented and justified. There were no issues of any significance that were not adequately addressed.

Statutory Priority #4 - Projects that reflect substantial past efforts to ensure sound, effective long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources.

- Level 1 The applicant did not demonstrate that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, or to resolve its infrastructure problems with local resources.
- ❑ Typically, this level is assigned if the current condition of the system is attributable to grossly inadequate operation and maintenance budgets and poor maintenance practices, and, as a result, has not maintained the system in proper working condition. In addition, the applicant has not adequately taken advantage of other measures that could have improved the situation of the system.
- Level 2 The applicant inadequately demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.
- ❑ Typically, this level is assigned if the applicant appears to have had inadequate operation and maintenance budgets and practices, which have contributed to the deficiencies that will be resolved by the proposed project. In addition, the applicant has not adequately described how it will ensure that these practices will not be continued.
 - ❑ Typically, this level is assigned if the applicant has not taken advantage of the various types of planning tools available, such as a capital improvement plan, or the proposed project does not appear to be consistent with the goals and objectives of adopted plans.
- Level 3 The applicant sufficiently demonstrated that it has made reasonable past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ Typically, the applicant has had reasonable operation and maintenance budgets and practices, and has generally attempted to maintain the system in proper working condition.
- ❑ This level may also be assigned if the applicant appears to have had inadequate operation and maintenance budgets and practices, but has clearly described how it will ensure that these practices will not be continued. This would especially apply in situations when County Water and Sewer Districts have been formed to take over the operation of an existing private system or a system operated by a county through an RSID. However, the applicant must clearly demonstrate that the problems are not likely to reoccur.
- ❑ Typically, this level is assigned when the applicant has only recently started to utilize some of the various types of planning tools available, such as a capital improvement plan, and the proposed project promotes the goals and objectives of those plans.

Level 4 The applicant strongly demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ Typically, the applicant has had good operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.
- ❑ Typically, this level is assigned when the applicant has also utilized one or more of the various types of planning tools available, such as a capital improvement plan, for a minimum of two years, and the proposed project promotes the goals and objectives of those plans.

Level 5 The applicant conclusively demonstrated that it has made substantial past efforts to ensure sound, effective long-term planning and management of public facilities, and attempted to resolve its infrastructure problems with local resources.

- ❑ Typically, the applicant has had good operation and maintenance budgets and practices, and has generally maintained the system in proper working condition.
- ❑ Typically, this level is assigned when the applicant has also utilized multiple forms of the various types of planning tools available, such as a capital improvement plan, for many years, and the proposed project promotes the goals and objectives of those plans.

Statutory Priority #5 - Projects that enable local governments to obtain funds from sources other than TSEP.

Level 1 The applicant did not demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. The funding package for the proposed project does not appear to be reasonable or viable, since there are major obstacles that could hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant does not submit the required financial information that would allow the TSEP staff to adequately evaluate the funding package.
- ❑ This level is also assigned if the funding package does not appear to be viable and it is unclear how the project could move forward.

Level 2 The applicant inadequately demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated limited efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project appears to have problems and may not be viable. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant's efforts to examine appropriate funding sources was grossly inadequate, and/or the funding package for the proposed project appears to have numerous potential problems that could affect its viability.

Level 3 The applicant sufficiently demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated reasonable efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant appears to have a potentially viable funding package, but has not thoroughly examined all of the appropriate funding sources.

Level 4 The applicant strongly demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources.

- ❑ Typically, this level is assigned when the applicant has thoroughly examined all of the appropriate funding sources, and appears to have a potentially viable funding package.

Level 5 The applicant conclusively demonstrated that the project would enable the local government to obtain funds from sources other than TSEP. The applicant demonstrated serious efforts to thoroughly seek out, analyze, and secure the firm commitment of alternative or additional funds from all appropriate sources to assist in financing the proposed project. The funding package for the proposed project is reasonable and appears to be viable. There are no major obstacles known at this time that would hinder the applicant from obtaining the funds from the proposed funding sources. In addition, the applicant adequately documented that receiving TSEP funds is critical to receiving the funds from other sources and keeping the project moving forward.

- ❑ Typically, this level is assigned when the applicant has thoroughly examined all of the appropriate funding sources, appears to have a potentially viable funding package, and it appears that the TSEP funds are vital to the proposed project moving forward. TSEP funding might be considered critical to the project if there are no other reasonable grants or loan sources available to help finance the project. Loans would be considered a reasonable alternative if user rates would still be less than 150 percent of the target

rate, or when property taxes levied for bridges are less than .04 percent of the MHI and the total property taxes levied are less than 2.78 percent of the MHI.

Statutory Priority #6 - Projects that provide long-term, full-time job opportunities for Montanans, or that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain or that encourage expansion of the tax base.

- Level 1 The applicant did not demonstrate that the proposed project is necessary for economic development. The proposed project represents a general infrastructure improvement to an area that is residential only, and it does not appear to be necessary for providing any job opportunities or business development. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.
- Typically, this level is assigned when only residential areas are affected and there is no reasonable potential for economic development other than home-based businesses that do not require the improvements to be made in order to continue to operate or to start-up. (If the improvements are required in order for home-based businesses to continue to operate or to start-up, they must be permitted uses within the residential development. Applicants must clearly demonstrate the necessity for the improvements. These situations will be scored at one of the higher levels based on the specifics of the situation.)
- Level 2 The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities (or provide the infrastructure needed for housing that is necessary for an expanding workforce related to a specific business development). The applicant did not reasonably demonstrate how any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit by them. The applicant did not reasonably demonstrate that the proposed project would directly result in the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (*type*) system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.
- Typically, this level is assigned when both residential and commercial areas would be indirectly benefited, because the project would not directly benefit any specific businesses or directly result in the retention or creation of new jobs.
- Level 3 The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities, and cited various businesses that would benefit by the proposed improvements. However, the applicant did not reasonably demonstrate that the proposed project would directly result in the expansion of a specific business, or the creation or retention of any long-term, full-time jobs other than those related to the construction or operation of the (*type*) system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs.
- Typically, this level is assigned when the proposed project appears to directly benefit specific businesses, but it has not been adequately demonstrated that business expansion or the retention or creation of new jobs will result from the infrastructure improvements or that they are dependent upon the infrastructure improvements.

Level 4 The applicant strongly demonstrated that the proposed project is necessary for economic development. The proposed project would provide the infrastructure necessary for the possible expansion of businesses that would likely have a high potential for financial success. The applicant cited a specific business that would be dependent on the proposed improvements being made and provided sufficient documentation to justify this position. However, the applicant did not provide the detailed documentation, such as a business plan, that would demonstrate the viability of the business and that would verify that the proposed project would be necessary for the expansion of a specific business. The business expansion would likely provide specific long-term, full-time job opportunities for Montanans, other than those related to the construction or operation of the *(type)* system. The proposed project would add to the tax base if the business expansion occurs.

- Typically, this level is assigned when the project would directly benefit specific businesses and would likely result in the retention or creation of new jobs with reasonable certainty, and the business expansion or new jobs are clearly dependent upon the proposed project. The applicant must reasonably demonstrate that jobs will be created or retained, or that a business expansion will take place as a result of the infrastructure improvements.

Level 5 The applicant conclusively demonstrated that the proposed project is necessary for economic development. The proposed project is necessary to provide the infrastructure necessary for businesses that have a high potential for financial success and that would provide long-term, full-time job opportunities for Montanans. The applicant provided business plans describing the expansion of a business(es) and provided documentation supporting the probable creation or retention of long-term, full-time jobs. The business plan persuasively demonstrated the viability of the business proposal and verified that the proposed project would be necessary for the expansion of the business to proceed. The proposed project would very likely add to the tax base.

- Typically, this level is assigned when the project would unquestionably directly benefit specific businesses, would definitely result in the creation of new jobs or is essential to the retention of existing jobs, the business expansion or jobs are clearly dependent upon the proposed project, and the viability of the business proposal has been clearly demonstrated.

Statutory Priority #7 - Projects that are high local priorities and have strong community support.

Level 1 The applicant did not demonstrate that the proposed project is a high priority or has the support of the community. The applicant's efforts to inform the public about the project were grossly inadequate.

- Typically, this level is assigned to applicants that did not hold a public meeting within the 12 months prior to submitting the application, or take other actions to inform the public about the project.
- This level may also be assigned if it appears that there is no public support for the project. This may be demonstrated by a high percent of the applicant's constituency being against the project, or when the public has stated that the proposed user rates would not be acceptable.

Level 2 The applicant inadequately demonstrated that the proposed project is a high priority and has the support of the community. The applicant documented that it held a public hearing

or meeting (or the public was reasonably informed about the proposed project in a timely manner), but did not inform the community about the cost of the project and the impact on user rates.

- ❑ Typically, this level is assigned to applicants that held a meeting about the proposed project, but did not adequately document that it informed the public about the estimated costs of the proposed project and the impact per household.
- ❑ This level may be assigned to an applicant even though there was no public meeting if there is sufficient documentation indicating that the public has been informed to a reasonable extent about the proposed project.

Level 3

The applicant sufficiently demonstrated that the proposed project is a high priority and has community support. The applicant documented that it held at least one public hearing or meeting, and has sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household.

- ❑ Typically, this level includes applicants that held at least one public meeting to inform the public about the proposed project and its estimated cost and the impact per household.
- ❑ Applicants may be assigned this or a higher level if there is sufficient documentation showing that the applicant held at least one meeting and there is a reasonable indication that the applicant provided information about the cost of the proposed project to the public. (This same note also applies to Levels 4 and 5.)

Level 4

The applicant strongly demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its cost and the impact per household. In addition, the applicant provided documentation to show that it made a strong effort to elicit support for the proposed project.

- ❑ Typically, this level is assigned to applicants that as a general rule held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household, and has taken additional actions to prioritize its needs and inform the public.

Level 5

The applicant conclusively demonstrated that the proposed project is a high priority and has strong community support. The applicant documented that it held at least one public hearing or meeting, and sufficiently informed the public about the proposed project in a timely manner, its estimated cost and the impact per household. In addition, the applicant provided documentation to show that the project is clearly a high local priority and strongly supported by the public.

- ❑ Typically, this level is assigned to applicants that as a general rule held multiple public meetings to inform the public about the proposed project and its estimated cost and the impact per household. The applicant has taken a variety of actions to prioritize its needs and ensure the public is well informed about the project. This level is only assigned when the applicant has demonstrated that the proposed project is clearly and strongly supported by the community.

APPENDIX C

STATUS OF UNCOMPLETED TSEP PROJECTS THAT WERE PREVIOUSLY APPROPRIATED FUNDING

A complete list of projects that have been awarded TSEP funds since 1993, including projects that have been completed, can be found at the program's Internet site http://commerce.state.mt.us/CDD/CDD_TSEP.html.

(Note: Reader may need to refer to glossary of abbreviations on pages 29 and 30)

Projects Approved by the 1993 Legislature

Twenty-four projects were funded with TSEP grants totaling \$4,134,458. All of the projects have been completed and closed-out.

Projects Approved by the 1995 Legislature

Fifteen projects were funded with TSEP grants totaling \$4,991,029.

NAME OF RECIPIENT	East Glacier Park Water and Sewage District (Glacier County)	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant/Blackfeet Tribe
	\$ 500,000	TSEP Grant/Browning
	\$ 306,555	TSEP Grant/E. Glacier
	\$ 500,000	CDBG Grant/Browning
	\$ 800,000	Indian CDBG Grant
	\$ 500,000	EDA Grant
	\$ 720,000	EPA Grant
	\$ 1,500,000	Tribal Housing
	\$ 800,000	Indian Health Services
	\$ 100,000	RUS Grant
	<u>\$ 6,279,234</u>	RUS Loan
TOTAL	\$12,505,789	

PROJECT SUMMARY: The district provides drinking water to approximately 400 people in Glacier County from an unfiltered surface water source. The district is under a DEQ boil order and is required to install water treatment facilities by 1996. The project, as originally proposed, was to include the construction of a surface water treatment plant.

PROJECT STATUS: The scope of the project has been modified, whereby the district and the Town of Browning would receive water from a new water treatment plant being constructed by the Blackfeet Tribe. The funding for this treatment plant and transmission mains include the funds provided to East Glacier. See Projects Approved by the 2001 Legislature – Blackfeet/Browning, on page 327.

NAME OF RECIPIENT	Hill County Water District
PROJECT TYPE	Water System Improvements

FUNDING	\$ 500,000	TSEP Grant
	\$ 250,000	Local Funds
	<u>\$ 400,000</u>	RRGL Loan
TOTAL	\$1,150,000	

PROJECT SUMMARY: The district provides water service to 717 households located within an area stretching from just west of Havre to Joplin. Under EPA rules, the district must treat all water drawn from its Fresno reservoir surface water supply. The DEQ had originally given the district until the Fall of 1995, to comply with this requirement. That deadline has been moved back by DEQ in order to see whether a regional water system would be built. Major elements of the project, as originally proposed, would include property acquisition, construction of a water treatment facility, and construction of new water lines.

PROJECT STATUS: The district has been waiting to find out whether the federal government would agree to authorize and partially fund the proposed regional water system referred to as the Rock Boy Reservation/North Central Montana Regional Water System. The proposed alternative project would eliminate the need for construction of a water treatment facility at Fresno Reservoir, since the district would be supplied with water from the proposed North Central Montana Regional Water System. Congress finally authorized the project in November 2002, and the regional water authority is now working toward getting funds appropriated for the project.

Projects Approved by the 1997 Legislature

Twenty-two projects were funded with TSEP grants totaling \$9,052,735.

NAME OF RECIPIENT	East Missoula Sewer District (Missoula County)	
PROJECT NAME	New Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 400,000	CDBG Grants
	\$ 241,835	EPA Grant
	\$ 100,000	Missoula Water Quality District
	\$ 940,000	RUS Grant
	\$2,053,200	RUS Loan
	\$ 80,000	Missoula County
	\$ 101,950	City of Missoula
	<u>\$ 16,067</u>	Local Funds
TOTAL	\$4,533,052	

PROJECT SUMMARY: A high density of substandard individual cesspools and drainage pits were contaminating local drinking water wells resulting in health advisories and a permanent boil order issued by DEQ. The existing on-site wastewater systems also had the potential to adversely impact the Missoula Valley Aquifer and the Clark Fork River. The project, as originally proposed, was to include construction of a wastewater treatment system with a gravity collection service, and land disposal using spray irrigation. However, the project was modified in order to allow the district to connect to the City of Missoula's wastewater system.

PROJECT STATUS: Construction is nearly complete.

NAME OF RECIPIENT	Fort Peck Rural Water/Sewer District (Valley County)
PROJECT TYPE	New Water System

FUNDING	\$ 500,000	TSEP Grant
	\$5,800,000	Federal Appropriation
	<u>\$1,519,880</u>	SRF Loan
TOTAL	\$7,819,800	

PROJECT SUMMARY: Residents of the Fort Peck Rural County Water District do not have a central public water system. They have become ill from untreated drinking water; no ongoing monitoring or disinfection of drinking water in private water tanks, cisterns, or home storage facilities; water being contaminated because of storage in individual and unsanitary cisterns. The project, as originally proposed, was to include the construction of a new water treatment plant, water reservoir, intake, booster station, water mains, water service lines, installation of 54 hydrants, and installation of water meters for each residential or commercial hook-up. The scope of the project was modified to allow district to utilize water obtained from the water treatment plant owned by the Town of Fort Peck. The town's water treatment plant was upgraded in the process to increase the plant's capacity to treat water. The system provides water service to Park Grove, Wheeler, Duck Creek, and Cabin neighborhoods; and rural residences within the district's boundaries.

PROJECT STATUS: Construction is complete, however, a certificate of substantial completion has not been issued by the engineer due to problems with the quality of work performed by the contractor.

NAME OF RECIPIENT	Helena	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 1,437,958	City Reserves
	\$ 641,571	City Cash
	<u>\$ 9,320,000</u>	SRF Loan
TOTAL	\$11,899,529	

PROJECT SUMMARY: The city was not able to meet chronic toxicity requirements, which has been determined to be correlated to effluent ammonia concentration. The activated biofilter (AFB) tower did not provide adequate treatment as designed. Existing secondary treatment limitations and problems identified during plant inspections included instrumentation and hydraulic deficiencies, and sludge disposal. Major elements of the project included replacing the AFB tower with a nitrification process to allow the city to adequately treat ammonia toxicity and other toxicants.

PROJECT STATUS: Construction was completed prior to March 2002; however, the program has not received a certificate of substantial completion or a close out report from the city. \$25,000 is still being retained.

NAME OF RECIPIENT	Judith Gap	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	\$130,000	TSEP Grant
	\$522,000	RUS Grant
	<u>\$239,300</u>	RUS Loan
TOTAL	\$891,300	

PROJECT SUMMARY: The town currently discharges raw sewage from two community septic tanks into Stevens Gulch, a state water. The wastewater is receiving little or no treatment before it is discharged. DEQ has cited the town for an illegal sewer discharge and issued a compliance schedule. Major elements of the project included construction of a lined, total retention lagoon.

PROJECT STATUS: Construction was completed in November 2002, and is expected to be conditionally closed-out December 2002.

Projects Approved by the 1999 Legislature

Twenty-eight projects were funded with TSEP grants totaling \$12.3 million.

NAME OF RECIPIENT	Arlee Water and Sewer District (Lake County)	
PROJECT TYPE	New Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 12,745	DEQ Grant
	\$ 320,000	Salish and Kootenai Tribal Grant
	\$ 11,388	Local Funds
	\$ 742,100	RUS Loan
	<u>\$1,517,800</u>	RUS Grant
TOTAL	\$3,603,983	

PROJECT SUMMARY: Lack of a sewage disposal and/or a public water supply system for the district's lots which are located in close proximity to each other has created the following deficiencies: increasing nitrate contamination in district wells, moratorium on new sewer installation near and in the community by the county, potential for contamination of area wells during time of drought when there is a high demand on the aquifer, and 64 Safe Drinking Water violations in eight public service establishments. Major elements of the project include constructing a wastewater collection and treatment system.

PROJECT STATUS: Final design is complete and construction is anticipated to begin Spring 2003.

NAME OF RECIPIENT	Augusta Water and Sewer District (Lewis and Clark County)	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 506,000	SRF Loan
	<u>\$ 37,484</u>	Local Funds
TOTAL	\$1,543,484	

PROJECT SUMMARY: The district's wastewater system is operating under a DEQ recommended moratorium on new hookups since it has several deficiencies including: inadequate in size, lagoon leaks excessively, no MPDES discharge permit even though there is a discharge line, has accumulated 1.5' of sludge, no room for expansion, substandard sewer line extensions, and sewer mains with less than desirable slopes. Major elements of the project included replacing the existing single cell lagoon with a new total retention treatment facility, and replacing substandard sewer main extensions and connections.

PROJECT STATUS: A certificate of substantial completion was issued December 2001. However, the project has not been conditionally closed out because of on-going discussions related to punch-list items and subcontractors collecting on the general contractor's payment bond.

NAME OF RECIPIENT	Big Timber
PROJECT TYPE	Wastewater System Improvements

FUNDING	\$ 500,000	TSEP Grant
	\$ 400,000	CDBG Grant
	\$ 92,400	Local Funds
	\$ 389,000	SRF Loan
	\$ 503,206	Mine Impact
	<u>\$ 435,406</u>	STAG Grant
TOTAL	\$2,320,012	

PROJECT SUMMARY: The city's wastewater system has several deficiencies including: the sewage lagoon is severely leaking (70 percent leakage), high nitrates in an observation well, the lagoon's aeration systems are inadequate and cannot properly treat the wastewater, deteriorated sewage collection pipes, and three BOD and TSS violations of the discharge permit prior to 1995, and ten additional violations since 1995. Major elements of the project included constructing a new three cell aerated lagoon, with new hydraulic structures, and a new synthetic lagoon liner. The project also included constructing lift stations to state standards and setting priorities for replacement of sewer lines.

PROJECT STATUS: A certificate of substantial completion was issued December 2001. The project has not been conditionally closed out because of the city wanted to wait until the 11-month inspection, which will occur December 2002.

NAME OF RECIPIENT	Boulder	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 400,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$1,294,000	SRF Loan
	<u>\$ 10,000</u>	Local Funds
TOTAL	\$2,304,000	

PROJECT SUMMARY: Boulder's water system has the following deficiencies: drinking water exceeds the standards of the EPA Lead and Copper Rule, deteriorated steel distribution mains lose 40 percent of the pumped water due to leakage resulting in summer water shortages, undersized distribution mains result in inadequate fire flows, the system cannot accurately measure total water usage, and dead end distribution mains. Major elements of the project included the replacement of approximately 30,000' of distribution main and gate valves, hydrants, fittings, and service lines, and installing water meters at each well so the town can accurately measure the system's total usage. The project, as originally proposed, was also supposed to include the installation of corrosion control treatment equipment at each well.

PROJECT STATUS: The project has been completed with the exception of the corrosion control. The department withheld \$180,000 of the TSEP funds to provide funds to add the corrosion control equipment if the town could not demonstrate to DEQ that it is not required. As of November 2002, the town was still not in compliance, and attempts by DEQ to resolve the issue have been ignored by the town.

NAME OF RECIPIENT	Chester	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 220,150	TSEP Grant
	\$ 34,500	Local Funds
	<u>\$ 348,000</u>	EDA Grant
TOTAL	\$ 602,650	

PROJECT SUMMARY: The town's water system has several deficiencies including: no control system for the water treatment plan, inadequate water pressure (less than 20 psi) and inadequate fire protection, dead end and undersized mains, health hazards from possible reverse flows, portions of the distribution system are prone to freeze-ups, and water service connections made of lead. Major elements of the project included replacing inadequate water mains and service connections, constructing water hydrants, and installing a control system at the water treatment plant.

PROJECT STATUS: Project is completed and is expected to be conditionally closed out in January 2003.

NAME OF RECIPIENT	Cut Bank	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$2,304,000	RUS Grant/Loan
	<u>\$ 22,500</u>	Local Funds
TOTAL	\$2,926,500	

PROJECT SUMMARY: The city's water system deficiencies include: at least one intake pipe is plugged and one is broken leaving only one pipe to collect water for the city; no raw water storage to provide uninterrupted clean water when agricultural waste upstream from Cut Bank is washed into the creek and contaminates the city's source of water; one part of the distribution system has undersized water lines resulting in very low water pressure and nearly non-existent fire flows during irrigation season; a one million gallon reinforced concrete water storage tank is deteriorating and is in danger of the roof collapsing; a one million gallon steel standpipe has features that cause extremely low water pressure in the "booster district;" and a severely deteriorated distribution system. Major elements of the project include constructing a 63 million gallon raw water reservoir, rehabilitating the intake structure, replacing the existing treatment plant clarifier, providing standby power, updating plant controls, constructing upper loop distribution main, constructing a new concrete tank and rehabilitating the existing one, rehabilitating the booster station and repairing the standpipe.

PROJECT STATUS: The project was split into two phases and the first phase has been completed. Start-up conditions have not been completed; however, the city is expected to receive RUS funds in 2003 to help fund phase 2, which TSEP will participate in. Phase 2 includes the raw water reservoir and the water pump station.

NAME OF RECIPIENT	Ekalaka	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	\$ 87,200	TSEP Grant
	\$ 65,400	RUS Grant
	\$ 21,800	RUS Loan
	<u>\$ 4,000</u>	Local Funds
TOTAL	\$ 178,400	

PROJECT SUMMARY: The town's wastewater collection system has two main deficiencies including: a shallow sewer main over a culvert pipe that freezes resulting in raw sewage backing up into residential basements and a section of sewer main that is very flat and has displaced joints that results in plugging and raw sewage backing up into residential basements. Major elements of the project include replacing 1,872' of sewer main.

PROJECT STATUS: The project as originally proposed is stalled. The town requested that the original scope of the project be changed, but was advised that only the Legislature could approve a major change in

the scope of the project. The town submitted a new grant application in order to pursue funding for the revised project and is waiting the decision of the 2003 Legislature. See page 14 for more information about the town's request, and page 208 to review the scoring of the new TSEP application (project #36).

NAME OF RECIPIENT	Geraldine	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	\$ 300,000	TSEP Grant
	\$ 315,346	CDBG Grant
	\$ 50,000	RRGL Grant
	\$ 113,000	SRF Loan
	<u>\$ 5,717</u>	Local Funds
TOTAL	\$ 784,063	

PROJECT SUMMARY: Geraldine's wastewater treatment system has the following deficiencies: inadequate lagoon volume, lagoon has severe erosion along interior dikes, discharge structure is deteriorated beyond simple repair, no primary flow measuring device, lagoon operation and performance limited by having only a single cell facility, a significant volume of sludge has accumulated in the treatment cells which is adversely affecting the treatment process, and fencing is needed to prevent access to the site by the public. Major elements of the project included constructing an additional treatment cell and installing a wind-driven mixer, new piping and discharge structures, rehabilitating an existing cell including removal of sludge, restoring dike slopes and installing a synthetic liner. A video inspection program involving cleaning, video taping and a summary report was also completed to assist in the implementation of Phase II of the town's CIP to address long-term wastewater collection needs.

PROJECT STATUS: Construction was completed in October 2002, and is expected to be conditionally closed out in January 2003.

NAME OF RECIPIENT	Helena	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$1,250,000	SRF Loan
	<u>\$3,074,438</u>	Local Funds
TOTAL	\$4,824,438	

PROJECT SUMMARY: The city's water system has several deficiencies including: water distribution improvements are needed on the east side of the city, inadequate water storage prevents new development and limits water use on the east side of the city, and fire flow improvements are needed. Major elements of the project included constructing a new pumping and distribution network, a new reservoir on the east side of the city, and a new clear well and pumping station to address inadequate fire flows and water pressures on the east side of the city.

PROJECT STATUS: Construction was completed in August 2002, and the program is waiting for the project to be conditionally closed out.

NAME OF RECIPIENT	La Casa Grande Water and Sewer District (Lewis and Clark County)	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	<u>\$ 650,000</u>	SRF Loan
TOTAL	\$1,250,000	

PROJECT SUMMARY: The existing water system is owned and operated by a private company. The district has not been able to negotiate an agreement with the owner of the existing system either to improve the system or to transfer ownership of the system to the district. The private water system has the following deficiencies: fire protection is at a minimum. The local volunteer fire department does not recognize the current water system as a useable source for fire suppression due to low water pressure, the four wells currently being utilized provide an inadequate water supply to satisfy water use demands, and lack of water prevents lawns from being irrigated to mitigate the lead contamination from the ASARCO lead smelter, thus creating a potential adverse health impact to children. Major elements of the project include constructing a new water storage tank, fire hydrants, water mains, and water services.

PROJECT STATUS: Constructions bids were solicited in October 2002. As a result of high bids, the water mains and services are to be re-bid, but the other elements of the project have been awarded.

NAME OF RECIPIENT	Philipsburg	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 121,900	TSEP Grant
	\$ 407,496	CDBG Grants
	\$ 344,123	Local Funds
	<u>\$ 241,000</u>	SRF Loan
TOTAL	\$1,114,519	

PROJECT SUMMARY: Philipsburg's only water source, Fred Burr Lake, has highly corrosive water which results in high levels of both lead and copper in the water distribution system, in violation of the EPA Lead and Copper Rule. The major elements of the project include developing a well to blend groundwater with the water from Fred Burr Lake in order to accomplish a reduction of lead and copper levels in the distribution system. The new groundwater well will also provide the town with a backup water source, in the event the Fred Burr Lake water supply is interrupted or if the town's waiver for filtration of a surface water supply is lost.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Rae Water and Sewer District (Gallatin County)	
PROJECT TYPE	Wastewater Treatment System	
FUNDING	\$ 485,850	TSEP Grant
	\$ 517,340	Local Funds
	\$ 372,927	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 550,000	RUS Grant
	<u>\$ 400,000</u>	RUS Loan
TOTAL	\$2,426,177	

PROJECT SUMMARY: The district has nowhere to discharge its wastewater effluent and it has excessive leakage from its lagoons. The major elements of the project include constructing a sequencing batch reactor treatment system with treated water discharged directly to groundwater.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Richland County	
PROJECT TYPE	Bridges	
FUNDING	\$ 181,155	TSEP Grant
	<u>\$ 191,655</u>	Local Funds

TOTAL \$ 372,810

PROJECT SUMMARY: Two of the county's bridges do not have the structural capacity to support modern day modes of transportation, including farm and oil field equipment that can weigh up to 40 tons, nor do these structures meet the county's dimensional standards. The major elements of the project included extracting and salvaging the existing substructures in order to preserve their historical significance, and installing new pile supported concrete substructures and pre-cast concrete decks.

PROJECT STATUS: The originally proposed project has been completed, and three other bridges were replaced by the county road crew with funds remaining. Two of the additional bridges were replaced with culverts. The project is expected to be conditionally closed-out in January 2003. Approximately \$23,000 is expected to remain that could be re-allocated to other projects.

NAME OF RECIPIENT	South Hills Water and Sewer District (Yellowstone County)	
PROJECT TYPE	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	<u>\$2,750,000</u>	City of Billings
TOTAL	\$3,250,000	

PROJECT SUMMARY: The South Hills water system has the following deficiencies: noncompliance with the Montana Public Water Supply Act, failure to use approved surface water treatment techniques, and inadequate water filtration. Major elements of the project, as originally proposed, were to install a membrane filtration plant and disinfection facilities. However, the original scope of the project was modified. Instead of building its own water treatment plant, the district joined with the Cedar Park Water and Sewer District to construct a pipeline that would transport water from the City of Billings water treatment plant. The revised project was strongly encouraged by DEQ and is a better long-term solution. The district has passed the bond resolution needed to finance their portion of the project. Both districts were annexed into the city 2002. The grant was re-assigned to the city, since the city assumed the responsibility for the project and the water system.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Sweetgrass Community Water and Sewer District (Toole County)	
PROJECT TYPE	Wastewater System Improvements	
FUNDING	\$ 213,000	TSEP Grant
	\$ 260,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 80,000	SRF Loan
	<u>\$ 37,285</u>	Toole County/District
TOTAL	\$ 690,285	

PROJECT SUMMARY: The wastewater treatment system has the following deficiencies: system has only one treatment lagoon while state standards require a minimum of two, inlet design violates state standards, and seepage rate is in violation of state standard of 6" a year. Major elements of the project include expanding the lagoon system to two cells, adding a new inlet, and relining an existing lagoon cell to prevent leakage.

PROJECT STATUS: Under construction, however, additional funds are required because of increased costs.

NAME OF RECIPIENT	Thompson Falls
PROJECT TYPE	Water System Improvements

FUNDING	\$ 500,000	TSEP Grant
	\$ 370,000	RUS Grant
	\$1,301,300	RUS Loan
	\$ 400,000	CDBG Grant
	<u>\$ 100,000</u>	RRGL Grant
TOTAL	\$2,671,300	

PROJECT SUMMARY: The city's water system has to following deficiencies: a DEQ directive to filter the surface water source, well number two has elevated levels of iron and manganese, inadequate water pressure and fire flows due to undersized water mains and lack of looping, and distribution system has excessive water loss. Major elements of the project include installing an intake structure at the spring, either redeveloping well number two or constructing a new well, evaluating the distribution system for leakage, and replacing water mains to improve fire protection and reduce water loss.

PROJECT STATUS: Construction is nearly complete.

NAME OF RECIPIENT	Willow Creek Sewer District (Gallatin County)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 283,000	RUS Grant
	\$ 250,400	RUS Loan
	<u>\$ 5,000</u>	Local Funds
TOTAL	\$1,038,000	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: The treatment system has outgrown the capacity of its treatment system which is now frequently overloaded, raw or partially treated wastewater is discharged from the plant resulting in a built up of sludge in a drainage ditch that leads from the treatment plant to the Jefferson River. Major elements of the project include constructing a lagoon treatment system.

PROJECT STATUS: Only the commitment of RUS funds is needed to complete start up requirements, which expected to be obtained in the near future. The RUS commitment has been delayed because the total project cost was unknown; however, since the district was finally able to purchase land for a lagoon the final cost can now be determined.

Projects Approved by the 2001 Legislature

Thirty-two projects were funded with TSEP grants totaling \$13.67 million.

NAME OF RECIPIENT	Alder Water and Sewer District (Madison Co.)	
TYPE OF PROJECT	Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 25,000	Local Funds
	\$ 464,500	RUS Grant
	<u>\$ 181,000</u>	RUS Loan
TOTAL	\$1,770,500	

PROJECT SUMMARY: The district lacks a centralized wastewater system wastewater system and the following problems: the groundwater table rises to within 1' to 4' of the ground surface causing on-site treatment systems to fail, wells have experienced contamination, there is a moratorium on any proposed new on-site systems; those wishing to repair or replace existing failed systems must receive a variance, and several local businesses have been placed under state orders to improve or replace their current wastewater treatment systems or connect to a municipal system that will accept their wastewater. Major elements of the project include abandoning the existing on-site septic tank/drainfield systems and constructing a centralized wastewater system with a conventional gravity collection system, a treatment facility with two facultative storage lagoons, and spray irrigation for discharge in the summer months.

PROJECT STATUS: In final design and construction is expected to begin in Summer 2003.

NAME OF RECIPIENT	Ashland County Water and Sewer District (Rosebud Co.)	
TYPE OF PROJECT	Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 385,500	CDBG Grant
	\$ 185,000	Coal Board Grant
	\$ 115,000	EDA Grant
	\$ 116,750	SRF Loan
	<u>\$ 28,750</u>	Local Funds
TOTAL	\$1,431,000	

PROJECT SUMMARY: The district lacks a centralized wastewater system wastewater system and there are measurable impacts to water supplies occurring as a result of contamination from the septic systems. Major elements of the project include constructing a centralized wastewater system utilizing a lagoon treatment system with wetlands for effluent polishing, and infiltration basins for final discharge.

PROJECT STATUS: Final design has been completed and construction is anticipated to begin in Spring 2003.

NAME OF RECIPIENT	Blackfeet Tribe and Browning	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant/Blackfeet Tribe
	\$ 500,000	TSEP Grant/Browning
	\$ 306,555	TSEP Grant/E. Glacier
	\$ 500,000	CDBG Grant/Browning
	\$ 800,000	Indian CDBG Grant
	\$ 500,000	EDA Grant
	\$ 720,000	EPA Grant
	\$ 1,500,000	Tribal Housing
	\$ 800,000	Indian Health Services
	\$ 100,000	RUS Grant
	<u>\$ 6,279,234</u>	RUS Loan
TOTAL	\$12,505,789	

PROJECT SUMMARY: Browning water system has the following deficiencies: limited ground water supply, and high iron and manganese content. East Glacier provides drinking water to approximately 400 people in Glacier County from an unfiltered surface water source, is under a DEQ boil order, and is required to install water treatment facilities. The Blackfeet Tribe joined with these two communities to resolve their problems

by providing water to them. Major elements of the project include constructing a treatment plant on Lower Two Medicine Lake, storage, and transmission lines to East Glacier and Browning.

PROJECT STATUS: The contract has been signed, but none of the other start-up conditions have been met. The Tribe has obtained funding commitments from all of the proposed sources of funding. Construction of the intake has begun with RUS funds. TSEP will participate in later phases of the project.

NAME OF RECIPIENT	Charlo Sewer District (Lake Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 400,000	CDBG Grant
	\$ 110,000	RRGL Grants
	\$ 198,758	RUS Grant
	\$ 258,771	RUS Loan
	<u>\$ 52,500</u>	Local Funds
TOTAL	\$1,520,029	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: the existing cell has inadequate volume, the single cell allows very limited process control or flexibility, the cell banks are eroded, there are no primary measuring devices, the existing lift station cannot pump the required volume at peak flows, an accumulation of 50 years of sludge has decreased the effective volume of the cell, discharges often violate the limits of the current MPDES permit, the current system cannot meet the new ammonia level requirements, and effluent seeps through the cell banks. Major elements of the project include constructing an aerated cell along with constructed wetlands, a new lift station, and replacing the collection main from Charlo to a new lift station.

PROJECT STATUS: A contract has been signed, but none of the other start-up conditions have been met. The district plans to apply to CDBG in January 2003.

NAME OF RECIPIENT	Choteau	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	<u>\$1,028,975</u>	SRF Loan
TOTAL	\$1,528,975	

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: the collection system is generally located below the groundwater table, and the old pipe, with open joints in the old clay tile materials, is allowing large quantities of clear water to infiltrate into the system, resulting in surcharging of the sewer, sewage backups, and hydraulic overloading of the treatment system. Major elements of the project include replacing or rehabilitating 21,700' of collection lines, and rehabilitating 45 manholes.

PROJECT STATUS: Construction is nearly complete.

NAME OF RECIPIENT	Essex Water and Sewer District (Flathead Co.)	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 225,000	TSEP Grant
	\$ 50,000	RRGL Grant
	\$ 165,000	EDA Loan
	\$ 307,697	RUS Grant
	\$ 14,595	RUS Loan
	\$ 15,000	Unknown (the TSEP amount awarded was reduced by

		\$15,000 from the original amount requested)
	\$ 50,000	Local Funds
TOTAL	\$ 827,292	

PROJECT SUMMARY: The district's water system has the following deficiencies: inadequate screening at the intake allows forest debris and mud to enter the system during periods of high run-off, the chlorination facility is sub-standard in terms of ventilation and chlorine segregation, sustained power outages occur frequently, rendering pumping facilities associated with other area water systems inoperable, small diameter distribution mains are buried two feet or less in the ground and freeze frequently in areas where the snow cover is removed for vehicle access, large portion of the transmission main is laid on top of the ground or is covered by 2' or less of forest duff, the cast iron transmission main is deteriorating, and an elevated 40,000 gallon storage tank is aging. Major elements of the project include constructing a deep well in a known productive aquifer, constructing chlorination facilities, replacing the distribution system in public right of way with 4" PVC pipe, connecting all existing services, and constructing a 30,000-gallon storage tank.

PROJECT STATUS: The contract has been signed, but none of the other start-up conditions have been met. The district has not submitted an application to either EDA or RUS. Furthermore, the EDA staff has stated to the TSEP staff that EDA will not be funding this project. The RUS staff has also stated that it would not likely be providing a grant to the district.

NAME OF RECIPIENT	Eureka	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 369,000	TSEP Grant
	\$ 619,999	SRF Loan
	\$ 95,920	Local Funds
TOTAL	\$ 838,000	

PROJECT SUMMARY: The town's water system has the following deficiencies: the infiltration gallery has been classified as Groundwater Under the Direct Influence of Surface Water, leaking distribution lines, undersized distribution lines, inadequate fire flow, and no meters. Major elements of the project include improving the existing deep well, adding chlorine system, constructing a dedicated line from infiltration gallery chlorine feed point to water tank, adding baffles to water tank, adding corrosion control, replacing line from West Ave. to Pinkham Road with 8" PVC, and installing 475 meters.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Florence Water and Sewer District (Ravalli Co.)	
TYPE OF PROJECT	Wastewater System	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$2,000,000	STAG Grant
	\$1,490,500	RUS Grant
	\$1,864,500	RUS Loan
TOTAL	\$6,455,000	

PROJECT SUMMARY: The district lacks a centralized wastewater system and there is measurable impacts to water supplies occurring as a result of contamination from the septic systems currently being utilized. Major elements of the project include constructing centralized wastewater system lagoon treatment system, utilizing wetlands for effluent polishing, and infiltration basins for final discharge.

PROJECT STATUS: TSEP contract signed, but none of the other start-up conditions have been met. The district is in the process of procuring an engineer for final design. The district has been having problems securing land, but they have been diligently trying to move forward. The district may apply to CDBG in 2003.

NAME OF RECIPIENT	Froid	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 390,600	TSEP Grant
	\$ 434,400	CDBG Grants
	<u>\$ 66,000</u>	SRF Loan
TOTAL	<u>\$ 891,000</u>	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: sewer main plugs resulting in raw sewage backing up into buildings, increased operation and maintenance costs due to current sewer main flushing/cleaning requirements, infiltration/inflow problems, and rising electrical consumption due to lift stations frequently operating to handle the infiltration entering the collection system. Major elements of the project include replacing approximately 9,000' of sewer mains and 31 manholes.

PROJECT STATUS: TSEP contract signed, but none of the other start-up conditions have been met. Construction estimated to begin Fall 2003.

NAME OF RECIPIENT	Gardiner-Park Co. Water and Sewer District	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 398,500	TSEP Grant
	\$ 169,637	SRF Loan
	<u>\$ 230,206</u>	Local Funds
TOTAL	<u>\$ 798,343</u>	

PROJECT SUMMARY: The district's water system has the following deficiencies: inter-connection with a private water system, the connection box has had dead rodents floating in it, water main on Scott Street has only a 3' to 4' of cover, chlorinated water from the Park Tank will overflow before the new spring overflow at the North Tank, and the 4" main on Scott Street does not provide sufficient fire flow or allow hydrants to be placed on this main since the line is too small. Major elements of the project included replacing water mains along Scott Street, adding new hydrants along Scott Street, abandoning the private system and connecting the hotel and bank to the district's system, and adjusting the spring overflow elevation by lowering it 6" or making it adjustable.

PROJECT STATUS: The project has been completed, and the remaining funds were approved for completing an arsenic pilot study.

NAME OF RECIPIENT	Geraldine	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 167,460	TSEP Grant
	\$ 100,000	RRGL Grant
	<u>\$ 67,572</u>	SRF Loan
TOTAL	<u>\$ 335,032</u>	

PROJECT SUMMARY: The town's water system has the following deficiencies: leakage and unaccounted for water loss, no heat during inclement weather, and insufficient chlorination. Major elements of the project include replacing and relocating the chlorination station and installing water meters.

PROJECT STATUS: Construction is nearly complete.

NAME OF RECIPIENT	Havre	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 271,500	SRF Loan
	<u>\$ 271,500</u>	SRF Loan (SID)
TOTAL	\$1,043,000	

PROJECT SUMMARY: The city's water system has the following deficiencies: the South End and Highland Park areas are serviced by one elevated storage tank, a major break in the storage tank main feed line will interrupt water service to 75 percent of the residents, the occasional use of the second water tank causes a change of flow through the water line, the reversal of flow can free oxides that have built up in the pipe, causing the water to temporarily turn black or brown (indication of excess particulate manganese) and occasionally red (indication of excess particulate iron), which is then carried into the homeowner's lines, and several dead-end lines in the area south of the high school in the Heritage Addition and the newly developed subdivisions in the county. Major elements of the project include: extending a 12" water line along the Southern edge of the city, changing the location of some of the existing valves, and looping dead-end lines.

PROJECT STATUS: Contract terminated at the request of the city. Circumstances have resulted in the city canceling the project. TSEP funds are available to be used by other projects awarded funding by the 2001 Legislature.

NAME OF RECIPIENT	Hinsdale Water and Sewer District (Valley Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 329,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 169,000	CDBG Grant
	\$ 55,000	SRF Loan
	<u>\$ 8,000</u>	Local Funds
TOTAL	\$ 661,000	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: treatment system is 25 years old and beyond its useful life, numerous fecal, BOD, and TSS permit violations, collection pipes are undersized, collection pipes are cracked and have root penetration, collection pipes leak, steel channels that form the walkway around the aeration chamber are rusted through and unsafe, and the plant's grating and channel supports are corroded. Major elements of the project include constructing a new treatment system adjacent to the existing system, rehabilitating the old system to provide a back-up, and replacing an unspecified amount of collection pipe.

PROJECT STATUS: The project is in final design and construction is anticipated to begin in Summer 2003.

NAME OF RECIPIENT	Hot Springs	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 263,147	CDBG Grants
	\$ 800,000	RUS Grant
	\$ 975,600	RUS Loan
	<u>\$ 7,000</u>	Local Funds
TOTAL	\$2,645,747	

PROJECT SUMMARY: The town's water system has the following deficiencies: aging and an inadequate distribution of fire hydrants, 10,600' of undersized distribution mains, leaking distribution lines, old and leaking galvanized service lines, old and breaking cast iron pipe, dead-end mains, inadequate isolation valving, and negative water pressure in some parts of town when using fire hydrants. Major elements of the project include replacing all the galvanized services, replacing 25,700' of cast iron mains with PVC pipe, installing 60 isolation valves, and replacing or adding 55 fire hydrants.

PROJECT STATUS: Final design has been completed and construction is anticipated to begin in 2003.

NAME OF RECIPIENT	Kevin	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 385,000	TSEP Grant
	\$ 367,332	CDBG Grant
	\$ 8,980	RRGL Planning Grant
	\$ 6,848	MDEQ Grant
	<u>\$ 96,726</u>	SRF Loan
TOTAL	<u>\$ 859,886</u>	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: frequent BOD violations, the lift station and wet well have reached the end of their useful life, no backup power source, and ground water is infiltrating into the collection system. Major elements of the project include constructing a new accelerated facultative lagoon facility, removing sludge from the existing lagoons utilizing liquid dredging and land application, disassembling the existing lagoon cells, replacing lift station pumps and motors, rehabilitating the existing wet well, and installing a backup power supply for the lift station.

PROJECT STATUS: In final design and construction is anticipated to begin Spring 2003.

NAME OF RECIPIENT	Lambert Co. Water and Sewer District (Richland Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 403,000	TSEP Grant
	\$ 242,450	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 50,000	Coal Board Grant
	\$ 36,000	SRF Loan
	<u>\$ 25,000</u>	Local Funds
TOTAL	<u>\$ 770,000</u>	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: high levels of fluoride, water source fails to meet DEQ requirements regarding source capacity and number of sources, and breakage's in water service connections have allowed coliform bacteria to infiltrate the water system. Major elements of the project include: constructing a new reverse osmosis water treatment facility, drilling a new well, installing water meters, and replacing water service connections.

PROJECT STATUS: TSEP contract is signed, but none of the other start-up conditions have been met. The district has obtained the Coal Board and CDBG grants, but has not decided on the lending source.

NAME OF RECIPIENT	Lavina	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 483,000	TSEP Grant
	\$ 390,000	CDBG Grant

	<u>\$ 121,000</u>	SRF Loan
TOTAL	<u>\$ 994,000</u>	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: substandard and unreliable lift station that causes sewage to back up into residents' crawl spaces and basements, unlined leaking lagoon that results in the local groundwater and the Musselshell River being polluted, the detention capacity of the single cell facultative lagoon is only 94 days for domestic flows and less than 20 days for infiltration-laden flows and does not meet the DEQ standard of a three-cell lagoon, decaying clay tile pipe that allows severe infiltration, treatment facility discharges to the side channel of the Musselshell River, and lift station configuration causes surcharging of several blocks of sewer main each time the pump cycles. Major elements of the project include replacing all gravity collection mains, manholes, and service connections within the zone of groundwater inundation, constructing a new duplex submersible lift station with a back-up gas-fired pump, constructing a lined three-cell facultative lagoon, and installing a discharge pipe to the main channel of the river.

PROJECT STATUS: Construction is nearly complete.

NAME OF RECIPIENT	Lewis and Clark Co.	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	<u>\$ 538,000</u>	Local Funds
TOTAL	<u>\$1,038,000</u>	

PROJECT SUMMARY: The county has four bridges (Elk Creek Road Bridge, Smith Creek Road Bridge, Lyons Creek Road Bridge, Sierra Road Bridge) with a variety of deficiencies such as: substandard and deteriorated rails, decks, stringers, floor beams, girders, trusses, and abutments. The project consisted of replacing all four bridges.

PROJECT STATUS: Project is complete and is expected to be conditionally closed out in February 2003.

NAME OF RECIPIENT	Lockwood Water and Sewer District (Yellowstone Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$3,801,000	EPA Grant
	\$ 100,000	RRGL Grant
	\$4,236,453	RUS Loan
	<u>\$ 51,000</u>	Local Funds
TOTAL	<u>\$8,688,453</u>	

PROJECT SUMMARY: The district lacks a centralized wastewater system and the following problems: there is a high percentage of drain field failures and limited or no space for replacement fields, with a high potential for groundwater contamination. Major elements of the project include constructing a sanitary sewer collection system for the district. Wastewater would be pumped across the Yellowstone River for treatment and disposal at the City of Billings Wastewater Treatment Plant. The first phase would include construction of the trunk main from the wastewater treatment plant, boring under the Yellowstone River, and extending approximately two miles to Johnson Lane. This would also involve constructing two pumping stations.

PROJECT STATUS: Contract has been signed, but none of the other start-up conditions have been met. The district held a bond election in 2001 that was unsuccessful. The district will hold a new bond election in spring 2003.

NAME OF RECIPIENT	Manhattan	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 500,000	CDBG Grant
	\$ 100,000	RRGL Loan
	\$ 779,949	SRF Loan (Phase 1)
	\$ 843,369	SRF Loan (Phase 2)
	<u>\$ 2,750</u>	Local Funds
TOTAL	\$2,726,068	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: high groundwater, deteriorated collection lines, gaps in joints of vitrified clay pipes, severe root intrusions in the older collection lines, deteriorated manholes, abandoned flush tanks in collection lines which prevent pipe maintenance, high maintenance requirements associated with repeated line back ups and basement flooding, BOD and fecal coliform violations, excessive seasonal leakage out of treatment cells, inadequate sewage treatment due to hydraulic overloading, inadequate sewage treatment resulting from overloading of the design BOD and TSS, and elevated nitrates in the shallow aquifer in the vicinity of the lagoon. The project consists of two phases. Phase I will be completed with funding from an SRF loan and will ready the project for Phase II improvements. Phase I improvements include: replacing deteriorated collection lines and manholes, removing and disposing of sludge from the lagoons, and land acquisition for waster treatment expansion. Major elements of the Phase II project when TSEP funds would be used include: lining and modifying the existing lagoons into aerated facultative lagoons, and constructing storage and spray irrigation system.

PROJECT STATUS: TSEP has issued a notice to proceed. The project is split into two phases with TSEP helping to finance the second phase. The first phase is completed, and the second phase is under design.

NAME OF RECIPIENT	Nashua	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 455,000	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 238,650	SRF Loan
	<u>\$ 45,000</u>	Local Funds
TOTAL	\$1,338,650	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: leaking lagoons that cause accelerated erosion of the bank, insufficient lagoon capacity, lift station overflows into the storm sewer, lack of back-up power causes raw sewage to flow to the Milk River during some power outages or when the system becomes temporarily overloaded, and lagoon bank erosion caused by a combination of seepage from the lagoon through the bank and natural meandering of the Milk River. Major elements of the project include reconstructing the treatment system to include a lined, three-celled flow through a discharging facultative lagoon, installing new lift-station pumps, and installing a generator at the lift station for back-up power.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Park City/Co. Water and Sewer District (Stillwater Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 506,000	CDBG Grants (jncudes a Planning Grant)

	\$ 100,000	RRGL Grant
	\$ 20,000	EPA Grant
	\$ 421,340	SRF Loan
	<u>\$ 144,850</u>	Local Funds
TOTAL	\$1,692,190	

PROJECT SUMMARY: The district's wastewater system has the following deficiencies: the lagoon is too small, detention time is insufficient, and system hydraulics are inhibiting treatment capabilities and contributing to water quality permit violations, the lagoon leaks, exceeds ammonia and fecal coliform limits, and the main lift station pump is not isolated from the wetwell, nor does it have an auxiliary power source. Major elements of the project include: constructing a new three-cell aerated lagoon, constructing a new lift station at the treatment site, constructing a 1.2 mile conveyance line directly to the Yellowstone River.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Power/Teton Co. Water and Sewer District	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 425,000	TSEP Grant
	\$ 400,000	SRF Loan
	<u>\$ 100,000</u>	Local Funds
TOTAL	\$ 925,000	

PROJECT SUMMARY: The district's water system has the following deficiencies: treatment plant is outdated and sub-standard, and no back-up treatment system. Major elements of the project include: pilot testing of conventional treatment versus membrane technology to determine the best treatment alternative, and constructing a new treatment plant.

PROJECT STATUS: In final design and construction is anticipated to begin Spring 2003.

NAME OF RECIPIENT	Richland Co.	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 296,500	TSEP Grant
	<u>\$ 296,500</u>	Local Funds
TOTAL	\$ 593,000	

PROJECT SUMMARY: The county has three timber constructed bridges (West John Berger Bridge, Savage Spillway Bridge, South Cemetery Road Bridge) with a variety of deficiencies. The project consists of replacing all three bridges.

PROJECT STATUS: TSEP has issued a notice to proceed. The county does not anticipate starting these bridges until the bridges funded in 1999 have been completed, since the county is doing the construction.

NAME OF RECIPIENT	Shelby	
TYPE OF PROJECT	Water System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 676,500	SRF Loan
	<u>\$ 61,500</u>	Local Funds
TOTAL	\$1,238,000	

PROJECT SUMMARY: The city's water system has the following deficiencies: deteriorating and leaking cast iron and asbestos cement water lines, small lines and line crossings (4") that result in inadequate water volume and pressure that prevent adequate fire flows throughout the city, and fire hydrants that are old and have become faulty or inoperable. Major elements of the project included replacing all 4" and 6" cast iron and asbestos cement lines with 6", 8" and 12" PVC pipe (a total of 12,225'), replacing 45-4" street water line crossings, and replacing 40 faulty fire hydrants and relocating three fire hydrants.

PROJECT STATUS: Project is completed and a conditional closeout of the project is expected in February 2003.

NAME OF RECIPIENT	Stanford	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 990,000	RUS Loan
	<u>\$ 16,500</u>	Local Funds
TOTAL	\$1,606,500	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: single cell lagoon design configuration does not meet state design standards and detention time is only 79 days, lagoon is nearly full of sludge, BOD and TSS violations, outlet control provides inadequate control of flow rate and pond level, 70-year old clay sewer pipe is structurally inadequate, has holes and cracks, and is at risk of imminent failure. Major elements of the project include: replacing 2,800' of outfall pipe to the lagoon, replacing 5,800' feet of 8" and 10" diameter sewer trunk lines, removing sludge from the lagoon, and upgrading the lagoon to a three-cell system.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Virginia City	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 100,000	RRGL Grant
	\$ 500,000	CDBG Grant
	\$ 724,000	SRF Loan
	<u>\$ 23,460</u>	Local Funds
TOTAL	\$1,847,460	

PROJECT SUMMARY: The town's wastewater system has the following deficiencies: total detention time is only 90 days, current lagoon location does not allow for expansion, treatment ponds rarely discharge to the infiltration cells demonstrating that it is leaking into the groundwater system, BOD loading exceeds state standards, which results in periodic odor problems, lagoon embankments are subject to erosion at the toes of the embankments, and embankments exceed the 3:1 slope requirement. Major elements of the project include: abandoning the current wastewater treatment ponds (de-water, lower embankments, cover bottoms with soil and re-vegetate entire area), constructing a collection system for Nevada City, and constructing two wastewater lagoons for treatment and winter storage, and constructing a spray irrigation system.

PROJECT STATUS: In final design and construction is anticipated to begin in Spring 2003.

NAME OF RECIPIENT	Whitefish	
TYPE OF PROJECT	Wastewater System Improvements	

FUNDING	\$ 500,000	TSEP Grant
	\$ 110,000	RRGL Grants
	\$ 198,530	SRF Loan
	<u>\$ 226,683</u>	Local Funds
TOTAL	\$1,035,213	

PROJECT SUMMARY: The city's wastewater system has the following deficiencies: the aeration diffusers suffer from frequent fouling, the blowers and some aeration piping are in need of replacement and up-sizing, and heavy sludge accumulations in the lagoons reduce detention times and exert an oxygen demand that takes away available oxygen for wastewater treatment. Major elements of the project include installing new blowers, replacing and up-sizing aeration lines, adding control valves, installing new, fine-bubble diffuser units in all three aeration cells, and removing, de-watering and disposing of accumulated sludge from the treatment basins.

PROJECT STATUS: Under construction.

NAME OF RECIPIENT	Whitewater Water and Sewer District (Philips Co.)	
TYPE OF PROJECT	Wastewater System Improvements	
FUNDING	\$ 500,000	TSEP Grant
	\$ 236,895	CDBG Grant
	\$ 100,000	RRGL Grant
	\$ 100,000	Local Funds
	<u>\$ 120,000</u>	SRF Loan
TOTAL	\$1,056,895	

PROJECT SUMMARY: The district lacks a centralized wastewater system and has the following problems: failing septic systems, shallow drinking water wells, high groundwater table, and many of the existing septic systems violate the state requirement of 100' of separation between drain fields and wells. Major elements of the project include: abandoning existing septic systems by draining and filling the tanks with sand, installing a gravity collection system, installing gravity out-fall lines from the collection system to a new central treatment facility (if topography will not permit the use of the gravity flow, a sewer lift station and force main would be installed), and constructing a new central wastewater treatment facility consisting of a total retention lagoon.

PROJECT STATUS: In final design and construction is anticipated to begin Spring 2003.

NAME OF RECIPIENT	Yellowstone Co.	
TYPE OF PROJECT	Bridge System Improvements	
FUNDING	\$ 300,000	TSEP Grant
	<u>\$ 320,761</u>	Local Funds
TOTAL	\$ 620,761	

PROJECT SUMMARY: The county has two bridges (Shiloh Road Bridge and South 32nd Street West Bridge) with a variety of deficiencies. The project consists of replacing both bridges.

PROJECT STATUS: Construction on the Shiloh Road Bridge is complete. The final design has been completed on the South 32nd Street West Bridge, and construction is anticipated to begin early in 2003.

APPENDIX D

TSEP PRELIMINARY ENGINEERING GRANTS AWARDED BY THE DEPARTMENT

Name of Applicant	Project Type	TSEP Grant Amount	PER Completed
City of Laurel	Wastewater	\$15,000.00	No
County Water & Sewer District of Ramsay	Water	\$15,000.00	Yes
Town of Ryegate	Water	\$7,000.00	Yes
Charlo Sewer District	Wastewater	\$4,500.00	Yes
City of Hamilton	Water	\$7,500.00	Yes
Pablo/Lake County Water & Sewer District	Wastewater	\$5,750.00	Yes
City of Scobey	Wastewater	\$4,600.00	Yes
Hill County	Bridge	\$14,301.00	Yes
Sheaver's Creek Water & Sewer District	Water	\$6,250.00	Yes
Stillwater County	Bridge	\$14,997.90	Yes
Town of Twin Bridges	Wastewater	\$15,000.00	No
Phillips County (Green Meadow Water Users)	Water	\$10,496.69	Yes
City of Helena	Water/Wastewater/Stormdrain	\$15,000.00	Yes
Worden-Ballantine Yellowstone County Water & Sewer District	Water	\$13,820.98	Yes
Black Eagle Cascade County Water District	Wastewater	\$15,000.00	Yes
Madison County	Bridge	\$13,255.88	Yes
Town of Stanford	Water	\$15,000.00	Yes
Big Arm/Lake County Sewer District	Wastewater	\$14,750.00	Yes
Lewis & Clark County	Bridge	\$9,998.46	Yes
Yellowstone County	Bridge	\$15,000.00	Yes
Blaine County	Bridge	\$15,000.00	Yes
Geyser Judith Basin County Water and Sewer District	Water	\$9,999.38	Yes
Missoula County	Bridge	\$14,873.08	Yes
Sanders County	Bridge	\$15,000.00	No
City of Hardin	Wastewater	\$15,000.00	No
Town of Columbus	Storm Drain	\$4,391.57	Yes
Gallatin County	Bridge	\$13,327.36	Yes
Beaverhead County	Bridge	\$15,000.00	Yes
Meadowlark Water and Sewer	Wastewater	\$3,500.00	Yes

District			
Town of Dodson	Wastewater	\$5,000.00	No
Sun Prairie Village County Water & Sewer District	Water	\$5,000.00	No
Sweet Grass County	Bridge	\$14,984.06	Yes
City of Columbia Falls	Sewer & Water	\$1,867.29	Yes
City of Lewistown	Wastewater	\$5,000.00	No
Town of Joliet	Wastewater	\$5,000.00	No
Homestead Acres/Cascade Co Water & Sewer District	Water	\$3,885.00	Yes
Pondera County	Bridge	\$14,680.31	Yes
City of Baker	Sewer	\$5,000.00	No
Town of Melstone	Water	\$9,500.00	No
Fergus County	Bridge	\$15,000.00	No

Total Amount Awarded

\$423,228.96