Project No. 1
Town of St. Ignatius – Wastewater System Improvements

This application received 3,952 points out of a possible 4,900 points and ranked first out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
Town	Local	$ 50,000	Currently available
RD	Loan	$1,184,500	May 2004 application, expect summer 2004 commitment
RD	Grant	$1,184,500	May 2004 application, expect summer 2004 commitment
CDBG	Grant	$ 500,000	Submitted May 2004
RRGL	Grant	$ 100,000	Awaiting decision of legislature
IHS	Grant	$ 400,000	Commitment expected January 2005
Project Total		**$3,919,000**	

Median Household Income:	$21,208	Total Population:	532
Percent Non-TSEP Matching Funds:	87%	Number of Households:	213

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$20.00	-	Target Rate:	$36.58	-
Existing Wastewater Rate:	$11.00	-	Rate with proposed TSEP Assistance:	$54.03	148%
Existing Combined Rate:	$31.00	85%	Rate without TSEP Assistance:	$63.21	173%

Project Summary

History – The wastewater treatment system in the Town of St. Ignatius is a single-cell facultative lagoon that was constructed in 1956, to which five aerators were added in 1989. The lagoon discharges to a creek that flows part of the year. During periods when the creek flows, the discharge eventually reaches Mission Creek. The system has a history of violations of the National Pollutant Discharge Elimination System (NPDES) discharge permit that include exceeding limits for biochemical oxygen demand (BOD), total suspended solids (TSS), and fecal coliform. The current NPDES permit includes a compliance schedule requiring the Town to meet the conditions of the permit by October 2004. The discharge also fails to meet the Confederated Salish and Kootenai Tribes' in-stream water quality standard for ammonia. Because of the system's deficiencies, the Town has imposed a moratorium on new service connections, effectively stopping all growth and development in the community.

Problem – The Town's wastewater system has the following deficiencies:

- eleven BOD and TSS violations since 1998,
- the lagoon leaks over four times the state design standard resulting in degradation to groundwater and nearby surface water and wells,
- the single-cell facultative lagoon does not meet current state design standards requiring a minimum of two equally sized primary treatment cells and one secondary cell,
- the single-cell operation encourages short-circuiting across the cell resulting in poor treatment efficiency,
- the existing system does not meet the design standard for detention time for facultative lagoons resulting in reduced treatment efficiency,
- BOD loading to the existing facultative ponds exceeds the state design standard resulting in poor treatment efficiency and possibly odor problems,
- the system fails to meet the discharge limit for fecal coliform colonies in the discharged effluent,

- the discharge is resulting in ammonia toxicity in the receiving water, and
- there is inflow from manholes and roof drains at the school during runoff or storm events.

Proposed Solution – The proposed project would:
- construct an aerated lagoon system,
- construct a storage lagoon inside the existing facultative lagoon footprint,
- install a liner in each of the lagoon cells,
- install an ultraviolet light disinfection system,
- construct about 15,000' of 8" gravity main to transmit treated effluent to the irrigation site,
- install three effluent irrigation pivots, and
- install sealed manhole covers.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety. Approximately eleven violations of the discharge permit were documented from 1998 to 2003 for BOD and TSS. There were also fecal coliform violations, and the Town is under an Environmental Protection Agency (EPA) compliance schedule to meet fecal coliform limits.

The wastewater treatment plant does not provide sufficient treatment to meet current discharge requirements. The treatment system installed aerators, but the lagoons are not deep enough to truly work as an aerated system. The existing lagoon leaks at approximately five times the allowed leakage rate, further increasing the pollution of the groundwater.

The lagoon discharges to an intermittent stream that passes five homes prior to entering a year round receiving water. Those five homes all use groundwater for drinking water, which presents a health threat. There is also a threat to public health from potential contact with insufficiently treated wastewater flowing into Spring Creek, and later into Matt Creek.

Tougher tribal water quality standards may require significant reduction in ammonia. In addition to human health concerns, there exists an environmental threat to the receiving streams due to ammonia toxicity.

Statutory Priority #2: Reflects greater financial need.
The applicant received 792 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fifth level and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked third out of the 47 applications.**

- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 66.2 percent. **The relative concentration of persons living at or below the *LMI* level ranked first out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 18.7 percent. **The relative concentration of persons living at or below the *Poverty* level ranked eighth out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the fourth level and received 432 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the various types of planning tools have only been utilized for a limited number of years.

Rationale: The applicant stated that it and Lake County have taken a proactive approach to resolve the Town's wastewater system deficiencies. Wastewater system improvements completed in 1989 included installation of mechanical aerators and construction of a quiescent cell to improve wastewater effluent quality. As the discharge permit limit violations continued, the Town applied for TSEP funding in 2002, but was unsuccessful due to concerns that the proposed solution would not resolve the problems. The applicant stated that it has a reasonable operation and maintenance budget, which includes adequate funds to allow the Town to operate the existing system, and clean and inspect collection system mains on a five-year cycle.

The applicant stated that it completed one of the first growth policies in Montana. Under the Town's growth policy guidelines, a community needs assessment is updated on a regular basis. The most recent update was completed as part of a public hearing held in October 2003, to obtain public comment on community needs. The number one community need identified at the public hearing was to fix the problems with the St. Ignatius wastewater system. Eighteen residents attended the meeting. The applicant stated that it has also completed a capital improvements plan (CIP) in April 2004, which contains a prioritized list of water, sewer, and street needs. The applicant stated that Lake County has also prepared a growth policy; a CIP for solid waste, water and wastewater facilities; and an economic development strategy. The proposed project is consistent with all of these plans, which also note that the Town is under a moratorium on new sewer hookups until the wastewater system is improved.

The applicant stated that the problems with the existing sewer system are the result of having an older system that was designed in a different era with less stringent standards than exist today. They

have taken advantage of the expertise of the Department of Environmental Quality (DEQ), the Midwest Assistance Program, and Montana Rural Water Systems in an effort to do everything possible to maintain the system and to meet discharge permit limits. Unfortunately, the facultative lagoon system is under capacity and cannot treat wastewater to the level necessary to meet the existing discharge permit limits and tribal surface water quality standards. The MDOC review team concluded that the O&M practices related to the Town's wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the uncertainty of some of the other funding sources.

Rationale: The applicant has proposed a funding package consisting of TSEP, RD, DNRC, CDBG, and Indian Health Service grants in combination with a RD loan and local reserves. The applicant stated that they have received a verbal commitment from RD. Success in obtaining funds from the other funding sources is a condition of the RD commitment. The applicant stated that TSEP funds are critical for the project to move forward. It should be noted that this project has been developed as a two-phase project for the purposes of the RD funding, and therefore, construction would likely be completed over two consecutive construction seasons. This would allow the RD portion of the project funds to be applied over two funding cycles, increasing the potential for successfully obtaining the requested grant and loan funds. Subsequent to scoring this priority, the CDBG funds were awarded to the applicant.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the Town has issued a moratorium on new sewer service connections until the sewer system deficiencies are remedied. This has essentially stopped all development, including population growth, business and housing development, and employment growth. However, the applicant did not discuss any specific business expansion or job creation that would result from the proposed project. The applicant stated that the proposed improvements would expand the existing tax base by providing the basic public infrastructure necessary to support population growth and possible economic and business growth.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that since the time that the wastewater system deficiencies became apparent, the townspeople have spent significant time addressing the situation. Several public meetings have been held, enabling the community to be well informed about the project. Two hearings were held in 2002 for the previously unsuccessful TSEP application for a wastewater project. A public hearing was held in October of 2003 regarding the community needs assessment. Fixing the wastewater system problems was identified as the top community need. The draft PER was presented at a January 6, 2004 evening town council meeting at the town hall, which was attended by eight residents. The meeting provided an opportunity for the council and the public to ask questions and provide comment regarding the proposed project. A public hearing was held in the evening on March 2nd to discuss the feasibility of the improvements presented in the PER and to discuss the financing options including the grant applications and loan funding application. Fifty-one residents attended the meeting. The monthly user costs were discussed with the general consensus being that such a charge was higher than desired, but acceptable providing that the basic deficiencies of the system were fixed. The applicant stated that the vast majority of the attendees voiced support for the project, although they were concerned that the monthly user charge remains affordable. Several members in the audience raised concerns regarding the proposed lagoon/irrigation site and what affect the proposed system would have on the water quality in the vicinity as well as the property values. Minutes and sign-in sheets of all three of the previously discussed meetings were included in the application.

The applicant stated that they received numerous comments during and after an April 6th council meeting from residents east of town that opposed placing the lagoon in their vicinity; however, they were not opposed to the proposed project in general. The site east of town was used as the basis of analysis for lagoon/irrigation system, but the applicant stated that it has also been reported that the landowner is not interested in selling the property for the lagoon/irrigation system. The final site determination would not be made until the design phase of the project. The Town met with approximately 30 members of the area on April 22nd to discuss the proposed project. As a result of this additional public comment, an amendment to the PER was prepared that includes an analysis of additional lagoon, storage, and irrigation options. Minutes of these two meetings were not included in the application.

Another public hearing was held on May 4th prior to the regular council meeting, to provide an opportunity for public comment or questions regarding the amended PER. Eighteen citizens attended the meeting. Several questions were asked at the meeting about the proposed wastewater improvements. Minutes of this meeting and a sign-in sheet were included in the application.

The applicant stated that the project has received good public support. Fifteen letters or e-mails were received in late April and early May of 2004 from local residents, businesses, and others that offered support for the project. All responses were in favor of the project and were included in the application. Five recent newspaper articles written about the Town's wastewater system needs were included in the application. The articles included information on the need for a community income survey, a summary of the January 6th meeting, a notice for the March 2nd public hearing, a paragraph about the March 2nd hearing, and a news article published in the *Lake County Leader* in October 2003 which included biographies of the candidates for the town council. Five of six candidates specifically mentioned sewer system improvements as a high priority for the community.

The Town has a growth policy, which states that a community needs assessment is updated on a regular basis. The most recent update was completed as part of a public hearing held in October 2003; with the number one community need being the Town's wastewater system. The Town also has a CIP, which contains a prioritized list of water, sewer, and street needs. Lake County has also prepared a growth policy; a CIP for solid waste, water and wastewater facilities; and an economic development strategy.

Project No. 2
Rudyard County Water and Sewer District – Wastewater System Improvements

This application received 3,908 points out of a possible 4,900 points and ranked second out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends a TSEP grant of $524,503.** This recommendation is $82,553 more than what was requested by the applicant, but is being recommended because of the District's currently high rates. The applicant met all three of the criteria for being recommended for both additional funds and a smaller match. The additional funds would allow the applicant to maintain its rates at its current amount, which would still be greater than 1.5 times the target rate. See Statutory Priority #5 for more information about the recommendation.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 441,950	Awaiting decision of legislature
CDBG	Grant	$ 344,400	Application submitted May 2004
SRF	Loan	$ 82,553	Loan contingent on being added to Intended Use Plan
District	Local	$ 15,000	Expended on PER
Project Total		**$ 883,903**	

Median Household Income:	$28,393	Total Population:	275
Percent Non-TSEP Matching Funds:	50%	Number of Households:	126

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$62.50	-	Target Rate:	$ 48.98	-
Existing Wastewater Rate:	$12.50	-	Rate with proposed TSEP Assistance:	$ 75.00	153%
Existing Combined Rate:	$75.00	153%	Rate without TSEP Assistance:	$106.38	217%

Project Summary

History – The central sewer collection and treatment system was constructed in the 1950s. The District has over 18,000' of gravity collection main with the majority being 6" diameter clay tile. Sewage is gravity fed to the lagoon site. A lift station then pumps the sewage into the four-cell total retention lagoon system.

Problem – The Rudyard wastewater system has the following deficiencies:
- undersized 6" clay tile mains are clogged with roots,
- many of the mains are installed at slopes below the minimum,
- cracked and broken pipe,
- 25 to 30 backups into private residences per year over the last five years,
- lift station is outdated and lacks an alarm system, backup power or pumping ability,
- force main does not discharge to an inlet control structure,
- no perimeter fencing or warning signs exist around the lagoon site, and
- minor erosion of embankments.

Proposed Solution – The proposed project would:
- replace approximately 6,725' of the existing 6" clay tile lines with 8" PVC lines,
- install approximately 23 new manholes,
- replace the existing lift station with a new submersible package station,
- purchase a portable pump for emergency use, and
- install a new 4" ductile iron force main between the lift station and treatment cells #1 and #2.

Note: The District will install fencing and signing this summer and will complete the minimal dike repair work over the next five years. Therefore, those deficiencies at the lagoon were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system have occurred or are imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety. Failing and substandard clay-tile pipe is responsible for 25 to 30 sewage backups into private residences per year for the last five years. The pipe has inadequate slopes and low spots, cracks, root intrusions, and is in generally poor condition. The extreme cases of frequent sewage backups of wastewater into homes, with documented property damage and high potential for human contact, are considered to be very serious problems because raw sewage contains many harmful pathogens that may cause serious illness. The proposed solution does not resolve all the problems related to line replacements due to cost considerations. The District is planning to replace additional lines in two future phases.

The lift station is without permanent ventilation equipment, alarms, and emergency backup power or a redundant pump, and is located in a depression. The lift station poses a safety hazard to the operator as the pumps are only accessed by lowering the operator into the wet well with a safety harness. Without emergency backup power for the lift station, the collection system could surcharge into homes during a power outage or pump failure. Additionally, the two force mains to the lagoon are above ground and potentially subject to freezing. The lift station does not meet current DEQ design standards.

Statutory Priority #2: Reflects greater financial need.
The applicant received 648 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 13th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43 percent. **The relative concentration of persons living at or below the *LMI* level ranked 15th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 9 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 38th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the fourth level and received 432 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that that the PER lacked a thorough review of the lagoon system and did not adequately address the potential for flooding in the new lift station. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the District was just recently created.

Rationale: The applicant stated that until 2003, the Rudyard Service and Improvement Association was responsible for the system. The community has not raised sewer rates for several years. The applicant stated that it currently generates adequate revenue to pay expenses and build a $40,000 reserve. In 2003, the District replaced 400' of sewer main, and prepared a PER with its reserve funds. According to the applicant, the District expended $6,513.55 in FY 2002, and $12,410.04 in FY 2003 for maintenance.

The applicant stated that it prepared a five-year CIP in 2004, which included not only its water and wastewater system, but also its school facilities, streets, housing, and economic development. Hill County recently completed a resource team assessment, which identified the applicant's sewer system as a need.

The applicant stated that the Association, and now the District, has kept the system operational, primarily by routinely cleaning the lines to help keep them from plugging. The problems associated with the sewer mains are related to pipe material, size and gradient and not lack of maintenance. The MDOC review team concluded that the District O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: 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.

Rationale: The applicant has proposed a funding package consisting of TSEP and CDBG grants in combination with a SRF loan and local reserves. The applicant stated that, based on an income survey conducted in January 2003, the proposed project is eligible for CDBG grant funds. Because the proposed project was ready to proceed and involved a serious health problem, the County selected the

District to sponsor for an application to the CDBG program. Subsequent to scoring this priority, the CDBG funds were awarded to the applicant. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. An RD loan was considered, but the District has been approved for an SRF hardship loan. A debt election is planned for October 2005, once the amount, if any, of grant funding has been determined.

The applicant considered the RRGL and EDA programs, but did not pursue these avenues, because the District thought that the proposed project does not meet these programs' goals and would not be competitive.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. The applicant did not adequately demonstrate that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. The applicant did not adequately 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of jobs, nor would it directly result in a business expansion. However, the project would improve the community's infrastructure, which is a prerequisite to attracting businesses and increasing the tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: 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

Rationale: The applicant stated that in early January 2004, a newsletter was sent to each of the users of the system. The newsletter provided a general update on the status of the project and informed them of upcoming surveys. On January 20, 2004, a needs assessment and income survey were mailed to the District's 114 residential users. From the 96 responses returned, 91 percent of those indicated that the sewer system was the most important infrastructure need for the community. Residents commented on problems with sewer lines backing up. Seven letters were provided in the PER detailing the backups and offering support for the improvements.

On March 15th, the District held a public hearing on the draft PER with 10 residents in attendance. Due to the cost of the needed improvements, the District initially proposed to replace only 11 blocks of sewer main. Many of the residents voiced concern about the remaining lines and said they were willing to pay more. Based on the comments at the meeting, the District sent out a letter, outlining the project cost and user rate charges, and a ballot to obtain additional input on the scope of the project. A copy of the letter was included in the application. Sixty-five percent of the District's customers responded. Eleven residents attended the follow-up hearing held on April 15th, to discuss the project scope selection, budget and increased user rate. Minutes from both hearings indicated user rates were discussed. Copies of the minutes, sign-in sheets, and advertisements of the hearings were in the application.

In 2004, the District prepared a five-year CIP, which included its water and wastewater system, school facilities, streets, housing, and economic development.

Project No. 3
Carter Chouteau County Water and Sewer District – Water System Improvements

This application received 3,896 points out of a possible 4,900 points and ranked third out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
RD	Loan	$ 296,600	Letter of conditions has been issued and signed
RD	Grant	$ 350,000	Letter of conditions has been issued and signed
Project Total		**$ 1,246,600**	

Median Household Income:	$31,563	Total Population:	200
Percent Non-TSEP Matching Funds:	60%	Number of Households:	76

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$59/community $86/rural	-	Target Rate:	$ 54.45	-
Existing Wastewater Rate:	$12.00 community only	-	Rate with proposed TSEP Assistance:	$115.38	212%
Existing Combined Rate:	$71.00 community only	130%	Rate without TSEP Assistance:	$146.37	269%

Project Summary

History – The Carter Chouteau County Water and Sewer District's water system was constructed in 1977, and serves the community of Carter (34 households) and numerous rural properties (42 households) in the general vicinity. The source of the District's water supply is an infiltration gallery along the banks of the Missouri River, approximately three miles southeast of the community of Carter.

Problem – The District's water system has the following deficiencies:
- the infiltration gallery that serves as the source of supply has been designated as "groundwater under the direct influence of surface water" (GWUDISW),
- arsenic level is 33 ug/L, which is over three times the maximum allowed by the Safe Water Drinking Act,
- manganese level is 0.36 mg/L, which is over seven times the maximum allowed by the Safe Water Drinking Act,
- cracking of the PVC distribution pipe, with over 50 leaks in the past two years,
- total loss of water to users over extended periods when repairing leaks,
- pump house #2 is constructed on clay material with a poor foundation footprint,
- access to the pump house can be difficult during the winter due to drifting snow, and
- the chlorine contact time prior to the first service connection is insufficient to guarantee drinking water safe from waterborne pathogens.

Proposed Solution – The proposed project would:
- install point-of-use (POU) devices on each service connection (to remove arsenic),
- install sample pump and sample line, chlorine residual monitor, turbidity monitor, flow meter, and an in-line ultra violet disinfection unit in the infiltration gallery pump house,
- install approximately 80' of 24" pipe prior to the first service connection,
- install water meters on all service lines,

- relocate pump house #2,
- replace approximately 4,000' of 6" main line between pump house #2 and pump house #3, and
- replace approximately 32,000' of 3" and 4" main line between pump house #3 and pump house #4.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system have occurred or are imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: GWUDISW, arsenic levels exceeding the new maximum contaminant level of 10 ug/L, high manganese concentrations, inadequate chlorine detention time for two homes at Carter Ferry, and extreme leakage in an extensive water distribution system.

The major public health problem that has occurred to date is the total loss of water for all users when major leak repairs and pipeline replacements have been necessary. The applicant indicated that the entire system has been shut down for several days at a time and was even shut down for two weeks straight. During these periods, the 40 users with cisterns have rationed their water and the 36 users without cisterns do without water or haul water. Even though no illnesses or catastrophes were reported during the times the system was shut down, the leaking water mains pose not only health and safety problems related to the loss of water, but also due to the entry of contaminants during water main repairs. One water main also runs through a fuel release site near the southern edge of the community. A leak here, accompanied by a loss of pressure, could introduce benzene and other petroleum contaminants into the system.

The use of gas chlorination, especially with old facilities, has been widely acknowledged to pose serious safety hazards for the water system operators.

The 76 water users are at risk of illness from giardia, cryptosporidium, legionella, viruses and other waterborne pathogens because the system is under the influence of surface water.

Potential health effects from arsenic exposure in drinking water are skin damage, circulatory system problems and increased risk of cancer. As a carcinogen, it contributes to cancers of the skin, bladder and lungs. The new MCL of 10 ug/l is based upon arsenic's carcinogenic effects. The District is currently under a mandate and compliance schedule with the DEQ to address the GWUDISW issue. The District must also meet the compliance date of January 23, 2006 for the new arsenic MCL of 10 ug/l.

Water users at the two Carter Ferry services are drinking water that has not received adequate disinfection treatment due to a lack of adequate detention time. Therefore, these water users are at risk of illness from waterborne pathogens.

A future phase that would result in additional distribution system improvements and backup power for the pump houses was considered a lower priority by the District and not included in this project.

Statutory Priority #2: Reflects greater financial need.
The applicant received 756 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 30th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 39.9 percent. **The relative concentration of persons living at or below the *LMI* level ranked 29th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 14.8 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 17th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the fifth level and received 540 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that there was no discussion of water system pressures, and the proposed solution would not provide for better manganese removal. High manganese levels in the source water were identified in the PER as a nuisance for laundering and other aesthetic reasons, and also as a source for bacterial growth in the far reaches of the distribution system.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of lack of documentation.

Rationale: The applicant stated that it has been working with the DEQ since 1997 on the GWUDISW classification, and in 1999 hired an engineer to help with the evaluation. Besides being responsible for the large land area of the water district, the District also operates a two-cell, total retention wastewater lagoon for the community of Carter.

In 1999, the District borrowed $32,000 to install a telemetry system. That same year, the District first started having problems with links in its distribution system, and has spent over $90,000 repairing the distribution system since that time and expects to incur another substantial repair cost in 2004. The District borrowed another $39,000 for replacement of a 3,500' section of line in 2002. Once the proposed project is completed, the District expects that the annual O&M costs would be reduced, allowing approximately $3,300 to be put in reserves each year. The District would install water meters as part of the proposed project.

The applicant stated that the County has a comprehensive plan, most recently revised in 2001, which discusses the need for the water improvements. This statement could not be verified, since no excerpts from the plan were included in the application. The applicant stated that the County is also in

the process of completing a growth policy. In 2002, the County submitted a request to Bear Paw Development for assistance on the proposed project, and was added to Bear Paw's comprehensive economic development strategy. Again, no excerpts from the strategy were included in the application. The District created a five-year capital improvements plan (CIP) in April 2004 that addresses all the components of its water and wastewater systems. The top priority for the water system is compliance with the regulatory requirements, with the next priority being the failing main line pipes.

The applicant stated that the issues surrounding the water source have not developed because of inadequate O&M practices; arsenic, radon and manganese are naturally occurring in their water source, the Missouri River. The District believes the problems with the distribution system are the result of substandard materials when it was originally constructed. The location of pump house #2 has been a problem, since it is located at the bottom of a coulee and because of the instability and saturation of the soils. The issues concerning the inadequate contact time are directly related to the original design of the system. The MDOC review team concluded that the District's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the high projected user rates and uncertainty of being able to pass a debt election for the loan.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, and RD grants in combination with an RD loan. The applicant stated that it evaluated all grant and loan programs before selecting its funding package. The District submitted an application to RD in February 2004 and has received confirmation that a grant and loan package could be awarded, contingent on obtaining TSEP and RRGL funds. The District has signed a letter of conditions issued by RD, and has also sent RD a request for obligation of funds. The District would still need to pass a debt election for the loan to secure RD's funds.

The District is not eligible for the CDBG program based on census data. The project would not create or retain sufficient jobs; hence, the project does not meet the threshold of the Economic Development Administration program. Because of the need for additional grant assistance and the requirement of the RD program, the SRF program was not considered as a funding source. The District considered applying for a STAG grant through the federal appropriation process; however, that was rejected since it is a very lengthy process and the District is under a compliance schedule. The District expended over $56,000 in repairs during FY 2003, and has approximately $26,000 remaining in reserves; therefore, the District did not think that it has sufficient cash available to contribute towards this project.

The applicant stated that it would prefer to address all the deficiencies of the system; however, the cost to resolve all deficiencies including the distribution lines was considered to be prohibitive.

The applicant stated that if the TSEP grant is not secured, it could apply to RD for a larger loan/grant. The District qualifies for a maximum of 45 percent grant or $225,000. The District's loan amount would increase to $571,600. The Board is uncertain if the users would approve this large of a debt. This would result in a rate increase of $32.28, making the water rate for the rural residents $135.66 (250 percent of the target rate), which is clearly unaffordable.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities.

However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of any long-term, full-time jobs other than the need for two full-time water operators. In addition, the project would not directly result in business expansion.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: 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.

Rationale: The applicant stated that the proposed project and user rates were discussed at the District's annual meeting, which was held on November 3, 2003. Each user was sent a notice of the annual meeting and agenda. The sign-in sheet showed that 14 people attended the meeting. The engineer provided abbreviated copies of the draft PER as a handout at the meeting, which showed the proposed user rates. A follow-up meeting was held on May 3, 2004, to again discuss the project; 41 people attended the meeting. In addition, the District sent a direct mailing to the users prior to the May meeting. Again, the engineer provided abbreviated copies of the PER as a handout at the meeting, which showed the proposed user rates. A second undated newsletter discussing the proposed project was also included in the application; it appears to have been sent before April. A news article announcing the May meeting was published on April 28th in the local weekly newspaper for Fort Benton, *The River Press*; at the same time an advertisement and a legal notice announcing the meeting were also published. The minutes of the May meeting reflected that when participants were asked for a show of hands of those in support of the proposed project, everyone raised their hands. Two letters were included in the application from residents that are in support of the proposed project. Copies of the advertisement, legal notice, news article, direct mailing, minutes, sign-up sheet, and handouts were also included in the application.

The District created a five-year CIP for its water and wastewater systems, and the top priority for the water system is compliance with the regulatory requirements, with the next priority being the failing main line pipes.

Project No. 4
Town of Cascade – Water System Improvements

This application received 3,888 points out of a possible 4,900 points and ranked fourth out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
CDBG	Grant	$ 500,000	Applied May 28, 2004
RRGL	Grant	$ 100,000	Awaiting decision of legislature
Town	Local	$ 178,500	Committed by resolution
TSEP	Grant	$ 5,000	Expended for PER
Project Total		**$1,283,500**	

Median Household Income:	$30,602	Total Population:	819
Percent Non-TSEP Matching Funds:	61%	Number of Households:	322

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$29.27	-	Target Rate:	$52.79	-
Existing Wastewater Rate:	$44.02	-	Rate with proposed TSEP Assistance:	$73.29	139%
Existing Combined Rate:	$73.29	139%	Rate without TSEP Assistance:	$83.61	158%

Project Summary

History – The Town of Cascade's original water system was constructed in 1913 and some of the original components are still in use. The system's water storage consists of two 102,000-gallon concrete storage reservoirs located approximately 0.25 miles west of Town. The Town obtains its water from three sources: a spring source located 0.5 miles west of Interstate 15, and two wells, Madison wells #1 and #2, located 0.25 miles west of Interstate 15. In 1999, water meters were installed and Madison well #2 was drilled, giving the community a backup source of water and added capacity.

Problem – The Town's water system has the following deficiencies:

- over half of the water distribution system is comprised of leaky and undersized steel and cast iron water mains (tests have shown them to flow 10 times less than the recommended ISO fire flow requirements, and 70 percent are 4" or smaller and are in violation of the Department of Environmental Quality [DEQ] standards),
- a computer model of the system indicates negative pressures could be experienced in the system during high water demand periods, which increases the likelihood of contaminates being introduced into the system,
- 19 fire hydrants are 1913 vintage with 2.5" nozzles that are inoperable or leak excessively, and many cannot be connected to the Town's fire fighting equipment,
- storage is inadequate for emergency demand and fire protection,
- no auxiliary power is available, and
- the distribution system is experiencing problems with tuberculation on the interior of the pipes, resulting in constriction of flow.

Proposed Solution – The proposed project would:

- replace 19 fire hydrants with 6" hydrants,

- construct approximately 4,000' of core transmission line to the school, commercial and downtown areas using 10" main,
- construct a new 273,000-gallon buried concrete storage reservoir,
- install new telemetry controls for the wells and water storage reservoirs, and
- install a portable generator for emergency operation of the existing wells.

Note: The applicant stated that due to costs, the distribution system improvements would be constructed in two phases. The project proposed in this application is the first phase. Therefore, some of the deficiencies related to the distribution system were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including an inadequate distribution system and insufficient storage for fire flows. The lack of fire protection, especially at the local school, attributed to undersized and old mains, inoperable and old fire hydrants and lack of sufficient storage, poses a significant safety risk to the residents of Cascade.

A significant portion of the Town's water system is comprised of steel and cast iron water mains over 90 years old. Many of the water mains are undersized; 70 percent of the mains are 4" in diameter or smaller. Fire hydrant flows are restricted due to the old and undersized water mains in the system. Nineteen of the existing fire hydrants in the system are 90 years old and are only equipped with 2.5" nozzles, significantly restricting fire flows. The majority of these hydrants are not operational.

The distribution system is experiencing a significant number of leaks. When fire hydrants are opened, large pressure drops occur creating the possibility of backflow into the distribution system. Due to the leakage problem in the distribution system, if negative pressures occur, contaminants may be drawn into the distribution system through holes in the pipe or through bad joints. A computer model of a fire flow situation showed a negative pressure at one location and pressures below the required 20 psi at two other locations. The 10" transmission main is addressed with this project; a future project would address the remainder of the distribution system improvements.

Some of the water mains are not looped resulting in reduced capacity. Manganese deposition on the inside of the distribution system piping is restricting flows.

Storage is not sufficient for fire flow demands. A back-up power supply is not available for the wells. The insufficient storage and lack of back-up power violates current DEQ standards.

Statutory Priority #2: Reflects greater financial need.
The applicant received 648 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 24th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 45.2 percent. **The relative concentration of persons living at or below the *LMI* level ranked 13th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 12.1 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 29th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the fourth level and received 432 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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. The MDOC review team noted that the applicant has no growth policy and its CIP is not comprehensive.

Rationale: The applicant stated that long-range planning is part of its annual budgeting process. Since 1996, the Town has spent approximately $87,800 on its water line replacement program and approximately $1,000,000 on water system improvements. In 1996, the Town prepared a wastewater facility plan, which culminated in the construction of a new wastewater treatment facility. The applicant stated that it budgets appropriate amounts to maintain this investment with O&M. In 1999, the Town completed a water system analysis, which described the Town's facilities and the deficiencies of the system.

In 1985 and the mid-1990s, the Town conducted needs assessment surveys. In 1996, a capital improvement plan (CIP) was adopted that addressed the Town's water and wastewater systems, and streets. In 2000, the community's needs assessment and CIP were updated through public meetings and discussions. These documents listed the water system as a top priority. The report was used as a basis for obtaining a CDBG grant to address some of the identified deficiencies in the system and install meters. The Town has completed a public water system report for the water system that describes source water protection considerations for the new Madison #2 well. In January of 2004, the Town conducted another needs assessment survey and the CIP was again updated; the proposed project is listed as a top priority.

Over the last four years, the Town has spent over $160,000 of its gas tax funds on street repairs. The Town has also made improvements to its parks and swimming pool over the last five years. The Fun-in-Sun Committee, a volunteer group in Cascade, has funded the pool improvements. The community also has several park and recreation projects in planning stages with funding already in place. These projects utilize a combination of local funding and grants and include a skate park, a river trail project, and an Arbor Day project.

The applicant stated that the deficiencies with the Town's water system are not related to inadequate O&M efforts or budgets, but are a result of infrastructure reaching the end of its useful life and the community's need for more water storage. The Town is currently considering a rate increase for water and sewer usage rates, which would increase the average combined rate by $2.50 per month. This proposed increase would fund the increased O&M costs resulting from inflation. The Town held a public hearing on this proposal on May 11, 2004. The system is operated and maintained by two full-time certified operators, one of whom won the "operator of the year" from the Montana Rural Water Systems in 2003. The MDOC review team concluded that the Town's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG, and RRGL grants in combination with local reserves. The applicant completed a CDBG income survey that demonstrated that the community is 57 percent LMI. The applicant considered RD funding for this project; however, the Town's wastewater rate is too low for it to be eligible for an RD grant. Since the Town wants to maintain its current rate, it determined that RD is not an option at this time. If the Town is unsuccessful in obtaining the TSEP grant, it may consider an RD loan package for the balance of the funds required for the project. Subsequent to scoring this priority, the CDBG funds were awarded to the applicant.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The proposed project would not directly result in a business expansion, nor would it directly result in the creation or retention of long-term, full-time jobs. The applicant mentioned two businesses, one that is expanding and one that is currently being developed; however, the applicant did not indicate the projects were dependant on the proposed water project. The applicant stated that it could not accommodate growth to the extent desired due to the deficiencies in its water system. By implementing the proposed project, the upgraded water facility would have sufficient capacity to meet the projected needs of the community for a minimum of 20 years and would satisfy all current state and

federal regulations. Also, the design would allow relatively easy expansion should the community grow at a rate faster than projected. The applicant stated that an up-to-date water facility would prevent existing and potential businesses from locating elsewhere, thus preserving and creating jobs for the community and maintaining or adding to the tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: 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.

Rationale: The applicant stated that all meetings were held at the town hall and a community hall, which are both handicap accessible. To ensure time for the public comments to be incorporated into the planning documents, two public hearings were held on September 9, 2003. The first public hearing was held at 7:00 p.m. as part of the update to the community needs assessment. Twenty-three residents, including council members, attended the hearing. The second public hearing was held at 7:30 p.m. to discuss the feasibility of the improvements presented in the draft PER. A handout was distributed that contained a summary of the project, the proposed budget, a project schedule, and site maps. The recommended funding strategy and the projected user rate were also included. Copies of posters, utility bill brochure, affidavits of publications, minutes, newspaper articles and the signup sheets for both of the hearings were included in the application. A third public hearing was held on April 13, 2004, to give citizens an opportunity to offer final comments on the Town's TSEP and CDBG grant applications. Twenty-nine people attended this hearing. Copies of the affidavit of publication, advertisements, minutes, handouts and list of attendees for this meeting were included in the application. The recommended funding strategy, and the fact that user rates would not increase as a result of the project, were discussed. The applicant stated that no one in attendance voiced opposition to the proposed project; however, they were concerned that the monthly user charges remain affordable.

The application included 24 letters of support from six businesses, eight forms of local government, eight residents, Representative Denny Rehberg and Senator Conrad Burns. The Town's needs survey indicated that approximately 70 percent of the community thought that water system improvements should be the Town's top priority. The proposed project is the highest priority identified in the Town's CIP.

Project No. 5
Madison County – Bridge System Improvements

This application received 3,820 points out of a possible 4,900 points and ranked fifth out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $179,911.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 179,911	Awaiting decision of legislature
County	Local	$ 15,000	Expended on the PER
County	Local	$ 14,540	Committed by resolution
County	In-Kind	$ 150,371	Committed by resolution
Project Total		**$ 359,822**	

Median Household Income:	$30,233	Total Population:	6,851
Percent Non-TSEP Matching Funds:	50%	Number of Households:	2,956

Project Summary

History – The County has identified six bridges that are in critical condition and in need of replacement:

- The Noble Fork Bridge is approximately six miles northeast of Sheridan. The single-lane bridge is a single-span timber stringer structure. There are no records indicating when the bridge was constructed. The Wisconsin Creek road serves one full-time residence and three part-time residences, several recreational cabins, several ranch properties, and recreational users. There are no alternative routes if the bridge fails. The bridge has a posted weight limit of five tons.
- The Lower North Meadow Creek Bridge crosses North Meadow Creek approximately nine miles north of Ennis. The single-lane bridge is a single-span timber stringer structure. The County estimates that the bridge was constructed in the 1960s. This road serves 48 full-time residences and 12 part-time residences, six ranches and several ranch leases, recreational users, and is a designated school bus route. If the bridge were to fail, the alternative route would add up to a 25-mile detour. The bridge has a posted weight limit of eight tons.
- The Carey Lane Bridge crosses Indian Creek approximately one mile northwest of Sheridan. The bridge is a single-span timber stringer structure. The bridge was constructed in 1980. This road serves 12 full-time residences and three part-time residences, 30 ranches, recreational users, and is a designated school bus route. If the bridge were to fail, the alternative route would add up to a five-mile detour. The bridge does not have a posted weight restriction.
- The Upper North Meadow Creek Bridge crosses North Meadow Creek approximately 10 miles north of Ennis. The single-lane bridge is a single-span timber stringer structure. The County estimates that the bridge was constructed in the 1960s. This road serves 48 full-time residences and 12 part-time residences, six ranches and several ranch leases, recreational users, and is a designated school bus route. If the bridge were to fail, the alternative route would add up to a 25-mile detour. The bridge does not have a posted weight restriction.
- The Lower South Willow Bridge crosses South Willow Creek approximately two miles southeast of Pony. The single-lane bridge is a single-span timber stringer structure. The County estimates that the bridge was constructed in the 1970s. This road serves two full-time residences and five part-time residences, several ranch properties, a hot springs resort, and recreational users. If the bridge were to fail, the alternative route would add up to a 15-mile detour. The bridge does not have a posted weight restriction.

- The Old Stage Bridge crosses Parrot Canal six miles northeast of Silver Star, just east of State Highway 41. The single-lane bridge is a single-span timber stringer structure. The County estimates that the bridge was constructed in the late 1970s. This road serves three full-time residences, two of which are agricultural properties, and a county garbage container site. If the bridge were to fail, the alternative route would add up to a six-mile detour. The bridge does not have a posted weight restriction.

Problem – The County's six bridges have the following deficiencies:

- The Noble Fork Bridge has a sufficiency rating of 24 percent. Deficiencies include:
  - substructure is experiencing advanced signs of failure as exhibited by rotting, crushing and settling of the timbers,
  - both walls show significant scour below the planks, and
  - bridge rail is missing.
- The Lower North Meadow Creek Bridge has a sufficiency rating of 34 percent. Deficiencies include:
  - substructure is experiencing advanced signs of failure as exhibited by rotting, crushing and settling of the timbers,
  - soil pressure has caused back-wall timbers to bulge out, break and separate,
  - significant scour has occurred beneath west abutment,
  - several deck planks are broken,
  - loose fill material over bridge is compounding rot, and
  - bridge rail is missing.
- The Carey Lane Bridge has a sufficiency rating of 35 percent. Deficiencies include:
  - bottom timber planks are rotting and crushing leading to settling of abutments,
  - two vertical timbers are broken on the west abutment and several others are cracked,
  - areas of rot were noted throughout the abutments, particularly on the lower 6" of the vertical timber column, and
  - scour has occurred below the west abutment.
- The Upper North Meadow Creek Bridge has a sufficiency rating of 36 percent. Deficiencies include:
  - substructure is experiencing advanced signs of failure as exhibited by scour, crushing, and settling of timbers,
  - moderate scouring at both back-walls,
  - exterior stringers exhibit signs of rot,
  - timber deck is showing signs of advanced rot,
  - excessive amount of road mix over timber deck is reducing the load carrying capacity,
  - bridge rail is missing, and
  - insufficient hydraulic capacity.
- The Lower South Willow Bridge has a sufficiency rating of 39 percent. Deficiencies include:
  - bottom timber planks are rotting and crushing leading to settling of abutments,
  - areas of rot were noted throughout the abutments, particularly on the lower 6" of the vertical timber column,
  - scour has occurred below both abutments,
  - timber deck has fill over it leading to rot, and
  - bridge rail on east side is missing and is inadequate on west side.
- The Old Stage Bridge has a sufficiency rating of 48 percent. Deficiencies include:
  - bottom timber planks are rotting and crushing leading to settling of abutments,
  - areas of rot were noted throughout the abutments, particularly on the lower 6" of the vertical timber column, and
  - two timber stringers are broken.

Proposed Solution – The proposed project would replace all six existing bridges, with the work being performed by county crews, with the following types of two lane structures:

- Noble Fork, Carey Lane, and Lower South Willow Bridges: an aluminum box culvert,
- Lower North Meadow Creek and Upper North Meadow Creek Bridges: a corrugated steel pipe arch culvert, and

- Old Stage Bridge: a concrete box culvert.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC technical review team noted that the six bridges had NBI sufficiency ratings ranging from 24 percent to 48 percent. The structure ratings ranged from two to four; the lowest condition ratings ranged from two to five. TSEP scoring levels had two of the bridges at a level five and four of the bridges at a level four. A weighted scoring level, based on construction costs, resulted in a level four score for the overall project.

Statutory Priority #2: Reflects greater financial need.
The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 22nd out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41.6 percent. **The relative concentration of persons living at or below the *LMI* level ranked 24th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 12.1 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 29th out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.052%
Bridge levy as it relates to the state median of 0.041%	126.39%
Entire levy as a percent of MHI	8.04%
Entire levy as it relates to the state median of 2.67%	301.05%
2003 mill value as a percent of 1986 mill value	184.39%

2003 bridge mills as a percent of 1986 bridge mills	115.88%
Ratio of 2003 bridge levy to 1986 bridge levy	2.14

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the application was complete and thorough. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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.

Rationale: The applicant stated that it has taken on 26 major bridge replacement or rehabilitation projects since 1997, not counting the three bridges currently being replaced with assistance from TSEP. The approximate cost of replacing the 26 bridges was well over $1 million. This amount also does not include three major Department of Transportation (MDT) projects at Glenn and Silver Star, which totaled approximately $5 million. The County has also utilized the MDT's off-system bridge program extensively. Three bridges have been replaced through the program in recent years and three more have been nominated for replacement in the near future. County crews have been aggressive in replacing smaller span bridges, particularly those of timber construction, with steel culvert structures. The County has now reached the point where they have addressed most of the structures within their financial capabilities, with the remaining structures being larger and more complicated. In December of 2002, the County became concerned with the rapidly deteriorating condition of the Upper South Boulder Bridge and placed a Bailey bridge over the existing structure to provide a temporary crossing until a more permanent solution could be implemented.

The applicant stated that it is limited in the number of bridge mills that can be charged through property tax assessments, but it has a history of levying the maximum number of mills it can afford, which demonstrates the County's willingness to generate the greatest amount of resources to fund operation and maintenance budgets. It should be noted that the number of bridge mils levied in 2002 is 166.57 percent of those levied in 1986, and is currently .045 percent of the County's MHI.

The applicant stated that the budget restrictions imposed by state law make it difficult for the County to build sufficient reserves or create a bridge reserve fund to finance major infrastructure replacement and rehabilitation projects. Instead, it carries over savings from the previous year to be used for emergencies or large projects. This has worked well for the County as evidenced by the number of improvement projects conducted over the past seven years.

The applicant stated that due to its size and financial constraints, there is no designated bridge department. Instead, the road crews in each of the three districts, consisting of a foreman and between two and four employees, performs the needed road and bridge duties. Normal bridge related duties include routine maintenance such as barrier and guard rail repairs, cleaning waterways, patching concrete, re-decking, etc. As needed, the crew installs culverts, guardrails, signs, cattle guards etc. The County adopted bridge standards in 1999, and the replacement of bridges with culverts is the preferred method where feasible. The County also has a training manual and hands on workshops for its personnel regarding inventorying and evaluating its road system. The inventorying and evaluation of

county bridges is ongoing, and utilizes road personnel familiar with specific roads while they are working on those roads.

The applicant stated that it is very progressive in terms of long-range comprehensive and capital improvements planning. The County adopted a comprehensive five-year capital improvements plan (CIP) in 2001, which included an inventory of all of its infrastructure including all buildings, bridges, roads, emergency services, and departments. In addition, the County commissioned a build out study, focusing on four major areas, in order to examine development patterns and make projections regarding development over the next decade. The County utilizes their CIP during the annual budgeting process, and the CIP is reviewed during every budget cycle and adjusted as necessary, in order to allocate current and future funding towards the maintenance and upgrade of the public infrastructure system. The County is currently in the process of a total update of the CIP. The CIP delineates proposed implementation dates, potential funding sources, project description and purpose, and the status of each item. The replacement of the six bridges identified in the application is consistent with current plans as they represent six of the top fourteen critically listed structures.

The applicant stated that it revised its outdated comprehensive plan in 1999, and began drafting an update to the plan in 2001 in order to meet the requirements for a growth policy passed by the 1999 Legislature. However, this effort has since been tabled to allow for more time to elapse since the last revision.

The applicant stated that the Madison County Economic Development Council and the County are in a process of economic development planning encompassing all residents, landowners and businesses throughout the County. Meetings have been occurring monthly for over two years, with meetings rotating throughout the County in each community. In addition, the County participated in the comprehensive economic development strategy prepared in 2002 by Headwaters RC&D.

The applicant stated that it facilitated a cooperative process to establish a plan for future development and/or enhancement of an area described as the Ruby River Corridor. This process attempted to bring all affected and interested parties to a table to discuss the best way to handle the future of the corridor along the Ruby River. Since consensus was reached on most topics the group addressed, they have not met for some time; however, they have agreed to reconvene should other issues arise.

The applicant stated that the deterioration of the six bridges identified in the application is primarily due to the advanced age of the structures and could not have been prevented by additional operation and maintenance activities. The County bridge crew has performed routine maintenance on each of these bridges over the past several years in order to maintain their current status, or at least at a minimum, retard deterioration. However, each of the bridges has simply reached or exceeded its useful life and is in need of replacement. The typical design life for untreated timber structures is 15 to 25 years. Each of the six bridges is 20 to 40 years old and constructed of untreated timber. In addition, structures of this type simply cannot support modern day loads. The replacement bridges proposed in the application would have a useful life of at least 75 years.

The MDOC review team concluded that the County's O&M practices related to the bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: 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.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local funds and in-kind services. The County road crews would construct all six of the bridges in the proposed project.

The applicant thoroughly discussed numerous other funding sources, but stated that the vast majority of all county owned bridges are replaced using bridge mills assessed through local property taxes. It was the opinion of the County that, with the exception of TSEP, there are typically no other viable sources of funding available for the replacement of the bridges, outside of the County's bridge budget.

The applicant stated that it is currently levying the maximum amount of bridge mills allowed by state law. Although it has not established an official bridge depreciation reserve fund, savings in the budget are carried over from year to year to build up reserves for emergencies or major projects. The County does not currently have a CIP fund. The County collects payment in lieu of tax (PILT) monies and utilizes a portion of this for funding the bridge budget. While the County has implemented a local vehicle option tax it has been used only to supplement the road budget. The County has adopted a policy that new development should pay its own way, and when proposed subdivisions need upgrades to an existing bridge the developer is required to pay for any of these improvements and/or replacements. However, none of these bridges fall into that situation. Since four of the six bridges are on roads with key access points to Bureau of Land Management (BLM) and National Forest (NF) lands, both were contacted for support of the project; however, they stated that they did not have any funding available to assist with these projects.

The applicant stated that the proposed project would not occur without TSEP participation. The County has adopted a financially aggressive plan to replace the most critical bridges identified, which requires severe cutbacks in other County services; the County cannot afford further cutbacks in the remainder of its essential services. At best, one or two bridges may be replaced if TSEP funds are not received

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the replacement of the bridges would assist in retaining jobs and maintaining the private tax base in the area. However, the applicant did not identify any specific businesses that would expand as a result of the proposed project, or new jobs that would be created.

The Noble Fork Bridge is located on a road that provides sole access to public lands, in particular the NF and some BLM land. The road is heavily used, particularly in the summer months, by recreational traffic. Mining and logging entities utilize the road at various times. The U.S. Forest Service (USFS) has several livestock grazing permits up the valley, arising for the need of ranchers to trail and/or truck cattle and horses up the road.

The Lower North Meadow Creek and Upper North Meadow Creek Bridges are located on a road that is a major arterial serving one of the fastest growing areas of the County, which already has 140 lots that have been approved for development, an estimated 48 of which are already built on. This road may be considered as the sole access up the valley, considering that the only alternate route, the Revenue Road, is not accessible all year round, but only when the weather is clear and dry. The road is heavily used, particularly in the summer months, by recreational traffic coming off U.S. Route 287 and traveling up the valley to access private cabins and the east side of the NF. Mining and logging entities utilize the road at various times. The USFS has several livestock grazing permits up the valley, arising for the need of ranchers to trail and/or truck cattle and horses up the road.

The Carey Lane Bridge is located on a road that provides important access to key agricultural areas and, more recently, residential homes. The road serves as the main access to and from Sheridan west to the Ruby River and is also used as a cut across on the east bench when traveling to Dillon. The

road serves approximately thirty agricultural operations, and is used heavily by ranchers and farmers. The road also provides recreational access to the Ruby River, a very popular fishery in southwestern Montana.

The Lower South Willow Bridge serves as the main access to a large section of the NF. The road does not serve as the sole access to the area, but it is by far the most convenient route to the Potosi Road, given that it is on the best maintained stretch of road in the area. The road is heavily used by recreational traffic coming off U.S. Route 287. Mining and logging entities also utilize the road during various times. Three significant business interests are located above the bridge. The first is the Potosi Hot Springs Resort, with soaking pools, cabins and a lodge for vacationers. The second is Potosi Alpine Yurts, a wintertime getaway to tent lodges accessed by snowmobiles and skis. Finally, a large ranch operation, consisting of the Hollowtop and Trails End ranches, uses the road to access property on both sides of the bridges.

The Old Stage Bench Road Bridge is located on a road that provides important access to key agricultural areas and residential homes. The road is also a major route used by local residents to access the solid waste disposal site for the area. The road does not serve as the sole access to the area, but it is a preferred route given that it is on a well-maintained stretch of gravel road that leads to the solid waste disposal site. The road serves two agricultural operations, and is used heavily by ranchers and farmers. The road receives some recreational traffic, primarily from hunters in the fall.

The applicant stated that each of the routes discussed above are also utilized extensively by truck traffic including cattle trucks, hay trucks, concrete and gravel suppliers, freight haulers, propane suppliers, local septic tank services, and mail carriers. The replacement of these structures would enable businesses to continue accessing these areas, and is crucial in maintaining their client base and sustaining jobs. The replacement of these structures would also retain local ranch jobs by allowing continued access to their properties and USFS grazing permits, allowing heavy farm implements, loads of hay, livestock, etc. to cross the structure. The economic impact of not replacing these structures would be short and long-term; short-term in the business that would be lost and long-term in the time it would take to build the business back up. Closure of these bridges would likely have adverse impacts to vendors relying on the presence of vacationers, recreational enthusiasts and residents in the area.

The applicant stated that subdivision development around all the bridges, particularly in the North Meadow Creek area, is a major issue. This area has experienced significant growth to date with much more expected. The road and bridge network are essential to allow the working population access to their homes as well as the local businesses serving them. The proposed project would assist in maintaining the private tax base by assuring continued access to these areas.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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.

Rationale: The applicant stated that a public hearing was held in the afternoon in Virginia City on April 26, 2004. The public hearing was held in conjunction with the regularly scheduled commissioner's meeting, which is held weekly in county courthouse. Nine residents attended the hearing, which was advertised in the local newspaper. The proposed bridge projects were discussed at the public hearing, including sources of funding and any impacts that would be reflected on the current tax assessments. Residents were told that they would not see an increase in property taxes as a result of this project. No objections were expressed at the hearing. Two newspaper articles reporting the progress of the bridge inventory and the proposed projects were included in the application. Minutes from the hearing, as well as the public hearing notices, the agenda, and a handout were included in the application.

The applicant stated that there is a great deal of public support for the proposed project, based on over 30 letters of support that were received. Letters of support were received from: 15 private property owners, five local businesses, four emergency services, five federal and state agencies, and two state legislators. The County sent out sample letters of support to individuals with the idea that educating them

on the project and giving them the ideas for a response would help the return. Copies of these letters of support for the project were included in the application.

In addition to the specific hearing and citizen participation efforts for the proposed project, the applicant stated that it has been involved with extensive public participation over the past five years as it developed its comprehensive plan and CIP. This included many newspaper articles, public meetings and public hearings. Numerous newspaper articles from the *Madisonian, Montana Standard*, and various other local newspapers, and dating back as far as 2000, discussed various planning related activities, such as the growth policy and CIP, were included in the application.

The topic of bridge improvements has consistently been an item on the county commission's agenda over the last several of years. The six proposed bridge projects are listed in the top 14 priorities in the CIP. The other bridges that make up the top 14 were thought to be within the capabilities of the county road crew to repair. These projects would be funded directly out of the bridge budget over the next couple of fiscal years. Three others would be submitted in the next TSEP application in 2006.

Project No. 6
Lewis and Clark County – Wastewater System Improvements

This application received 3,784 points out of a possible 4,900 points and ranked sixth out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends a reduced TSEP grant of $288,757**, because additional debt would be required to bring the projected user rates up to the target rate. The applicant has committed to making up the difference of $11,045.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 299,802.41	Awaiting decision of legislature
SRF	Loan	$ 192,434.99	Secured in part by a rural improvement district
STAG	Grant	$ 601,767.61	Funds committed
County	Cash	$ 500.49	Funds committed
Project Total		**$1,094,505.50**	

Median Household Income:	$34,875	Total Population:	140
Percent Non-TSEP Matching Funds:	73%	Number of Households:	40

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	NA	-	Target Rate:	$23.54	-
Existing Wastewater Rate:	NA	-	Rate with proposed TSEP Assistance:	$23.54	100%
Existing Combined Rate:	NA	-	Rate without TSEP Assistance:	$60.42	257%

Project Summary

History – The project area is generally referred to as the Fairgrounds/Dunbar area, which is comprised of the Lewis and Clark County Fairgrounds, the Woodlawn Park Addition, and the AGC Laborer's Training Facility. The sewage lift station on the east side of the fairgrounds was constructed in the late 1970s, and serves the facilities that existed at the fairgrounds at that time. Woodlawn Park Addition consists of 52 residential and commercial properties that currently rely on on-site water and wastewater systems. Many of these systems were installed prior to the permitting requirements that began in 1973. The AGC Laborer's Training Facility is also served by an on-site wastewater system.

Problem – The project area has the following deficiencies:

- the fairgrounds lift station has served its useful life and requires extensive maintenance,
- alternative power sources are not available in case of power outages at the fairgrounds lift station,
- one of two on-site wastewater systems at the AGC Laborer's Training Facility has failed and replacement has not been possible because of high groundwater elevations, and
- the Woodlawn Park Addition has failing septic systems, lack of drainfield replacement areas, and unacceptable nitrate levels in the domestic water supply (groundwater).

Proposed Solution – The proposed project is the first of a two-phase project. This first phase would connect the Fairgrounds/Dunbar area to the City of Helena's wastewater system, while in the second phase, the area would be connected to the City's water system. Specifically, the proposed project would:

- construct a sewer main connection (Fort Harrison outfall connection line) from the site of the current lift station (which would be abandoned) to the Fort Harrison outfall, consisting of approximately 2,010' of 8" main and six 48" manhole structures,
- construct a sewer main connection (west extension connection line) from the fairgrounds administration building to the Horseshoe Bend connection line, consisting of approximately 750' of 8" main, three manholes, and a trailer dump station,

- construct a service line to the fairgrounds campground, consisting of approximately 2,720' of 8" main, seven manholes, and possibly a trailer dump station, which would connect to the Fort Harrison outfall connection line,
- construct a service line to the rodeo grounds, consisting of approximately 750' of 8" main and two manholes, which would connect to the campground service line,
- construct collection lines within the Woodlawn Park Addition, consisting of approximately 7,250' of 8" main and 19 manholes and a connect to the Fort Harrison outfall connection line, and
- construct a service line (Horseshoe Bend connection line) for the AGC Laborer's Training Facility, consisting of approximately 1,600' of 4" main and 15 clean outs, that would connect to the west extension connection line.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system have occurred or are imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety including elevated nitrate levels in the groundwater and the presence of bacteria in the groundwater. The failing septic systems are the likely cause of the nitrate contamination. The nitrate levels have been documented over the Department of Environmental Quality (DEQ) limit of 10 mg/l. This deficiency has already occurred and will continue to degrade the groundwater over time. All 40 households in the Woodlawn subdivision are served by individual wells.

Many of the individual septic systems were installed prior to county permitting requirements. A number of these systems have failed and replacement has not been possible due to high groundwater elevations and limited land availability.

Sewage from the fairgrounds flows to a lift station and is pumped into the City of Helena's wastewater collection system. This lift station was constructed in the late 1970s and is nearing the end of its useful life. It was designed to handle the flows from the Woodlawn area, however, the wastewater collection system for this area was never constructed and the homes in this area remain on septic systems. Additionally, this lift station does not have backup power capabilities resulting in the potential for discharges.

Statutory Priority #2: Reflects greater financial need.
The applicant received 324 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 40th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 46.6 percent. **The relative concentration of persons living at or below the *LMI* level ranked 10th out of the 47applications.**

- The percent of persons living at or below the *Poverty* level is 14.0 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 20th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the first level and received 108 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Note regarding this analysis: The proposed project would serve three distinctly different type of customers including: residential, county property, and a private training facility. The target rate analysis was based on the residential portion of the proposed project.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. This area was one of several included in a study of on-site wastewater systems in the Helena area that was completed by the County. The study identified this area as having serious septic-related issues that need to be addressed as soon as possible.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the team concluded that the applicant should have discussed the City's operation and maintenance of it public facilities to a greater extent.

Rationale: The applicant stated that it would enter into a memorandum of understanding (MOU) with the City to ensure that both city water and sewer are provided to the Fairgrounds/Dunbar area and that all maintenance would be performed according to City standards. The applicant stated that the City has a strong history of not only providing outstanding sewer facilities to city residents, but also managing funds in an exemplary manner. The City properly funds sewer system improvements, provides adequate O&M budgets and staff, and maintains adequate reserve funds.

The applicant stated that the County has completed numerous public work projects in the past five years, and is committed to providing quality infrastructure to the community as a whole. The County adopted its first comprehensive plan in 1983. In December 2003, the County adopted a growth policy, which contains a comprehensive five-year capital improvements plan (CIP). The CIP is updated during the annual budget process and outlines the anticipated expenditures for roads, buildings, parks, and other public works that are under the County's control. The proposed project is consistent with the growth policy and follows recommendations outlined in a study by the Lewis and Clark County Environmental Health Division in 2002 that identified limitations to the on-site sewer systems that are prevalent in this area.

The applicant stated that the current growth policy recognizes the need to work cooperatively with the City to address the infrastructure needs of those urban areas immediately adjacent to the City. The goals of the growth policy call upon the City and the County to enter into inter-local agreements for the extension of the infrastructure to those areas that would most logically be served by City services. The MOU discussed above would define such details as ownership, funding, maintenance of the system, and future annexation of an area into the City. The Fairgrounds/Dunbar area project would serve as a benchmark for future projects that would extend City services to nearby properties that are in the County. The proposed project is an example of trying to provide infill development opportunities that are supported by both the City's and the County's growth policies. It would address public health and safety concerns that have been identified in previous studies and the current growth policy. This approach could prove to be a model for addressing similar problems in other parts of the county.

The applicant stated that another cooperative effort between the County and the City to provide well-planned, cost effective public facilities is also evident in two other recent actions. One of those completed projects is the connection Fort Harrison, which lies within the County, to the City's wastewater system. Fort Harrison built a lift station and outfall to carry wastewater from its facility to the City's wastewater system. The outfall is now available for future connections within the area and allows the City and County to plan for further development north of Custer Avenue. New developments are already using the Fort Harrison connection to the wastewater system, including the Crystal Springs Subdivision that lies just east of the Fairgrounds/Dunbar area. The proposed project would also take advantage of the Fort Harrison outfall line and allow for a long-term solution to the area's sewage problems. Recently, a study was undertaken by the County to provide upgraded sewer service to the west side of the City; however, that project is not ready to move forward.

The applicant stated that the current problems are not associated with improper actions or inactions of the County or the City. The problems associated with high nitrates and antiquated on-site sewer systems in the proposed project area are not a result of inadequate O&M practices on behalf of the residents, the County or the City. The problems in the project area are common in older developments that are comprised of small lots having on-site wastewater systems. The problems associated with the AGC Training Facility are similar in nature. The training facility has an older system that has served its useful life and needs to be replaced if the facility is to continue to expand and meet the training needs of its union members. Unfortunately, there is not adequate room to expand this system under current standards. The facilities at the fairgrounds were designed and installed according to the accepted standards of the day. In order for the County to use the fairgrounds to its fullest potential, as was envisioned when the County took it over from the State of Montana, the current wastewater facilities must be upgraded to current standards. The County resumed responsibility for the operation and management of the fairgrounds in December 2002, and is interested in making the facility an economically viable entity. In the past several years, local citizens have worked on garnering support for the proposed fairgrounds improvements and developing a plan of action.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the problems related to the calculation of the target rate and the impact on the proposed funding scenario, and because the team concluded that RRGL funds were a potential funding source.

Rationale: The applicant has proposed a funding package consisting of TSEP and STAG grants in combination with a SRF loan and local cash. The amount of TSEP funds requested is based on the maximum amount of TSEP funds that they are eligible to receive, since there are only 40 residences in the project area and the maximum amount allowed per household is $7,500.

The applicant stated that it has already secured a STAG grant in the amount of $1,400,000 for its use in upgrading sewer systems throughout the County, and has authorized a portion of the grant to be used for the proposed project. The amount of STAG funds that can be used on the project is limited to no more than 55 percent of the total cost of the project. The applicant plans to use the STAG funds to assist LMI residents with hookup costs and monthly debt retirement.

The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The County is in the process of forming a rural improvement district (RID) within the Woodlawn Addition to serve as the funding and administrative mechanism for the residential area's portion of the loan. The AGC Training Facility is also eligible to apply to SRF and would either utilize that funding source or other funds provided internally. The County would utilize its own funds to pay for its portion of the costs associated with the fairgrounds that are not covered by the STAG funds.

The MDOC review team noted that the applicant miscalculated the target rate, which resulted in the proposed funding package and projected user rates being less than the target rate. In order to bring the projected user rates up to the target rate, the loan amount would have to be increased, while the TSEP grant amount is likewise reduced. As a result, the amount of debt incurred by the resident's of Woodlawn Addition would need to be approximately $54,500, rather than the $43,455 presented in the application.

The applicant also stated that it recognizes that there would be administrative costs, such as personnel costs for preparing the RID and SRF loan documents, that they would provide "in-kind". These costs are not included in the budgets prepared for the project. The County estimated it would absorb approximately $10,000 for tasks related to this project.

The applicant stated that the project would not be a strong candidate for RRGL funding, but did not state why. The MDOC staff contacted the RRGL staff regarding this assessment, and the RRGL staff person thought that this project would have potentially been a good candidate for funding. The County currently has an ongoing CDBG project, and therefore, cannot apply to that program at this time. However, the County does intend to seek CDBG funds for the second phase when water system improvements would be constructed.

The applicant stated that if it does not receive a TSEP grant, the implementation of the project would likely be seriously jeopardized since there is a predominance of LMI residents in the Woodlawn Addition, and the user fees would become quite burdensome.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level three and received 300 points out of a possible 500 points.

Conclusion: 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 adequately document 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 wastewater system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs. The MDOC review team did not score this priority higher primarily because there was not adequate documentation to clearly demonstrate that the businesses, which are discussed below, would expand and create new jobs as a direct result of the proposed project.

Rationale: The applicant stated that there are twelve lots in the Woodlawn Addition that are currently used for commercial purposes. There are several other lots within the area that are currently undeveloped, and un-developable due to design requirements for on-site sewer systems that could potentially be used for commercial purposes if there were a centralized wastewater system. Providing a centralized wastewater service would allow these lots to be developed for commercial/business, which could potentially result in additional jobs. There were letters from three business owners within Woodlawn Addition that each stated that this project "would make maintaining and/or expanding my business much easier and less costly than pursuing alternatives to updating my individual system." However, only one of these letters actually discussed any expansion, and that was only to expand a

shop, add a bathroom and possibly build a house; no details were provided. In one of the other letters, it mentioned adding another residential condominium unit. Neither of the letters indicated that any new job opportunities would be created. The applicant also stated that the proposed project would result in significant enhancement and expansion of the County's fairgrounds, and that several activities and events have been identified that could take place if the fairgrounds were expanded and upgraded. A report produced by the fairgrounds board identified various jobs that could potentially result from the expansion and enhancement of the fairgrounds, including jobs directly related to the operations and maintenance of the fairgrounds and spin-off jobs related to events at the fairgrounds. The County held a bond election in June of 2004 to ask for support of $5.7 million worth of fairground improvements, which was passed by the voters.

The applicant also stated that with improved water and sewer systems, the AGC Training Facility plans to expand its facility to build a large "horse barn" type building to add to the curriculum of its training program. This addition would increase the number of individuals served by the facility and extend the number of days that individuals could be trained, since it is currently limited to training laborers during the seasonable parts of the year. This expansion would also increase the number of trainers employed by the facility. If the sewer replacement problem cannot be solved, the AGC may move the operation elsewhere, and jobs within the County could potentially be lost. By upgrading their sewer system, the AGC would be able to move forward with expansion plans as soon as the summer of 2005; however, no specific plans were provided in the application.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that the public has been involved and informed about both phases of the proposed project. There were five technical committee meetings from November 2002 to August 2003. In addition, there were three public meetings for Woodlawn Addition residents and the general public from February 5, 2003 to March 30, 2004. Twenty-four people attended the February meeting, 40 people attended a meeting in August 2003, and 31 people attended the March meeting. The public meetings provided information about the County's goal of upgrading the water and sewer systems in the area, the problems and solutions, funding potential, and projected user rates. Following the last meeting, an informal petition was circulated to determine support for forming an RID; individuals from 18 households signed the petition. The petition also informed the residents about the estimated costs of the proposed project and the projected user rates if they formed an RID.

The application contained various letters of support for the project, including: three business owners, the Labors AGC Training Program, three persons associated with the fairgrounds, the city-county health department and the City of Helena commissioners. The applicant stated that while some comments received from residents in the Woodlawn Addition reflected some concern over the cost of the project and the eventual annexation of the area into the City, the applicant thought that the general consensus appeared to be supportive of the project. The applicant also stated that responses to the petition, circulated within the Woodlawn Addition to determine support of creation of the RID and the eventual assessment for both the sewer and water improvement projects, were generally favorable. The application did include one letter from a resident that was definitely against the proposed project.

Because the amount of debt incurred by the residents of Woodlawn Addition would need to be increased to approximately $54,500, in order to bring the projected user rate up to the target rate, the projected user rate would need to increase by $1.29. This is approximately $1.05 more than what resident's were told at meetings.

The application contained various documents used to inform citizens of the public meetings, including: legal advertisements, mailed notices, sign-in sheets, minutes, and the engineer's presentations

from two meetings. It also included the agendas and minutes for some of the technical committee meetings.

In addition, the non-profit Lewis and Clark Fairgrounds Users Inc. started a long range planning effort in 1996 that has included a needs assessment, research of ideas for growth, and long range plans. Public meetings have been held concerning the proposed improvements to the fairgrounds.

The County has both a growth policy and a CIP. The County's first priority for a wastewater project, the Sewell-Belair area, was not ready to commit to the improvements necessary to alleviate the problems in that area. The Dunbar area is the second priority area for the County, even though it is not listed in the CIP. The Fairgrounds/Dunbar area was identified in the study completed in 2002 and the more recently completed preliminary engineering study, as an area of concern that needs infrastructure improvements to remedy problems with existing onsite septic and water systems.

Project No. 7
Stillwater County – Bridge System Improvements

This application received 3,768 points out of a possible 4,900 points and ranked seventh out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $399,853.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 399,853	Awaiting decision of legislature
County	Local	$ 270,000	Committed by resolution
County	Local	$ 15,000	Expended on PER
County	In-Kind	$ 114,853	Committed
Project Total		**$ 799,706**	

Median Household Income:	$39,205	Total Population:	8,195
Percent Non-TSEP Matching Funds:	50%	Number of Households:	3,234

Project Summary

History – Stillwater County has identified seven bridges that are in need of replacement:

- The Orser Bridge is located on Valley Creek Road over Valley Creek, about six miles northwest of Park City. The single-lane bridge is a single-span, steel truss structure, constructed in 1912. This road serves 24 full-time residences including farm and ranch properties, recreational users, and is an alternate school bus route. If the bridge were to fail, the alternative route would add up to a 10-mile detour. The bridge has a posted weight limit of 16 tons.
- The Fireman's Point Bridge is located on Countryman Creek Road over the Stillwater Overflow. The single-lane bridge is a single-span timber and steel structure constructed in 1960. This road serves 225 full-time residences including farm and ranch properties, recreational users, and is a designated school bus route. If the bridge were to fail, the alternative route would add up to a 10-mile detour. The bridge has a posted weight limit of 13 tons.
- The Lover's Lane Bridge is located on Lover's Lane Road over Town Ditch. The single-lane bridge is a single-span concrete and steel structure, constructed in the 1950s or 1960s. This road serves eight full-time residences including farm and ranch properties, and recreational users. If the bridge were to fail, the alternative route would add up to a two-mile detour. The bridge has no posted weight limit.
- The Jackstone Bridge is located on Jackstone Creek Road over Jackstone Creek. The single-lane bridge is a single-span timber structure, constructed in the 1960s or 1970s. This road serves several full-time residences including farm and ranch properties, recreational users, and is an alternate school bus route. If the bridge were to fail, the alternative route would add up to a 60-mile detour. The bridge has no posted weight limit.
- The Centennial Bridge is located on Centennial Road over Keyser Creek. The single-lane bridge is a single-span steel structure constructed in the 1930s. This road primarily serves residents of Columbus and several area ranchers and farmers, and recreational users, and is a designated school bus and mail route. If the bridge were to fail, the alternative route would add up to a two-mile detour. The bridge has no posted weight limit.
- The Svenson Bridge is located on Svenson Road over Spring Creek. The single-lane bridge is a single-span timber bridge, constructed in 1975. This road serves five full-time residences and ranch properties, recreational users, and is a designated school bus route. If the bridge were to fail, the alternative route would add up to a 14-mile detour. The bridge has no posted weight limit.
- The Weppler Bridge is located on Hines Ranch Road over Big Coulee Creek in the northwest corner of the County. The single-lane, single-span timber bridge was constructed in 1983. This road serves six full-time residences including farm and ranch properties, and recreational users. If the bridge were to fail, the alternative route would add up to a 10-mile detour. The bridge has no posted weight limit.

Problem – The County's seven bridges have the following deficiencies:

- The Orser Bridge has a sufficiency rating of 32 percent. Deficiencies include:
  - rusting and pitting of the steel truss,
  - cracking and spalling of the deck,
  - rock pockets and spalling of substructure,
  - scouring below the footing at the south abutment, and
  - bridge rail is substandard.
- The Fireman's Point Bridge has a sufficiency rating of 42 percent. Deficiencies include:
  - steel girder has a negative camber indicating inability to handle loads,
  - broken decking over an outside beam,
  - rotting timber back walls and wing walls,
  - corrosion of steel girders and floor beams, and
  - bridge rail is substandard.
- The Lover's Lane Bridge has a sufficiency rating of 63 percent. Deficiencies include:
  - scouring below the footings on both abutments,
  - spalling on both concrete abutments,
  - corrosion on steel stringers, and
  - scaling and abrasion on concrete driving surface.
- The Jackstone Bridge has a sufficiency rating of 64 percent. Deficiencies include:
  - dry rot of substructure resulting in rotated caps,
  - checking and some section loss of timber stringers, and
  - missing bridge rail.
- The Centennial Bridge has a sufficiency rating of 66 percent. Deficiencies include:
  - spalling and cracking of concrete substructure,
  - spalling, delamination and efflorescence of concrete deck,
  - protective coatings worn off of steel stringers resulting in some corrosion, and
  - bridge rail is substandard.
- The Svenson Bridge has a sufficiency rating of 70 percent. Deficiencies include:
  - popped nails and section loss of timber deck due to rotting,
  - rot and decay suspected of substructure, and
  - missing bridge rail.
- The Weppler Bridge has a sufficiency rating of 73. Deficiencies include:
  - timber piles are tipping resulting in caps rotating,
  - rot and decay of wing walls and glue laminate stringers, and
  - bridge rail is substandard.

Proposed Solution – The proposed project would replace all seven existing bridges with culverts installed by county crews. The following types of culverts would be installed:

- Orser Bridge, Fireman's Point, and Centennial Bridges with precast concrete structures,
- Lover's Lane Bridge with a round corrugated steel pipe culvert, and
- Jackstone, Svenson, and Weppler Bridges with an arch corrugated steel pipe culvert.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC technical review team noted that that the seven bridges had NBI sufficiency ratings ranging from 32 percent to 73 percent. The structure ratings ranged from four to six; the lowest condition ratings ranged from four to five. TSEP scoring levels had two of the bridges at a level four and five of the bridges at a level three. The two bridges that scored at level four accounted for

half of the construction cost. A weighted scoring level, based on construction costs, resulted in a level four score for the overall project.

Statutory Priority #2: Reflects greater financial need.
The applicant received 468 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 44th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37.9 percent. **The relative concentration of persons living at or below the *LMI* level ranked 34th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 9.8 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 39th out of the 47applications.**

Indicator #2. Financial Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.067%
Bridge levy as it relates to the state median of 0.041%	163.89%
Entire levy as a percent of MHI	2.6%
Entire levy as it relates to the state median of 2.67%	97.46%
2003 mill value as a percent of 1986 mill value	179.06%
2003 bridge mills as a percent of 1986 bridge mills	202.86%
Ratio of 2003 bridge levy to 1986 bridge levy	3.63

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level five and received 700 points out of a possible 700 points.

Conclusion: 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.

Rationale: The applicant stated that it has replaced or rehabilitated 47 bridges since 1984, 44 of these since 1995, at a total cost of approximately $2,914,000. The applicant stated that this number does not include the five bridges currently being funded with a 2003 TSEP grant. The applicant stated that it has addressed most of the structures within the capabilities of its own crews since the remaining structures are larger and more complicated, leading to the decision to move forward with outside financial assistance.

The applicant stated that it has an 11-year history of levying the maximum number of taxes allowable by law. However, budget restrictions imposed by law, make it difficult for the County to build sufficient reserves to finance major infrastructure replacement and rehabilitation projects. The applicant enacted a local vehicle option tax in 1997, which brings in approximately $200,000 annually to the road and bridge department. The applicant stated that with these funds it has been able to take advantage of highway milling projects in the area and work on smaller bridge deficiencies with their own crews. Beginning in 2002, the County was able to move forward with larger bridge projects, including the five funded through a 2003 TSEP grant and the seven identified in this proposed project. During FY 2003-4, the County was able to accumulate $400,000 to be used as match towards the 2003 TSEP grant, and plans to have another $250,000 in revenues earmarked for the proposed project.

The applicant stated that the County adopted a bridge inventory, evaluation and capital improvements plan (CIP) in 2002, which was updated in 2004. The County adopted bridge standards in April of 2002, to ensure that all future bridges are designed and constructed according to AASHTO and Department of Transportation (MDT) guidelines and standards. The applicant stated that it is in the process of creating a CIP for its roadways. The County was part of a pilot MDT program, administered through the Montana Association of Counties, which provided mapping of all its roadways using GPS equipment. The County now has a listing and location of all its roads. The inventory and evaluation will enable the County to establish values for its roads and bridges, as required GASB 34 accounting requirements. The applicant stated that is has issued an RFP, and plans to have a countywide CIP completed by the end of 2004.

The applicant stated that it began the process of updating its 1997 comprehensive plan into a growth policy during 2002. Public hearings have been conducted and a draft of the policy started. Finalization of the growth policy is expected during the fall of 2004. The applicant prepares a road/bridge department operation plan on an annual basis. As an active member of the Beartooth RC&D, the County participated with five counties and associated cities and towns to prepare a comprehensive economic development strategy in 2001. The applicant stated that the replacement of the seven bridges identified in the application is consistent with its bridge CIP, the county master plan, and the comprehensive economic development strategy.

The applicant stated that it has been active in dealing with serious deficiencies in the wastewater system of Park City and the water system in Absarokee. The County applied to the CDBG program for a technical assistance grant in 2003 to assist with the preliminary engineering of the Absarokee system, but was unsuccessful. In spite of this, the County has retained an engineer to prepare a PER and is in the process of pursuing funding for constructing the project. In addition, the County has moved forward with numerous CTEP projects and was involved with a Federal Emergency Management Administration (FEMA) funded project that included the replacement of the Countryman Creek Bridge in 1996 following its collapse. The County also has been involved with improvements to the airport facilities in Columbus.

The applicant stated that the deterioration of the bridges identified in the proposed project is primarily due to the advanced age of the structures and could not have been prevented by additional operation and maintenance activities. The County bridge crew has performed routine maintenance on each of these bridges over the past several years in order to maintain their current status, or at a minimum, retard deterioration. However, each of the bridges has simply reached or exceeded its useful life and is in need of replacement. The MDOC review team concluded that the County's O&M practices related to its bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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 The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves and in-kind services. The in-kind services would consist of county crews replacing four of the seven structures with corrugated steel pipe culverts.

The applicant discussed numerous other funding sources, but stated that the vast majority of all county owned bridges are replaced using bridge mills assessed through local property taxes. It was the opinion of the County that, with the exception of TSEP, there are typically no other viable sources of funding available for the replacement of the bridge, outside of the County's bridge budget. The applicant stated that it attempted to procure funding from various agencies and private entities with little success. Funding from the U.S. Forest Service (USFS) is not considered to be a legitimate alternative for these projects due to timing. Since the Centennial Bridge is situated close to the Town of Columbus, the mayor was asked to contribute. However he responded that the Town does not have funds that could be committed to the project.

The applicant stated that without TSEP participation, at best, one or two bridges would be constructed.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that no specific business expansion or development has been identified as a result of this project, however the replacement of the bridges would assist in retaining current and likely create long-term, full-time jobs. In addition, the infusion of nearly $800,000 into the area for construction of the seven bridges would create several jobs and provide at least a temporary economic boost to local contractors.

The applicant stated that in regard to the Orser, Svenson and Weppler bridges in northern Stillwater County, closure would have a significant impact for farm and ranch operations. The impact may result in scaling back activities or moving their operations completely. The Lovers Lane Bridge serves a veterinary clinic. The Fireman's Point and Jack Stone bridges are both key accesses to the Custer

National Forest and Stillwater River for thousands of recreational enthusiasts each year. The Centennial Bridge primarily serves approximately 2000 residents of Columbus and the local hospital is on the bridge's route. The applicant stated that development and logging activities near any of these bridges would be able to increase upon completion of the proposed bridge upgrades.

The applicant stated that a specific example of a business expansion that would result from this project is not available. However, a well-designed and functional transportation system is vital to the development and expansion of local business enterprises.

The applicant stated that it is the seventh fastest growing county in Montana, partly because it is a bedroom community for Billings and Stillwater Mining Company. The USFS has typically let logging contracts in the Custer National Forest. However, due to environmental restrictions, few forest service timber contracts are let these days. Instead, an increase in logging on private land is occurring.

The applicant stated that the proposed project would assist in maintaining the private tax base in the area by assuring that local residents, particularly the ranchers, would have continued access to their properties and grazing permits on the forest service and leased land. Additionally, recreational, hunting, logging, mining, septic service, propane suppliers, concrete, gravel, hauling, etc. interests would be able to maintain their businesses by having reliable, efficient routes to their areas of interest.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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.

Rationale: The applicant stated that a public hearing was held on March 25, 2004 in conjunction with the regularly scheduled weekly commission meeting. The proposed project was discussed at the hearing including sources of funding, and that no impacts would be reflected on the current tax assessments as a result of this project. The hearing was advertised in the local newspaper. Only one resident attended the meeting. A newspaper reporter attended the hearing. Minutes from the hearing as well as the agenda, public hearing notices, and meeting handout were included in the application. The application also included minutes of other commission meetings in which bridges were discussed and three newspaper articles. The applicant stated that no objections were expressed at the hearing, nor have any been received since the newspaper article was printed.

The County also solicited input from citizens, agencies, and businesses that it thought might have an interest in one or more of the bridge projects. The applicant sent out sample letters of support to individuals. Several individuals simply made notes on the sample letters, signed them and sent them back. Over 75 letters of support were included in the application.

The applicant stated that it has addressed its public facility needs through the preparation and subsequent adoption of its 2002 and 2004 bridge CIP and county master plan adopted in December 1997, and the proposed project is consistent with these documents.

Project No. 8
Seeley Lake Sewer District – New Wastewater System

This application received 3,748 points out of a possible 4,900 points and ranked eighth out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
CDBG	Grant	$ 500,000	To be submitted May 2005
STAG	Grant	$2,000,000	Request submitted to Congress
RD	Grant	$1,370,000	To be submitted July 2004
RD	Loan	$ 262,445	To be submitted July 2004
Project Total		**$4,732,445**	

Median Household Income:	$34,542	Total Population:	1,436
Percent Non-TSEP Matching Funds:	89%	Number of Households:	101

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$50.00	-	Target Rate:	$ 59.58	-
Existing Wastewater Rate:	NA	-	Rate with proposed TSEP Assistance:	$ 86.00	144%
Existing Combined Rate:	NA	-	Rate without TSEP Assistance:	$100.70	169%

Project Summary

History – The unincorporated community of Seeley Lake is presently served by use of individual on-site systems (septic tank/drainfields or seepage pits). Drinking water for the area is provided by a centralized water system with its source coming from Seeley Lake. Many of the existing on-site drainfields are old and in need of replacement. Others have already been replaced and finding new replacement areas is difficult because of small lot sizes. Several of the larger commercial facilities have had difficulty satisfying on-site regulations due to insufficient space to meet regulations, shallow groundwater and non-degradation requirements.

Problem – The lack of a centralized wastewater system in Seeley Lake has resulted in the following problems:

- elevated nitrate levels in the groundwater in the areas of high density,
- increased algae concentrations and turbidity in Seeley Lake,
- elevated nitrates, phosphorus and fecal coliforms in the groundwater downgradient of the community, and
- increased nutrient loads facilitate eutrophication of the lake and increases water quality degradation.

Proposed Solution – The proposed project is the first phase of a four-phase project that could ultimately provide centralized sewer service to every residential, commercial and institutional facility within the District. Each phase is structured as a "stand-alone" project and is not dependent on subsequent phases. The proposed project would construct a new centralized wastewater collection and treatment system that would serve that portion of the District with the highest density. The proposed treatment system is an aerated lagoon with a storage cell and discharge using spray irrigation in the summer months in the adjacent forest.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety. The District lacks a central wastewater collection and treatment system, and the District's on-site septic systems are currently contaminating groundwater that is not used as a public water supply. The potential exists for contamination of the area's groundwater aquifer and adverse impacts on the water quality of Seeley Lake because of inadequate wastewater treatment. This contamination poses a serious risk to human health.

An independent study by the Montana Bureau of Mines and Geology concluded that area groundwater is being degraded by septic tank effluent. The conclusion was based on elevated levels of nitrates and chlorides found in groundwater samples. The District installed groundwater-monitoring wells in 2003 that confirmed the presence of coliforms, fecal coliforms, and elevated nitrate levels in the groundwater.

There is lack of sufficient area on many existing lots to allow for replacement drainfields and many of the lots are not large enough to support on-site treatment systems by today's standards. It may not be possible to adequately rehabilitate failing systems due to lack of space. Surfacing sewage from failing drainfields poses a direct risk to human health. Seepage pits are used for disposal in many areas because sufficient space is not available for properly designed drainfields. Seepage pits do not provide adequate treatment and increase the risk to human health. There are several metal septic tanks in the district that have a significant potential for leakage. Local soil conditions and lack of room make it very difficult to maintain the on-site systems.

Construction is proposed in four stand-alone phases. The treatment system constructed in the first phase would be expanded as needed in subsequent phases. The collection system in the core area of the community would be constructed in the first phase with additional areas added in the subsequent phases.

Statutory Priority #2: Reflects greater financial need.
The applicant received 648 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 39th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43.0 percent. **The relative concentration of persons living at or below the *LMI* level ranked 15th out of the 47 applications.**

- The percent of persons living at or below the *Poverty* level is 10.9 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 36th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the fourth level and received 432 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. The team also noted that the preferred lagoon site is near the existing airport and the Federal Aviation Administration has recommended that a hazardous wildlife assessment be performed. If the preferred site is deemed unsuitable, an alternative site would have to be used. This contingency was discussed in the PER and determined by the review team to not have any significance as far as scoring this priority was concerned.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because this is a new district and there is no current wastewater system. In addition, the MDOC review team was concerned with the delay in time from when the district was formed and the proposed project began to be implemented.

Rationale: The applicant stated that the Seeley Lake community is served by a water district with a long history of effectively managing its water system. A sewer district was formed in 1992 to study wastewater management practices in the area, but no centralized system has been built to date. The water district boundaries are much larger than the sewer district and both boards are distinct entities; however, they often work together to address common issues of concern.

The applicant stated that in an effort to understand the community's wastewater issues and needs, it raised $29,000 in 2003 to complete a preliminary engineering study. In September 2003, the District started levying a $72 annual assessment for every parcel in the district. In response, and as follow-up to a 1998 Montana Bureau of Mines and Geology groundwater study recommendation to provide additional groundwater monitoring, the District has continued to conduct and support groundwater-monitoring efforts that are currently underway. As part of its commitment to address its wastewater issues, the District also hired its first part-time manager in 2003.

The applicant stated that the Seeley Lake community has utilized a variety of forms of community planning tools for many years, which support its infrastructure plans. Much of the planning for the community is conducted by local community associations or the county, with the overall community planning effort performed by the local community council. The council is an elected body that has demonstrated a long-term commitment to community planning over many years. The council represents

Seeley Lake on a variety of county issues, working closely with the county commission in an advisory role. In addition to monthly meetings, which take place the second Monday of each month, the council holds an annual community-wide infrastructure meeting whereby all organizations providing public services to the community update the community on their activities, and discuss and identify future community infrastructure needs and priorities.

The applicant stated that the District initiated a public opinion survey at the April 2001 elections polling place as a means to identify the community's support for a wastewater project. When the people in the District were asked if they would support the proposed sewer system, even though there wasn't evidence that ground water was being contaminated, more than 50 percent said yes. Since there is now documentation that the groundwater is being degraded because of on-site treatment systems, it is likely that a much greater percentage would support a sewer system.

In 1989, Missoula County adopted an amendment to the comprehensive plan for the Seeley Lake area, which outlines the direction that community wishes to go and sets specific goals for accomplishing the short and long-term objectives of the plan. As shown in the plan, septic pollution was a concern of the council even then. In 1993, the Seeley/Swan Economic Diversification Action Team prepared an economic diversification action plan for the Seeley/Swan area. A goal of the plan was to conduct a study to determine if centralized sewer was needed in the community. The applicant stated that the council developed the community development guide for Seeley Lake, which is a comprehensive planning document that reflects the desires of the Seeley Lake community and outlines community development policies in several areas. The proposed project is consistent with this and the other community planning efforts discussed.

The applicant stated that Seeley Lake has also taken advantage of a countywide needs assessment process to make their infrastructure needs known as a priority. The overall countywide needs assessment process occurs annually and draws comments and input from citizens and organizations throughout the county including residents from Seeley Lake. Seeley Lake residents and other agencies and individuals, such as the District XI Human Resource Council and Missoula Aging Services, showed support for the project.

Other planning efforts include a growth policy for Missoula County, which provides an overall framework for continued planning efforts in the City and County of Missoula. The county growth policy specifically identified the need for wastewater improvements to reduce the number of septic systems throughout the county.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the uncertainty of the other funds.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, CDBG, STAG, and RD grants in combination with a RD loan. The applicant stated that it has submitted the STAG appropriation request to each member of the Montana congressional delegation, and the grant is projected to be available by spring of 2005 if Congress appropriates the funds. If the District is eligible, it plans to apply to the CDBG program in 2005; eligibility would be determined from the results of an income survey currently under way. If the application were successful, the CDBG funds would not become available until the summer of 2006, although the award of the funds would be known before the end of 2005. The amounts and terms of the RD grant and loan package would also be dependent on the income survey. The outcome of the survey will determine if the District is eligible for a grant, the amount of the grant, and the interest rate that would be charged on the loan. In addition, a bond election would still be required in order for the District to obtain the loan.

The applicant stated that it has analyzed all potential funding sources that it is eligible to apply to and, with the exception of the Economic Development Administration (EDA), is currently planning on

utilizing all available sources. Discussions with state level EDA staff indicated that the project did not have enough job creation potential to be competitive under the current administration policies.

The applicant stated that if any of the major grants were not obtained, the District would need to pursue other grant funds, reapply to the appropriate program, or not proceed with the project.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level four and received 400 points out of a possible 500 points.

Conclusion: 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 wastewater system. The proposed project would add to the tax base if the business expansion occurs.

Rationale: The applicant stated that the Seeley Lake community has made economic development a community priority for a long time; however, economic development relies on the provision of services and infrastructure including sewage facilities. The expansion or development of lodging and restaurant businesses is heavily dependent on the adequacy of sewage facilities. The development of on-site wastewater facilities is particularly difficult because county septic regulations limit septic discharge to 600 gallons per acre per day. Many of the commercial lots in town cannot add new flows to their septic system because they don't have adequate acreage to meet this requirement. Businesses that have high flows such as carwashes, food and beverage establishments, motels, and laundry facilities find that growth is impossible due to an inadequate land base for septic disposal. The ability to construct assisted living facilities for the elderly is also very difficult because of this requirement. Assisted living facilities would provide several community jobs such as caregivers, nurses, cooks, etc. Central sewer would allow the development of a senior facility, needed affordable housing, as well as create jobs to support the operations of a facility.

The applicant stated that the proposed project is essential to the development of tourism in the Seeley Lake community, and there are several businesses in town that have made plans to expand. Because County septic regulations limit septic discharge, many of the current commercial facilities and even those that would like to open a business here, cannot add new flows to their septic system because they do not have adequate land to meet this requirement. Motels have been particularly restricted and there is a great need for more facilities to meet tourist needs. The Seeley Lake Motor Lodge in town has documented that it sold out over 122 days in 2003 and needs much more capacity to meet demand. The motel has already expanded to their maximum discharge capacity. Another motel, the Wilderness Gateway Inn, also wants to expand to meet the growing tourism demand. These expansions would also help diversify the community, create jobs, and bring in much needed tourism dollars to a community largely dependent on one major employer, Pyramid Lumber, and on tourism and recreation.

The applicant stated that information obtained from other local entities documents that much of the workforce in Seeley Lake commutes to the town and how this has a direct impact on the amount of dollars spent locally. A letter from Pyramid Lumber states that the lack of affordable housing in the community has directly affected the ability of the company to find and keep qualified workers. Pyramid states that between 15 to 20 percent of their workforce commutes from out of town to work, and this hinders their ability to find quality people and retain them. According to a letter from the local school district, approximately 20 percent of the community's workforce commutes from Missoula. Pyramid estimates that between the 30 percent of high school teachers that commute and with the 15 to 20 percent of Pyramid's workforce that commutes, at least $900,000 of payroll dollars leave the community from just these two employers.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that it has provided numerous opportunities for active citizen participation and information sharing on the proposed project. The District initiated the process of hiring an engineer to prepare a PER at a meeting in October 2002, at which approximately 65 people attended. Fifty-one people attended a public hearing conducted by the county commissioners in September 2003, regarding the intent to levy $72 on each parcel in order to raise funds to pay for the PER. Several individuals spoke out against the levy at the meeting.

The District held its first open house and public hearing for the proposed project in October 2003, which 25 people attended. Following the meeting, a newsletter was mailed to residents discussing the meeting. An annual infrastructure meeting was in November 2003, at which water and wastewater issues were discussed. The applicant stated that the District also conducted an outreach program by making presentations to several local groups including the local Lions Club, senior citizens and the community council. The District held a formal public meeting on March 23, 2004, to discuss the findings of the PER, including: the need for the project, the identified problems, the alternatives considered, the selection of a preferred alternative, funding scenarios, projected user charges. The public was notified of the meeting through direct mail, posters, and an announcement in the local community newspaper, *The Pathfinder*. Twenty-five people attended the meeting, during which some people expressed their concern about the project. The applicant stated that the majority of the attendees at the meeting showed support for the recommended solution; however, the MDOC review team could not verify that statement based on the documentation provided.

The applicant stated that the community council also provided three other opportunities for the community to discuss the project from early March to April 2004. The District also informed local citizens through several newsletters and local newspaper articles designed to disseminate information about the project. The District newsletters are mailed to every property owner and resident in the District and additional copies are posted throughout the community.

The applicant stated that the community has identified local needs through several local and countywide processes. In 2001, the District conducted a public opinion survey to identify the general feeling about having a centralized sewer in the community. The District thought it had a good response for this unannounced survey, with 124 people out of over 300 people in the District responding. The applicant stated that even with very little information about the groundwater and lake degradation, 50 percent of the respondents in the District said they would support a sewer system even without evidence that groundwater conditions were deteriorating. Wastewater management is a priority in the locally developed community development guide. The community started a needs assessment in March 2004, by holding a meeting that 16 people attended. The applicant stated that the meeting would be followed up with a more specific community needs survey to clarify income issues and identify community needs and desires.

The application contained a considerable amount of documentation including meeting notices, sign-in sheets, handout materials, minutes, newsletters, and newspaper articles, which documented the public participation process. There were also 24 letters of support from businesses (seven), residents (nine, seven of which were form letters), community organizations, local government agencies, and the local school district to further document such support. Additionally, the District was able to raise $29,000 in donations from local businesses and residents for completion of the planning effort. It appeared to the MDOC review team that while there may be some opposition to the project, it was obvious that the applicant made every effort to keep residents informed and that there is considerable support for the proposed project. In addition, a successful bond election would still be required in order to obtain the loan and for the project to move forward.

Project No. 9
Town of Dodson – Wastewater System Improvements

This application received 3,704 points out of a possible 4,900 points and ranked ninth out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $427,500.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 427,500	Awaiting decision of legislature
CDBG	Grant	$ 443,150	Applied May 2004
RRGL	Grant	$ 100,000	Awaiting decision of legislature
SRF	Loan	$ 88,212	Loan Approved
Project Total		**$ 1,058,862**	

Median Household Income:	$19,464	Total Population:	122
Percent Non-TSEP Matching Funds:	60%	Number of Households:	57

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$25.00	-	Target Rate:	$33.58	-
Existing Wastewater Rate:	$10.00	-	Rate with proposed TSEP Assistance:	$43.10	128%
Existing Combined Rate:	$35.00	104%	Rate without TSEP Assistance:	$90.28	268%

Project Summary

History – The Town of Dodson's wastewater system was constructed in 1958. The system consists of gravity collection mains, a lift station, and a single-cell facultative lagoon. The lagoon directly discharges to Dodson Creek, which flows into the Milk River, approximately one mile south of the discharge point.

Problem – The Town's wastewater system has the following deficiencies:

- existing single-cell lagoon does not meet the Department of Environmental Quality (DEQ) requirements for a minimum of three treatment cells,
- inlet pipe to the lagoon is located too near the discharge,
- sludge has accumulated to a depth of 1.6' in the lagoon,
- existing treatment pond detention time for current flows is 120 days, resulting in insufficient treatment prior to discharge,
- over a dozen biochemical oxygen demand (BOD) and total suspended solids (TSS) violations since 1994,
- present treatment system will not meet the proposed fecal or ammonia limits proposed for the upcoming 2006 permit, and
- existing lift station is substandard.

Proposed Solution – The proposed project would:

- install a new lift station, and
- replace the existing lagoon with a two-cell total retention lagoon.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: violating the current DEQ permit for TSS and BOD, and lack of standby power on the lift station.

Discharge of wastewater effluent has exceeded the Town's permit for BOD and TSS. The lagoon is leaking into the groundwater table thus increasing the levels of nitrate and phosphorous. This leaking is likely to have an impact due to the proximity to the Milk River. Further, the DEQ has placed a compliance schedule on the system for conformance with a fecal coliform limit. The potential exists that the existing treatment facility will not meet the new discharge permit to be issued in 2006. The lagoon would not meet current DEQ design standards due to inadequate retention time and number of cells.

The lift station does not have an alarm or standby power facilities creating the potential for sewage overflow in the case of a failure or power outage at the lift station. The electrical and mechanical systems at the lift station are outdated and the access to the dry well is a safety hazard. The lift station does not meet current DEQ design standards.

Statutory Priority #2: Reflects greater financial need.
The applicant received 684 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fifth level and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked first out of 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 53 percent. **The relative concentration of persons living at or below the *LMI* level ranked sixth out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 28.9 percent. **The relative concentration of persons living at or below the *Poverty* level ranked third out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant's planning efforts have been relatively recent.

Rationale: The applicant stated that sewer rates were raised from $8.50 per month to $10.00 per month in February 2004 to address a fund shortage and provide additional reserve. The Town replaced both centrifugal pumps at the lift station in 2002, and over $3,000 worth of work on the lift station was needed to keep it operational during the winter of 2004.

The applicant stated that it completed a community needs assessment survey in 2003. Based on the needs assessment and associated public hearings, the Town prepared and then adopted a limited capital improvements plan (CIP) on April 5, 2004. Additional planning efforts include being part of the PhillCo Economic Strategic Plan and Bear Paw Development District's annual comprehensive economic development strategy. The Town's wastewater improvement project is consistent with all these plans. Phillips County is developing a countywide growth policy. The Town would work with the County to recommend an appropriate land use around the lagoon site.

The applicant stated that the wastewater system's problems are related to the design and type of construction used to build the original system. The MDOC review team concluded that the Town's O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was not more in-depth discussion of all the viable financing options.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG, and RRGL grants in combination with a SRF loan. The Town submitted an SRF loan application in January 2004 and has been approved for a hardship loan. The applicant stated that TSEP's participation in the project is vital to the affordability of the project, and that the Town would re-apply to CDBG again in 2006 if they are not successful the first time around. Subsequent to scoring this priority, the CDBG funds were awarded to the applicant. The applicant stated it is utilizing grant and loan programs to keep the project affordable to the residents. The approval of the loan was based on securing the remaining funds to

complete the project. If grant funds cannot be obtained, the Town would replace only the lift station using an SRF loan, and problems with the lagoon would not be addressed.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would neither directly result in the creation nor retention of any long-term jobs, nor result in business expansion.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that 20 people attended the first public hearing held on May 5, 2003, in addition to local officials and consultants. The storage and irrigation alternative was recommended initially. However, based on public input, the selected alterative was changed to a total retention system, even though it had a higher capital cost. Another meeting, with 10 people in attendance, was held on January 5, 2004, to discuss the changes made in the PER. Direct letters were sent to all the users of the sewer system inviting them to the hearing held April 5th and to inform them of the intention to submit funding applications and of the proposed rate increase. A follow-up news article describing the project and projected rate increase was published in the *Phillips County News*. Minutes, sign in sheets, newspaper articles and notices as well as a copy of the letter to users were included in the application.

The Town has received nine letters of support; six from homeowners, and others from the superintendent of schools, the county commissioners and the PhilCo Economic Growth Council.

A CIP has been adopted that identifies this project as the number one priority.

Project No. 10 City of Conrad – Wastewater System Improvements

This application received 3,700 points out of a possible 4,900 points and ranked 10th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
SRF	Loan	$ 1,170,000	Application to be submitted May 2005
City	Local	$ 27,700	Expended on PER and application
Project Total		**$ 1,697,700**	

Median Household Income:	$29,432	Total Population:	2,753
Percent Non-TSEP Matching Funds:	71%	Number of Households:	988

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$35.81	-	Target Rate:	$50.77	-
Existing Wastewater Rate:	$17.76	-	Rate with proposed TSEP Assistance:	$57.37	113%
Existing Combined Rate:	$53.57	106%	Rate without TSEP Assistance:	$60.76	120%

Project Summary

History – The City of Conrad's wastewater facilities consists of gravity collection mains, two lift stations, and a three-cell aerated/facultative lagoon. The City is authorized by the Department of Environmental Quality (DEQ) to discharge to the Dry Fork of the Marias River. The City's original collection system, built in 1913, served only the south half of the City. In the late 1960s, the collection system was expanded to serve residents and businesses east of the Great Northern Railway. Expansion occurred again in the early 1970s, generally northeast of the original system, and included what the City refers to as the Northeast Interceptor. Most recently, sanitary sewer mains were constructed to serve the area just north of Avenue C. Overall, the City has approximately 17 miles of collection mains. In 2000, the City replaced about 7,000' of improperly sloped or substandard sewer mains, and 17 deteriorating manholes. One of the lift stations was constructed in 1976, and the other was replaced in 1991. Most of the gravity collection system's manholes were constructed prior to 1950, and are made of brick. The two-cell facultative lagoon system was constructed in 1958, and upgraded in 1972 with the addition of a primary aerated treatment cell. Effluent flow monitoring facilities were added in 1991.

Problem – The City's wastewater system has the following deficiencies:

- treatment facility is in excess of its 20-year life expectancy, with some mechanical portions as old as 35 years,
- frequent and reoccurring effluent permit violations for biochemical oxygen demand (BOD) and total suspended solids (TSS), despite an active flow management program that attempts to minimize spring turnover effects,
- sludge level accumulation in the primary cell exceeds 6' in depth and has recently created a visible sludge "beach" near the cell inlet, and sludge depth in the two facultative cells exceeds 3' in some locations,
- inefficient aeration,
- deteriorated access walkways, platforms and handrails that make maintenance of the aeration system unsafe, and

- a lack of disinfection facilities or equipment that will allow the facility to meet anticipated new Montana Pollutant Discharge Elimination System (MPDES) permit disinfection requirements.

Proposed Solution – The proposed project would:
- construct a partially-mixed aerated lagoon system,
- install ultraviolet disinfection facilities, and
- dewater, remove, and land apply the accumulated sludge.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies in the wastewater system that could affect the public's health and safety. The existing system is at the end of its useful design life and effluent violations are becoming more frequent. A public health and environmental problem exists with the discharge of inadequately treated wastewater.

Non-compliance with standards for fecal coliform may present the greatest public health risk, with the degree of risk a function of the amount of downstream use of the effluent receiving stream. The potential for safety risk increases as the system ages.

The existing aeration system is inefficient and performs poorly. Maintenance of equipment is increasing in frequency, and is becoming more difficult due to access to certain components not being safe.

Large accumulations of sludge exist in the lagoon cells. Excessive sludge accumulations have a negative impact on the treatment plant performance.

Statutory Priority #2: Reflects greater financial need.
The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 17th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41.7 percent. **The relative concentration of persons living at or below the *LMI* level ranked 23rd out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 13.4 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 23rd out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. A high design population reflecting an optimistic view of economic development was used in the sizing of the treatment facilities. The population projection was discussed by the review team and not determined to be an issue of any significance.

The proposed project would resolve deficiencies associated with the current MPDES permit, but may not be capable of meeting future permit limits. The PER identified additional treatment processes, compatible with the proposed project, which could be added on in the future to provide ammonia removal.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because it did not appear that the comprehensive had been updated sine the 1970s and there was no discussion of replacing it with a growth policy.

Rationale: The applicant stated that it has completed five planning studies related to its water and wastewater systems since 1994, and made numerous improvements to those systems over the years. The City spent over $730,000 in wastewater collection system improvements and manhole replacements in 2000. In addition, the City recently converted to a fully metered water system and spent over $2 million in water treatment improvements, and is currently underway with design and construction of its $4 million raw water intake and pump station project. The City budgets approximately $234,008 annually for operation and maintenance of the wastewater system and employees 1.3 full-time employees.

The applicant stated that it completed a planning study related to wastewater facilities in 1996, and a facilities plan was started in 1999. However, the draft report was not completed until 2004, because the City required further direction from the DEQ regarding its permit renewal. A comprehensive plan was completed in the early 1970s. A 10-year capital improvements plan (CIP) was completed in 2002, and was updated for FY 2003-2004. The CIP identifies needed improvements in the following services: water, wastewater, solid waste, streets, parks, public buildings including the city shop and library, equipment, and emergency services. The CIP and the update identify the proposed wastewater system facilities improvements project as the City's number one priority.

The applicant stated that once the proposed improvements are completed, the City would be able to fund future repairs and CIP-designated improvements with accumulated reserve and depreciation accounts. The City anticipates that not only would the system's repairs be minimal, but also that future requests for assistance from state or federal grant programs would be minimal.

The applicant stated that in addition to its efforts, area civic organizations are active in addressing community needs. A needs assessment committee, comprised of representatives from local organizations, and the Pondera Coalition for Progress, focuses on economic development projects.

The applicant stated that the current wastewater facility deficiencies are primarily due to the age of the system and not neglect. The treatment facility has simply exceeded its useful life. Sludge levels within the lagoons are accumulating, and the accumulation impairs treatment efficiency. The MDOC review team concluded that the City's O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project, since the user rates without TSEP funds would be less than 150 percent of the target rate.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with a SRF loan and local reserves. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan.

The applicant stated that in an effort to minimize rate increases imposed upon residents, the City considered a number of funding sources. The City does not meet the LMI percentage level for the CDBG program. The City did not think that the proposed project would be a competitive candidate for the RRGL program.

The applicant stated that the proposed funding package is very viable, since the matching funds consist of local reserves and a SRF loan. The applicant stated TSEP funds are not essential to obtaining funds from other sources; however, TSEP funds are essential for successful implementation of the project. Without TSEP funds, the project is likely to be too expensive for the ratepayers. If the City is not awarded the TSEP grant, it intends to re-apply in 2006. Since permit violations from the existing system are regular events and current facilities are unsafe and in poor repair, the City may be faced with implementing costly stopgap measures in the interim to allow postponement of major construction until 2008.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area. This priority would have been scored higher had there been documentation of the industrial developers interest in relocating to the city.

Rationale: The applicant stated that this project does not directly create jobs, however, it would allow for economic development and expansion within the community. Providing safe and reliable wastewater facilities would help encourage industrial developers and agricultural interests to either expand or relocate to the City. In the last three years, two major industrial ventures have considered

moving to Conrad. The future appeal of the community to such business expansions is directly contingent on the availability of affordable and adequate water and wastewater utilities.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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.

Rationale: The applicant stated that aside from general project discussions during open council meetings, the City held two formal public meetings on March 23 and April 20, 2004, to specifically discuss the proposed project. In addition to notices published in the newspaper, the City also mailed a community newsletter to each system user about the second public meeting. In addition to city council members, staff and consultants, eighteen residents attended the first meeting, and five residents attended the second meeting. The applicant stated that local citizens were apprised of the estimated cost per household at the second public meeting. Agendas, minutes, public notices, sign-in sheets, copies of presentations, and a newspaper article from the weekly *Independent-Observer* were included in the application.

The City has a 10-year CIP that was completed in 2002, and updated for FY 2003-2004. The proposed project is the City's number one priority. The application included letters of support for the proposed project from 18 residents, one business, local chamber of commerce, public schools superintendent, Pondera Coalition for Progress, city council, and Senator Max Baucus.

Project No. 11 Sweet Grass County – Bridge System Improvements

This application received 3,668 points out of a possible 4,900 points and ranked 11th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $144,989.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 144,989	Awaiting decision of legislature
County	Local	$ 15,000	Expended on PER
County	Local	$ 50,736	Committed by resolution
County	In-Kind	$ 79,253	Committed by resolution
Project Total		**$ 289,978**	

Median Household Income:	$32,422	Total Population:	3,609
Percent Non-TSEP Matching Funds:	50%	Number of Households:	1,476

Project Summary

History – The County has identified three bridges that are in critical condition and in need of replacement:

- The single-lane Yellowstone Trail Bridge (YT391), which crosses Oxbow Creek is a timber structure constructed in 1964. This road serves eight residences, farming and ranching operations, recreational users, and is a designated mail route. The traffic on this gravel road is considered low volume. If the bridge were to fail, the alternative route would add a 10-mile detour. This bridge does not have a posted weight restriction.
- The single-lane Yellowstone Trail Bridge (YT536), which crosses over an unnamed drainage, is a steel and concrete structure constructed about 1950. This road serves eight residences, farming and ranching operations, recreational users, and is a designated mail route. The traffic on this gravel road is considered low volume. If the bridge were to fail, the alternative route would add a 10-mile detour. This bridge does not have a posted weight restriction.
- The single-lane Wheeler Creek Road Bridge, located on Wheeler Creek Road over Wheeler Creek, is a timber structure constructed about 1968. This road serves 12 residences, four of which rely on this bridge as their primary access. The bridge receives the majority of its traffic from ranching operations; but is also used by recreational users and is a designated mail route. If the bridge were to fail, the alternative route would add an 18-mile detour. This bridge does not have a posted weight restriction. This bridge does not have a posted weight restriction.

Problem – The County's three bridges have the following deficiencies:

- The Yellowstone Trail Bridge (YT391) has a sufficiency rating of 38 percent. Deficiencies include:
  - substructure showing signs of dry rot and pushing in at the top of both back walls,
  - rotting and failure of back walls and wing walls,
  - cracked planks on timber decking, and
  - missing bridge rail.
- The Yellowstone Trail Bridge (YT536) has a sufficiency rating of 58 percent. Deficiencies include:
  - spalling and cracking of substructure,
  - wing walls have separated from the back walls,
  - rusting of steel stringers, and
  - inadequate bridge rail.
- The Wheeler Creek Road Bridge has a sufficiency rating of 42 percent. Deficiencies include:
  - scouring of west abutment wall,
  - moving timber piles are resulting in loss of bearing at caps,

- cracking, splitting and checking of timber stringers, and
- missing bridge rail.

Proposed Solution – The proposed project would replace all three bridges with the following type of structures:

- ❑ Both Yellowstone Trail Bridges: corrugated steel pipe culvert, with county crews performing the work, and
- ❑ Wheeler Creek Road Bridge: a precast concrete tri deck bridge.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC technical review team noted that the Yellowstone Trail Bridge YT391 has an NBI sufficiency rating of 38 percent. The structure rating was a three; the lowest condition rating was a three for the substructure. The Yellowstone Trail Bridge YT536 has an NBI sufficiency rating of 58 percent. The structure rating was a five; the lowest condition rating was a five for the substructure. The Wheeler Creek Road Bridge has an NBI sufficiency rating of 42 percent. The structure rating was a four; the lowest condition rating was a four for the superstructure.

TSEP scoring levels had YT391 at a level four, YT536 at a level three, and Wheeler Creek at a level four. A weighted scoring level, based on construction costs, resulted in a level four score for the project, overall.

Statutory Priority #2: Reflects greater financial need.
The applicant received 468 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- ❑ **Median Household Income (MHI) ranked 33rd out of the 47 applications.**
- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 38.5 percent. **The relative concentration of persons living at or below the *LMI* level ranked 33rd out of the 47 applications.**
- ❑ The percent of persons living at or below the *Poverty* level is 11.4 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 33rd out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.041%
Bridge levy as it relates to the state median of 0.041%	100.81%
Entire levy as a percent of MHI	3.5%
Entire levy as it relates to the state median of 2.67%	131%
2003 mill value as a percent of 1986 mill value	174.71%
2003 bridge mills as a percent of 1986 bridge mills	279.84%
Ratio of 2003 bridge to 1986 bridge levy	4.89

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant's planning efforts related to its bridges have only been in place for a relatively short time.

Rationale: The applicant stated that it has conducted over 240 bridge or culvert repairs or replacements since 1997. The approximate cost of all of these bridge replacements or repairs is over $4.4 million. This number is somewhat skewed by a $3 million bridge replacement project at Grey Cliff. Many of the larger projects were substantially funded by the Department of Transportation (MDT), Stillwater Mining Company (SMC), and Federal Emergency Management Administration (FEMA). County crews have replaced smaller span bridges, particularly those of timber construction, with new concrete, steel or culvert structures. The County is now reaching the point where they have addressed most of the structures within the crew's capabilities. The remaining structures are larger and more complicated, which require outside funding assistance. The County is currently replacing three bridges that were awarded TSEP funds by the 2003 Legislature. The County has been working with SMC over the past eleven years, upgrading the road and bridges on the East Boulder road in order for SMC to maintain access to its mine operations. That process has included replacement of one major bridge over the Boulder River, at a cost of $300,000, replacement of two other smaller bridges, and repair and/or reinforcement of five others. Detailed cost information was not available on all of these projects since SMC paid for 100 percent of these projects. Most all of the East Boulder work is now complete and the County has been able to address the deficiencies of eight bridges on that route with the assistance of funding from SMC. Now the County is able to move forward with other bridge projects. Within the time

frame of the East Boulder projects, the County was able to amass $130,000 in revenues from gas taxes to be put towards future bridge improvements.

The applicant stated that it evaluated and inventoried all of its bridges, and adopted a bridge capital improvements plan (CIP) in 2003. The County updated its inventory in 2003 and revised the bridge CIP in 2004. However, the County has not yet prepared a CIP for its roadways. The County has had its road system mapped with GPS and the information would be used to for the road CIP expected to be completed during the first half of 2005. The County adopted bridge standards ensuring that all future county bridges would be designed and constructed according to AASHTO and MDT guidelines and standards. The applicant stated that it has been an active participant in many planning efforts and proceeded to provide numerous planning activities undertaken since the County's transportation study conducted in 1977. The County completed a growth policy in March 2003. The County participated in the area plan/comprehensive economic development strategy (CEDS) prepared in 2001 by Beartooth RC&D, which includes the proposed project. The County has been very active in dealing with serious deficiencies in other areas of its infrastructure. The County recently completed CTEP projects addressing handicap access to the Courthouse and Big Timber sidewalks. The County also has been involved with improvements to the airport facilities in Big Timber. Following closure of the County owned hospital in the late 1980s, the County constructed an addition onto the nursing home, which is used for emergency medical and hospital services. More recently, the County authorized and constructed an assisted living facility in Big Timber next to the nursing home.

The applicant stated that the replacement of the three bridges is consistent with the updated 2004 bridge CIP as the projects represent three of the top thirteen (#4, #8, #13) critically listed structures. The proposed project is also consistent with the comprehensive plan adopted in 1993, the 2003 growth policy, and the CEDS prepared in 2001.

The applicant stated that the deterioration of the three bridges is due to the advanced age of the structures and could not have been prevented by operation and maintenance activities. The structures have simply exceeded their useful life and are in need of replacement. The MDOC review team concluded that the County's O&M practices related to the bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level five and received 600 points out of a possible 600 points.

Conclusion: 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.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves and in-kind services. The in-kind services would consist of county crews replacing the two Yellowstone Trail structures with corrugated steel culverts. The applicant thoroughly discussed numerous other funding sources, but stated that the vast majority of all county-owned bridges are replaced using bridge mills assessed through local property taxes, as well as gas tax, and payment in lieu of tax (PILT) monies. It was the opinion of the County that, with the exception of TSEP, there are typically no other viable sources of funding available for the replacement of the bridge, outside of the County's bridge budget. The applicant stated that although they have not established an official bridge depreciation reserve fund, they do carry over savings from year to year to build up reserves for emergencies or major projects.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that no specific business expansion or development has been identified that would occur as a result of the project. However, the development of a sound infrastructure, including the road and bridge network, is essential to maintaining the tax base of any community.

The applicant stated that the Yellowstone Trail Bridges are critical to the southwest area of Sweet Grass County as a farm-to-market road. The Wheeler Creek Bridge provides a key link between the West Melville area and U.S. Highway 191. In addition to livestock grazing, hunting, and recreational activities this structure provides key access to seven area ranching operations. The replacement of this structure would enable businesses currently using the area to continue accessing the area. Emergency vehicles and school buses use these routes. Additionally, all three of the bridges are needed for service-oriented business such as mail carriers, concrete and gravel suppliers, propane delivery, trash haulers, and septic services. The MDOC review team noted if these bridges were taken out of service, there would be a 10-mile detour for the Yellowstone Trail area and an 18-mile detour in the Wheeler Creek area; this could become critical in the event an emergency responder was needed in either area. The MDOC review team could not determine how many permanent residents live in these areas.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was only the one public meeting specifically for the proposed project and little public attendance.

Rationale: The applicant stated that the topic of bridge improvements has been an item on the commissions agenda over the last several years. Newspaper articles reporting the progress of the bridge inventory and the proposed project were printed in the local newspaper the *Big Timber Pioneer*. The County held a public hearing at the county courthouse in Big Timber on March 25, 2004, to discuss the proposed project including sources of funding and that there would not be any impacts on the current tax assessments for this project. This hearing was advertised in the local newspaper. The applicant stated that the notices were posted; however, the MDOC review team could not find documentation to support the statement. Fearing that only a few people may show up at the hearing, the County invited a reporter from local newspaper to attend and cover the hearing. Because the reporter was unable to attend, the county planner wrote an article documenting the hearing. The applicant stated that no objections were expressed at the hearing, nor have any been received since the article was printed. The hearing notices, minutes from hearing dating back to June 2003, a hand out, and news articles were included in the application.

The County sent out sample letters of support to individuals with the idea that educating them on the project and giving them the ideas for a response would help the return. Included in the application were eleven letters of support received from two affected property owners, four ranchers (two of whom are also on the road advisory committee), three emergency service personnel, the county planner and a local concrete business.

The County adopted an updated bridge CIP in 2004, and the three bridges are within the top thirteen priorities (#4, #8, #13). The higher ranked priority bridge are either not ready to proceed or have funding from other sources to complete the work. The proposed project also meets the objectives of the county master plan adopted in 1993, the growth policy and the CEDS prepared in 2001.

Project No. 12
City of Havre – Water System Improvements

This application received 3,584 points out of a possible 4,900 points and ranked 12th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
MDT	Grant	$ 495,000	Committed with construction scheduled for 2006
SRF	Loan	$ 140,000	Application to be submitted
City	Local	$ 15,000	Expended on the PER
Project Total		**$1,150,000**	

Median Household Income:	$29,944	Total Population:	9,621
Percent Non-TSEP Matching Funds:	57%	Number of Households:	3,745

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$31.51	-	Target Rate:	$51.65	-
Existing Wastewater Rate:	$20.17	-	Rate with proposed TSEP Assistance:	$51.68	100%
Existing Combined Rate:	$51.68	100%	Rate without TSEP Assistance:	$52.60	102%

Project Summary

History – The project area is a 2.4-mile portion of First Street between Montana and 18th Avenues, along U.S. Highway 2, which runs west and east through the City of Havre. This area is the principal business district through town. The water mains in this area were installed in the 1950s and 1960s and have a long, documented history of breaks. A comprehensive rehabilitation of the treatment system was completed in 2002.

The Department of Transportation (MDT) plans to reconstruct U.S. Highway 2 through the project area, and the City must have the funding and approved designs in place to insure construction can be accomplished in 2006. This coordination with the MDT project would result in lower costs due to minimized excavation, backfill and concrete resurfacing costs.

Problem – The City's water system in the project area has the following deficiencies:

- water mains are old and at the end of their service life,
- a 6" cast iron water main is undersized and incapable of delivering adequate fire flows, and
- porous, non-metallic gaskets used during the installation of the water mains increase the potential for contamination of the drinking water system from carcinogenic compounds in the soil and/or groundwater.

Proposed Solution – The proposed project would:

- replace approximately 3,900' of water main with 10" ductile iron pipe, and
- install 20 additional fire hydrants.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies identified in the Havre water system that could affect the public's health and safety. The existing water main is approaching the end of its useful design life and maintenance repairs are becoming more frequent.

Several hydrocarbon spills are located in proximity to the existing main. The bedding material under the existing pipe has the potential to collect the spill product and older gaskets in the piping may not be resistant to degradation by the contaminant. The public health hazard associated with the contamination of the water supply with petroleum products is very serious and the high number of spills in the project area exacerbates the risk.

The PER indicated that high velocities exist in the mains during fire flows. These velocities could be causing problems with material erosion, water hammer and increased maintenance problems. Additional hydrants are needed to serve both sides of the highway.

The MDT is proposing to pave the highway and can contribute funding towards replacement of the water mains to address the problem now rather than making improvements at a later date and tearing up the new pavement. The City has a memorandum of understanding with the MDT to make utility improvements prior to paving the highway

Statutory Priority #2: Reflects greater financial need.
The applicant received 504 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fourth level and received 288 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 19th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 40.7 percent. **The relative concentration of persons living at of below the *LMI* level ranked 28th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 17.5 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 13th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that information on other components of the distribution system, outside of the project area that might be impacted by waste spills, was omitted from the PER. The cost of handling contaminated soils and groundwater is also a concern. Input from the Department of Environmental Quality (DEQ) would have been helpful regarding the handling of contaminated materials.

The PER referenced other studies that resulted in a recent major upgrade to the water treatment plant. The PER indicated all recommended projects have been completed and presumably no further work on the water treatment plant is needed.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of a lack of documentation.

Rationale: The applicant stated that it is committed to making investments in capital improvements. The City completed a source water delineation and assessment report in 2000, in addition to six other studies related to its water infrastructure since 1972. The City completed a comprehensive rehabilitation of its water treatment plant at a cost of approximately $8.4 million in 2002, with the total cost of the project financed through an SRF loan. A project completed in 2001, replaced the water main beneath First Street on the western edge of downtown, at a cost of $1,267,819, with the local contribution being $212,512.

The applicant stated that a substantial amount of repair work done within the project area has put an increasing burden on the City's finances. As of June 30, 2003, the City has $9,302,000 in long-term debt related to water system improvements, with retirement dates that extend to 2023. The City maintains a water reserve that had $1,100,000 cash balance on June 30, 2003, but nearly $600,000 of that is budgeted and/or expended for 2004 improvements. In addition, the City repaired approximately 30 water line breaks this past year. In May, the City council voted to increase both the water and sewer rates by $2.15 to bring user rates up to the target rate and to cover the anticipated debt associated with the proposed project and provide for additional reserves for other needed improvements. The new rates will go into effect December 2004.

In June of 2003, an audit finding showed a negative income of $173,008 in the water fund. The auditor reported the cause of condition to the fact that water usage in Havre was the lowest level in the past 11 years and that a water rate increase was not effective until December 2002. The audit further reports that the City was able to make timely payments and keep in compliance with bond covenants and maintain a healthy cash flow status.

The City has a 10-year, capital improvements plan (CIP) that was completed in 1999. The CIP, which identifies water, wastewater, street, parks and recreation, assists in the City's decision-making process regarding infrastructure needs and annual budgeting. The implementation section of the plan discusses annual updates, but other than the plan adopted in 1999, nothing related to any updates was included in the application. The CIP also refers to a city/county comprehensive plan completed in 1971 that is in need of an update.

The applicant stated that a recent report by the wastewater system operator identified approximately $400,000 of needed treatment system repairs and maintenance. The City has also completed the first phase of improvements to its wastewater system and has hired an engineering firm to assess ammonia limits. The project is awaiting notification from the DEQ of the required limits before making any recommendations.

The applicant stated that it is an active partner of Bear Paw Development Corporation and participates in its annual planning activities. The current comprehensive economic development strategy (CEDS) lists the proposed project as a high priority for the District. In November 2003, the City and Hill County, with the assistance of multiple state and private partners, conducted a resource team assessment. The process is a means of evaluating assets and liabilities and offering suggestions for improving the environment, social and economic future of the area. One of the outcomes of that assessment was that there is a need for adequate infrastructure, including water and sewer in the City, as a necessary factor for any and all economic development.

The applicant stated that it has worked closely with the MDT planning efforts in order to ensure the efficient use of funds and time of those involved in completing this proposed project. Coordinating this project with the MDT would realize a cost savings to the City of over $495,000.

The applicant stated that the problems are not the result of inadequate O&M practices. Meters are in place throughout the City, and the City has watering restrictions in place during hot seasons to encourage water conservation. Contaminants in the ground water and soils within the project area are from historic industry practices in the area. Updated state and federal regulations provide for much stricter regulations regarding handling of contaminants and should not occur in the future. Highway construction in conjunction with water line replacement would provide for mediation of these impacted soils. New non-permeable gaskets and piping, which meets fire flow standards, would prevent future concerns for public safety. The MDOC review team concluded that the City's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project, since the user rates without the TSEP grant would be barely above target rate.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant and the MDT funds in combination with a SRF loan and local reserves. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan.

The City does not meet the minimum LMI qualifications required by the CDBG program. The City also ruled out the Economic Development Administration program since the project would not directly result in economic development, job creation or retention. The City also considered applying to the RRGL program, but determined that the proposed project would likely not score high enough to be funded since it would not fit the goals of that program.

The applicant stated that reconstruction of U.S. Highway 2 within the project area is listed on the MDT project list, and is scheduled for 2006.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities.

However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that with the exception of construction jobs, no direct jobs would be created as a result of this project. However, there is a potential negative impact to the business owners and their employees within the project corridor if this project is not completed, since there are greater risks associated with the inability to provide fire flow during a fire flow incident. Loss of property would result in lost of employment.

There are no businesses within the project area planning to expand at the present time. However, the tax base could potentially increase, since this project would enable the City and private businesses to expand within the project area.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: 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

Rationale: The applicant stated that it has held several informational meetings, in addition to a formal public hearing. The City sent a newsletter, in March 2004, pertaining to the water needs in Havre and the proposed water project. The newsletter also provided public notice of a meeting on April 5, 2004, at which the PER and proposed water rates would be discussed and public comment accepted. Eighteen residents attended the meeting. An article was published the following day in the City's daily newspaper, the *Havre Daily News*, discussing the proposed project and the anticipated increase in water and sewer user rates. Another article on April 21st informed citizens about a meeting on April 27th and the public hearing on May 3rd. More articles on April 29th and May 4th again explained the reasons for the rate increases and proposed project. A formal hearing to accept comment on the TSEP application was held on May 3rd; five residents attended. A handout was distributed that discussed the proposed project and the proposed rate increase. The applicant stated that participants asked several questions, but the City thought that the overall consensus was that the grant applications and subsequent increase in rates to meet the target rate was a viable option. The local radio also provided coverage of the proposed improvements and rate increases. Following the May 3rd public hearing, a council member personally visited the business owners within the project area to explain the project. As a result, 60 business owners endorsed a letter to the mayor and city council in support of the project and the proposed application to TSEP. Copies of legal notices, minutes, handouts, newsletters, and the letter of support were included in the application.

The City adopted a 10-year CIP in 1999, which lists the need to replace undersized and deteriorated water mains. Nine articles and minutes from five meetings related to the process of adopting the CIP were included in the application; it appeared that 40 to 60 people typically attended these meetings. The application also included a notice of a public hearing and various letters related to the CIP meetings. As previously noted, the City is an active member of the Bear Paw Development Corporation and has participated in planning sessions in preparation of their CEDS annual report. The water system improvements are listed in the work plan and priorities for Bear Paw.

In November 2003, the City and Hill County, with the assistance of multiple state and private partners, conducted a resource team assessment. One of the outcomes of that assessment was the determination that there is a need for adequate infrastructure, including water and sewer in the City.

Project No. 13
Powell County – Bridge System Improvements

This application received 3,520 points out of a possible 4,900 points and ranked 13th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $158,348.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 158,348	Awaiting decision of legislature
County	Local	$ 15,000	Expended on PER
County	Local	$ 76,379	Committed by resolution
County	In-Kind	$ 66,969	Committed by resolution
Project Total		**$ 316,696**	

Median Household Income:	$30,625	Total Population:	7,180
Percent Non-TSEP Matching Funds:	50%	Number of Households:	2,422

Project Summary

History – Powell County has identified three bridges that are in critical condition and in need of replacement:

- The West River Road Bridge is a 16' long single-span timber bridge constructed in the early 1960s. The single-lane bridge crosses Racetrack Creek approximately seven miles south of Deer Lodge and is a key link to the area. This road serves 16 full-time residences, several ranch properties, recreational users and is a designated school bus and mail route. A Bailey bridge, on loan from the Department of Transportation (MDT), has been placed temporarily over the existing bridge until a new structure is installed. If the bridge were to fail, the alternative route would add a seven-mile detour. This bridge does not have a posted weight restriction.
- The Freeze Out Lane Bridge, crossing over Jake Creek about four miles north of Deer Lodge, is a single-lane, single-span steel and concrete bridge constructed in the early 1960s. This road serves 11 full-time residences, eight ranch properties, recreational users and is a designated school bus route. If the bridge were to fail, the alternative route would add a three-mile detour. This bridge does not have a posted weight restriction; however, a posting of eight tons is recommended in the bridge evaluations.
- The Cutoff Road or "Matt Little" Bridge crosses over the Blackfoot River about five miles northwest of Helmville. The bridge is a single-lane, single-span, steel thru-truss structure, currently posted at 16 tons. The truss was constructed in 1914 with several minor improvements since that time, including a deck replacement and additional stiffening of the truss with steel pipe and cables. This bridge provides access to Blackfoot River and Brown's Lake recreation area, and is a designated school bus route. If the bridge were to fail, the alternative route would add an eight-mile detour. The bridge currently has a posted weight limit of 16 tons; however, a posting of 10 tons was recommended in the bridge evaluations.

Problem – The County's three bridges have the following deficiencies:

- The West River Road Bridge has a sufficiency rating of 24 percent. Deficiencies include:
  - structurally deficient deck, substructure, and structure,
  - rotting, crushing and settling of both timber abutments,
  - scouring under both abutments.
  - three of four wing walls are missing.
  - 4" to 18" of soil cover on timber deck is likely leading to rotting members, and
  - bridge rail is missing.
- The Freeze Out Lane Bridge system has a sufficiency rating of 40 percent. Deficiencies include:
  - structurally deficient substructure,

- substructure is experiencing advanced signs of failure as exhibited by severe cracking and spalling of the concrete, which makes it unsafe for heavier vehicles to cross, including the passage of some emergency services equipment, farm implements, county maintenance equipment, loads of hay, etc.,
- severe scour under majority of abutments,
- hydraulic restriction of channel,
- severe scour under majority of abutments, and
- bridge rail is missing.

❑ The Cutoff Road Bridge has a sufficiency rating of 25 percent. Deficiencies include:

- structurally deficient structure,
- steel truss superstructure has low inventory and operating ratings,
- truss superstructure is considered a fracture-critical member since there is no load path redundancy with only the two primary members,
- steel expansion rollers are currently jammed and nonfunctional,
- collision damage noted at both approaches, and
- only 10.5' of vertical clearance.

Proposed Solution – The proposed project would consist of replacing all three bridges with the following types of structures:

❑ West River Road and Freeze Out Lane Bridges: an open bottom aluminum box culvert with work performed by county workers, and

❑ Cutoff Road Bridge: a surplus MDT truss and a rehabilitated existing foundation with the majority of the work contracted out.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system have occurred or are imminent.

Rationale: The MDOC engineering review team noted that the West River Road Bridge has an NBI sufficiency rating of 24 percent. The structure rating was a two; the lowest condition rating was a two for the substructure. A temporary bridge has been placed over the structure to allow its continued use. The Freeze Out Lane Bridge has an NBI sufficiency rating of 40 percent. The structure rating was a three; the lowest condition rating was a three for the substructure. The Matt Little Bridge has an NBI sufficiency rating of 25 percent. The structure rating was a two; the lowest condition rating was a four for the superstructure.

TSEP scoring levels had West River Road at a level five, Freeze Out Lane at a level four, and Matt Little at a level five. A weighted scoring level, based on construction costs, resulted in a level five score for the project, overall.

Statutory Priority #2: Reflects greater financial need.
The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 24th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41.9 percent. **The relative concentration of persons living at or below the *LMI* level ranked 20th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 12.6 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 26th out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.026%
Bridge levy as it relates to the state median of 0.041%	63.37%
Entire levy as a percent of MHI	2.43%
Entire levy as it relates to the state median of 2.67%	91.11%
2003 mill value as a percent of 1986 mill value	80.77%
2003 bridge mills as a percent of 1986 bridge mills	129.25%
Ratio of 2003 bridge to 1986 bridge levy	1.04

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC engineering review team noted that the cost analysis for the Matt Little Bridge appears to be an initial capital cost comparison and not a total cost present worth analysis. The surplus truss proposed for the Matt Little Bridge would have some of the same minor deficiencies as identified for the existing bridge. This truss is a fracture-critical structure and its width does not meet County standards. Fracture-critical members are tension members that do not have redundancy should that member fail. The County has authorized a variance from its standards for the narrower width.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant's planning efforts related to its bridges are only recent.

Rationale: The applicant stated that it replaced the Snowshoe Creek Bridge in 1995 with the assistance of TSEP. In 1998, the County obtained federal financial assistance for three major bridge projects through the assistance of Senator Conrad Burns.

The applicant stated that it is currently working with the Federal Emergency Management Agency (FEMA) to remove and replace several bridges along Cottonwood Creek in Deer Lodge. Although located within the City of Deer Lodge, the County has the responsibility for maintaining and updating these bridges. The current plan is to replace the Fourth Street and the Clark Street bridges along with removal of three alley bridges. Funding would be provided by a 75 percent FEMA Hazard Mitigation grant and 25 percent by the County through in-kind services. The County is planning to construct the project during the summer of 2004. A pre-disaster mitigation plan is being prepared for the County that would allow the County to apply for FEMA Hazard Mitigation grant monies for the remaining two bridges on Cottonwood Creek.

The applicant stated that due to the West River Bridge's rapidly deteriorating condition, the County borrowed three sections (30') of Bailey bridge from the MDT in May 2003. The Bailey bridge was placed over the existing structure to provide a temporary crossing until a more permanent solution can be implemented.

The applicant stated that it has a proactive bridge maintenance program, and has completed thirteen major bridge repairs since 2001. County crews have replaced smaller span bridges, particularly those of timber construction, with new concrete, steel or culvert structures. The County is now reaching the point where they have addressed most of the structures within the county crew's capabilities. The remaining structures are larger and more complicated, and therefore, requiring outside funding assistance. The County levied 2.5 mills for bridges in 1998. Starting in 1999, when the "floating mill" was authorized by the Legislature, the County has increased the bridge mills annually to its present 5.17 (a total of $57,293) for FY 2004. The County passed a resolution to ask the voters, on the June 2004 ballot, for permission to assess a special five-mill bridge levy each year for a period of 10 years to address the urgent needs of the bridges. The additional mills would raise approximately $530,000 to be applied to the County's bridge needs. The MDOC review team verified that the ballot issue for the mill increase passed. The County has also passed a resolution to establish a reserve fund in the FY 2005 budget.

The applicant stated that it evaluated and inventoried all of its bridges in 2003, which culminated in a five-year bridge capital improvements plan (CIP) that the County adopted in February 2004. The CIP is supposed to be revisited annually during the budget cycle and included in the overall CIP for the County. The County has not yet prepared a CIP for its roadways. However, the County has had its road system mapped with GPS and the information would be used for the road CIP expected to be completed during the first half of 2006. The County adopted bridge design standards in March 2004, to ensure that all future county bridges are designed and constructed according to AASHTO and MDT guidelines and standards. The applicant stated that it has been an active participant in many planning efforts and proceeded to provide numerous planning activities undertaken since 1972. The applicant included excerpts from these efforts in the application. The County is working on the preparation of its growth policy, as required by the 1999 Legislature, to replace its comprehensive plan. The planning board is currently in the process of a series of five community meetings throughout the County to solicit input before setting goals and objectives. Finalization of the growth policy is expected in the fall of 2004. The County participated in an area plan and comprehensive economic development strategy (CEDS) prepared in 2002 by Headwaters RC&D, which includes the proposed project. The County passed a resolution dated May 20, 2002 supporting the Headwaters RC&D Economic Development District. The replacement of the three bridges is consistent with the 2004 bridge CIP, which identifies the projects as three of the top thirteen (#10, #12, #13) critically listed structures. The proposed project is also consistent with the county comprehensive plan adopted in 1996, and the CEDS prepared in 2002.

The applicant stated that the deterioration of the three bridges is due to the advanced age of the structures and could not have been prevented by additional operation and maintenance activities. The structures have simply exceeded their useful life and are in need of replacement. The MDOC review team concluded that the County's O&M practices related to the bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves and in-kind services. The in-kind services would consist of county crews replacing two of the three structures with aluminum box pipe culverts. The applicant thoroughly discussed numerous other funding sources, but stated that the vast majority of all county owned bridges are replaced using bridge mills assessed through local property taxes. It was the opinion of the County that, with the exception of TSEP, there are no other viable sources of funding available for the replacement of these bridges, outside of the County's bridge budget. The applicant stated that should an emergency requiring expenditure of the reserved funds for this project, the County would likely then pursue a loan from the INTERCAP program to match the TSEP funds.

The applicant stated that it plans to put a ballot issue before the voters on June 8, 2004, asking for approval to impose an additional five mills for the purpose of funding future bridge projects; the MDOC review team noted that the ballot issue passed. Although too late to be applied towards this project, the monies collected will be earmarked for future bridge system improvements.

The applicant stated that the proposed project would not occur without TSEP funding. At best, one of the proposed bridges would be replaced with County resources.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would provide the infrastructure needed for housing that is necessary for an expanding workforce related to a specific business development. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that no specific business expansion or development has been identified that would occur as a result of the project. However, the development of a sound infrastructure, including the road and bridge network, is essential to maintaining the tax base of any community.

The applicant stated that the West River Road and Freezeout Lane bridges are critical to the southwest area of Powell County as a farm-to-market road. The West River Road Bridge would be on an essential route for ARCO during their cleanup of the Clark Fork River in the next few years. In addition, members of the local work force live in the area of these two bridges; 16 residents use the West River Road Bridge and 11 residents are in the area of the Freezeout Lane Bridge. The Matt Little Bridge provides a key link between the Helmville area and State Highway 141. The bridge also provides access to the Blackfoot River and Brown's Lake, both used by recreational enthusiasts from around the state. In addition to livestock grazing, hunting, and recreational activities, this structure provides key access to seven area ranching operations. These are routes for emergency vehicles and school buses. Additionally, all three of the bridges are needed for service-oriented business such as mail carriers, concrete and gravel suppliers, propane delivery, trash haulers, and septic services.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was only the one public meeting and little public attendance.

Rationale: The applicant stated that the topic of bridge improvements has been an item on the county commission's agenda over the last several of years. The County held a public hearing in Deer Lodge on March 29, 2004, at the county courthouse to discuss the PER and the TSEP application. The proposed project was discussed at the public hearing, including sources of funding and any impacts that would be reflected on the current tax assessments (none for this project). This hearing was advertised in the local newspaper as well as posted in the courthouse and on the commissioners' agenda. Fearing that only a few people may show up at the hearing, the County invited a reporter from Deer Lodge's local newspaper, the *Silver Star,* to attend and cover the hearing. The newspaper article documented the hearing and stated matching funds would come from the bridge funds and not increase taxes. The applicant stated that no objections were expressed at the hearing, nor have any been received since the article was printed. The posted flyer, the hearing notices, minutes from the hearings and Commission meetings dating back to January 2003, a hand out, and news articles were included in the application.

The County sent out sample letters of support to individuals with the idea that educating them on the project, and giving them ideas for a response, would help the return of support letters. The County decided that even if people did not respond with a letter, they would at least be more aware of the proposed projects. Letters of support were received from eight affected property owners, two local businesses, three ranches, four volunteers representing three different county volunteer fire departments, the county sheriff, and two other emergency personnel, county personnel, three from federal and state agencies, along with two from local legislators.

The County adopted a bridge CIP in 2004, and the three bridges are within the top thirteen priorities (#10, #12, #13). The higher ranked priority bridges are either complete or have funding from other sources to complete the work. The proposed project also meets the objectives of the county comprehensive plan adopted in 1996, and the CEDS prepared in 2002.

Project No. 14
Mineral County – Bridge System Improvements

This application received 3,484 points out of a possible 4,900 points and ranked 14th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $80,090.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 80,090	Awaiting decision of legislature
County	Local	$ 15,000	Expended on PER
County	Local	$ 46,946	Committed by resolution
County	In-Kind	$ 18,144	Committed by resolution
Project Total		**$ 160,180**	

Median Household Income:	$27,143	Total Population:	3,884
Percent Non-TSEP Matching Funds:	50%	Number of Households:	1,584

Project Summary

History – The Cedar Creek Bridge is located about four miles south of Superior. The 52' bridge is a two-span timber structure constructed in 1950. The Department of Transportation (MDT) recommended that the bridge be closed because it would probably fail in the near future, since it only has a load rating of 2.2 tons. As a result, a Bailey bridge, on loan from the MDT, has been placed over the existing bridge as a temporary solution until a new structure is constructed.

The road serves two full-time residences, one of which is a ranch, and recreational users. If the bridge were to fail, there is no alternative route except through private property, which would add up to a two-mile detour and require permission from the property owner.

Problem – The Cedar Creek Bridge has a sufficiency rating of 15 percent, and has the following deficiencies:

- superstructure, constructed of untreated timber logs, is showing significant signs of rot,
- prevalent rot noted in the sill logs at each abutment,
- timber deck is rapidly deteriorating due to rot,
- three of four wing walls missing, and remaining wing wall in severe disrepair,
- curbs essentially nonfunctional due to severe rotting, and
- scouring resulting in no vertical support to the superstructure.

Proposed Solution – The proposed project would replace the existing structure with a single-lane bridge, composed of a precast concrete beam superstructure and concrete grade beam foundation.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge system have occurred or are imminent.

Rationale: The MDOC technical review team noted that the Cedar Creek Bridge had an NBI sufficiency rating of 15 percent. The structure rating was a two; the lowest condition rating was a three for the substructure. A temporary bridge has been placed over the structure to allow its continued use.

Statutory Priority #2: Reflects greater financial need.
The applicant received 504 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fourth level and received 288 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked eighth out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 47 percent. **The relative concentration of persons living at or below the *LMI* level ranked eighth out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 15.8 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 15th out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0%
Bridge levy as it relates to the state median of 0.041%	0%
Entire levy as a percent of MHI	3.36%
Entire levy as it relates to the state median of 2.67%	125.7%
2003 mill value as a percent of 1986 mill value	136.29%
2003 bridge mills as a percent of 1986 bridge mills	0%
Ratio of 2003 bridge levy to 1986 bridge levy	0

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the proposed bridge width does not meet the MDT bridge design guidelines and the applicant selected a higher cost alternative for maintenance reasons. The MDT's guidelines recommend a 16' minimum roadway width for a single-lane bridge; the

proposed bridge has a 14' roadway width. The selected alternative was one of the more expensive from both an initial and long-term cost standpoint. The County elected to pursue a precast bridge over a modular steel option due to unknowns associated with future maintenance of the steel option. The selection matrix did not appear to consider this.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant's planning efforts relative to the capital improvements plan (CIP) have been very recent.

Rationale: The applicant stated that it does not assess mills for its road budget, nor is a separate budget prepared for bridges. Instead, the County uses forest receipt payments, in addition to unused forest receipt payments from previous years that have accumulated in a road reserve fund. The county road budget for FY 2004 is $705,670, with $390,941 coming from the anticipated revenues and the remainder from the balance in the road fund. Due to the size and financial constraints of the County, there is no designated bridge department. The County has a five-man road crew that performs road and bridge duties as needed. Normal bridge related duties include routine maintenance such as barrier and guard rail repairs, cleaning waterways, patching concrete, redecking, etc. As needed, the crew installs culverts, box culverts, guardrail, signs, cattle guards, etc. The County adopted bridge standards for the repair and replacement of all bridges in March 2004. Replacement of small bridges with culverts is the preferred method where feasible.

The applicant stated that past replacement of small bridges with culverts has resulted in the County no longer being responsible for any bridges of less than 20'. The County is currently responsible for 14 bridges; they all have spans greater than 20' and are inspected biennially by the MDT. Improvements to two of these bridges were completed in 1999 with MDT funds, and the County has one other nominated for funding through the MDT's off-system program. The other 10 bridges have sufficiency ratings ranging from 63.2 to 98.0 and are considered in good condition for the time being, requiring only minor routine maintenance.

The applicant stated that a five-year CIP for bridges was adopted in March 2004, with a policy that it will be revisited each year during the annual budget cycle. The County first adopted a comprehensive plan in 1973, and began creating a growth policy in 2003, which the applicant expects to be complete in the fall of 2004. The proposed bridge project is consistent with the comprehensive plan and represents the top priority in the CIP.

The applicant stated that the County's concern about the Cedar Creek Bridge increased significantly when it received letters from the MDT in April and September of 2003 concerning the eminent possibility of the failure of the bridge. The County borrowed a Bailey bridge from the MDT, which was placed over the existing structure to provide a temporary crossing until a more permanent solution could be constructed. The contract with the MDT indicates that the Bailey bridge is supposed to be returned by October 31, 2005.

The applicant stated that the deterioration of the bridge is due to the original construction materials and advanced age of the structure, and could not have been prevented by additional operation and maintenance activities. The typical life for timber structures, such as the Cedar Creek Bridge, is 15 to 30 years. The structure has simply exceeded its useful life, since the bridge is now over 50 years old. The MDOC review team concluded that the County's O&M practices related to its bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local funds and in-kind services. The County's in-kind services would consist of roadway related construction performed by the road crew.

The applicant discussed the potential of numerous other funding sources, but concluded that there are no other viable sources of funding available for the replacement of the bridge, outside of the road fund and TSEP. Since the bridge project could possibly open up access to National Forest (NF) properties, the U.S. Forest Service was contacted for assistance with funding the project. The response was that although they would like to help, they simply could not.

The funding package proposed for the replacement of the bridge is very viable, since the County has committed funds from the road fund, in addition to the in-kind services. However, the applicant stated that the proposed project would not occur without TSEP participation, even though this is an emergency situation that needs immediate attention. The County concluded that it can afford the required matching funds, but cannot afford to construct a bridge of the proper size and materials on its own.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the replacement of the bridge would assist in retaining current long-term, full-time jobs. The bridge is critical to a ranching operation to the east of the structure, for hauling hay and livestock as well as other needed supplies. Closure of the bridge would severely hinder these operations. The bridge also provides access to the NF lands and access to timber sales. A representative from a lumber mill in the area stated that a pine beetle infestation has already killed many trees in this area of the NF, and therefore, it is only a matter of time before this area should be open to a timber sale, with the result being new timber-related jobs. The bridge also provides access to service-oriented businesses, such as mail carriers, concrete and gravel suppliers, propane delivery, trash haulers, septic tank services and utility companies. However, the applicant did not indicate that any business expansion was dependent upon the proposed bridge project.

The applicant stated that the County does anticipate subdivision activity in the area served by the Cedar Creek Bridge sometime in the future, although concrete plans have not been brought forward at this time. The County is proposing to replace the existing structure with a single-lane bridge to serve the limited number of entities currently using the bridge. However, if development does occur, the developer would be expected to widen the bridge at the developer's expense.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was only the one public meeting and little public attendance.

Rationale: The applicant held a public hearing in the county courthouse on April 21, 2004, which was advertised in the local newspaper the *Mineral Independent*. In addition to the county commissioners, staff, and consultants, the county sheriff and one resident, a garbage hauler and contractor, attended the hearing. The applicant stated that those attending the hearing were told that the taxpayers would not see an increase in taxes from this project, but would actually realize a stretching of their dollars; however, the minutes do not reflect that discussion. The applicant stated that no objections were expressed at the hearing, nor have any been received since a newspaper article about the proposed project was printed. Minutes, a handout, and notice of the public hearing were included in the application; however, the application did not contain the newspaper article referenced.

The County sent out a sample letter of support to individuals with the dual purpose of educating them about the project and giving them ideas for a response. As a result, letters of support were received from the Department of Fish, Wildlife and Parks, the county conservation district, the local NF ranger district, two economic development groups, the county environmental health and planning department, two utility companies, two emergency service providers, one business, and six residents.

The County adopted a five-year CIP for bridges in March 2004, and the proposed bridge project represents the top priority in the CIP.

Project No. 15
Glacier County – Bridge System Improvements

This application received 3,452 points out of a possible 4,900 points and ranked 15th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000. MDOC recommends that the receipt of a TSEP grant, if awarded, be conditioned upon the County complying with the requirements of NEPA before constructing the proposed project, due to the federal funding involved in the project.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
Federal	Grant	$1,380,418	Awaiting decision of Congress
Project Total		**$1,880,418**	

Median Household Income:	$27,921	Total Population:	13,247
Percent Non-TSEP Matching Funds:	73%	Number of Households:	4,304

Project Summary

History – The single-lane St. Mary Bridge was constructed by the Minneapolis Bridge Company in 1915 as part of a project by the Bureau of Reclamation (BOR). Two 7.5' diameter riveted steel plate pipes are carried over the river on the north side of the bridge, while the south side carries vehicular traffic. The pipes are part of the St. Mary Canal and this bridge serves as sole access for Camp Nine Road across St. Mary River. New timber stringers were installed in the 1980s, with a new timber deck around 1994.

This road serves five full-time residences and 12 part-time residences, five full-time ranch operations and 10 to 20 seasonal ranch operations, two BOR employees and their families, a bar/restaurant, recreational users, and is a designated school bus route (bus picks kids up at the bridge without crossing it). If the bridge were to fail, the alternative route would add up to a 30-mile detour, with 15 miles of that on a narrow single-lane road that is impassable during wet or snowy weather. The bridge does not have a posted weight restriction.

Problem – The St. Mary Bridge has a sufficiency rating of 43 percent and has the following deficiencies:

- steel truss superstructure, which is considered a fracture-critical member, is constructed of mild steel with low tensile and yield strength,
- steel expansion rollers are currently bound up and nonfunctional,
- limited vertical clearance,
- areas of collision damage noted on top cords of steel portal bracing at both approaches,
- deteriorating concrete throughout center pier,
- deteriorating concrete throughout both end abutments, and areas near the face of the abutment caps are crumbling away under all fixed bearings, and
- no approach guardrails and the guardrail on the bridge does not meet current standards.

Proposed Solution – The proposed project would replace the existing structure with a multi-span precast, prestressed concrete bulb tee beam bridge. The new bridge would be for vehicles only and would no longer be used by the St. Mary Canal to support the pipes. The existing bridge would temporarily remain in place to support the pipes until the St. Mary Canal project replaces them with a pipe that would cross the river underground.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC technical review team noted that the St. Mary Bridge has an NBI sufficiency rating of 43 percent. The structure rating was a four; the lowest condition rating was a four for the substructure.

Statutory Priority #2: Reflects greater financial need.
The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fourth level and received 288 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 12th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 53.7 percent. **The relative concentration of persons living at or below the *LMI* level ranked fifth out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 27.3 percent. **The relative concentration of persons living at or below the *Poverty* level ranked fourth out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.019%
Bridge levy as it relates to the state median of 0.041%	47.17%
Entire levy as a percent of MHI	1.57%
Entire levy as it relates to the state median of 2.67%	58.62%
2003 mill value as a percent of 1986 mill value	35.43%
2003 bridge mills as a percent of 1986 bridge mills	342.33%
Ratio of 2003 bridge levy to 1986 bridge levy	1.21

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that additional analyses of substructure and superstructure alternatives would have been appropriate. Specifically, further review of steel girder superstructure and driven pile substructure alternatives would have benefited the PER. The review team also noted that cost estimates appeared to be somewhat high.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted. However, because the bridge is on tribal lands of the Blackfeet Reservation, and because of the federal funds involved the project would fall under the requirements of NEPA. Therefore, the department recommends that the receipt of a TSEP grant, if awarded, be conditioned upon the County complying with the requirements of NEPA before construction.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because it appeared that long-term planning has been limited and only recently re-initiated.

Rationale: The applicant stated that county crews have been aggressive in replacing smaller span bridges, particularly those of timber construction, with new steel or concrete culvert structures. The County is quite fortunate in that it only has eighteen bridges under its jurisdiction, with fourteen of those over 20' in length, and therefore, inspected biennially by the Department of Transportation (MDT).

However, the applicant also stated that it has not conducted any major bridge replacement or rehabilitation projects in the past several years, and has only recently been proactive in obtaining the MDT funding to conduct upgrades to its major bridges over 20' in length. The County is currently in the process of replacing one bridge using the MDT's off-system bridge program, and has nominated two others for replacement under the program. The other 10 major bridges have sufficiency ratings ranging from 49.1 to 99.7 percent and are considered in good condition for the time being, requiring only periodic, routine maintenance.

The applicant stated that it has put together a plan to replace and repair the four minor bridges it does own in the next few years. The approximate cost of replacing and repairing these four minor bridges is $37,700. Three of its four minor bridges (spans less than 20') would be replaced with concrete box culverts. The other minor bridge would be rebuilt. The County adopted bridge standards on May 4, 2004, for the repair and replacement of all bridges. Where feasible, the replacement of bridges with culverts is the preferred method. Past replacement of small bridges with culverts has resulted in the County now being responsible for only four bridges of less than 20 feet.

The applicant stated that it has a very proactive bridge maintenance program, having performed consistent maintenance over the years on all of the bridges under its jurisdiction. Due to the size and financial constraints of the County, there is no designated bridge department. The road department, which consists of a fourteen-man crew, performs all road and bridge duties as needed. They routinely inspect the bridges, performing routine maintenance such as barrier and guard rail repairs, cleaning waterways, patching concrete, re-decking, tightening bolts, cleaning dirt and debris, replacing signs, etc. As needed, the crew installs culverts, box culverts, guardrail, signs, cattle guards, etc.

The applicant stated that it is limited in the number of bridge mills that can be charged through property tax assessments, but has a history of levying the maximum number of mills it can afford, which demonstrates the County's willingness to generate the greatest amount of resources to fund operation

and maintenance budgets. The County has established a bridge reserve fund, although there is currently no money in it. The County also has a separate road reserve fund that does have some money in it.

The applicant stated that it has been very progressive in terms of long-range comprehensive and capital improvements planning. The County provided matching funds to initiate its planning program in the early 1970s, at which time a comprehensive plan was completed. A community needs assessment was completed in 1998. The planning board has jurisdiction over only one-third of the County, since the western two-thirds of the County consists of tribal land. The eastern part of the County has realized little growth since the oil boom died out several years ago. Until recently, the County has seen little need to move forward with an update to its comprehensive plan. However, over the past year this has moved higher on the list of priorities, particularly since the legislature has mandated that growth policies be in place by late 2006. With assistance from the project engineer, the County initiated a countywide bridge inventory in 2004, which resulted in a five-year bridge capital improvements plan (CIP) being adopted in May, and the County plans to revisit it each year during the annual budget cycle and use it as a key tool in overall capital improvements planning for the County. The replacement of the bridge is consistent with current plans as the proposed project represents the top priority in the County's bridge CIP, and follows the guidelines of the 1970 comprehensive plan and the 1998 community needs assessment. Although a bridge CIP has been completed, the County has not yet finalized a CIP for its roadways. The County plans to apply to CDBG in 2005 for funds to move forward with a growth policy and complete a road CIP.

The applicant stated that the deterioration of the bridge is primarily due to the original construction materials and the advanced age of the structure, and could not have been prevented by additional operation and maintenance activities. Structures of this type and era were typically constructed using mild steel, which simply cannot support modern day loads. The typical life for structures, such as the steel truss with concrete pier foundation currently in place, are 50 to 100 years. The bridge is now over ninety years old and has exceeded its useful life. The MDOC review team concluded that the County's O&M practices related to the bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the uncertainty of the federal appropriation.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant and a congressional appropriation. The applicant thoroughly discussed numerous other funding sources, but stated that the vast majority of all county owned bridges are replaced using bridge mills assessed through local property taxes. It was the opinion of the County that, with the exception of TSEP, there are typically no other viable sources of funding available for the replacement of the bridge, outside of the County's bridge budget. However, the County is in a very unique situation in that a funding partner (DNRC/St Mary Canal working group) has come forward with an offer to provide the matching funds needed to replace the bridge. The replacement of the bridge is an essential first phase of a much larger $90 to $120 million project. However, the DNRC/St Mary Canal working group needs matching funds in order to stretch a requested $5 million emergency grant that is primarily intended for the replacement of failing canal structures.

The applicant stated that the funding package proposed is very viable, since the matching funds have been committed through the DNRC/St Mary Canal working group. However, the $5 million emergency funds are part of a larger $10 million funding package that has been requested from Congress, but has not yet been appropriated. The request for the funds to begin the St. Mary Canal facilities rehabilitation project, if funded, would not be available until 2005 at the earliest. The proposed bridge project is essential in order to protect the existing siphons. Unless the bridge is replaced, heavy construction vehicles traversing the bridge could potentially cause its failure, thereby jeopardizing the canal pipes and access to the other side of the river. The DNRC approached the County with this

proposed bridge project, offering to provide the matching funds that were available through a congressional appropriation. However, the TSEP funds are crucial to making this project move forward, given that the County could not possibly come up with $500,000, and that the DNRC/St Mary Canal working group must provide local, non-federal funds to match the federal appropriation.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level three and received 300 points out of a possible 500 points.

Conclusion: 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 adequately document 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 bridge system. The proposed improvements should maintain and possibly add to the tax base if any business expansion occurs. The MDOC review team did not score this priority higher primarily because the applicant did not provide adequate documentation to clearly demonstrate that the business, which is discussed below, would expand and create new jobs as a direct result of the proposed project.

Rationale: The applicant stated that the bridge is critical to ranching operations to the east of the existing structure. The ranch operations need this road for access to their properties east of the structure to haul hay and livestock as well as other needed supplies. Closure of the bridge would inconvenience these operations in their efforts to expediently ship their commodities to market. The replacement of this structure would also help retain local ranch jobs by allowing continued access to their properties and allowing heavy farm implements, loads of hay, livestock, etc. to cross the river. In addition, members of the local work force live in the area of the bridge, and cross over the bridge to reach their jobs. Closure of the bridge would impact employers as well as the businesses that rely on these people to purchase their wares. Closure of this bridge would have obvious adverse impacts to vendors relying on the presence of residents in the area, such as mail carriers, concrete and gravel suppliers, propane delivery, trash haulers, and septic tank services. Use of the bridge is crucial in maintaining their client base and sustaining jobs.

The applicant stated that the bridge also provides access to the east side of the river for the BOR and associated entities that are involved in operation and maintenance of the St. Mary Canal and its appurtenances. The planned rehabilitation of the canal would not be able to move forward without replacing this bridge. The project, which is projected to take place over a period of 10 years at a cost of $120 million, would pump an enormous amount of money into the County, particularly the western portion that makes up the Blackfeet Reservation. It is anticipated that numerous jobs would be created for locals through this project, even though outside contractors would likely be awarded the work. The reason for this is that the Blackfeet Tribal Employment Rights Office, which has the authority to regulate contract activity on the reservation, requires prime and subcontractors to be let to Indian-owned firms if they are qualified. If they are not qualified, then the contractor(s) must pay a percentage of the contract to the Tribe and/or hire a certain number of tribal employees. The payments are used to create jobs for tribal members. The Blackfeet Tribe, which has an estimated 70 to 80 percent unemployment rate, would be greatly benefited from this project. The benefits would extend at least 10 years.

The applicant stated that it is important to note that the St. Mary's Canal has an enormous impact on the overall economy of north central Montana. The system provides irrigation water for over 110,000 acres on approximately 660 farms. Together, these farms produce approximately 8.3 percent of all cattle/calves, 7.8 percent of all irrigated hay, and 8.2 percent of all irrigated alfalfa produced in the State of Montana. The Milk River also provides municipal water to approximately 14,000 people in the communities of Havre, Chinook, and Harlem. In addition, two rural water systems are supplied from Fresno Reservoir. Beneficiaries also include fisheries, recreation, tourism, water quality, and wildlife. In a normal irrigation season (May through September), approximately 70 percent of the Milk River flow near Havre originates from the St. Mary River Basin. In dry years, the imported water may make up to 90 percent of the Milk River that flows past Havre. During the drought of 2001, 95 percent of available water in the Milk River originated in the St. Mary River Basin. Failure of the St. Mary Canal would be

catastrophic to the economy of north central Montana. The stable supply of irrigation water provided by the system secures the "backbone" of the region's agricultural economy. Without the imported water from the St. Mary River Basin, irrigated agriculture in the Milk River Basin, and the influx of local dollars generated by it, would cease to exist. Failure of the canal, siphons, or drop structures may also result in environmental damage on the Blackfeet Reservation and in southern Alberta.

The applicant stated that there is a specific business expansion that is dependent on the bridge. A bar and restaurant, immediately northwest of the bridge, was recently constructed in anticipation of the upcoming canal rehabilitation project, hoping to capitalize on the expected influx of construction workers into the area during that time period. The owner also has plans to add several camp spots and cabins to provide living quarters for these workers. His ultimate plan is to pay for the facilities through revenues from the canal project, and then be able to operate the area as a resort for people recreating in the area, and Glacier Park-related travelers, after the canal rehabilitation project is finished. A written business plan was not provided, and the above information was only relayed to the County orally.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not make a greater effort to inform the public about the specific proposed bridge project in order to show that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that it has taken great efforts to solicit citizen participation for the proposed project. The topic of bridge improvements in general has been a consistent item on the commission's agenda over the past several months. Discussion of the replacement of the St. Mary River Bridge has been a topic of the commission meetings for the past four to five years. A public hearing was held midday in Cut Bank on April 22, 2004, at the courthouse; it was advertised in the local newspaper. Several interested parties including the road superintendent, a state senator, the county emergency services coordinator and under-sheriff, and representatives of the local economic development organization were in attendance. Concerned that only a few people may show up to the hearing, the County made sure that a reporter from the local newspaper would be in attendance to cover the hearing and an article on the hearing was published. The proposed project was discussed at the public hearing, including sources of funding and any impacts that would be reflected on the current tax assessments. It was explicitly discussed that the taxpayers would not see an increase in taxes from this project, but would actually realize a stretching of their dollars. Minutes from the hearings, the sign in list, the hearing hand out, and the public hearing notices were included in the application.

The applicant stated that no objections were expressed at the hearing, nor have any been received since the newspaper article was printed. There appears to be a great deal of public support for the proposed project. The County solicited input from citizens, agencies and businesses that were believed to have an interest in the bridge project. Sample letters were sent out to people to inform them of the project and hopefully spur a response. Over thirty letters of support were received. The support ranges from affected private property owners, to local businesses, to emergency responder and service providers, to federal and state agencies, to local legislators. In addition, the commissioners spoke with several other individuals and jotted down notes.

Montana's congressional delegation has interest in this project moving forward. A letter of support was received from Senator Max Baucus, who is working to secure federal funds for the repair of the St. Mary diversion facilities. In addition, a letter of support was also received from Lieutenant Governor Karl Ohs, who has been chairing the DNRC/St Mary Canal working group that is attempting to secure funding for the repair of the St. Mary diversion facilities.

The applicant stated that with assistance from the project engineer, the County initiated a countywide bridge inventory in 2004, which resulted in a bridge CIP being adopted in May; the County plans to revisit it each year during the annual budget cycle and use it as a key tool in overall capital

improvements planning for the County. The replacement of the bridge is consistent with current plans as the project represents the top priority in the County's bridge CIP.

The applicant stated that it should be noted that although the condition of the bridge has been poor for some time, the urgency of the upcoming canal rehabilitation project pushed the replacement of the bridge up to the forefront. The applicant stated that the County was been presented with a golden opportunity to address a deficiency in its bridge system at minimal cost (staff time only), while also assisting with the implementation of a large project of local, state and international significance. It wasn't until March of 2004 that the decision was made to request TSEP funding assistance. In the short period of time remaining prior to the deadline for this application, the County and DNRC/St Mary Canal working group expended a considerable effort in educating the public, particularly those most immediately affected, about the project.

Project No. 16
City of Malta – Wastewater System Improvements

This application received 3,452 points out of a possible 4,900 points and ranked 16th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RD	Grant	$ 685,000	Submitted application
RD	Loan	$3,606,000	Submitted application
Project Total		**$4,791,000**	

Median Household Income:	$31,212	Total Population:	2,120
Percent Non-TSEP Matching Funds:	90%	Number of Households:	907

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$21.00	-	Target Rate:	$53.84	-
Existing Wastewater Rate:	$16.00	-	Rate with proposed TSEP Assistance:	$53.84	100%
Existing Combined Rate:	$37.00	69%	Rate without TSEP Assistance:	$56.16	104%

Project Summary

History – The City of Malta's wastewater system consists of gravity collection mains, six lift stations, and a two-cell facultative lagoon system with no disinfection and direct discharge of treated effluent to the Milk River. All the wastewater eventually flows through the Trafton lift station on the north side of the City, which pumps wastewater via a force main to the City's wastewater treatment facility that is north of the Milk River. In 1990, the City upgraded the first lagoon cell with surface aerators, which enhanced the treatment capacity of the system.

Problem – The City's wastewater system has the following deficiencies:

- Trafton lift station piping and valves are corroded, deteriorated and/or inoperable,
- Trafton lift station pumps are corroded and have reached the end of their useful life,
- Robinson lift station air lift pumps are outdated technology and difficult to maintain,
- Robinson lift station valves and piping do not have a separate dry well,
- the Trafton and Robinson lift stations do not have safe access for repair or maintenance,
- no backup power at the other four lift stations,
- City has had fifteen discharge permit violations of biochemical oxygen demand (BOD), total suspended solids (TSS), and fecal coliform since May 1998,
- system will not meet anticipated ammonia limits in the next permit,
- two-cell configuration limits the operational flexibility of the system and does not meet the Department of Environmental Quality (DEQ) standards of a three-cell lagoon system,
- significant accumulation of sludge and the sludge does not meet the Environmental Protection Agency (EPA) land application standards,
- no riprap is present on the majority of the dike banks, resulting in advanced erosion,
- existing outfall line to the Milk River has repeatedly failed due to collapsing pipe and manholes, and
- no service meters on the water system that can determine actual usage.

Proposed Solution – The proposed project would:

- construct a single partial-mix aerated lagoon, with storage cells, a ultraviolet disinfection system and spray irrigation,
- line the proposed lagoons with a synthetic PVC liner,
- replace the Robinson lift station,
- construct a new staircase at the Trafton lift station,
- replace the pumps, valves and piping at the Trafton lift station,
- perform minor repairs to the remaining four lift stations, and
- install approximately 1,003 water service meters.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. 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.

Rationale: The MDOC technical review team noted that there are a number of deficiencies in the Malta wastewater system that could affect the public's health and safety. The City has experienced an increased frequency of permit violations for BOD, TSS and fecal coliform. The fecal coliform violations indicate that the public is at risk of exposure to pathogenic organisms in the Milk River if adequate bacteria reduction is not achieved in the wastewater discharge. The BOD and TSS violations may pose a threat to the environment, particularly given the identification of the Milk River on DEQ's 303(d) listing of impaired streams. The lagoons were inefficiently designed, have excessive solids build-up, and have eroding dikes. Imposition of future effluent limits cannot be met with the treatment facilities.

The lift stations have old equipment that should be replaced in one station, and unsafe conditions should be eliminated in another of the six lift stations. The safety problem in the Trafton lift station is primarily associated with a spiral staircase in an old structure, which does not meet current standards. The Robinson lift station, with pumping equipment in a wet well, poses a safety hazard for workers, particularly if confined space safety procedures are not followed. Additionally, a gravity outfall line frequently collapses, resulting in a potential discharge to private property.

Statutory Priority #2: Reflects greater financial need.
The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 29th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 35.7 percent. **The relative concentration of persons living at or below the *LMI* level ranked 39th out of the 47 applications.**

- The percent of persons living at or below the *Poverty* level is 13.1 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 25th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team agreed that the PER was complete and well done. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the review team noted that the applicant has made limited use of planning tools; the City does not have a growth policy and its CIP, which deals with just water, wastewater and streets, was adopted only two years ago.

Rationale: The applicant stated that between 1999 and 2001 the sewer system's O&M budget ran in the red. In 2000, the sewer rate was a flat rate of $10.00, but the City increased the rate by $1 in 2002. Again, in November 2003, the City increased the rates by $5 per month. The applicant stated that at the end of June 2003, the sewer enterprise fund had a cash reserve of $82,271.51.

The applicant stated that since the early 1990s, the City and Phillips County, in conjunction with PhillCo Economic Growth Council (PhillCo EGC), have sponsored "around the County" listening forums. Based on the listening forums, PhillCo EGC prepares a strategic plan, which includes the City. The applicant is also a member of the Bear Paw Development Economic Development District, which prepares an annual comprehensive economic development strategy; the proposed project is included in the work plan. With assistance from PhillCo EGC, the City conducted a community needs assessment survey in 2001. With that data, the City created a capital improvements plan (CIP) including water, wastewater and streets that was adopted in December 2002. The applicant stated that it has initiated the top six priorities, priorities seven and eight were incorporated into the proposed project, and planning for the implementation of priority nine, replacing roofs on the older water tanks has started.

The applicant stated that Montana Economic Development Association (MEDA) conducted a resource team assessment in Malta in 2003. The sewer project was listed as a need. The applicant stated that Phillips County is developing a countywide growth policy and the City would work with the County to designate appropriate land use around the lagoon site. The applicant stated that RD would require the installation of individual water service meters as part of the wastewater project and the City is currently evaluating its water rate structure.

The applicant stated that the issues surrounding the wastewater system have not developed because of inadequate O&M practices. The City owns a sewer camera to videotape problem areas,

performs regular maintenance on the lift station, and the wet wells are professionally cleaned approximately every five years. Problems with the lagoon system have resulted because of the original substandard design of the treatment system, and the controls, pumps, piping and valves have reached the end of their useful life. The MDOC review team concluded that the City's O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project, because user rates would be barely above the target rate without the TSEP funds.

Rationale: The applicant has proposed a funding package consisting of TSEP and RD grants in combination with a RD loan. The applicant stated that it evaluated the cost difference between RD and SRF and elected to utilize the RD loan and install water meters. The decision was based on the fact that the City would eventually need to do improvements to its water system and household water meters would be required.

The applicant stated that the proposed project would not create or retain a sufficient number of jobs; therefore it is not eligible for EDA funding. An application was not submitted to the RRGL program because the applicant stated that the program is very competitive and if the City did receive an RRGL grant USDA would reduce the RD grant. The applicant also considered applying for a federal appropriation through STAG, however, but stated that it is a lengthy process. Furthermore, the City would still need to meet the target rate and additional grants may eliminate the City's eligibility for a TSEP grant.

Subsequent to scoring this priority, RD has agreed to provide funds to the applicant. The application included a letter from RD stating that the RD funding would be subject to the City being successful in receiving the TSEP grant.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of any long-term, full-time jobs, nor would it directly result in business expansion.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that it held its first public hearing for the proposed project on January 27, 2004. The purpose of the hearing was to obtain public comments on the draft PER. Three residents attended the meeting. The project as initially proposed did not include the installation of water meters. The application included copies of the legal affidavit, minutes, and sign-in sheet. A second hearing was held on April 27, 2004, to discuss the funding strategy and financing impacts of the proposed project. The applicant stated that the project was explained and potential user rates were discussed, however the MDOC review team was not able find documentation in the application that showed that potential user rate impacts were discussed at the hearing. However, a newspaper article was published on April 7, 2004, that did discuss the proposed rate increase. Fourteen residents attended the meeting. Copies of the meeting minutes and sign-in sheet were included in the application, along with several newspaper articles relative to the proposed project and letters of support from a state senator, the local chamber of commerce, Phillco EGC, and one resident.

With assistance from PhillCo EGC, the City conducted a community needs assessment survey in 2001. The City adopted a limited CIP in December 2002, which noted the improvements needed at the wastewater treatment facility. In October 2003, the City, in conjunction with MEDA, conducted listening forums. The forums were the basis of a resource assessment report, which identified the wastewater treatment facility as a need.

Project No. 17
Crow Tribe – Wastewater System Improvements in Crow Agency

This application received 3,384 points out of a possible 4,900 points and ranked 17th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000. However, MDOC also recommends that the receipt of a TSEP grant, if awarded, be conditioned upon:**

1) **the formation of a tribal utility, with all of the wastewater infrastructure in Crow Agency owned, operated and managed by a tribal utility, and**
2) **the re-evaluation of the population projections upon which the size of the outfall pipe is calculated and provide an acceptable justification to the department that the outfall pipe is properly sized.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
STAG	Grant	$ 1,022,000	Request submitted February 2004
IHS	Grant	$ 200,000	Committed
SRF	Loan	$ 200,000	Application to be submitted May 2005
Project Total		**$ 1,922,000**	

Median Household Income:	$22,438	Total Population:	1,969
Percent Non-TSEP Matching Funds:	74%	Number of Households:	326

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$25.00	-	Target Rate:	$38.71	-
Existing Wastewater Rate:	$15.00	-	Rate with proposed TSEP Assistance:	$42.79	111%
Existing Combined Rate:	$40.00	103%	Rate without TSEP Assistance:	$50.28	130%

Project Summary

History – The wastewater collection system in Crow Agency was originally built in 1911. Over the past 90 years the collection system has been expanded by various government agencies; as a result, records of the system are incomplete. However, the Tribe and tribal water commission are working to gather this information as they work toward forming a tribal owned utility. Of the information that is available, it is known that the collection system consists of approximately 8.7 miles of gravity sewer, approximately one-mile of force main, and 191 manholes. The collection mains range in size from 4" to 12" in diameter, and the known pipe materials include vitrified clay pipe and polyvinyl chloride pipe. Manholes in the system are made from brick, cast in place concrete, and precast concrete. The collection system also includes five sewage lift stations; one of which is currently owned, operated, and maintained by the Bureau of Indian Affairs (BIA).

Problem – The wastewater system in Crow Agency has the following deficiencies:

- system is not sized to accommodate the design peak flow without surcharging,
- approximately 5,750' of mains are 4" or 6" diameter (minimum of 8" is required),
- approximately 17,250' of the mains have been installed at less than the required slope,
- deteriorated mains and manholes as evidenced by cracked pipes, root penetration, sagging lines, offset joints, crumbling manhole barrels, missing steps, and settling,
- master lift stations, which lifts wastewater to the treatment lagoons, has inadequate capacity and the dry pit side of one of the two lift stations was totally filled with water when recently observed (these would be combined into a single lift station when replaced),

- west lift station is unreliable and the concrete wet well is severely corroded,
- the associated 4" force main is badly corroded and experiences numerous breaks, and
- the existing treatment system is undersized.

Proposed Solution – The proposed project would be the first of multiple phases and would:
- construct a new sewer interceptor through Crow Agency, and
- replace the west and master lift stations.

Note: The proposed solution does not propose to resolve the problems related to treatment, inflow and infiltration, or the problems with the inverted slopes or undersized laterals. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system have occurred or are imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC technical review team noted that the collection system is in very poor condition and some slopes are noted as actually inverted, requiring very frequent cleaning. One site visit demonstrated sewage backed-up to within 3' of the manhole cover for three of eight manholes visited, where the manhole depth was approximately 8', thus the poor condition is considered very well documented. The PER noted that operating logs demonstrated an average of 24 sewer back-ups per year. Back-ups to homes were not mentioned, but is likely to have occurred. Surfacing of wastewater from the manholes has been documented showing the presence of wastewater in areas very accessible to the public.

The presence of raw, untreated wastewater on the surface is a severe threat to the public's health and safety. Disease or illness can result either through direct contact or vectoring. Though no disease or illness has been documented, it can be assumed that it is imminent. Also, with the surcharge of raw sewage onto the surface, environmental pollution has occurred and would be a violation of the Clean Water Act.

Although the sewer interceptor does not solve all the problems with inverted slopes, or sewage backups, its construction is a logical first step in solving these problems. The interceptor slope and depth needs to be set prior to hooking up the laterals. Therefore, the sequencing of this project with the interceptor main being built first is appropriate.

Statutory Priority #2: Reflects greater financial need.
The applicant received 684 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fifth level and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked fourth out of the 47 applications**

- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 62.4 percent. **The relative concentration of persons living at or below the *LMI* level ranked second out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 40.9 percent. **The relative concentration of persons living at or below the *Poverty* level ranked first out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that there are two PERs, dated 2001 and 2003, contained as appendices to the 2004 PER. There was a contradiction between the 2001 PER and the 2004 PER regarding how flows were calculated, which would appear to sharply oversize any new collector lines. There are significant concerns regarding the population estimates used in the 2001 PER that are used in the collection system sizing. Population estimates used in the 2004 PER appear reasonable, but those were not used for the collection system design. As a result, the department recommends that the receipt of a TSEP grant, if awarded, be conditioned upon the Tribe re-evaluating the population projections upon which the size of the outfall pipe is calculated and providing an acceptable justification to the department that the outfall pipe is properly sized. There was also a lack of O&M cost projections and a lack of a life cycle cost analysis for the collection system.

Full replacement of the lift stations was recommended, though no cost data was given for the alternative, nor any schematics or pump sizing or energy requirements. No life cycle or O&M costs were provided for the alternatives, including the preferred alternative.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the situation is similar to a newly formed county water and sewer district that is taking over the responsibility for a public system and the Tribe is in the beginning stages of taking over total responsibility for its wastewater system in Crow Agency.

Rationale: The applicant stated that a preliminary engineering study was completed for Crow Agency in 2001, which evaluated the water distribution and wastewater collection systems and provided recommendations for long-term improvements. In 2002, the Tribe completed: 1) a community needs assessment and a seven-year capital improvements plan (CIP) that addresses the water and wastewater systems, 2) a funding strategy that identified possible funding sources and strategies for the identified water and wastewater improvements, and 3) a rate structure that would be implemented upon the formation of a tribal owned utility. In 2003, another preliminary engineering study was completed that

focused on improvements to the existing water treatment plant and wastewater treatment facilities. Later in 2003, the preliminary engineering study prepared earlier in the year was revised and modified by a new engineering firm, and again, a funding strategy was also prepared. These preliminary engineering studies identified over $18 million in improvements needed to the water and wastewater systems. In 2004, a new PER was prepared for the wastewater system that combined all of the earlier reports into one cohesive report. The proposed project is Crow Agency's highest priority according to the PER.

The applicant stated that it has not had the responsibility for managing the entire water or wastewater systems, since the BIA has maintained these facilities. However, the Tribe is working toward creating a tribal-owned utility in order to take over management responsibilities. In January 2002, the Tribe created a water commission. The Tribe and the BIA have also created a memorandum of agreement regarding the operation of the water treatment plant. It is anticipated that by the fall of 2004, the tribal-owned utility would be completely formed and operational. The Tribe would also need to negotiate with the BIA regarding the ownership of the system and annual monies that would be provided for the operation and maintenance of the systems.

The applicant stated that current BIA budget for maintenance of the system is $100,000. The BIA assesses a combined rate of $40 to help pay for operation and maintenance of the water and sewer systems.

The applicant stated that the current problems are due to the age of the system and not the lack of operation and maintenance of the system, since much of the system is 100 years old. The Tribe and the water commission are actively trying to take over ownership of the system to ensure the long-term viability of the system. The MDOC review team concluded that the O&M practices related to Crow Agency's wastewater system appear to be inadequate; however, this is a unique situation since the Tribe has not been responsible for the wastewater system in Crow Agency.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the STAG funds have not yet been awarded and issues with an SRF loan have not yet been resolved. In addition, The MDOC review team concluded that it appeared that an Indian CDBG grant was not adequately explored and could potentially be obtained for the proposed project.

Rationale: The applicant has proposed a funding package consisting of TSEP, STAG, and Indian Health Service (IHS) grants in combination with a SRF loan. The applicant stated that when the funding strategy for this project was developed, all funding sources were considered. With the assistance from Montana's congressional delegation, a STAG grant has been requested and the Tribe is anticipating that Congress would award the funds in October 2004. The IHS has set aside funds from its budget, and would be available once the rest of the funding package is complete.

The Tribe would submit an application to the SRF loan program in the spring of 2005, once confirmation of the other funding has been received. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The Tribe spoke with an SRF representative to explain the project in general terms, and at that time, the Tribe stated that it intends to use gas tax revenues as security for a loan. However, the financial officer for the SRF program stated that the Tribe, and its utility, must demonstrate that the use of the gas tax as a security for a loan is a feasible option, which had not yet been done at the time the application was submitted.

The applicant stated that other funding programs were considered, but not utilized. The Tribe is not eligible to apply to the State's CDBG program. The applicant stated that due to on-going projects they did not think that they were eligible to apply to the Indian CDBG program at this time. However, the regional program manager for the Indian CDBG program could not think of any reason why the Tribe would not be eligible to apply for those funds. The Tribe considered RD's grant and loan program, but

chose the SRF program instead. The Tribe considered applying for a Coal Board grant, but according to State law, Indian tribes are only eligible for seven percent of the Coal Board appropriation, or about $80,000, which was considered to be an inadequate amount for a $2 million construction project. The MDOC review team noted that the applicant did not discuss the possibility of applying for an RRGL grant; however, it does not appear that the proposed project would be competitive through that program.

No other funds are contingent on receiving a TSEP grant. However, without the TSEP funds this project may not be financially viable, since a high percentage of the residents are below the poverty rate and the majority of the residents are at or below the LMI percentage rate.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area. This priority was not scored higher because the applicant did not adequately document that the business discussed below would expand and increase employment opportunities as a result of the proposed project.

Rationale: The applicant stated that no long-term employment opportunities would be created as a direct result of this project. However, there would be short-term employment opportunities created during construction of this project, which are important to the Tribe since it has such a high LMI and poverty rate.

In addition, no businesses have approached the Tribe concerning expansion. However, the applicant stated that there is great potential for growth to occur within the college, at the hospital, and around the vicinity of the casino and hotel. This project would likely encourage the expansion of the tax base, since the proposed improvements would facilitate business as well as economic growth in Crow Agency.

Although not discussed in the applicant's response, the application contained a letter from one business owner that stated he plans to expand his store, which in turn would require a 50 percent increase in employees; however, no other details were provided, and he did not say whether the expansion was dependent on the proposed project.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because it appeared that planning efforts to prioritize needs are relatively recent.

Rationale: The applicant stated that this project is a high local priority for the Tribe and Crow Agency and has the community's support. The Tribe and water commission made special efforts to involve the public in the education and decision process. Numerous water commission meetings have been held that were open to the public. In addition, a formal public hearing was held April 14, 2004 at the BIA to obtain comments on the proposed project and 15 residents attended. At the hearing, the problems with the system were discussed, alternatives to address these problems were presented, and cost estimates were provided. The project engineer presented several possible funding scenarios, and informed the attendees about the increase of user charges that would result from the proposed project. The application included an advertisement about the hearing, sign-in sheet and the engineer's presentation.

A community needs assessment and a seven-year CIP for the water and wastewater systems were completed in 2002, and the proposed project is Crow Agency's highest priority. The applicant stated that the attendance and comments at public hearings were very positive, and that the citizens of Crow Agency are in favor of the upgrades to the collection system. The applicant stated that several letters of support from citizens and businesses around town were received. However, the application only included four letters of support: two letters from the same person that represents three area businesses, the college president, an official in charge of the post office, and one from the county commissioners.

Project No. 18 City of Libby – Wastewater System Improvements

This application received 3,360 points out of a possible 4,900 points and ranked 18th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
STAG	Grant	$ 1,400,000	Application to be submitted June 2004
WRDA	Grant	$ 500,000	Application to be submitted in the Fall of 2005
SRF	Loan	$ 79,000	On priority list
City	Cash	$ 12,000	Funds committed
Project Total		**$ 2,591,000**	

Median Household Income:	$32,712	Total Population:	265
Percent Non-TSEP Matching Funds:	81%	Number of Households:	103

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$37.72	90%	Target Rate:	$ 56.43	-
Existing Wastewater Rate:	NA	-	Rate with proposed TSEP Assistance:	$ 62.34	110%
Existing Combined Rate:	NA	-	Rate without TSEP Assistance:	$100.11	177%

Project Summary

History – In early 2004, the Cabinet Heights area, which is located immediately south of the City of Libby, petitioned for annexation. The area consists of approximately 100 homes and a golf course, all of which utilize on-site wastewater treatment and disposal systems. Water is currently supplied from the City's public water system.

Problem – The Cabinet Heights area has the following problems:
- drainfield failures, and
- seepage pits instead of drainfields due to small lots.

Proposed Solution – The proposed project would:
- extend a gravity collection system from the City of Libby to the Cabinet Heights area, by installing approximately 12,400' of 8" PVC pipe,
- construct one lift station, and
- abandon the existing on-site wastewater treatment and disposal systems.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including failing, high-density on-site wastewater systems. These on-site wastewater systems have inadequate room for replacement and are likely causing environmental pollution and soil instability. The cause of a 1997 mudslide in the Flower Creek drainage immediately below the Cabinet View Trailer Court is partly attributed to the hydraulic overloading of the soils from on-site wastewater systems in the Cabinet Heights Area.

The local residents are connected to Libby's public water supply system, so there are no concerns with contamination of area drinking water wells from the on-site wastewater systems. However, area groundwater and surface water are likely impacted by wastewater effluent, some of which receives minimal treatment in septic tank/seepage pit systems. Possible future public health and safety problems include: surface waters could be impacted due by nutrient overloading, soil instability from on-site wastewater systems could contribute to future mudslides in the area, and surfacing sewage or sewage backup into homes could exposes people to disease-causing pathogens.

Statutory Priority #2: Reflects greater financial need.
The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 34th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37.1 percent. **The relative concentration of persons living at or below the *LMI* level ranked 36th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 15.8 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 15th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that a PER prepared in 2001 for the wastewater collection and treatment system was included as an appendix to the 2004 PER. The wastewater treatment plant and the two system lift stations were not discussed in any detail in the 2004

PER. The status of the improvements recommended in the 2001 PER, namely improvements to the City's solids handling facilities and an infiltration/inflow study, were not provided in the TSEP application or 2004 PER. It was also not clear why the Cabinet Heights area takes precedence over other areas identified in the 2001 PER, especially considering the limited capacity of the wastewater treatment plant.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the review team noted that the applicant has made limited use of planning tools; the City does not have a growth policy and its CIP has some shortcomings.

Rationale: The applicant stated that it participated in a needs assessment for the Lincoln County area in 1994. In 1994, a water treatment master plan was written that provided recommendations for improvements to the City's water treatment plant, and as a result a new treatment plant was constructed. In 1997, a capital improvements plan (CIP) including water, wastewater, streets, the industrial park and parks and cemetery, was completed. The MDOC review team noted that the CIP was three and half pages long and did not delineate time frames to address the identified needs. In 2001, a PER was created for the water system, which focused on the water distribution system. Also in 2001, a PER was completed for the wastewater collection system and treatment plant. The proposed project is consistent with the CIP and the PER, and is currently the City's number one priority. In addition, a specific PER was completed that investigated providing sewer service to the Johnston Acres subdivision just north of the Cabinet Heights project area, which received TSEP funds. The Johnston Acres project was bid in June 2004. The low bidder came in $500,000 above the engineer's estimates and the City determined that it would be in its best interest to re-bid the project with a March, 2005 start date. When this project is completed the sewer will extend to a point where it could be further extended to serve the Cabinet Heights area. In March 2002, the City participated in the creation of an economic plan for the region, which discusses the obstacles that are needed to overcome in order for the area to grow.

The applicant stated that it budgets approximately $270,000 annually for O&M expenses related to its sewer system and maintains a goal of cleaning the entire system every year. The applicant stated that the issues surrounding the Cabinets Heights area have not developed because of inadequate O&M practices, but instead are due to utilization of concentrated on-site wastewater systems in poor soils. The MDOC review team concluded that the City's O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the uncertainty of the other funds.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, WRDA, and STAG grants in combination with a SRF loan and local reserves. The proposed project on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The applicant stated that it would submit an application to SRF in June 2005 to defray any additional costs not covered by grants.

The applicant stated that with assistance from Montana's congressional delegation it plans to request a direct appropriation from Congress in the form of a STAG grant, with the notice of award being sometime in October 2004. The applicant stated that in addition, it would request $500,000 in the fall of 2005 for a grant from the Water Resource Development Act of 1999, which is administered by the Army Corps of Engineers.

The applicant stated that the other funding programs considered were RD, CDBG, and the Coal Board. RD was not selected because the maximum grant amount is 75 percent leaving a total loan amount of approximately $500,000. The project becomes unaffordable due to having only 110 connections in which to divide loan payments. The applicant stated that it is not eligible to apply to the CDBG program because the LMI percentage in the proposed project area is too low. The applicant identified the Coal Board as a funding option should one of the other funding sources fall through. The MDOC review team noted that the applicant would not appear to be eligible for a Coal Board grant because the community has not been impacted by coal production.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project has the potential to create or retain long-term, full-time jobs, and allow for business expansion as the proposed project would allow for future expansion of a local golf course. By bringing the sewer system closer to the golf course, an additional nine holes can be added as well as 100 new homes. The applicant stated that the expansion as well as annexation of the project area, would allow the City to increase its tax base. The application included a letter from the golf course stating that the expansion is dependent on the extension of sewer to the area because without the sewer, home sites cannot be added in the project area and the home sites are necessary to finance the expansion project. The letter stated that the expansion could increase staff from seven to 15. The applicant stated that the owners of the golf course would not write a business plan until the proposed project is funded, because if the project fails to be completed there would be no need for a business plan, since the golf course could not expand.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: 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.

Rationale: The applicant stated that it held three public hearings to discuss the proposed project. The first public hearing was held the evening of February 11, 2004 at which 30 residents were in attendance. The purpose of this meeting was to inform the public about the alternatives for the sewer in the Cabinet Heights area, as well as to discuss a funding strategy. The application included the sign-in sheet and presentation made at the meeting. The second hearing was held the evening of March 31, 2004. The purpose of the meeting was to conduct a community needs assessment. The citizens present were asked to fill out an assessment form ranking the priorities from the highest to lowest need. The applicant stated that improvements to infrastructure were listed on the majority of the assessments.

The MDOC review team noted that only four residents attended the hearing. A third public hearing was held the evening of April 27, 2004. Nine residents attended the meeting. Several alternatives were discussed as well as the cost per connection following completion of the project and the projected sewer rates. The application included the sign-in sheet and a copy of the presentation shown during the hearing. Notice of all three hearings were posted around the City and advertised in the local paper.

The City participated in a needs assessment for the Lincoln county area in 1994, and in 1997, a CIP was completed. The proposed project is consistent with the CIP.

The City would require annexation of the project area. The application included a copy of the annexation petition information and five letters of support.

Project No. 19 Big Horn County – Bridge System Improvements

This application received 3,356 points out of a possible 4,900 points and ranked 19th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $142,500.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 142,500	Awaiting decision of legislature
County	Local	$ 90,450	Committed
County	In-kind	$ 52,050	Committed
Project Total		**$ 285,000**	

Median Household Income:	$27,684	Total Population:	12,761
Percent Non-TSEP Matching Funds:	50%	Number of Households:	3,924

Project Summary

History – The Tullock Creek Bridge was constructed in 1971. The bridge is located on Tullock Creek Road, which is a north-south route through the Tullock Creek Valley, and is about seven miles north of State Highway 384 and 23 miles south of I-94. The existing bridge consists of concrete tee beams supported on steel piles. No major improvements to the bridge have been made in recent years.

This road serves 36 full-time residences, most of which are farm and ranch properties, recreational users, and is a designated school bus route. This route is critical to the County as it serves as the only maintained road in the valley. If the bridge were to fail, the alternative route would add up to a 55-mile detour. The bridge has a posted load limit of 10 tons.

Problem – The bridge has a sufficiency rating of 48 percent and has the following deficiencies:

- bridge is narrower than the roadway,
- moderate to heavy wear on riding surface,
- concrete spalling on top of deck,
- erosion at abutment walls and backwall planks,
- concrete cracking and spalling at top of caps, and
- wingwall piles are splitting.

Proposed Solution – The proposed project would replace the existing bridge with a new single-span concrete tri deck bridge.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC technical review team noted that the Tullock Creek Bridge has an NBI sufficiency rating of 48 percent. The structure rating was a four; the lowest condition rating was a four and that was for the substructure.

Statutory Priority #2: Reflects greater financial need.
The applicant received 576 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fifth level and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 11th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 54.5 percent. **The relative concentration of persons living at of below the *LMI* level ranked fourth out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 29.2 **percent. The relative concentration of persons living at or below the *Poverty* level ranked second out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.001%
Bridge levy as it relates to the state median of 0.041%	2.03%
Entire levy as a percent of MHI	1.02%
Entire levy as it relates to the state median of 2.67%	38.19%
2003 mill value as a percent of 1986 mill value	15.23%
2003 bridge mills as a percent of 1986 bridge mills	81.08%
Ratio of 2003 bridge levy to 1986 bridge levy	0.12

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the hydraulic analysis was not as complete as needed to adequately ensure that the length of the bridge is correct. This could possibly affect the ultimate length of the bridge and is of concern given the proposed use of 60' tri deck beams, the

maximum length for such that type of precast system. If a longer bridge is necessary, a more expensive bulb tee bridge would be required.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 320 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant only recently started to utilize some of the various types of planning tools available such as a capital improvements plan (CIP).

Rationale: The applicant stated that the poverty rate in the County is 29.2 percent, which is twice the average poverty rate of 14.6 percent for the entire state of Montana. This makes it very difficult for the County to levy mill taxes for bridges. It is also important to note that a substantial portion of property in the County is reservation land. The only properties on the reservations that can be taxed by the County are deeded parcels. As such, a great deal of the property in the County does not generate county taxes.

The applicant stated that it has maintained reasonable budgets, and has implemented extensive maintenance and repair projects. Thirty-four repair projects have been completed on County bridges in the last three years. These include projects such as repairing guardrails, adding riprap, and replacing decking. Additionally, seven bridges have been replaced with culverts since 1999. The applicant also provided a list of 25 different public facilities/services that are, and have been, adequately maintained and provided by the County.

The applicant stated that it has inventoried all of its bridges and adopted a bridge CIP on April 20, 2004. The bridge CIP stipulates that the County should perform routine bridge inspections, and update the CIP accordingly. The CIP indicates that the Tullock Creek Bridge is the most important bridge to be replaced at the current time. The County has already replaced one bridge of greater importance.

The applicant stated that it began working on its growth policy in 1999, and has held numerous public meetings to solicit public input. The growth policy is a comprehensive document, and specific objectives concerning roads, bridges, and emergency services are included. The growth policy presents an action plan relative to how the County will address road, bridge, and emergency services. The growth policy includes the following objectives: continue to maintain an inventory of the roads and bridges for which the county is responsible; develop a five-year road and bridge management and maintenance plan, including criteria for prioritizing projects; and improve and maintain county road signs on existing roads.

The applicant stated that the deficiencies for the Tullock Creek Bridge are common and expected with a bridge that was constructed in 1971, particularly considering the enormous change in the sizes and capacities of farm tractors, commercial vehicles, as well as personal vehicles. Decay of the concrete deck can likely be attributed to oversized loads, in conjunction with inferior concrete mix design at the time of construction. The MDOC review team concluded that the County's O&M practices related to bridges appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 420 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not investigate the use of Coal Board funds for this project.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant, County funds and in-kind services. The applicant stated in its bridge CIP that three funding sources are available for non-emergencies: county, TSEP and Department of Transportation (MDT). Seven bridges were identified in the bridge five-year CIP for replacement or major repairs. Funding sources included two with TSEP, one with MDT, and four with county funds. Other sources of funding listed in the CIP included 14 local financing tools as well as 10 other MDT, state and federal funding programs. The County stated that they will not rule out any viable options to fund bridges, but funds are generally limited to county, TSEP and MDT sources. The County is eligible to apply for funding through the coal board, but did not discuss this source as a possible funding option.

The applicant stated that it has committed to providing its matching funds and in-kind services. The in-kind services would consist of: removing and relocating the existing bridge; providing detour routes and associated signage; constructing guard rails; and performing all bridge approach construction.

The applicant stated that the TSEP grant is critical to implementing the proposed project, and if it does not receive the grant, the bridge would not be improved. The County does not have the money, staff, or construction equipment to replace the bridge on its own.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 bridge. The proposed improvements should maintain and possibly increase the taxable valuation of the project area. The applicant was scored at a level two because residential and commercial areas would only be indirectly benefited.

Rationale: The applicant stated that the proposed bridge replacement project was selected in part because of its importance to the overall community and economy. The bridge serves as the only maintained road in the Tullock Creek Valley, and it is used as a cut-off road for commercial truckers from Interstate 94 to State Highway 384.

The applicant stated that the bridge is critical to the Sunlight Ranch, a major commercial cattle operation that employs an average of 10 people. The Sunlight Ranch also has logging operations ongoing within the ranch boundary. The bridge is critical in moving cattle and hay to and from the ranch. Also, several logging operations use the bridge to haul logs from the valley area to be prepared for transport or for processing. In addition, this route is also used by package/letter delivery services, propane delivery, septic pumping, and veterinary services.

However, the applicant did not indicate that any jobs were dependent on the replacement of the bridge, or that any business expansion would take place as a result of the proposed project.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant held only one public meeting that had little attendance.

Rationale: The applicant stated that there was a public hearing to inform citizens of the proposed project and to solicit input on April 20, 2004. Four people attended the public hearing, and all except one were in full support of this project. Minutes of the public hearing, a newspaper notice, and

letters of support from four county officials (fire, sheriff, road and commissioners office) and four property owners were provided in the application.

The County has adopted a bridge CIP, and the bridge is listed as the number one priority bridge in the County at this time. The County held more than nine public meetings to solicit public input on its draft growth policy, and held 20 other public meetings conducted around the county during its development. The growth policy has specific objectives concerning the County's roads and bridges.

Project No. 20
Custer Area-Yellowstone County Water and Sewer District – Wastewater System Improvements

This application received 3,356 points out of a possible 4,900 points and ranked 20th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
CDBG	Grant	$ 500,000	Applied May 2004
SRF	Loan	$ 117,894	Will apply May 2005
Coal Board	Grant	$ 125,000	Applied May 2004
RRGL	Grant	$ 100,000	Awaiting decision of legislature
TSEP	Grant	$ 14,343	Expended on PER
District	Local	$ 12,579	Committed
Project Total		**$1,369,816**	

Median Household Income:	$26,944	Total Population:	145
Percent Non-TSEP Matching Funds:	63%	Number of Households:	68

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	NA	-	Target Rate:	$18.19	-
Existing Wastewater Rate:	$22.50	123%	Rate with proposed TSEP Assistance:	$29.50	162%
Existing Combined Rate:	NA	-	Rate without TSEP Assistance:	$79.31	436%

Project Summary

History – Although the Custer Area/Yellowstone County Water and Sewer District was not created until 2003, the wastewater system that serves the Custer community utilizes was constructed in 1968 through a rural improvement district (RID). The system consists of gravity collection mains, a dry-well type lift station, and two facultative lagoons. Besides the emergency replacement of approximately 400' of collection main in 1998, no major improvements to the system have been completed.

Problem – The District's wastewater system has the following deficiencies:
- undersized, leaking, and deteriorating lift station,
- lift station lacks flow meter, straining mechanism or grinding mechanism,
- lagoons are leaking approximately 84 percent of the wastewater that enters,
- less than five days detention time in the lagoons causes untreated wastewater to directly enter the groundwater,
- there is a major inflow and infiltration problem in the wastewater collection system, and
- the amount of flow in the wastewater system varies with the water table resulting in untreated wastewater seeping into the groundwater from the collection system.

Proposed Solution – The proposed project would:
- construct a new lift station,
- video inspect the collection lines and clean as needed,
- replace clay tile pipe with approximately 4,000' of 8" PVC pipe,
- install approximately 2,650' of force main to the lagoons, and
- restructure the current lagoon cells into two lined facultative lagoons and infiltration/percolation ponds.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. 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.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: leaking sewer mains, a leaking lagoon and a substandard lift station.

The homes in Custer are served by individual wells, rather than a public water supply system. Many of the private wells are over 100' deep, with this lower aquifer protected by overlying clay and rock layers. These wells should not be at a high risk of contamination from leaking sewers unless there are deficiencies in well construction. However, any private wells completed in the upper alluvium would be susceptible to contamination from leaking wastewater collection lines. The people using these wells risk illness or disease from potential contact with wastewater pathogens.

There is potential for a serious accident for the operator at the lift station due to difficulties in working in the confined space and electrical inadequacies. If plugging occurs at the lift station due to a lack of screening, sewage backups and lift station overflow are likely, possibly resulting in serious consequences such as illness, disease and/or substantial property loss.

The leaking lagoon is located about 0.5-mile down gradient of the Custer community; therefore, inadequately treated wastewater should not negatively affect Custer wells. However, contamination of the groundwater is likely occurring and could pose long-term problems for future development to the northeast. Custer received a permit to discharge to the Yellowstone River in 1974, but never has done so because the wastewater in the lagoon leaks to groundwater instead.

The proposed project would replace about one third of the collection mains, based on results of videotaping. Not all of the leaking collection mains would be replaced as part of this proposed project. Additional mains would be replaced in the future as sewer reserves become available.

Statutory Priority #2: Reflects greater financial need.
The applicant received 576 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked seventh out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41.4 percent. **The relative concentration of persons living at or below the *LMI* level ranked 25th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 1.4 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 47th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the 4th level and received 432 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the District was just recently created.

Rationale: The applicant stated that prior to February of 2003, the sewer system was managed by Yellowstone County through a RID. The District's residents voted 100 percent in favor of the formation of the county water and sewer district in 2003.

The applicant stated that the County assisted the District with a loan to provide matching funds for the PER preparation. The District established its current user rates at $22.50 per month, in order to begin building reserves; previously, the RID charged $15.50 per month. The projected rate of $29.50, would allow for payment of debt service, loan coverage and the building of additional reserves in the amount of approximately $3,000 per year. In 1998, reserve funds covered the replacement of approximately 400' of failed sewer line located just prior to the lift station.

The applicant stated that it conducted a needs survey by mailing questionnaires to 56 residences, of which 27 were completed and returned. The survey covered a multitude of issues, and was forwarded to Yellowstone County's planning department for use in updating its growth policy and capital improvements plan (CIP). Wastewater improvements (lagoon leakage) were ranked as the highest public facility need in the community. The returned surveys were tabulated and used by the District in the development of an abbreviated 10-year CIP adopted in April 2004. Although the District has only a wastewater system currently and the PER could serve as the CIP, the District adopted a separate CIP, to be updated annually. The CIP does include the possible construction of a community water system at some point in the future. The District's proposed project is included in the County's comprehensive economic development strategy (CEDS) and growth policy,

The applicant stated that it has contacted the county and bond council to assist with establishing rates sufficient to cover the debt service needed for all capital improvements, while also covering the new O&M and building the aforementioned reserves. The District has already obtained assistance from the Department of Administration to set up a chart of accounts.

The applicant stated that the problems were not due to any O&M problems, but rather to poor construction and design. Furthermore, the creation of the District and its taking control of the system, demonstrate that the community is determined to correct the problems and correctly manage the system. The new District has been training an operator, who took the licensing exam in April 2004 and is currently

awaiting the results. The MDOC review team concluded that the District's O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the uncertainty of the other funds and the need to pass a debt election.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG, RRGL, and Coal Board grants in combination with a SRF loan and local reserves. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The applicant conducted a limited income survey, which established that the District, through the County, was eligible to apply for CDBG funding. Subsequent to scoring this priority, the CDBG funds were awarded to the applicant, and $75,000 of the Coal Board funds was also awarded. The applicant will request from the Coal Board the remaining funds in the next biennium. The applicant stated that the District would hold an election the summer of 2004 to determine if the users are willing to incur additional indebtedness.

The applicant stated that TSEP funds are essential, and without them, the project cost would be over four times the calculated target rate, making the project virtually impossible for the ratepayers to finance.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of jobs, nor would it directly result in a business expansion. However, the project would enhance infrastructure, which is a prerequisite to attracting businesses and increasing the tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: 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.

Rationale: The applicant stated that Beartooth RC&D told the community that formation of a county water and sewer district was a pre-requisite for any grants, which would be needed for any major improvements. Knowing that the improvements would be needed, the citizens voted unanimously to form a sewer district.

Two public hearings were held by the County on February 23 and March 30, 2004 for the purpose of applying to the CDBG program; and two additional hearings on March 31st, and April 14th, specifically for the District. The projected cost per user was discussed at each meeting. A copy of the presentation, along with handouts detailing the project cost, overall funding package, and resulting user rates, were included in the application. In addition, the application included copies of the public hearing notice, agendas, sign-in sheets, minutes, and photos of the April meeting.

The applicant stated that minutes from the hearings indicate that the public is in favor of the project and that the engineer asked the audience if sewer improvements were needed and everyone raised their hands. However, the MDOC review team was not able to substantiate that statement based on the documentation provided in the application. One of the 20 people at the March 31st meeting expressed concerns about the increase in sewer assessments for fixed income people. The application contained a joint letter of support from the county commissioners, one from the city/county health department, and a letter from the Department of Environmental Quality (DEQ) expressing its pleasure in the District seeking to correct the problems. In addition, the owner of the land surrounding the lagoons wrote a letter of commitment to sell the land needed to expand the existing treatment system. That landowner supports the overall project in general, but did not support other proposed alternatives that would require a greater amount of land.

Although the District has only a wastewater system, and the PER could serve as the CIP, the District adopted a separate CIP, to be updated annually. Wastewater improvements were the number one priority in the CIP and in the needs assessment survey conducted by the District.

Project No. 21
Hill County – Bridge System Improvements

This application received 3,332 points out of a possible 4,900 points and ranked 21st out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $450,750.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 450,750	Awaiting decision of legislature
County	Local	$ 159,832	Committed
County	In-kind	$ 276,016	Committed
County	Local	$ 15,000	Expended on PER
Project Total		**$ 901,598**	

Median Household Income:	$30,781	Total Population:	16,673
Percent Non-TSEP Matching Funds:	50%	Number of Households:	6,457

Project Summary

History – The County has identified three bridges that are in need of replacement. All the bridges span Sage Creek, which is well known for high spring run off and heavy flooding:

- The Big Sage Bridge is located on County Road 145, approximately 15 miles north of Hingham and 40 miles northwest of Havre. The 66' bridge is a three-span treated timber structure constructed in 1966. This road serves as a farm-to-market route for 108 sections of farm and ranch properties, recreational users, and the road south of the bridge is a considered a school bus and mail route. If the bridge were to fail, the alternative route would add a 12-mile detour. This bridge does not have a posted weight restriction.
- The Lineweaver Bridge is located on County Road 35, approximately 21 miles north of Inverness and 50 miles northwest of Havre. The 30' bridge is a single-span treated timber structure with a treated timber pile foundation constructed in 1967. This road receives a variety of traffic from residents, border patrol, agricultural, recreational users, and is considered a school bus and mail route. . If the bridge were to fail, the alternative route would add a 12-mile detour. This bridge does not have a posted weight restriction.
- The Henry's Bridge (currently a culvert) is located on the South Fresno Road, approximately 2.5 miles north of Box Elder and 21 miles southwest of Havre. The original three-span bridge was destroyed in a 1978 flood, and was subsequently replaced by the County with a hydraulically inadequate culvert, after a failed Federal Emergency Management Administration (FEMA) grant request. This road serves as a cut-across route for motorists from U.S. Highway 87 to U.S. Highway 2, the majority being Box Elder and Fresno residents during the summer, four full-time residents, and five farm and ranch properties to haul water. If the culvert were to fail, the alternative route would add over a 10-mile detour. This culvert does not have a posted weight restriction.

Problem – The County's three bridges have the following deficiencies:

- The Big Sage Bridge has a sufficiency rating of 70 percent. Deficiencies include:
  - split interior and exterior stringers extending the entire length of the bridge,
  - weathered and horizontal checking of stringers, caused by poor timber decking and overlay,
  - soil pressure is causing the backwall to bow and the long unsupported piles to tip,
  - rotted wingwall, and
  - inadequate bridge rail.

- ❑ The Lineweaver Bridge has a sufficiency rating of 78 percent. Deficiencies include:
- timber piles are leaning inward several inches,
- several planks on the west wingwalls have failed,
- the timber decking has several potholes exposing the timber planking, and
- inadequate bridge rail.
- ❑ The Henry's Bridge does not have a sufficiency rating, since it currently is a culvert that replaced the bridge that washed out in 1978. Deficiencies include:
- inadequate hydraulic capacity,
- narrow roadway with steep parallel slopes, and
- ongoing maintenance costs as the culvert and road have been rebuilt about 20 times in 26 years.

Proposed Solution – The proposed project would replace all three existing bridges with the following types of structures:

- ❑ Big Sage and Lineweaver Bridges: precast, prestressed concrete beam superstructures, and
- ❑ Henry's Bridge: county road crew would install two 12' diameter corrugated steel pipes and widen roadway to 24' feet with recoverable parallel slopes.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC technical review team noted that the Big Sage Bridge has an NBI sufficiency rating of 70 percent. The structure rating was a five; the lowest condition rating was a five for the substructure. The Lineweaver Bridge has an NBI sufficiency rating of 78 percent. The structure rating was a five; the lowest condition rating was a six for the substructure. The Henry's Bridge had washed out and therefore does not have sufficiency, structure or condition ratings.

TSEP scoring levels had Big Sage at a level three, Lineweaver at a level two, and Henry's at a level four. The score for Henry's Bridge was based on a judgment that serious consequences to public health and safety are likely to occur in the near term. Henry's Bridge was given a level four instead of a five because the PER stated that the County has replaced the culvert and rebuilt the road about 20 times in the last 26 years. A lower level of urgency for the Henry's Bridge is apparent since the replacement structures were not designed to last. A weighted scoring level, based on construction costs, resulted in a level three score for the overall project.

Statutory Priority #2: Reflects greater financial need.
The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fourth level and received 288 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- ❑ **Median Household Income (MHI) ranked 27th out of the 47applications.**

- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 42.1 percent. **The relative concentration of persons living at or below the *LMI* level ranked 19th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 18.4 percent. **The relative concentration of persons living at or below the *Poverty* level ranked ninth out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.022%
Bridge levy as it relates to the state median of 0.041%	53.42%
Entire levy as a percent of MHI	2.14%
Entire levy as it relates to the state median of 2.67%	80.19%
2003 mill value as a percent of 1986 mill value	55.06%
2003 bridge mills as a percent of 1986 bridge mills	135%
Ratio of 2003 bridge to 1986 bridge levy	0.74

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the 30' clear bridge width requested for two of the bridges may be excessive. The applicant responded that the width is based on requirements from the County's road and bridge department to accommodate agricultural equipment. Also, the acquisition of additional roadway easements from the State of Montana and the Rocky Boy's Indian Reservation for Henry's Bridge was not clearly stated in the cost estimate.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant's planning efforts related to its bridges have only been in place for a relatively short time.

Rationale: The applicant stated that the number of mills it has levied for bridges has increased from two mills in 2001, to its current level of 5.4 mills. Since 1986, the County has provided the financial

resources to replace seven bridges with large culverts, primarily with the County's allocation of fuel tax revenue and FEMA funds, and its own crews to do the construction. The County has an application pending for three bridge replacements under the Department of Transportation (MDT) off-system program. The County replaced three bridges, in part with a TSEP grant awarded by the 2003 Legislature.

The applicant stated that it established a citizen's advisory group over 10 years ago to assist in developing the priorities within the county for the upcoming year. The County's roads and bridges are inspected bi-monthly. In 2002, the County adopted bridge standards and a bridge capital improvements plan (CIP); in March 2004 both documents were updated. The Big Sage and Lineweaver Bridges are listed as the top two bridge priorities in the CIP. The County is a member of the Bear Paw Development Economic Development District, which prepares an annual comprehensive economic development strategy. The County's bridge replacement projects are included in Bear Paw's work plan. In 2003, the Montana Economic Development Association conducted a resource team assessment in the County. Maintaining the existing county infrastructure was discussed, along with numerous other projects.

The applicant stated that the problems with the existing bridges are related to site conditions and the bridges' original designs. The MDOC review team concluded that the County's O&M practices related to the bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves and in-kind services. The County has committed over $45,000 of its motor fuel tax allocation for the project, with the remainder of its match coming from reserves. The in-kind services would consist of purchasing material and equipment, and providing the labor of county crews to replace the Henry Bridge culverts. The County crews would also complete the necessary dirt work for the detours and road alignment on the other two bridges. The County applied to the Federal Hazard Elimination Program for the Henry's Bridge; however, the bridge was not selected due to the county's low population. The MDOC review team noted that the applicant discussed several other potential funding sources.

The applicant stated that if TSEP funds were not secured, the County would be unable to proceed with the project. The County assesses the maximum allowable mills, and any additional mills would have to be approved by the voters of the County. The applicant stated that several years ago an initiative to allow for five additional mills for the road department was defeated. Area farmers and ranchers have been hard hit with five years of drought in the area, and are not inclined to approve additional levies.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 bridge system.

The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that there is a need for a reliable bridge over Sage Creek to move farming equipment and provide a reliable farm-to-market route. Several of the area farmers have land on both sides of the Big Sage and Lineweaver Bridges. The applicant stated that two businesses would benefit from bridge replacement due to the increase in oil and gas exploration in the area.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that two meetings were held to discuss the proposed bridge projects. Four residents attended the first hearing held on March 23, 2004, in Rudyard. The hearing was to solicit input on the CIP and the selection of the three bridges. The minutes reflected that those in attendance were glad that the Lineweaver Bridge would be fixed. A second public hearing was held on May 4, 2004, to discuss the TSEP application and funding scenario; no one attended the hearing. The hearing was advertised in the local newspaper. The hearing notice, minutes from the hearings, a hand out, and a news article describing the bridge project were included in the application. The application also included letters of support for the replacement of the bridges from the Chippewa Cree Tribe on the Rocky Boy's Reservation, county sheriff, superintendent of schools, and three residents.

The County has a bridge CIP, and the Big Sage and Lineweaver Bridges were identified as the top two priorities.

Project No. 22
City of Glasgow – Wastewater System Improvements

This application received 3,320 points out of a possible 4,900 points and ranked 22nd out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
SRF	Loan	$1,062,900	Application to be submitted May, 2005
City	Local	$ 45,000	Expended
Project Total		**$1,607,900**	

Median Household Income:	$30,491	Total Population:	3,253
Percent Non-TSEP Matching Funds:	69%	Number of Households:	1,395

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$34.08	-	Target Rate:	$52.60	-
Existing Wastewater Rate:	$17.46	-	Rate with proposed TSEP Assistance:	$53.32	101%
Existing Combined Rate:	$51.54	98%	Rate without TSEP Assistance:	$55.58	106%

Project Summary

History – The City of Glasgow's wastewater facility is 30 years old and has exceeded its intended design life. The treatment facility, constructed in 1974, consists of a two-cell aerated lagoon system and two storage cells, which have continuous un-disinfected discharge to the Milk River. The collection system includes one lift station constructed in 1954, that conveys the entire system flow to the treatment facility through a force main. In 1997 and 1999, the City completed two projects eliminating nearly all known storm sewer connections in the collection system.

Problem – The City's wastewater system has the following deficiencies:
- the treatment facility has reached the end of its useful life,
- the Department of Environmental Quality (DEQ) has issued two violation letters for failure to meet permitting requirements,
- ammonia discharge permit limits cannot be met in July and August,
- the aeration system and baffles within the treatment cells are in poor condition,
- numerous diffusers are inoperable,
- current treatment facility would not be able to meet future disinfection standards,
- lift station pumps are over 30 years old and have reached the end of their useful life, and
- no back-up source of power for the lift station, which has experienced 18 power outages.

Proposed Solution – The proposed project would:
- upgrade the existing treatment plant to a four-cell advanced aerated lagoon facility,
- replace the lift station pumps,
- rehabilitate the lift station's wet well, and
- install a new backup power supply at the lift station.

Note: The proposed solution does not propose to resolve the problems related to disinfection. The applicant stated that would be addressed in a subsequent phase. Therefore, that deficiency was not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. 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.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety. These included: lack of backup power for the lift station, outdated lift station components, lagoon aerators and baffles in poor condition, and the inadequate treatment capability of the lagoon system to meet new ammonia limits and future disinfection requirements in the Montana Pollutant Discharge Elimination System (MPDES) permit.

There have been 18 power outages at the lift station since 2002. No backups or overflows have occurred. With an extended power outage and no emergency backup power, sewage backups or lift station overflows are possible. Backup power would be required by current DEQ design standards. Worn lift station pumps, controls and appurtenances at the lift station could result in sewage backup or overflow. Potential serious consequences of this are illness, disease and/or substantial property loss.

Improper aeration and mixing in the lagoon system due to inoperable equipment may lead to discharge violations for biochemical oxygen demand and total suspended solids.

The existing lagoon system cannot produce effluent that meets the ammonia limits in Glasgow's current MPDES permit. Violation of the ammonia limits in the MPDES permit is expected for the months of July and August in 2004, as determined by an ammonia evaluation study. Excessive ammonia in the City's discharge to the Milk River poses an environmental threat to the aquatic population in the river.

A notice of violation letter was issued by the DEQ in November of 2002. Required corrective actions included restoration of baffle structures, replacement or repair of aerators, and completion of a wastewater facility plan including plans and specs if an ammonia evaluation study showed that ammonia limits could not be met.

Statutory Priority #2: Reflects greater financial need.
The applicant received 360 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 24th out of the 47applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 36.6 percent. **The relative concentration of persons living at or below the *LMI* level ranked 38th out of the 47 applications.**

- The percent of persons living at or below the *Poverty* level is 9.0 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 42nd out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the review team noted that the applicant has made limited use of planning tools; the City does not have a growth policy and its capital improvements plan (CIP) is limited in scope.

Rationale: The applicant stated that it has made efforts to address the needs of the community through effective long-term planning and management of public facilities. The applicant conducted a community needs assessment and income survey, and public hearings were also held to identify key issues, concerns and needs. As a result of these efforts, a CIP addressing water, wastewater and streets, was adopted in May 1996 and updated in 2004. The applicant stated that factors incorporated into the document include growth, the local economy and the commitment to minimize tax increases and user rates. The proposed project is the number one priority in the document. In an effort to alleviate the stress on its aging treatment plant, the City recently completed storm sewer separation projects exceeding $1.8 million to reduce the storm drain load to the wastewater treatment facility.

The applicant stated that the deficiencies with the wastewater system have not developed because of inadequate O&M practices, but are a result of new water quality standards and a treatment plant and lift station at the end of their design life. The applicant stated that the existing treatment facility does not have the ability to meet revised effluent discharge standards without improvements and current ammonia discharge requirements cannot be met. The MDOC review team concluded that the City's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project, since the applicant's user rates are barely over the target rate.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with a SRF loan and local reserves. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The applicant stated that it is not eligible for a CDBG grant because of its low LMI percentage. The applicant stated that the proposed project would not be competitive in RRGL's ranking due to the program's criteria, and the City is not eligible for a RD grant because their wastewater rates are too low.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that proposed project would not directly create long-term, full-time jobs other than those jobs created during the construction of the project nor would it directly result in business expansion or retention. The applicant stated that the project would maintain and encourage expansion of the private property tax base by ensuring that the City has a safe and reliable wastewater system.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was limited public attendance at the public meetings and the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that in addition to project related discussions during open council meetings, public meetings were held on March 1 and April 19, 2004 to discuss the proposed project. Twenty-three people attended the March meeting, of which three were local residents, and 16 people attended the April meeting, of which three were local residents. Local residents were informed about the cost of the project and the impact on user rates. The application included the legal affidavit, minutes, sign-in sheets and copies of presentation and handout materials for each meeting. The application also included a copy of a newsletter about the project and upcoming meeting that was mailed to all residents prior to the April meeting, a newspaper article relative to the April meeting, and 97 signed copies of an identical form letter supporting the project.

The applicant conducted a community needs assessment and income survey, and public hearings were also held to identify key issues, concerns and needs. With this information the applicant adopted a CIP in May 1996, which was updated in 2004. The proposed project is the number one priority in the CIP.

Project No. 23 Town of Valier – Wastewater System Improvements

This application received 3,240 points out of a possible 4,900 points and ranked 23rd out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
CDBG	Grant	$ 500,000	Application submitted May 2004
SRF	Loan	$ 819,000	Application to be submitted May 2005
Project Total		**$1,919,000**	

Median Household Income:	$30,000	Total Population:	498
Percent Non-TSEP Matching Funds:	74%	Number of Households:	220

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$24.74	-	Target Rate:	$51.75	-
Existing Wastewater Rate:	$13.87	-	Rate with TSEP Assistance:	$59.36	115%
Existing Combined Rate:	$38.61	75%	Rate without TSEP Assistance:	$71.46	138%

Project Summary

History – The Town of Valier's original wastewater system was built between 1908 and 1910. The collection system consists of over 35,000' of an array of 4" to 12" collection main pipe made of clay, PVC, asbestos-cement, and Orangeburg (a type of pipe that has a history of flattening to an oval shape over time and plugging). The Town replaced 10 blocks of sewer main in 1998. In 1999, the Town constructed a new three-cell aerated lagoon was constructed. In 2001, the Town did a video inspection of 6,300' of sewer main.

Problem – The Town's wastewater system has the following deficiencies:
- aging and deteriorating collection system,
- continual plugging problems caused by roots and mineral deposits,
- joints are not intact and are susceptible to infiltration or exfiltration, and
- raw sewage can potentially leak into the groundwater.

Proposed Solution – The proposed project would replace or rehabilitate approximately 10,000' of clay piping by sliplining as much as possible or replacing clay tile with PVC. The specific type of material to be used for sliplining would be determined during the design phase.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. 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.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety. The collection system is experiencing plugging problems and there is a potential for back-ups into homes and businesses to occur. There are significant problems with the aging portions of the collection system including plugging problems, cracked sewer mains, root intrusions, mineral buildup in the mains and loose or cracked joints.

Significant groundwater infiltration occurs within the collection system when groundwater levels rise above the elevation of the sewer mains. Inflow of storm water into the collection system is also occurring during storm events. Infiltration and inflow (I&I) can be up to four times the average daily wastewater flow. Significant I&I can compromise the wastewater treatment process. Untreated sewage is exfiltrating out of the collection system and may be contaminating area groundwater. However, no documentation of groundwater contamination was provided in the PER.

Small diameter mains (4" and 6") exist in the collection system. Current standards require a minimum of 8" for sewer mains. The existing Orangeburg pipe is starting to flatten into an oval shape and is separating into layers that cause plugging. Because of the condition of the collection system the Town's maintenance crew spends a significant amount of time repairing and maintaining the system. The trunk main in Montana Street that serves the entire Town is in very poor condition and has the potential to fail.

Statutory Priority #2: Reflects greater financial need.
The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 20th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 45.4 percent. **The relative concentration of persons living at or below the *LMI* level ranked 12th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 8.4 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 44th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER was complete and thorough. It was also noted that a new treatment system was constructed in 1999 and is performing adequately. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the capital improvements plan (CIP) has not been updated in eight years.

Rationale: The applicant stated that it completed a wastewater facility plan in 1995. Ten blocks of collection main were replaced in 1999 and a new lagoon was constructed in 1999. In 2001, the town video inspected 6,300' of the collection system. In 2002, the town replaced a portion of the outfall line to the treatment facility, which ran under an irrigation canal.

The applicant conducted a needs assessment in 1994, during which the Town held public meetings and hand delivered a questionnaire to 235 households (78 percent responded). The Town adopted a comprehensive five-year CIP in 1996, which mentioned the replacement of the collection system as a long-term need. The applicant stated that it plans to update its eight-year-old CIP when the project is completed. The applicant stated that it adequately budgets for operation and maintenance, and that the current problems are due to the age of the system, not inadequate operation and maintenance. The MDOC review team concluded that the Town's O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the uncertainty of the town receiving the other funds.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG and RRGL grants in combination with a SRF loan. The proposed project is not yet on the SRF project priority list. The applicant conducted an income survey that showed that the Town is eligible to apply to CDBG. Subsequent to the scoring of this priority, it was determined that the Town would not receive the CDBG grant during the 2004 competition.

The applicant stated that the other funds are not contingent upon receiving a TSEP grant; however, without the TSEP funds, the project would be financially unfeasible for the Town.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant

did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that no businesses have approached the Town concerning expansion, but it is doubtful that the current collection system would be able to handle any future expansion. The project would enhance infrastructure, which is a prerequisite to attracting businesses and increasing the tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that it held two public hearings to discuss this project. Thirteen people, including the two engineers, attended the first one held on September 2, 2003 to discuss the PER. Forty people, including the two engineers, were in attendance at the second hearing held March 15, 2004. The application contained agendas, sign-in sheets, newspaper advertisements, minutes, and slides of the presentation. The purpose of the second hearing was to inform the people about the findings of the PER and to discuss the recommended alternatives, the different funding scenarios, and the associated rate increases. The applicant stated that people in attendance were excited and very supportive of the proposed upgrades. Seven letters of support from business owners or managers were included in the application, in addition to four other letters from six residents.

The Town adopted a five-year CIP in 1996, which mentioned the replacement of the collection system as a long-term need, but the CIP has not been updated since. The applicant conducted a needs assessment in 1994.

Project No. 24
Town of Sheridan – Water System Improvements

This application received 3,236 points out of a possible 4,900 points and ranked 24th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
CDBG	Grant	$ 500,000	Application submitted May 2004
SRF	Loan	$ 461,400	Application to be submitted at a later date
Project Total		**$1,561,400**	

Median Household Income:	$21,118	Total Population:	659
Percent Non-TSEP Matching Funds:	68%	Number of Households:	302

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$25.00	-	Target Rate:	$36.43	-
Existing Wastewater Rate:	$ 6.00	-	Rate with proposed TSEP Assistance:	$36.86	101%
Existing Combined Rate:	$31.00	85%	Rate without TSEP Assistance:	$46.54	128%

Project Summary

History – The Town of Sheridan's water system was built in 1915 with updates in the early 1940s. The water system consists of four wells, and two water storage reservoirs. A 70,000-gallon concrete reservoir was built in the 1930s, and a 300,000-gallon steel reservoir was added in 1976.

Problem – The Town's water system has the following deficiencies:
- inadequate water supply,
- water mains are old and undersized, and are not capable of providing minimum recommended fire flows,
- some of the hydrants are inoperable, leak excessively, or are undersized,
- distribution lines leak, with 44 repairs over the past two years,
- concrete storage tank roof is deteriorated,
- concrete storage tank leaks,
- coating on steel storage tank is worn and deteriorated, and
- well field is rated a "high hazard" by the Department of Environmental Quality (DEQ) for agricultural contaminants and hazardous materials.

Proposed Solution – The proposed project would:
- install approximately 4,600' of 8" PVC and 8,000' of 6" PVC mains,
- install approximately 19 new fire hydrants,
- drain and inspect, and clean both storage tanks, grout as necessary, and re-coat surfaces,
- replace roof structure of the concrete tank,
- install service meters on nine high volume users, and
- drill a test well to determine the feasibility of developing another water source.

Note: The proposed solution does not resolve the problems related to the inadequate water supply and well field, since this would be resolved in a future phase. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. 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.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: the water system is unable to meet peak demands, lacks storage capacity for fire protection, and has a significant amount of old, undersized water mains in the distribution system.

The system has experienced complete loss of water service or very low water pressures in the uppermost portion of the system on a couple of occasions when water storage tanks have been emptied during periods of peak demand. This creates the potential for backflow of contaminants into the water distribution system, which is a serious threat to public health and safety.

The current storage capacity is undersized and cannot provide the ISO recommended volume for fire flows. This poses a threat to public health and safety due to the unavailability of fire flows.

The water supply cannot meet the average day demand with the largest well out of service as is required by current DEQ design standards.

Statutory Priority #2: Reflects greater financial need.
The applicant received 576 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fifth level and received 360 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked second out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 60.4 percent. **The relative concentration of persons living at or below the *LMI* level ranked third out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 25.1 percent. **The relative concentration of persons living at or below the *Poverty* level ranked fifth out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the PER did not adequately quantify distribution system leakage. Data documenting the quantity of leakage would have strengthened the PER and the Town's ability to better prioritize distribution system improvements.

The PER also included a recommendation to not install water meters on residential service connections. The applicant stated that meters would enable the Town to better quantify and locate system leakage and to conserve water. Meters were proposed for a third phase of the improvements program.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant's planning efforts have only been in place for a relatively short time. The MDOC review team also concluded that a more in-depth discussion concerning the decision to not include metering in this project may have raised this score.

Rationale: The applicant stated that it raised both water and sewer rates in December 2002 to ensure that revenue exceeds expenses and that a small reserve is maintained. In 1988, the Town constructed four new water supply wells and a transmission main to connect the wells to the distribution system. A new water supply well was constructed in 1999 to replace a well that was experiencing operational problems. In 2003, a new 14" PVC water transmission main was installed to replace the 12" wooden transmission main. The Town evaluated their wastewater system in 1999.

The applicant stated that a master plan for the town was first created in 1981, and more recently, the Town prepared a growth policy in 2003, which covers the town's public services and facilities. A limited capital improvements plan (CIP) was started in 2004, which covers water, wastewater, and streets and drainage. The Town has not yet adopted the draft CIP. The Town intends to update the CIP on an annual basis and to incorporate it into the annual budgeting process. The proposed project (Phase II distribution system) is included in the CIP and growth policy as the third priority. The second priority has been completed, and the first priority is included in a future phase.

The applicant stated that it has not yet adopted a wellhead protection plan for ground water as the DEQ indicated they are in the process of writing wellhead protection plans for all public water systems, but has not started on the plan for Sheridan yet.

The MDOC review team noted that the Town's water system does not have individual service meters. While the Town has proposed to install meters on nine high volume users as part of the proposed project, it does not plan to install service meters on the other 388 hookups until sometime in the future during a third phase. The applicant's PER shows that the installation of water meters would be the only component of that third phase, which has not been scheduled.

The applicant stated that most of the water distribution mains are over 60 years old, with some nearing 90 years old, and no additional maintenance would fix the poor structural condition currently experienced by the mains. In addition, the mains simply are not large enough to provide good fire protection, and because of leakage in the system, there is not enough well capacity to provide adequate

supply. Many fire hydrants are on mains that are inadequate in size for fire suppression purposes. The MDOC review team concluded that the Town's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, and CDBG grants in combination with a SRF loan. The Town is not eligible for an RD grant or loan, as they have decided to postpone metering until another phase. The applicant stated that TSEP assistance is essential, and without it the project would likely be phased further or may not proceed at all. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. Subsequent to the scoring of this priority, it was determined that the Town would not receive the CDBG grant during the 2004 competition.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The project would not provide any new long-term employment or business expansion at this time. However, the applicant stated that the existing water system limits additional population, development and business growth. Doing nothing may result in a loss of jobs if existing businesses think their ability to grow is limited and elect to move to another community. Completing the proposed project would allow the possibility for new entities to move into the community, which would increase the tax base as well as add to the number of users that would contribute to the required water and sewer revenues.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that an evening public meeting was held in December 2003 to receive public input concerning community needs. The applicant stated attendance at the meeting was minimal, but those in attendance provided a lot of ideas for future projects. Minutes of the meeting were

included in the application. A second public meeting in conjunction with the regular council meeting was held at 5 p.m. on April 12, 2004 to give citizens an opportunity to offer final comments on the PER and the TSEP application. The four citizens and six city council and staff members attending the meeting were provided a handout explaining the proposed project, and were informed of its cost and the projected user rates. The applicant stated that the 10 people in attendance agreed that improvements to the water system were necessary. A newspaper article explaining the project was published a couple of days later in *The Madisonian*; however, the article did not discuss cost or projected user rates. A sign-in sheet, handout, and newspaper article about the meeting were included in the application. In addition, several more articles from *The Madisonian* and *The Montana Standard* concerning the water situation, and other community projects in Sheridan, were included in the application.

Fifteen members of the local chamber of commerce signed a letter in support of the project and individual letters were received from the planning board, the county commissioners, the high school principal, five citizens, three government employees, and the volunteer fire chief. The project is included in the Town's draft CIP and growth policy; however, additional water supply is the number one priority in both plans, which would not be resolved by this project.

Project No. 25
Beaverhead County – Bridge System Improvements

This application received 3,232 points out of a possible 4,900 points and ranked 25th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $84,886.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 84,886	Awaiting decision of legislature
County	Local	$ 84,886	Confirmed by resolution
Project Total		**$169,772**	

Median Household Income:	$28,962	Total Population:	9,089
Percent Non-TSEP Matching Funds:	50%	Number of Households:	3,684

Project Summary

History – The 3rd Avenue Bridge, crossing Junction Creek, serves as the sole access to the Lima Dam, the North Valley Road, and the Red Rock Valley east of Lima. It is estimated that the structure was constructed in the 1940s or 1950s. Temporary timber decking was installed in 2003, which raised the sufficiency rating from 32 to 37.

This road serves nine full-time residences and 10 farm and ranch properties. Recreational enthusiasts use the bridge to access public lands. If the bridge were to fail, the alternative route would add up to a 60-mile detour. The bridge has a posted load limit of five tons.

Problem – The 3rd Avenue Bridge has a sufficiency rating of 37 percent and has the following deficiencies:

- rotten and split girder lines,
- narrow roadway width,
- sub-standard guard rail,
- inadequate hydraulic opening,
- rotten, severed and cracked abutment piles, and
- cracked and rotten decking (replaced decking is temporarily correcting this deficiency).

Proposed Solution – The proposed project would replace the existing bridge with a 20' precast concrete open bottom box culvert.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC technical review team noted that the Lima 3rd Avenue Bridge has an NBI sufficiency rating of 37 percent. The structure rating was a three; the lowest condition rating was a three for the substructure.

Statutory Priority #2: Reflects greater financial need.
The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total

number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fourth level and received 288 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 14th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43 percent. **The relative concentration of persons living at or below the *LMI* level ranked 15th out of the 47applications.**
- The percent of persons living at or below the *Poverty* level is 17 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 14th out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.037%
Bridge levy as it relates to the state median of 0.041%	90.44%
Entire levy as a percent of MHI	3.39%
Entire levy as it relates to the state median of 2.67%	126.82%
2003 mill value as a percent of 1986 mill value	105.57%
2003 bridge mills as a percent of 1986 bridge mills	114%
Ratio of 2003 bridge levy to 1986 bridge levy	1.20

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the discussions about the need for a detour during construction and the design standards for the new structure were incomplete. Additionally, the Uniform Environmental Checklist contained statements that didn't appear to pertain to this project. As a result, the team concluded that the applicant might not have adequately assessed the potential environmental impacts in the PER. The applicant was required to re-do the environmental assessment. That effort was completed on October 6, 2004. Environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant's planning efforts relative to its bridges have been relatively recent.

Rationale: The applicant stated that it has been pro-active in its effort to address public infrastructure improvements, taking advantage of state and federal funding programs, where appropriate. Since 1990, it has rehabilitated nine bridges; replaced five bridges under the Department of Transportation (MDT) off-system bridge program; replaced three bridges with Forest Highway Funds; replaced three bridges with County funds; and one bridge with TSEP and County funds. The County will finish replacing one bridge and rehabilitating three other bridges during the 2004 construction season. The County's current bridge maintenance program budget was established in 1991.

The applicant stated that it requires all bridge replacements to meet the AASHTO bridge standards, and estimates that they have a useful life of 50 to 100 years. In 2002, the County inventoried all of its bridges and developed a seven-year bridge capital improvements plan (CIP), which is currently in use. The proposed project is consistent with the plan.

The applicant stated that prior to major capital improvements, input is gathered through public meetings and notices. The applicant stated that it has been active in dealing with serious deficiencies in the wastewater systems in Jackson and Wisdom. The Jackson system repair was completed in 2003 and the Wisdom system is still in design. In addition, with the assistance of CTEP funds, the County has completed the restoration of its depot and the second phase of a pedestrian path in Dillon. The County is also involved in continuing improvements to its fairgrounds and the airport in Dillon.

The applicant stated that the deterioration of the 3rd Avenue Bridge is due to the age of the structure and could not have been prevented by additional operation and maintenance activities. In 2003, the County replaced the wood deck, which had hazardous broken planks. The MDOC review team concluded that the County's O&M practices related to the bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves consisting of payment in lieu of tax (PILT) funds. The applicant listed thirteen potential funding sources for bridges and stated that the majority of funding sources for bridge improvements, including local financing, debt financing and state and federal programs, were not realistic for the proposed project. The County's bridge mill levy budget has been allocated to other bridge replacement projects within the network, and there are no other viable sources of funding available for the replacement of the 3rd Avenue Bridge. The proposed funding package appears to be viable with PILT funds already collected and allocated to the project.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that no business expansion is directly related to the proposed project; the applicant also did not identify any long-term full-time job opportunities. However, the 3rd Avenue Bridge is a major component of the Lima roadway system for moving agricultural products to market from ranches in the Red Rock Valley, and for access to public lands. The 60 miles of additional travel required because of an impassible bridge could cause transportation costs to exceed the point that business declines. The project would strengthen the private property tax base by assuring that local residents have access to their properties and public land grazing permits, and a reliable route to move commodities. The application included letters from nine commercial entities indicating that closure of the bridge would negatively impact businesses relying on hunters, vacationers and recreation enthusiasts accessing public lands in the Centennial Valley east of Lima.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was only the one public meeting.

Rationale: The applicant stated that the commissioners held a public meeting relative to the project at the Lima town hall in conjunction with a scheduled town council meeting the evening of March 8, 2004. Eighteen people attended the meeting, including 11 residents. Material was presented at the meeting that indicated no increase in taxes would result from the project. The applicant stated that the meeting was advertised in the local newspaper, and posted at the town council chambers. Hearing minutes, agenda, sign-in sheet, public notices and meeting handouts were included in the application. Nine letters of support from property owners, local businesses, emergency responders, public land management agencies, and operators of the Lima dam and reservoir were also included in the application.

The County has a seven-year bridge CIP that was developed in 2002, and the proposed project is consistent with the plan. In addition to the bridge CIP, the applicant also referred to a separate county CIP, but provided no additional information or documentation.

Project No. 26
City of Whitefish – Water System Improvements

This application received 3,212 points out of a possible 4,900 points and ranked 26th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $457,500.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 457,500	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
SRF	Loan	$ 357,500	On priority list
Project Total		**$ 915,000**	

Median Household Income:	$33,038	Total Population:	5,032
Percent Non-TSEP Matching Funds:	50%	Number of Households:	2,229

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$33.74	-	Target Rate:	$56.99	-
Existing Wastewater Rate:	$27.52	-	Rate with proposed TSEP Assistance:	$61.99	109%
Existing Combined Rate:	$61.26	107%	Rate without TSEP Assistance:	$63.06	111%

Project Summary

History – Separating the City of Whitefish north to south is an extensive railroad yard with 13 sets of tracks at its widest point. The majority of the population lives south of the railroad tracks. The City's water treatment plant, which is on the north side of Whitefish, is connected to the south side by only two water mains located on Texas and O'Brien Avenues. The 12" cast iron pipe crossing the railroad tracks on O'Brien Avenue, was installed between 1910 and 1920 without casing piping. In 1982, an 8" slip line pipe was installed inside the host 12" cast iron pipe at O'Brien Avenue because of leaks. The water main crossing the railroad tracks on Texas Avenue has a similar history of breaks and extensive maintenance problems. It was installed in the same time frame and is also a 12" un-cased cast iron pipe. Through the years there have been several pipe failures, fortunately all were located between railroad track sections and could be repaired without pulling tracks.

Problem – The City's water system has the following deficiencies:

- two old and undersized water mains that lie under the railroad yard, one of which is unlined, that serve the south portion of the City, causes severe access restrictions for maintenance,
- frequent leakage problems with Texas Avenue pipe,
- diesel contamination of soils and groundwater in the vicinity of the Texas Avenue water main could potentially result in contamination of the City's drinking water, and
- if the Texas Avenue main were to fail, water modeling indicates that negative or very low pressures would occur in the southern portion of the system during fire flow events. This could cause contamination of the water system from backflow.

Proposed Solution – The proposed project would replace the old 12" Texas Avenue water main with approximately 650' of 18" main.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety. The north and south portions of the City's distribution system are bisected by an extensive railroad yard. The northern and southern parts of the system are connected by only two distribution main crossings of the rail yard. The nearly 90-year old existing 12" water main railroad crossing at Texas Avenue is faced with continual leakage problems and is near the end of its useful life. The leakage issues with the pipe make it very susceptible to backflow contamination, particularly from contaminated soils and groundwater in this area.

Complete failure of this main or development of a leak under the railroad tracks would result in the loss of service of this water main. Under this scenario the City would not be able to deliver adequate fire flows to the southern portion of the system and the fire flow event could induce negative pressures and subsequent backflow contamination.

Water main leaks under the railroad tracks could result in settlement of the soils beneath the tracks potentially damaging the tracks or even causing a derailment. Should the 12" main develop a leak under the railroad tracks, it would need to be shut off and the entire southern portion of the system would be fed by one 8" main. This lack of redundancy is a serious threat to public health and safety.

Statutory Priority #2: Reflects greater financial need.
The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 37th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 39.7 percent. **The relative concentration of persons living at or below the *LMI* level ranked 30th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 18.2 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 11th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the PER did not adequately address the overall distribution system condition; the condition and configuration of the Haskill Basin water supply infrastructure; the effects on the project from soil and groundwater contamination; and population projections and future anticipated flows for the system.

The overall age, condition and piping types of the distribution system was not discussed. The Haskill Basin conveyances are relatively old and the City has had to make some repairs over the years; however, the conditions of these conveyances are not discussed in the PER. The depth to groundwater is unknown; the extent of the contamination plume is not included in the PER; and pipe and gasket materials may not be appropriate for a hydrocarbon-contaminated site. The population and water supply needs for the 20-year planning period are not projected in the PER.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was limited discussion relative to any local planning efforts.

Rationale: The applicant stated that in 1993 it added significant storage to its water system. A water master plan update was prepared in 1996 that resulted in construction of a water treatment plant in 1999. A technical report was later prepared in 2001 to investigate the distribution and storage system. In 2002, the City funded a PER to evaluate potential solutions to their distribution system problems. In 2004, the City funded a revision to the 2002 PER to further study the feasibility and cost of improving the water system. A user rate increase was adopted to fund the water treatment plant.

The applicant stated that between 1998 and 2002 it spent approximately $400,000, and for 2003-2004 the City budgeted $647,104, not including labor costs, for annual distribution system maintenance and repair along with capital improvements programming. The City utilizes water meters and would continue to require meters on all new hook-ups. Water is obtained from a surface water source; therefore, a wellhead protection plan is not necessary.

The applicant stated that the City completed a wastewater facility plan in 1997, and has just implemented a wastewater treatment facility improvements project to resolve operational and compliance issues.

The applicant stated that the issues surrounding the water mains have not developed because of inadequate O&M practices, but rather the Texas Avenue water main crossing has been in service for nearly 90 years and has shown recurrent signs of increased deterioration because of age. The MDOC review team concluded that the City's O&M practices related to its water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher

primarily because the TSEP funds were not considered to be critical to completing the project, since user rates would only be a little over the target rate.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with a SRF loan. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The applicant stated that other funding sources considered include RD and CDBG. The applicant stated that it does not qualify for a grant from RD because its MHI is too high, and it is not eligible to apply to CDBG because its LMI percentage is too low. The applicant stated that if needed, it might be able to fund a portion of the project with local reserves.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of any long-term, full-time jobs, nor would it directly result in business expansion. A larger water main serving the southern portion of the City would allow subdivision construction, and in turn, create jobs for numerous trade services. The applicant stated that much of the future business expansion is expected to occur south of the railroad tracks, and all recent planning documents consider this area to be the focus of future growth. The applicant stated that as subdivision construction and urbanization of undeveloped areas takes place, the property tax base would increase. Residential and commercial property values are significantly greater than rural or agricultural assessments and the change in land use associated with the water system improvements would expand property tax values and the local tax base for local and county government.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because it appeared that the applicant only met the minimum requirements related to demonstrating that the proposed project is a high priority and has community support.

Rationale: A public hearing was held on May 3, 2004. The proposed project's funding and the increase to user rates were discussed. The application included the legal affidavit and minutes from the hearing. The MDOC review team was not able to determine how many residents attended the hearing.

The application included five letters of support from commercial entities. The applicant discussed various water and wastewater planning efforts over the past six years, and stated that the proposed project was determined to be the highest priority in addressing its current public utility needs; however, the MDOC review team noted that the only planning document included in the application was the 2004 water PER.

Project No. 27
Richland County – Bridge System Improvements

This application received 3,208 points out of a possible 4,900 points and ranked 27th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $453,841.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 453,841	Awaiting decision of legislature
County	Local	$ 122,479	Committed by Resolution
County	In-kind	$ 331,362	Committed by Resolution
Project Total		**$ 907,682**	

Median Household Income:	$32,110	Total Population:	9,667
Percent Non-TSEP Matching Funds:	50%	Number of Households:	3,878

Project Summary

History – The County has identified four bridges that are in critical condition and in need of replacement:

- The 4th Street Bridge in Fairview is a steel truss bridge constructed in 1908. The bridge crosses over the Bureau of Reclamation (BOR) canal, 0.1 miles west of town. This road serves six full-time residences and is a designated school bus route. If the bridge were to fail, the alternative route would add up to a 0.75-mile detour. The bridge has a posted weight limit of 10 tons.
- The Miller Bridge is a steel truss bridge with laminated timber decking constructed in 1907. The bridge crosses over the BOR canal, about four miles south of Savage. This road serves four full-time residences and eight farm and ranch properties. If the bridge were to fail, the alternative route would add up to a four to five-mile detour. The bridge does not have a posted weight limit.
- The Fox Creek Road Bridge is a steel truss bridge with timber decking constructed in 1907. The bridge crosses over the BOR canal, about two miles west of State Highway 16, about six miles southwest of Sidney. This road serves five full-time residences, seven farm and ranch properties, two active commercial sand and gravel operations, and is a designated school bus route. If the bridge were to fail, the alternative route would add up to a five-mile detour. During seasonal high flows of Fox Creek, the alternate route would add up to a 15-mile detour. The bridge has a posted weight limit of 10 tons.
- The Vaira Bridge is a steel truss bridge with laminated timber decking constructed in 1938. The bridge crosses East Redwater Creek, about 15 miles north of Richey. This road serves multiple farm and ranch properties, grain and crude oil haulers, and is a designated school bus route. If the bridge were to fail, the alternative route would add up to a 32-mile detour. The bridge does not have a posted weight limit.

Problem – The bridge system has the following deficiencies:

- The 4th Street Bridge has a sufficiency rating of 37 percent. Deficiencies include:
  - steel stringers that have experienced section loss due to rust in the lower flange and deflection of the member sideways,
  - a reduced load carrying capacity, and
  - narrower than county standards.
- The Miller Bridge has a sufficiency rating of 49 percent. Deficiencies include:
  - laminated timber deck that is badly worn and is coming apart, and
  - the bridge is narrow limiting large farm equipment using the bridge.
- The Fox Creek Road Bridge has a sufficiency rating of 62 percent. Deficiencies include:
  - the asphalt overlay is cracking with potholes,
  - the timber decking is breaking up at mid span of the structure,
  - a reduced load carrying capacity, and

- the narrow width of the bridge is impacting gravel production and farming operations.
- ❑ The Vaira Bridge has a sufficiency rating of 64 percent. Deficiencies include:
- asphalt overlay is cracking,
- the laminated decking is loose, and
- the bridge is narrow limiting large farm and oil industry equipment.

Proposed Solution – The proposed project would replace all four existing bridges, with the work being performed by county crews, with precast concrete structures: two with tri deck bridges and two with bulb tee bridges.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC technical review team noted that the four bridges had NBI sufficiency ratings ranging from 37 percent to 64 percent. The structure ratings ranged from two to five; the lowest condition ratings ranged from four to six. TSEP scoring levels had one of the bridges at a level five and three of the bridges at a level three. A weighted scoring level, based on construction costs, resulted in a level three score for the overall project.

Statutory Priority #2: Reflects greater financial need.
The applicant received 648 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant place in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- ❑ **Median Household Income (MHI) ranked 31st out of the 47 applications**
- ❑ The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 39.2 percent. **The relative concentration of persons living at or below the *LMI* level ranked 31st out of the 47 applications.**
- ❑ The percent of persons living at or below the *Poverty* level is 12.2 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 28th out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the fourth level and received 432 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the

computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.07%
Bridge levy as it relates to the state median of 0.041%	171.17%
Entire levy as a percent of MHI	1.66%
Entire levy as it relates to the state median of 2.67%	62.36%
2003 mill value as a percent of 1986 mill value	15.09%
2003 bridge mills as a percent of 1986 bridge mills	888.94%
Ratio of 2003 bridge levy to 1986 bridge levy	1.34

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that several items lacked sufficient detail. There was a lack of crashworthy end treatments or explanation for omitting them on three of the bridges. There was an in adequate discussion on why culverts were not considered for at least one of the bridges. The implementation schedule was an incorrect.

The team concluded that the steel alternative for the superstructure was not adequately discussed and described, in part, because there was no schematic layout provided to verify the design. For shorter bridges, this alternative may mean a steel girder bridge with metal form deck that can be pre-manufactured and delivered to the site. For longer bridges, this alternative may mean a steel girder with a cast-in-place concrete deck. These structures are commonly constructed with weathering steel, which eliminates the need for future painting. This would have reduced costs and possibly made this alternative a better choice in some cases.

Although the environmental review was brief, the applicant adequately assessed the potential environmental impacts. The environmental review lacked detail on historic preservation issues and mitigation. However, any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of lack of documentation.

Rationale: The applicant stated that it maintains 124 bridges, and has replaced over 10 structures within the past five years. The County's criteria for prioritizing projects include structural sufficiency ratings, transportation need, mail and bus route designations, and public demand. The County levies the maximum number of mills and has a capital improvements fund that was created in 1992. These funds have been steadily utilized for emergency bridge replacement repairs and on numerous occasions for the purchase of "unanticipated" equipment and bridge maintenance items. In 1992 and 1997, during "weather disasters," this account was also relied heavily upon as a resource to fund emergency projects that were later reimbursed. In subsequent years, the operation and maintenance budget was further enhanced locally from an optional motor vehicle tax enacted in 1998 and 1999.

The applicant stated that it revised its five-year bridge capital improvements plan (CIP) on April 15, 2004, after completing an inventory and assessment of the county-owned bridges. The bridge CIP is utilized daily, with updates scheduled annually. The four bridges were all ranked among the top 14 bridges based on the County's evaluation system for prioritizing projects. The CIP and structure inventory indicates that the higher-ranked structures are to be replaced with previous TSEP or county funds, or rehabilitated with county funds, or are in private ownership. In addition, the County began preparing a comprehensive CIP in 2004 to assist in reducing the costs to construct, maintain or repair public facilities by identifying local public facility needs, establishing priorities, and creating a program for the scheduling and funding of construction or repair projects. As a five-year plan for major investments, the CIP was to focus only on improvements to the county-owned infrastructure, such as bridges, roads, water and wastewater systems, etc. However, early in the preliminary stages, the County recognized the benefits of broadening the CIP concept by preparing a plan that would be more comprehensive and would also incorporate overall community projects such those related to economic development, housing, social services, etc. The process of creating such a plan promotes a forum that allows the public to become aware of the County's overall needs and opportunities for community improvements. A draft of the plan was expected to be completed by June 1, 2004, and once competed is supposed to be updated annually during the review and adoption of the County's yearly budget.

The applicant stated that the deficiencies of the four bridges are not the result of poor maintenance or a reflection of improper operation. These structures have simply deteriorated over time through heavy equipment usage and exposure to the natural elements. Additionally, the bridges are too narrow for today's traffic. The MDOC review team concluded that the County's O&M practices related to the bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project.

Rationale: The applicant has proposed a funding package consisting of TSEP grants in combination with the County's funds. The applicant has committed the funds for the proposed project from revenue from the capital improvements and county force accounts.

The applicant evaluated other funding sources such as the U.S. Forest Service's Wood in Transportation Program as well as different Department of Transportation (MDT) programs. The applicant stated that funding sources for past bridge improvement projects have included: MDT's Save Our Secondaries Program, the Highway Bridge Replacement and Rehabilitation Program, Disaster and Emergency Services, the Urban Highway System, Federal Highway Administration's Emergency Relief Program, Federal Emergency Management Agency and TSEP. The applicant stated that the County has determined that it cannot currently afford the proposed project without the assistance of TSEP, since it is currently at the maximum tax levy.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 bridges. The proposed improvements should maintain and possibly increase the taxable valuation of the project area. The applicant was scored at a level two because residential and commercial areas would only be indirectly benefited.

Rationale: The applicant stated that the agriculture industry, gravel producers and the oil industry rely on a safe transportation network that is able to sustain the weight and width of contemporary machinery and equipment. The proposed project would allow these businesses to save time and money by not having to travel longer alternative routes. The proposed project is an infrastructure improvement that would benefit the entire county, but it is not directly related to the expansion of a specific business.

The applicant stated that the proposed project not only maintains the county's private property tax base, but also supports the expansion of it. Without the proposed project, the bridges would continue to deteriorate increasing the potential for failure, which, in turn, renders severe safety precautions that continually erodes public confidence. This lack of confidence in the county's bridge system may persuade businesses and residents to relocate and/or expand elsewhere.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was only the one public meeting.

Rationale: The applicant stated that it held a public hearing on April 22, 2004, to discuss the proposed project, and receive comments and concerns from local citizens and affected property owners. The proposed bridge projects were presented to 10 residents that attended the public hearing. The applicant stated that there were no objections to submitting the TSEP application. Eleven letters of support from local citizens and businesses were received, which were included in the application. Minutes of the meeting, a sign-in sheet, the public notice, and a newspaper article on the proposed project were included in the application.

The applicant stated that it has also provided numerous other opportunities to comment on the need for bridge improvements. Public hearings for previous TSEP bridge applications were held in 1998, 2000 and 2002. Minutes of the meetings, sign-in sheets, and the public notices were included in the application. A public hearing in June of 1997 was held to discuss the 0.5 percent motor vehicle tax designated to bridge improvement projects. Public notices and the meeting minutes were included in the application.

In 2004, the County revised its existing five-year bridge CIP and began the preparation of a comprehensive CIP. The four bridges were all ranked among the top 14 bridges based on the County's evaluation system for prioritizing projects. The CIP and structure inventory indicates that the higher-ranked structures are to be replaced with previous TSEP or county funds, or rehabilitated with county funds, or are in private ownership.

Project No. 28 Upper-Lower River Road Water and Sewer District – New Water/Wastewater System

This application received 3,200 points out of a possible 4,900 points and ranked 28th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
CDBG	Grant	$ 332,000	Committed by the City of Great Falls
STAG	Grant	$1,318,000	Application to be submitted March 2005
SRF	Loan	$ 657,700	Discussed/Not yet applied for
Project Total		**$2,907,700**	

Median Household Income:	$36,172	Total Population:	374
Percent Non-TSEP Matching Funds:	83%	Number of Households:	149

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	NA	-	Target Rate:	$62.40	-
Existing Wastewater Rate:	NA	-	Rate with proposed TSEP Assistance:	$63.58	102%
Existing Combined Rate:	NA	-	Rate without TSEP Assistance:	$83.39	134%

Project Summary

History – The project area, located immediately south of the city limits of Great Falls on the east side of the Missouri River, began developing in 1917. There are currently eight subdivisions and five mobile home parks in the District served by on-site water and wastewater systems. The District was formed in 2001 to deal with water quality problems in the area, related to the fact that there is no centralized wastewater system serving the area. The Department of Environmental Quality (DEQ) and the city county health department (CCHD) conducted a groundwater study in the area in 1997-98, finding high levels of nitrate and ammonia in the drinking water wells. There is a long history of water quality problems in the area. There have been numerous drinking water quality complaints from small public system users, and several boil orders issued over the years. On-site wastewater systems are degrading area wells and groundwater quality. One system in particular, the Pearson Addition lagoon, is an open cesspool that drains raw sewage directly into the ground. The DEQ and CCHD have ordered this situation to be corrected as soon as possible.

The City already has 12" water and sewer trunk mains that go through the District. The mains serve a developed property outside of the District, on the west edge, that is annexed to the City. The proposed project would connect the District to the City's water and wastewater systems by tying into the existing trunk mains.

The project, as originally proposed to the 2003 Legislature, was to be constructed in phases. TSEP, DNRC, STAG, and CDBG grants were awarded in 2003 for the first phase. The District proposed that all of the wastewater collection lines for all of the residents of the District should be constructed in the first phase, with water mains being constructed in phase two; however, a bond election held in November 2003 was defeated.

Based upon the recommendation of the project engineer, the District now proposes to divide the district into smaller service areas, and to construct both water and sewer in each of these service areas

as phased projects. The first service area, which includes the south and west portions of the District, including the Pearson Addition, would be partially funded with the TSEP grant awarded in 2003, if the District passes a bond election. The bond election did pass on August 12, 2004. The second service area, which would include the north portions of the District, would utilize the TSEP grant requested in this application.

Problem – The lack of a water and/or wastewater system in the project area is creating the following problems:

- on-site wastewater systems in the area are causing high levels of nitrate and ammonia in the drinking water wells, and
- area wells are naturally high in iron, sodium, sulfate and total dissolved solids.

Proposed Solution – The proposed project would:

- install approximately 9,300' of 8" PVC sewer main and 4,950' of 4" and 6" service line,
- install approximately 8,400' of 8" PVC water main and 5,380' of 3/4"service line,
- install approximately 115 service meters, and
- install 21 fire hydrants.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water and wastewater systems have occurred or are imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC technical review team noted that there are deficiencies that could affect the public's health and safety, including contamination of the area groundwater, which is used as a drinking water source. There is high probability of disease or illness occurring if the problem is not corrected.

Health and safety issues relative to the wastewater system include numerous on-site wastewater treatment systems within the project area that have impacted the groundwater quality of the area. Elevated levels of nitrates, ammonia, and phosphorous have been detected in wells used for drinking water. A nitrate level of 10.83 was detected in one well, which is above the EPA maximum drinking water MCL of 10 mg/l. There is a significant potential risk to human health if the groundwater aquifer continues to be impacted by the on-site wastewater systems in the project area. Potential health problems include illness due to the ingestion of disease causing microorganisms from contaminated wells and the risk of "blue baby" syndrome in infants exposed to water with high levels of nitrates. The public wastewater system in the Pleasant Park Mobile Home Court has experienced periodic problems with surfacing sewage, which is not only a violation of state standards for on-site wastewater treatment systems, but also creates a high risk of disease if humans come into contact with partially treated sewage.

Health and safety issues relative to the water system include area drinking water wells with high levels of iron, sulfates, total dissolved solids, sodium and hardness as well as the contaminants from the on-site wastewater treatment systems. Iron, sulfates, total dissolved solids, sodium, and hardness mainly produce aesthetic problems including objectionable taste and staining of fixtures. High levels of sulfates can cause a laxative effect in humans and high levels of sodium can pose a health risk to cardiac patients. As a result, many of the residents of the project area purchase bottled water or haul water for drinking purposes.

Statutory Priority #2: Reflects greater financial need.
The applicant received 360 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total

number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 42nd out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 31.4 percent. **The relative concentration of persons living at or below the *LMI* level ranked 44th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 9.8 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 39th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level five and received 800 points out of a possible 800 points.

Conclusion: The applicant conclusively demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for 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.

Rationale: The MDOC technical review team noted that the PER for the second phase of improvements was complete and thorough. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the District was created relatively recently, and there is no current water or wastewater system.

Rationale: The applicant stated that prior to a groundwater study in 1998, there was no comprehensive knowledge of an area-wide problem. Due to the high cost of annexing small parcels, several individual efforts to connect to City utilities have failed. Of particular note is the Missouri Meadows Trailer Court, which could not afford to annex and connect to existing City utilities that already exist at the edge of the property.

The applicant stated that people of the area voted to organize and to develop the best long-term plan for public utilities in their area, as well as to present a strong, unified voice in negotiating connection and/or annexation conditions with the City. The proposed project is consistent with the City's community

development plans. The project brings the District closer to full integration into the community and would provide for better planning and more organized growth. The applicant stated that south central Great Falls presents the best opportunity for urban growth due to the size and extent of city utilities in that area and the constraints of other areas adjacent to the City. This project would be a "cornerstone" project to set the tone of future development in Great Falls.

Service meters would be installed as part of the project. The MDOC review team noted that it appears that the six public water and sewer systems within the District have received numerous administrative orders and health advisories related to substandard O&M practices. However, the proposed project would connect the District to the City, and the MDOC review team concluded that the City's O&M practices related to its water and wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the uncertainty of the other funds.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, CDBG and STAG grants in combination with an SRF loan. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The District has successfully negotiated with the City, through the memorandum of understanding (MOU), for a portion of the City's CDBG entitlement funds. The MOU has established the utility connection and annexation policies, and in return the City has agreed to provide $1 million towards completion of the overall project. Each phase would receive a population based proportionate share of the total amount. The applicant plans to submit the second request for CDBG entitlement funds to Cascade County in March 2005. The applicant also plans to submit a request for a second STAG grant in March 2005.

The applicant stated that due to the limited number of ratepayers, existing utility fees and high project cost, all grant funds proposed within the project budget are essential to obtaining further funding. The STAG application and award would follow the legislative decision regarding TSEP and RRGL funding; without the TSEP award, the million dollar STAG grant would be extremely unlikely.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: 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.

Rationale: The applicant stated that there is no business expansion or jobs that are specifically dependant on this project. However, any new development utilizing on-site disposal systems that discharge to the groundwater are effectively prohibited. This "building moratorium" has kept new home construction out of the District, and residents have not been encouraged to add value to existing homes via remodeling. The MDOC review team noted that the project area is currently residential only.

The applicant stated that river frontage around the City has been "discovered" and there is increasing demand for river front commercial property. Currently, there is minimal developable space along the river due to public ownership, railroad rights of way, and environmental contamination concerns. The City adopted a corridor plan for the Missouri River at their meeting on May 4, 2004; however, the plan was not mentioned in the minutes, nor was a copy provided in the application. The

Great Falls Development Authority (GFDA) is courting a prospective client that desires 10 acres of river front land. This client may bring several hundred jobs to the community. However, GFDA was unable to provide detailed information due to confidentiality concerns. If and when public utility service is placed adjacent to the Missouri River through the District, there would be immediate interest to convert lands within the District to a higher and better use. There was no documentation in the application related to either of these comments.

The applicant also stated that south central Great Falls presents the best opportunity for urban growth due to the size and extent of city utilities in that area, and the constraints of other areas adjacent to the City. This project is somewhat of a "cornerstone" project to set the tone of future development in Great Falls.

The applicant also stated that a failure of any of the small public drainfields in the mobile home courts would effectively shut down those courts, which would displace low to moderate income families and harm the tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant did not adequately demonstrate 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, but did not inform the community about the cost of the project and the impact on user rates.

Rationale: The applicant stated that from the outset of this proposed project there has been tremendous public communication and public education. The applicant stated that a local task force was formed in 1996 to look at the problems in the area. A detailed groundwater study of the area was completed in 1998, and a public meeting was held regarding the study results. The first news story was published in 1998 regarding the preliminary results of the study, and the County started to publicize the need for a water and sewer facilities plan. In 1999, a survey was sent to all study area residents to obtain data on number, type, and condition of on-site systems. The preliminary analyses indicated that the least cost project is to connect to the City's water and wastewater systems, and as a result, detailed discussions with the City began in 1999.

The first newsletter was sent to all area residents in 1999, and the *Great Falls Tribune* published a three-page article on the problems and solutions in the area. The *Tribune* also published an editorial urging area residents to annex to City. A public hearing was held in 1999 regarding alternatives for construction of water and sewer systems in the area and the *Tribune* wrote another article about the meeting. A resident opinion poll was mailed to all study area residents, and respondents overwhelmingly favored negotiations with the City to further explore annexation and utility connection conditions.

In 2000, the decision was made to create a county water and sewer district. Another newsletter was sent to all residents, and a second public hearing was held. At that point, area residents began discussing whether to increase the District's size and scope. A task force obtained signatures from 43 percent of the registered voters in the area to create a district. In 2001, the County held a hearing regarding the boundaries for a district. After the District was created by a popular vote of the electorate, additional meetings were held and newsletters were sent to all District residents. In 2002, annexation negotiations started with City staff. On March 28, 2002, the District held a final public hearing on the proposed project, its cost, and applying for funding.

Newsletters were sent to all residents and voters within the District on April 7 and August 18, 2003, with the second newsletter followed by a public meeting to discuss the status of the project, bond election schedule and bond payment methodology. Another public meeting was held on September 29, 2003 to discuss EDU assessment methods. Another newsletter and a voter information pamphlet were mailed in October 2003. Five more District meetings were held between November 2003 and March 2004, and three more newsletters were sent out between February and April 2004. Minutes from the April 12, 2004 and the May 3, 2004 public meetings were included in the application.

The applicant stated that in addition to sending newsletters, the District holds meetings at the MSU College of Technology the first and third Mondays of each month, which are advertised in the *Tribune.* Notice of the meetings is also posted on the day of a meeting on the main entrance doors of the college. The application only included notices for the April and May meetings. The applicant stated that meetings are well attended; however, the MDOC review team could not verify that statement. There was only one sign-in sheet for a meeting in April 2003, which showed that 37 residents attended the meeting,

and an attachment to the February 2, 2004, meeting minutes that showed that 19 residents attended. The applicant included copies of agendas, minutes, newsletters, and news articles.

The applicant stated that the public was clearly informed of the cost of the proposed project per household; however, the MDOC review team could not verify that statement, since none of the documentation in the application showed that they were informed of the projected cost per user for this second phase of the project. The application included letters of support from Cascade County, the City of Great Falls, the city-county health department, the city-county planning board, and a local resident. The application also included 191 identical form letters in support of the project. The form letter simply stated that the person(s) was in support of installing affordable public water and sewer service to the area, and grant funds are needed to make it affordable; it did not reference any total project cost or projected monthly user charges.

The applicant stated that the district creation and board election process are the best indicator of citizen support for the project. A petition process initiated District creation, which was followed by a vote of the people to create the District in 2001. The first bond election in November 2003 failed, but the applicant thought that this resulted from having to comply with the City's annexation requirements. Once the first TSEP grant had been secured in 2003, the District proposed to install the wastewater collection system in the first phase. However, the City was concerned that the citizens would vote themselves into debt for sewer improvements, without any guarantee that the future water improvements would ever be undertaken. Therefore, the bond election included a request to authorize bond issuance for a future water phase that had no grant funds as of yet and extremely high costs per user, which hurt the bond issue tremendously. The project engineer restructured the proposed project and now plans to install both water and wastewater improvements within a portion of the District. This smaller sub-district in the southern portion of the District passed its bond election in August 2004. The TSEP funds requested in the 2004 application would be used to install both water and wastewater improvements within the north portion of the District.

Project No. 29
City of Laurel – Wastewater System Improvements

This application received 3,180 points out of a possible 4,900 points and ranked 29th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
City	Local	$ 433,000	Committed
Project Total		**$ 1,033,000**	

Median Household Income:	$32,679	Total Population:	6,255
Percent Non-TSEP Matching Funds:	52%	Number of Households:	2,529

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$39.96	-	Target Rate:	$56.37	-
Existing Wastewater Rate:	$30.10	-	Rate with proposed TSEP Assistance:	$72.06	128%
Existing Combined Rate:	$70.06	124%	Rate without TSEP Assistance:	$73.65	131%

Project Summary

History – The City of Laurel's wastewater collection system was originally constructed in 1910. A majority of the collection system is comprised of vitrified clay pipe and has been in service for 50 to 100 years. More recent additions have been made with PVC pipe. The treatment plant is approximately 20 years old.

Problem – The City's wastewater system has the following deficiencies:

- increasing amounts of infiltration and inflow are impacting the capacity of sewer mains,
- undersized mains and root intrusion within the collection system,
- failure or back-up of sewer mains have led to release of raw sewage in basements and homes,
- the two sewage lift stations are nearing the end of their useful life,
- during peak flow events the plant is not able to treat to permitted effluent limits, and
- several areas of the treatment plant have been identified as needing upgrades in the near future to ensure continued permit compliance.

Proposed Solution – The proposed project would replace about 6,500' of trunk mains with new 24", 36" and 48" diameter mains.

Note: The proposed solution does not resolve the problems related to the smaller diameter lines within the collection system, lift stations, or the upgrade of the treatment plant, which will be dealt with in other projects. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. 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.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: hydraulic surcharging of the primary clarifier due to excessive groundwater infiltration, reduced ability to properly maintain rotating biological contactor units, poor treatment plant performance during peak flow events, and some increased potential for violation of discharge permit limits during peak flow events.

Significant increases in influent flows at the treatment plant have been documented to occur due to the irrigation of pastures overlaying sewer trunk lines. These influent flows have caused surcharging of the primary clarifier and are likely to cause raw sewage to be overtopped on to the ground or are likely to require that raw sewage be by-passed directly to the Yellowstone River. It is not clear from the PER if overtopping has ever occurred. The overtopping of sewage would likely be limited to the footprint of the existing wastewater treatment plant and would have a low probability of exposure to the general public. Overtopping represents a serious public health or safety problem that could cause illness, disease and environmental pollution.

The hydraulic limitations of the pipeline between the primary clarifier and plant are not being repaired as part of this project and it is not clear if the problem would be completely eliminated by replacement of the trunk lines alone. However, it is likely that the majority of the problems with the primary clarifier are being eliminated by the proposed project. During peak flow events, treatment efficiency is likely reduced introducing some additional public health risk.

Statutory Priority #2: Reflects greater financial need.
The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 34th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 48.0 percent. **The relative concentration of persons living at of below the *LMI* level ranked seventh out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 10.8 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 37th out of the 47applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the comparison of alternatives was difficult to understand, and it was not clear what comparative ranking criteria were used to select the preferred alternative. For instance, there was no rationale for the alternative selections made for the trunk line or lift stations.

A phased approach to resolving wastewater system problems in Laurel is in the process of being implemented. CDBG funds were being utilized in 2004 to install a new trunk sewer main on Alder Avenue, along with some other improvements.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level four and received 560 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because it appeared that the applicant's planning efforts have only been in place for a relatively short time.

Rationale: The applicant stated that it has had to raise water and sewer rates considerably in the past because of other projects: however, the applicant did not provide any specifics. The applicant stated that adequate operation and maintenance budgets have been maintained; in recent years, the City has added more than $100,000 to the sewer replacement fund. Reserves have allowed the City to construct the first phase of the wastewater improvements without additional rate increases. In anticipation of the proposed project and the depletion of the reserves, the City will be raising the sewer rates later in 2004 to rebuild its reserves and maintain reasonable operation and maintenance budgets; however, documentation for this future rate increase was not found in the application. The City has also been planning for water system improvements by implementing yearly water rate increases, beginning in 2003 through 2005. All individual service connections are metered.

The applicant stated that it has completed a detailed capital improvements plan (CIP), a needs assessment, a separate recreation needs survey, a flood hazard mitigation plan, a draft growth policy, a draft transportation plan, and the City has begun a preliminary engineering study of the water system. A needs assessment was completed in 2000, with a separate needs survey specific to recreation in 2001. The CIP is a comprehensive five-year document adopted in 2003; the City has already addressed the highest priority of the CIP, the water intake structure, and its affordable housing shortage. A lighting special improvement district was dropped after the public hearing indicated a lack of support. The City is budgeting funds specifically for the purpose of completing projects identified in the CIP.

The applicant stated that the problems to be resolved by the proposed project are not of recent origin. The entire collection system consists of aging pipe, which is not due to poor maintenance. The City has identified those trunk mains with the highest priority for replacement for this project. However, the applicant also stated that, historically, very little preventative maintenance was performed on the collection system. More recently, new public utilities staff has recognized the importance of routine

maintenance and has begun to proactively approach maintenance issues. The MDOC review team concluded that the City's O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project, since the applicant's user rates would be less than 150 percent of target rate.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with local reserves. The applicant stated that they considered additional sources of funding including SRF and RD loans, as well as a CDBG grant. They chose not to pursue the loans in order to keep user rates down. They are not presently eligible for CDBG because of an ongoing project.

The applicant stated that the RRGL grant is not dependent upon the award of TSEP funds. However, with the TSEP grant being nearly half of the project funds, it would be very difficult to fund the project without the participation of TSEP considering that the City does not qualify for other grants at this time and the City already carries a large amount of debt with very high user rates.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the proposed project would not directly result in the creation or retention of jobs, or directly result in business expansion. However, the applicant stated that with the treatment plant currently overloaded, the City is unable to provide services for additional growth. The City is expected to see a large amount of growth in the near future. The proposed improvements are necessary to allow for the additional growth as well as keep the wastewater facilities operating under state and federal requirements. The proposed project would maintain and encourage expansion of the private property tax base. The proposed project would provide additional capacity in the treatment plant, allowing for expansion of services.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant did not adequately demonstrate 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, but did not inform the community about the cost of the project and the impact on user rates. The MDOC review team did not score this priority higher primarily because of lack of documentation that the community was informed of the rate increase.

Rationale: The applicant stated that it has held numerous public hearings regarding the wastewater facilities. Two public hearings were held in 2002 regarding the wastewater facilities plan, which allowed the public to provide input at an early stage in the planning process. In addition, two public hearings were held regarding the CDBG grant application for wastewater system improvements in May and April of 2003. The applicant provided documentation of these hearings and meetings.

A public hearing specifically regarding the TSEP grant application was held on March 2, 2004. At the hearing, the engineer gave a presentation of the overall project and the requirements of the various funding sources were discussed. Twenty-four persons attended the hearing. The applicant stated there were no opponents to the project at the hearing; however, that statement could not be verified since there were no minutes from the meeting found in the application. The applicant stated that the public was informed that there would be a minimum rate increase of $1.50 per household as a direct result of the proposed project; however, the MDOC review team could not find any documentation in the application to verify the statement, and the actual increase appears to be about $2.00 per household. In addition, the applicant stated they received several letters of support for the project; however, other than a letter from the city council, these letters were not found in the application. The legal notice and sign-in sheet for the hearing was provided with the application. Minutes from the council workshop on February 24, 2004, showed that the project was briefly discussed and the hearing in March was announced.

There were also four newspaper articles from 2001 regarding needs survey results and sewer rate increases; and four copies of the City's newsletter from about 2001 to 2003. The newsletters included updates on sewer issues including detailed information on the 2001 sewer rate increase; copies of the articles and newsletters are contained in the application.

The City has adopted a comprehensive five-year CIP. The applicant stated that the City has made considerable efforts to allow public input and provide active citizen participation through the numerous public hearings and the needs assessment that was conducted in 2000.

Project No. 30 Town of Ennis – Wastewater System Improvements

This application received 3,092 points out of a possible 4,900 points and ranked 30th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $204,894.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 204,894	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
SRF	Loan	$ 104,894	Approved for first phase and a request to extend the loan for the second phase is pending
Project Total		**$ 409,788**	

Median Household Income:	$30,735	Total Population:	840
Percent Non-TSEP Matching Funds:	50%	Number of Households:	367

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$21.23	-	Target Rate:	$53.02	-
Existing Wastewater Rate:	$33.87	-	Rate with proposed TSEP Assistance:	$55.10	104%
Existing Combined Rate:	$55.10	104%	Rate without TSEP Assistance:	$58.09	110%

Project Summary

History – In order to meet discharge requirements for secondary treatment, the Town of Ennis constructed two lined cells and a third unlined cell, in 1984. Design was for an average flow of 100,000 gallons per day. As a result of growth, both in the year-round population and the tourist influx, the facility is operating at 110 to 180 percent of capacity. The Town plans to complete a project during the summer of 2004, referred to later as phase one, that would increase the capacity of the plant to 240,000 gallons per day, repair the leakage from existing ponds, transfer all existing sludge to cell #3 to dry, and add an aeration system and a lift station. The proposed project is the second phase of the overall project.

Problem – The Town's wastewater system has the following deficiencies:
- no disinfection,
- discharge is not possible during periods of river gorging in the spring, and
- sludge volume of 4,000,000 gallons, which has an estimated 17 percent solids content.

Proposed Solution – The proposed project would:
- install an ultraviolet treatment facility,
- construct approximately 285' of 4" outfall pipe, and
- land apply dried sludge.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. These

serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety. The discharge from the Town's wastewater lagoons is currently not disinfected. The lagoons discharge into the Madison River where there is opportunity for the undisinfected effluent to come into contact with river users including fisherman and floaters.

Icing problems in the spring cause freezing and plugging problems with the effluent discharge line from the Town's wastewater lagoons. The plugging and freezing problem causes the wastewater to back-up in the outfall line, which could potentially cause sewage backups or overflow of the lagoons.

The sludge that would be removed from the lagoons during the completion of the phase one improvements must be properly disposed of in order to avoid violation of Environmental Protection Agency (EPA) 503 sludge regulations.

The existing facility is not currently violating a state or federal safety standard, but if the problems are not resolved it would be in violation of its new discharge permit when it goes into effect as well as the EPA's sludge regulations.

Statutory Priority #2: Reflects greater financial need.
The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 26th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41.8 percent. **The relative concentration of persons living at or below the *LMI* level ranked 21st out of the 47applications.**
- The percent of persons living at or below the *Poverty* level is 11.9 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 31st out of the 47applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the current PER is an amendment to a PER that was completed in 2002. A new aerated lagoon system was under construction in 2004 as a result of the 2002 PER. The review team noted that the population estimates in the 2004 PER were not updated to reflect the 2000 census, the financial status of the wastewater system was not updated, and the need for floodplain permits in the environmental checklist was not identified.

The applicant adequately assessed the potential environmental impacts, aside from identifying the need for a floodplain permit. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant currently has no capital improvements plan (CIP) and its comprehensive plan is outdated.

Rationale: The applicant stated that each year 10 percent of its general fund budget is set aside for capital improvements. The applicant stated that it has a schedule for sewer maintenance; all mains are cleaned every five years and trouble areas are cleaned yearly. The applicant is a member of an inter-local group with three neighboring towns, which jointly purchased a jetter and camera for their sewer systems. In 1984, it completed an improvements project on the wastewater treatment plant. A PER for the wastewater system was completed in 2002 and phase one of the plant improvements is scheduled to be completed in 2004.

The applicant stated that in 1994, it made improvements to its water system utilizing a CDBG grant and a SRF loan; which resulted in a rate increase in 1999. The applicant stated hydrants are flushed yearly, all valves are operated every three years, and reserves are used to inspect and clean the tank on a 10-year rotation. Service lines are metered and a wellhead protection plan was completed in 2002.

The applicant stated that in 1972, it completed a comprehensive plan, which was updated in 1996. However, the MDOC review team noted that the plan has not been updated to meet the new requirements for growth policies adopted by the 1999 Legislature. In 1998, it completed a strategic economic action plan, and in 2002, a work plan for progress. The applicant stated that it is currently in the process of completing a CIP that is expected to be ready within the next few years.

The applicant stated that the deficiencies with the wastewater system are not due to neglect. The disinfection requirement is a new requirement placed on the town as a result of upgrading their treatment system. The new outfall is needed because the existing outfall does not allow continuous discharge. The sludge disposal is a result of accumulated sludge in the bottoms of their lagoons. Lagoons are designed to allow for sludge accumulation, but as a result of the wastewater treatment plant reconstruction, the sludge must be removed in order to comply with the Department of Environmental Quality (DEQ) and Environmental Protection Agency (EPA) rules. The team concluded that the Town's O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the review team noted that application did not include documentation from the SRF program as to the viability of using phase one funds for this project or if the Town has the option of increasing its original loan amount.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with a SRF loan. The applicant considered nine different funding sources for the project. The applicant stated that the project is not eligible for EDA funding because no jobs would be created or retained. The applicant also stated that it discussed RD funds, but preferred a shorter loan term. Phase one of the project utilized funding from the CDBG program. The applicant stated that it is not eligible to apply to CDBG for the proposed project because its current CDBG grant is still open. The applicant stated that it anticipates the current SRF loan secured for phase one would be used for the proposed project and a request to increase the loan amount would be made if necessary. The MDOC review team noted that application did not include documentation from the SRF program as to the viability of using phase one funds for this project or if the Town has the option of increasing its original loan amount.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the proposed project would not directly result in the creation or retention of any long-term, full-time jobs, nor would it directly result in a business expansion. The applicant stated that it is dependent on recreation such as hunting, fishing and tourism; but limitations within the wastewater system have restricted development within the community. The applicant stated that the proposed project would have a positive impact on the potential for commercial growth within the community and a subsequent expansion of the private property tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was only one public meeting relative to this phase of the project; therefore, it appeared that the applicant only met the minimum requirements related to demonstrating that the proposed project is a high priority and has community support.

Rationale: The applicant stated that public hearings were held in November 2002 and January 2003 for the first phase of the wastewater project. The application included a legal notice and minutes of the November meeting and minutes from the January hearing. The applicant stated that a public hearing was held on the evening of April 22, 2004 to discuss the proposed project. The application included a copy of a legal notice, a newspaper article discussing the upcoming meeting, and a copy of a project summary discussing proposed wastewater rates that was an exhibit at the meeting.

The application included two letters of support, one from a small business owner and the other from the local chamber of commerce.

Project No. 31
City of Choteau – Water System Improvements

This application received 3,072 points out of a possible 4,900 points and ranked 31st out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
CDBG	Grant	$ 500,000	Applied May 2004
RD	Grant	$ 500,000	Submitting application July 2004
RD	Loan	$ 800,000	Submitting application
Project Total		**$ 2,400,000**	

Median Household Income:	$25,708	Total Population:	1,781
Percent Non-TSEP Matching Funds:	74%	Number of Households:	543

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$24.30	-	Target Rate:	$44.35	-
Existing Wastewater Rate:	$18.62	-	Rate with proposed TSEP Assistance:	$52.95	119%
Existing Combined Rate:	$46.08	104%	Rate without TSEP Assistance:	$56.46	127%

Project Summary

History – The City of Choteau's water supply is obtained from two springs and two shallow wells located at the northern end of town. The source of this water is the unconfined Teton River Aquifer, which is of high quality and receives no treatment besides chlorination. The water system was constructed in 1913. The 250,000-gallon storage tank is part of the original system, with a 500,000-gallon storage tank added in 1949. Two additional springs and the related pump house have been developed over time, and a chlorination system was installed in 1989. Water meters were installed in 2002.

Problem – The City's water system has the following deficiencies:

- the four water sources are susceptible to contamination,
- the four water sources combine in the Water Works pump house before distribution, therefore contamination of any one of the sources could result in the potential contamination of the entire water supply,
- the Water Works wet well is deteriorating, and cannot be repaired until an alternative water supply is established,
- the system experiences excessive water loss due to leaking distribution lines,
- access to the water supply storage tanks is relatively unrestricted, resulting in a potential security risk, and
- vents and improperly constructed access ways to the tanks provide a potential for contamination from outside sources.

Proposed Solution – The proposed project would:

- construct a new independent pump house and chlorination treatment system at the Richem pump house,
- renovate the Water Works pump house and wet well,
- replace approximately 14,000' of old cast iron mains with 8" and 10" PVC distribution lines,

- install 6' chain link fence with three strand barbed wire around perimeter of the storage tanks, and
- upgrade instrumentation and controls.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. 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.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: leaking pipes, leaded pipes, and lack of seals and improper vents at tanks and the wet well. No actual illness events have been documented, though there exists several very real long-term threats to public health.

Leaking pipes provide a potential entrance for groundwater that may be contaminated with wastewater from the leaking wastewater system, should the water system ever loose pressure.

There is a threat from lead potentially leaching into the system. The 90-year old cast iron pipes with lead-sealed joints should be replaced due to the impact from long-term exposure to lead, and the fact that they have likely reached or passed their useful life. Although there were no MCL or action level violations noted, there is no doubt that that leaded pipes exist and pose a health threat.

The lack of seals at entrances to wet wells and improperly constructed vents at the tanks does not meet current Department of Environmental Quality (DEQ) standards. The threat from contamination entering at the improperly constructed vents is considered significant.

The applicant also proposes to separate entry points so that all water sources are not combined at a single point, thereby better protecting the overall system. Currently, the four water sources are interconnected as the water enters the distribution system. This leads to the high potential that if one source is contaminated, then the entire water supply could potentially be contaminated.

Statutory Priority #2: Reflects greater financial need.
The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fourth level and received 288 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked fifth out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 46.2 percent. **The relative concentration of persons living at or below the *LMI* level ranked 11th out of the 47applications.**
- The percent of persons living at or below the *Poverty* level is 17.6 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 12th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that capital cost estimates were unsupported and unit costs were not provided. Costs were provided at a low level of confidence, up to 50 percent high or 30 percent low. Lack of support for any of the capital costs, i.e. unit costs based on bid tabs, and a low level of confidence in the cost estimates are a potential concern regarding the construction schedule. If the costs are found to be at the high end of the range, the project could be delayed while additional loans and grants are sought. Other cost issues included the inadequate development of O&M energy cost savings and coordination of these savings with overall user cost projections.

The sizing of the proposed main was not clearly presented. In the PER ,the proposed line is stated as 10" on one page and 14" on other pages. Unit costs were not presented so it is not known which size was used in the cost estimates.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant's planning efforts have been relatively recent and the application lacked documentation.

Rationale: The applicant stated that it began planning for water system upgrades in 1998. Since then, water rates have risen by 112 percent. In 1999, the City started building reserves to fund water system improvements. In 2002, reserves reached $61,000; however, a majority of that reserve was used to help fund the water meter installations. The City recently added $20,000 to its reserve account.

The applicant stated that a leak detection study was conducted as part of a water meter installation project completed in 2002. The installation of meters has provided for more equitable system charges and has contributed to water conservation as evidenced by the drop in water usage. Water system pumping records included in the PER show that the water usage has decreased by roughly 40 percent after the meter installations. The City has incorporated a wellhead protection plan for all water supply sites as was proposed in a comprehensive water plan in 1998.

The applicant stated that it adopted a capital improvements plan (CIP) in 2003, to be updated annually, that defined deficiencies in the City's water, sewer and roadway systems. The creation of the CIP was a requirement for the previously funded TSEP wastewater project. The MDOC review team noted that although the CIP was adopted, it only covers planning year 2003 and does not cover a minimum five-year period. In the future, the City will expand the CIP to include bridges, drainage, parks, public buildings, and other City properties. The proposed project is identified as the number one priority in the CIP, now that sewer improvements and the installation of water meters have been completed.

The applicant stated that the problems are not of recent origin, nor have they developed due to improper past operation and maintenance practices. The deficiencies are due to the age of piping and materials that were installed over 90 years ago. The system has outlived its design life and cannot be replaced under normal O&M practices. The MDOC review team concluded that the City's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher because of the uncertainty of some of the other funds proposed.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG, RRGL, and RD grants in combination with a RD loan. Subsequent to scoring this priority, RD agreed to provide funds to the applicant. The applicant stated that the City conducted an income survey to establish eligibility for CDBG funding. Subsequent to the scoring of this priority, it was determined that the Town would not receive the CDBG grant during the 2004 competition. The City considered the SRF loan program, but because grant funding is not also available through the program it does not make this the most affordable option for the City. The applicant stated that without TSEP assistance this project would be unfeasible for the City's residents.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possi ble 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that a malting operation was considering locating in Choteau, but the present water supply system could not provide the additional water needed to support the malting process. The applicant did not identify any new jobs or businesses that that are dependent upon the proposed project, but did state that the proposed improvements would be a positive factor for commercial and agricultural industries that may consider locating in Choteau.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level five and received 400 points out of a possible 400 points.

Conclusion: 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.

Rationale: The applicant stated that public hearings were held on January 6, April 6, April 20, and May 4, 2004 to inform the citizens of the need for the proposed water system improvements project, discuss costs and rate impacts, and evaluate potential funding assistance; increasing number of residents

attended each subsequent meeting with 35 residents attending the May 4th hearing. Meeting notices, agendas, sign-in sheets, copies of presentation materials and minutes were included in the application; however, there were no minutes for the May hearing. The application also contained numerous new articles from the *Choteau Acantha* detailing the city council meetings, in which the proposed water project need and rate increases were discussed. According to letters from the Kiwanis Club and Lions Club, presentations were made to several civic groups concerning the proposed project.

Letters of support from the county sanitarian, school superintendent, health department, fire chief, two civic organizations, six local businesses, seven residents, and the three county commissioners in a joint letter of support, were included in the application. The City adopted the CIP in February 2003, and the proposed project is the number one priority at this time.

Project No. 32
Missoula County – Bridge System Improvements

This application received 3,020 points out of a possible 4,900 points and ranked 32nd out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $275,172.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 275,172	Awaiting decision of legislature
County	Local	$ 275,172	Committed
Project Total		**$ 550,334**	

Median Household Income:	$34,454	Total Population:	95,802
Percent Non-TSEP Matching Funds:	50%	Number of Households:	38,439

Project Summary

History – Missoula County has identified two bridges in need of replacement:

- La Valle Creek Bridge is located on Deschamps Road, about eight miles northwest of Missoula. Originally constructed in 1954, the last major repairs on the bridge were in 1997 to the abutments. This road serves 45 full-time residences and five farm and ranch properties, and is a designated school bus route**.** If the bridge were to fail, the alternative route would add up to a six-mile detour. The single-lane bridge is posted at 10, 16 and 19 tons, depending on variations in axle loading.
- Finley Creek Bridge is located on Doney Road, about two miles south of Arlee. The structure was originally constructed by the U.S Forest Service, but was rehabilitated by the County in 1974. In October of 2001, this 20' bridge was narrowed to a single-lane width of 16', by a temporary guardrail, because of heavily rotted outside girders. This road serves three full-time residences and 10 farm and ranch properties. Commercial logging takes place in an area west of the bridge and logs are hauled over the bridge**.** If the bridge were to fail, the alternative route would add up to an eight-mile detour. The bridge is not posted for reduced load limits.

Problem – The County's two bridges have the following deficiencies:

- La Valle Creek Bridge has a sufficiency rating of 35 percent. Deficiencies include:
  - rotten pilings,
  - deck wear, and
  - inadequate girders.
- Finley Creek Bridge has a sufficiency rating of 42 percent. Deficiencies include:
  - cracked girder lines,
  - substandard guard railing,
  - inadequate hydraulic opening, and
  - scour at the abutments.

Proposed Solution – The proposed project would replace both existing structures with three sided, open bottom, corrugated steel culverts supported on concrete foundations.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC engineering review team noted that the LaValle Creek Bridge has an NBI sufficiency rating of 35 percent. The structure rating was a four; the lowest condition rating was a four for the substructure. The Finley Creek Bridge has an NBI sufficiency rating of 42 percent. The structure rating was a three; the lowest condition rating was a three for the superstructure. A weighted scoring level, based on construction costs, resulted in a level four score for the overall project.

Statutory Priority #2: Reflects greater financial need.
The applicant received 360 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 38th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 35.7 percent. **The relative concentration of persons living at or below the *LMI* level ranked 39th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 14.8 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 17th out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.028%
Bridge levy as it relates to the state median of 0.041%	67.45%
Entire levy as a percent of MHI	4.16%
Entire levy as it relates to the state median of 2.67%	155.92%
2003 mill value as a percent of 1986 mill value	139.76%
2003 bridge mills as a percent of 1986 bridge mills	106.25%
Ratio of 2003 bridge levy to 1986 bridge levy	1.48

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report (PER) 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.

Rationale: The MDOC engineering review team noted that there was a lack of detail regarding alternate analyses for foundations. The spread footings option was described using minimal detail and was the only option the applicant prepared substructure costs for. The applicant indicated that a driven pile option might be considered for final design after final geotechnical analysis is performed.

The team also had some questions regarding environmental issues. There were some incompletely addressed questions on the need for conducting cultural resource inventories, which the applicant stated would be addressed in final design. One of the bridges, Finley Creek, is located on the Flathead Indian Reservation. Therefore, considering the above, the applicant has adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant would be adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant's planning efforts relative to its bridges have only been in place for a relatively short time, and there was no discussion of the County's other planning efforts.

Rationale: The applicant stated that its bridge department was created in 1978 and at that time, all bridge structures were inventoried and had detailed inspections performed on them. Over the next 20 years bridges were cataloged. Presently, a computerized bridge database is being developed. In 2002, the applicant contracted with an engineering firm to develop a complete bridge inventory and bridge capital improvements plan (CIP) and the proposed project is consistent with this document. The applicant stated capital investment planning and budgeting have led to over $4 million of bridge replacements or major repairs in the county since 1988. The applicant stated that it is unable to keep a reserve for future bridge replacement, due to a continuing need for on-going maintenance and overall operations of the public works department.

The applicant stated the deficiencies that exist with the two bridges are not of recent origin, nor have they developed because of inadequate O&M practices, but rather these two bridges are at the end of their expected performance life, considering the materials used in their construction. Also, the structures were built shorter than they should have been. By shortening the bridges, channels were constricted, thereby leading to poor hydraulic performance. The MDOC review team concluded that the County's O&M practices related to it bridges appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was limited discussion of all of the potential funding sources for bridges.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with local reserves. The County has committed its match for the proposed project. The applicant stated that it identified three sources of public funding for bridges. The applicant stated that the community transportation enhancement program is not a viable source of funding for the proposed project because the proposed bridge project is not associated with community enhancement. The applicant stated that funding from the Department of Transportation's off-system bridge program would not be available for the proposed bridge projects for approximately 10 years. The applicant identified the forest service wood in

transportation program as a viable source of funding for the bridges, but stated that county engineering personnel elected to only request funding through the TSEP program. The reason for this decision was mostly a matter of the limited time available for personnel to assemble all of the documentation required, and to also complete other on-going work. The County views the likelihood of receiving TSEP funding as high, and is planning to expend County funds in FY 2005 to perform hydrologic and geotechnical investigations at the La Valle Creek Bridge site, and to employ an engineering firm to design this bridge.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of long-term, full-time jobs, nor would it directly result in business expansion. The applicant stated that the Finley Creek Bridge is the only access to several homes and thousands of acres of timber on reservation land and on Plumb Creek Timber lands. If load restrictions had to be placed on the existing bridge, logging trucks would be prevented from passing over the bridge. The applicant stated that if emergency vehicles could not cross the bridge, wildfires could destroy thousands of board feet of harvestable timber. The applicant stated that the proposed project would help maintain future expansion of the private property tax base in the westerly end of the Missoula Basin, in the vicinity of the La Valle Creek Bridge.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was only the one public meeting and little public attendance.

Rationale: The applicant stated that a public meeting was held March 10, 2004 relative to the proposed bridge project. A form letter was sent to residents living in close proximity to both bridges notifying them of the meeting. Only one resident attended the meeting. The application included a copy of the meeting minutes, form letter, legal advertisement, and press release relative to the meeting. The MDOC review team noted that the application did not include any documentation that the public was informed that no tax increases or special assessments would result from the proposed project. The application included 11 letters of support for the project. The County has an adopted bridge CIP, and the proposed project is consistent with the plan.

Project No. 33
City of Miles City – Water System Improvements

This application received 2,972 points out of a possible 4,900 points and ranked 33rd out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
SRF	Loan	$ 1,967,000	Letter received firming commitment
District	Cash	$ 50,000	Committed
Project Total		**$ 2,517,000**	

Median Household Income:	$29,847	Total Population:	8,487
Percent Non-TSEP Matching Funds:	80%	Number of Households:	3,528

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$31.33	-	Target Rate:	$51.49	-
Existing Wastewater Rate:	$19.72	-	Rate with proposed TSEP Assistance:	$54.76	106%
Existing Combined Rate:	$51.05	99%	Rate without TSEP Assistance:	$55.70	108%

Project Summary

History – The City's water system dates back to the early 1900s. Most of the smaller diameter water mains serving the proposed project area, which consists of the Bender's, Daly and Woodland Park Additions, and surrounding neighborhoods in the north part of the City, were installed in the 1920s. In 1953, a 20" water main was installed from the treatment plant on the Yellowstone River at the west edge of the City to a new 1.5 million-gallon storage tank built on Carbon Hill on the east side of the City. Another major improvement occurred in 1980, when a 14" main was installed from the storage tank along North Haynes Avenue.

Problem – The City's water system in the project area has the following deficiencies:
- lack of redundancy,
- low pressures (below 35 psi) at peak demand times, due to the limited capacity (number, size and location) of existing transmission and distribution lines to and within this area,
- inadequate fire flows,
- poor water quality (stagnant water; low chlorine residual; taste, odor and appearance problems; and higher than desirable disinfection byproducts),
- inability to properly flush the lines to maintain water quality,
- corroded lines harbor bacteria,
- potential cross connections,
- periodic water outages due to repairs,
- heavy turberculation in the small, unlined, cast iron 4" lines, which tend to allow biofilms to exist.

Proposed Solution – The proposed project would:
- extend the 10" Bender Park water main into the project area,
- connect the 14" main on North Haynes Avenue and the 10" Bender Park main with a new 12" main (approximately 5,800'),
- replace approximately 19,500' of 4" and 6" cast iron distribution lines with 8" lines, and

- install new valves, 35 fire hydrants, and service line connections between the main and the property line.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: low distribution pressures, low fire flows, inadequate chlorine residuals, increased potential for cross connection contamination, inability to flush water mains, excessive internal corrosion, undersized mains, elevated disinfection by-products, occasional system structural failures and leaks.

The applicant documented that fires in the project area have occurred and that they were difficult to control due to low water pressures and flows. Working water pressures can drop below 35 psi during high day demands and below 20 psi during fire flow demands. This condition represents a significant public safety concern.

The applicant documented the inability to service the Head Start facility during a pipe repair project. The inability to service the area during repairs may have been due to a lack of redundancy in the area or insufficient valving.

The applicant did not document serious public health problems that were directly attributable the low pressures, cross connections, tuberculation, poor chlorine residuals or other water system deficiencies. The low pressures and flows do not allow adequate hydraulic flushing of the system to keep lines clean and prevent the accumulation of biofilms. The low pressures could result in a backflow event should a cross connection exist. Tuberculation due to internal corrosion tends to harbor bacteria and facilitate growth of biofilms. The low flows, tuberculation, biofilms and corrosion products interfere with the ability to maintain chlorine residuals in the distribution system. Not maintaining chlorine concentrations would be a violation of the Department of Environmental Quality (DEQ) regulations. Mains that are not looped result in stagnant water.

Elevated levels of disinfection by-products have been documented which increase the long-term threat of cancer, but the levels are below MCL's and therefore represent an acceptable level of risk based on national public health standards.

Statutory Priority #2: Reflects greater financial need.
The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 18th out of the 47 applications.**

- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41.8 percent. **The relative concentration of persons living at or below the *LMI* level ranked 21st out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 14.7 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 19th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the PER did not include a detailed evaluation of the entire system, nor did it include detailed costs for each alternative. The PER focused on identifying and documenting water distribution problems in the northeast portion of the City. The PER described a capital improvements plan prepared by the City, which mentioned that several other system deficiencies do exist. The alternatives analysis did not include a cost estimate for each alternative and only generally discussed present worth and O&M costs. The PER was generally lacking in detail when compared to others.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of lack of documentation, and there was little discussion of other planning efforts.

Rationale: The applicant stated that this project fits in well with the long-term capital improvements plans of the City and the overall management and O&M for the water system. The City increased water and sewer rates significantly in 1996 in order to help pay for projects at that time. In 2002, rates were raised again (15 percent for water and 77 percent for sewer), to again help fund proposed projects. No other details concerning rate increases were provided in the application. The City has stated that it is committed to raising rates further to pay back the debt to be incurred on the proposed project. The applicant stated that it anticipates that the user rates would be raised at least an average of $3 to $4 more per user per month within the next couple years. Individual connections are metered and fees are based upon the actual amount of water used.

The applicant stated that it has a recently revised a five-year capital improvements plan (CIP) that dates back to at least 1996, with the proposed project at the top of the priority list. However, the application only contained what was called a summary of the CIP, which contained information only about water and sewer projects; as a result, the MDOC review team could not determine if the CIP discusses other infrastructure owned by the City. The applicant stated that it proposes to construct four other projects in the next three years, totaling $2.2 million, which would be funded out of reserves, loans and

water rates. The applicant stated that the project is in compliance with the City's zoning ordinance, and other local ordinances, and has the backing of the local planning office; however, the application did not contain any supporting documentation.

The applicant did not provide any comments related to the reasons for the deficiencies and whether they are the result of inadequate O&M. However, it appears that the problems are a result of age and original design. The MDOC review team concluded that the City's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project.

Rationale: The applicant has proposed a funding package consisting of the TSEP grant in combination with a SRF loan and a contribution of funds from the Custer County Water and Sewer District. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The District would benefit from the project, and therefore, has committed its portion towards the project.

The applicant stated that it is not eligible for the CDBG program because the City's LMI percentage is too low. The applicant also stated that with a $100,000 grant limit, it appears the DNRC program is geared toward smaller projects, and therefore, they did not think it was suitable for a project of this size.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that this is a significant construction project for Miles City and it would provide many job opportunities during construction. The applicant discussed the need for an improved water supply, primarily for fire protection, at the Trinity Railcar Maintenance Yard, which is on the edge of the project area. Trinity is an important employer in Miles City as they not only provide a significant number of jobs, but also bring in outside dollars with their business of repairing railcars. Trinity Railcar previously had a fire, and making the improvements would help protect retention of these jobs.

Several commercial businesses exist along Valley Drive East from its intersection with Haynes Avenue to the east. Inquiries have been made in the past from these businesses regarding the potential for receiving public water supply. Completion of this project would bring water 1,200' closer to these businesses, making construction of a lateral to provide them service more financially feasible. Some vacant land also exists along Valley Drive East which would be more conducive to commercial development should water be provided. Sewer service is already available to these businesses. The installation of this water main would help retain valuable jobs and provide some potential for future additional jobs. However, the applicant did not identify any specific job creation that would be dependent

upon this project and did not identify any existing jobs that would be lost if water service was not provided.

The area served by this project would likely have an eroding tax base if the water supply is not improved; therefore, this project would likely help maintain or even improve the tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant did not adequately demonstrate 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, but did not inform the community about the cost of the project and the impact on user rates.

Rationale: The applicant stated that residents of the Bender's, Woodland Park and Daly Additions and neighboring areas are aware of the limitations that exist in the current water supply facilities. A public hearing was held on April 13, 2004. The legal notice explained what the proposed project was about but did not include any information on the cost of the project or to individual users. The minutes of the hearing state "a number of people were in attendance for the hearing and all expressed positive comments. There was no opposition to the project from anyone in attendance." The minutes do not reflect how many people were in attendance, or that the cost of the project or the projected rate increase were discussed. The applicant stated that it thinks there is strong community support for the project. The application included a legal notice and minutes for the hearing.

The local Head Start program administrator and fire chief provided letters of support for the proposed project, which were included in the application. The applicant stated that it recently revised its five-year CIP and the proposed project is at the top of the priority list.

Project No. 34
Yellowstone County – Bridge System Improvements

This application received 2,940 points out of a possible 4,900 points and ranked 34th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $187,800.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 187,800	Awaiting decision of legislature
County	Local	$ 187,800	Committed
Project Total		**$ 375,600**	

Median Household Income:	$36,727	Total Population:	129,352
Percent Non-TSEP Matching Funds:	50%	Number of Households:	52,084

Project Summary

History – The Five-Mile Creek Bridge, is a 28' single-span, steel stringer bridge built in 1937. It is located northeast of the City of Billings. The north abutment was repaired with underpinning in 1994, and a section of barrier beam was also added to the south side. The deck has been resurfaced with asphalt many times.

This road serves 39 full-time residences and is a designated school bus route. The BikeNet trail system would traverse the bridge. If the bridge were to fail, the alternative route would add up to a one to three-mile detour. The bridge is posted at four tons.

Problem – The Five-Mile Creek Bridge has a sufficiency rating of 49 percent and has the following deficiencies:

- narrow width and poor geometry of the approach roadways,
- decking is abraded and reduced,
- reinforcing within the deck slab and curbs appears to be deteriorating, and
- inadequate bridge rail.

Proposed Solution – The proposed project would replace the existing structure by constructing a new bulb tee bridge in a new location and realigning the approaches.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC technical review team noted that the Five-Mile Creek Bridge has an NBI sufficiency rating of 49.9 percent. The structure rating was a four; the lowest condition rating was a four for the substructure.

Statutory Priority #2: Reflects greater financial need.
The applicant received 360 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 43rd out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37.8 percent. **The relative concentration of persons living at or below the *LMI* level ranked 35th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 11.1 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 35th out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.02%
Bridge levy as it relates to the state median of 0.041%	48.56%
Entire levy as a percent of MHI	2.85%
Entire levy as it relates to the state median of 2.67%	106.60%
2003 mill value as a percent of 1986 mill value	93.33%
2003 bridge mills as a percent of 1986 bridge mills	119.27%
Ratio of 2003 bridge levy to 1986 bridge levy	1.11

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the hydraulic capacity of the proposed bridge cross section was not adequately addressed. The hydraulic capacity analysis can affect the sizing of the bridge span, which in turn, could affect the project cost estimate.

There were also some questions regarding environmental issues. It was not clear if wetlands are present at the project site; however, the applicant received a letter from the Army Corps of Engineers and the applicant has been advised by the Corps that a permit would be required if the approach would cross any wetland areas. Additionally, there were some incompletely addressed questions on the need for conducting cultural resource inventories. Since these issues would be addressed further in permitting and final design, it is our opinion that the applicant has adequately assessed the potential environmental

impacts. Any environmental concerns that were identified by the applicant were or would be adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not discuss other long-term planning efforts.

Rationale: The applicant stated that it has been committed to replacing deficient bridges throughout the county, and has replaced nineteen bridges since 1996; 16 of those were funded solely from the County's bridge budget. Seven of the 16 bridges were replaced with concrete culverts. A grant from the U.S. Forest Service (USFS) funded the replacement of three timber bridges. The total cost for the replacement of all of the structures was $2,282,313. The Department of Transportation (MDT) off-system bridge program has funded the replacement of additional bridges. The County performs ongoing maintenance for all the bridges, and budgets for the replacement of deficient bridges every year or two.

The applicant stated that it has a three-year and 20-year replacement plan that uses three criteria (sufficiency rating, current and projected average daily traffic, and public safety). The County inspects all bridges less than 20' in length and provides an NBI rating for each bridge. The applicant stated that the proposed project has been scheduled for replacement since 1995.

The applicant stated that road was originally built to access local agricultural operations far out of town. However, the road is now classified as an arterial route and is part of the urban traffic network. Even though regular maintenance has been performed, the bridge is simply old and out of date. The MDOC review team concluded that the County's O&M practices related to its bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher because, even though the applicant is providing the matching funds, the team did not think that the applicant had analyzed other potential funding sources to the same degree that many of the other bridge applicants did.

Rationale: The applicant has proposed a funding package consisting of the TSEP grant in combination with local funds. The applicant stated that the County currently uses all of the funding sources available. The County believes the only funding available is through TSEP and its own budget. The applicant mentioned a few other funding sources including the MDT's off-system bridge program and the USFS. The pilot urban program, gas tax funds, and private developer related dollars were mentioned as consideration in other urban roadway projects, but that they do not address bridges.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant

did not adequately document 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 bridge system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the urban area transportation plan for the City of Billings shows that dwelling units in the outlying areas north of Billings are projected to increase by 307.7 percent and in the northeast areas by 99.6 percent between the years 2000 and 2020. With the completion of a feasibility study for a northwest bypass and funding secured for an environmental assessment study, there is a greater potential for industrial growth in the project area. However, the applicant did not reference any particular jobs or businesses that are dependent upon this proposed project; it simply provides the infrastructure necessary for continued growth.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that questionnaires were sent to residents in the area of the bridge; thirteen were returned, and they were generally in support of the need to improve the bridge. Three area residents attended an informational meeting held at a local elementary school on April 13, 2004 to discuss the proposed project. A public meeting was held in the county courthouse on April 23rd to discuss the proposed project; 27 people attended. Two local television stations aired a story about the bridge on April 24th. The County provided opportunities for public comment again on the proposed project at a public hearing on April 27th. The applicant stated that a local television station also broadcasted the public hearing. Letters of support for the proposed project were received from two businesses, two emergency service providers, and the local chamber of commerce. The application contained legal notices, agendas, meeting minutes, questionnaire responses, and letters of support.

The County has a three-year and 20-year replacement plan, and the applicant stated that the proposed project has been scheduled for replacement since 1995.

Project No. 35
Ranch County Water and Sewer District – Water System Improvements

This application received 2,924 points out of a possible 4,900 points and ranked 34th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends a reduced TSEP grant of $360,000**, in order to limit the award to $7,500 per benefited household (based on 48 lots), even though the applicant met all three of the criteria required for a hardship grant. The MDOC review team did not think that it would be appropriate to exceed the $7,500 per benefited household given the combination of undeveloped lots, some seasonal homes, and the high MHI of this area. See Statutory Priority #5 for more information related to the recommendation.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
RD	Loan	$ 450,000	Application May 2004
Project Total		**$1,050,000**	

Median Household Income:	$46,165	Total Population:	75
Percent Non-TSEP Matching Funds:	52%	Number of Households:	30 households and 48 lots

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$10.42	21%	Target Rate:	$ 48.47	-
Existing Wastewater Rate:	NA	-	Rate with proposed TSEP Assistance:	$ 77.39	160%
Existing Combined Rate:	NA	-	Rate without TSEP Assistance:	$157.00	324%

Project Summary

History – The Ranch County Water and Sewer District is located about one mile south of Bigfork on the east side of State Highway 35. The District was formed in November of 2003 to address deficiencies of the existing private system that were installed in phases starting in 1975. System components include two wells, a concrete storage tank, and a distribution system.

Problem – The District's water system has the following deficiencies:
- wells do not meet design flows with the largest well out of service,
- substandard well construction,
- inadequate chlorine contact time and chlorination system housing,
- deterioration of wooden portion of storage tank,
- inadequate water pressure,
- distribution lines are not sized for fire flows,
- distribution lines are not looped, and
- no water meters.

Proposed Solution – The proposed project would replace the entire system with:
- a new well,
- a 150,000-gallon storage tank,
- a new pump house/chlorination facility,
- a new distribution network consisting of about 7,000' of 8" pipe,
- twelve fire hydrants, and
- thirty service meters.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level five and received 1,000 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water system have occurred or are imminent. These serious problems are the result of incidental, short-term or casual contact or as a result of past cumulative long-term exposure.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: inadequate roof on the storage tank allowing entry of potential contaminants and insects, inappropriately sealed public water supply well, very low system pressures and individual booster pumps posing the risk of backflow into the system, and an antiquated chlorination system that frequently malfunctions and requires manual chlorination by dumping chlorine into the tank. These items would not meet the current Department of Environmental Quality (DEQ) design standards.

Serious consequences as a result of system deficiencies have occurred and have a high probability of recurring. The system has failed bacteriological tests on five separate instances, and the system was issued health advisories in 1998 and 2002. The deteriorating roof of the storage tank, the improper annular seal around one of the wells and the potential for backflow into the system because of the low pressure have been cited as likely sources of the contamination. The lack of flushing hydrants and use of individual booster pumps have also been identified as potential contributors to system contamination. Coupled with the problematic and frequently failing chlorination system, the threat to public health would be ongoing until multiple problems are resolved. Though illness has not yet been reported, the threat is imminent. Should contamination of the system result, all of the users could be exposed to the health threat in a very short period of time because the system is very small.

The system is not capable of meeting even minimal fire flows. The storage tank is too small and the distribution system mains are not large enough to carry fire flows. The lack of adequate fire flows places the system under considerable risk of major property loss and potential loss of life as well as risk of bodily injury. Forested lands surround the residences, thereby increasing the risk due to forest fires.

Statutory Priority #2: Reflects greater financial need.
The applicant received 504 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the first level and received 72 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 46th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 26.6 percent. **The relative concentration of persons living at or below the *LMI* level ranked 46th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 6.7 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 45th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the fourth level and received 432 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Note: The user rate of $77.39 as calculated by the department was based on O&M costs distributed among all 48 lots as is discussed in more detail under Statutory Priority #5. The applicant has indicated that for legal and financial reasons they would only charge the O&M costs to the 30 existing households. If the user rate is re-calculated for 30 users, then the revised user rate is $87.74, which is 181 percent of the target rate.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that evaluations of several alternatives lacked detail considered relevant to the system improvements. The PER made no distinction between an entire new distribution system that would provide fire protection and an entire new distribution system that would meet domestic needs only. Considering the small number of connections, the rural nature of the community, and the substantial difference in the required physical configuration and cost of the system to provide for fire protection, this alternative should have at least been considered in accordance with the uniform application guidelines. The team also noted that the proposed improvements do not include provisions for maintaining water quality in the storage tank through baffling, separate inlet and outlet pipes, etc.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant did not adequately demonstrate 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. The MDOC review team did not score this priority higher primarily because the District was just recently created, and has had inadequate operations and maintenance during the time period prior to the formation of a District.

Rationale: The applicant stated that the District was formed in 2003 because of the need for a new water system and desire to make a commitment to capital improvements and planning. The applicant stated that as a homeowners association, fees could only be assessed to water users in the community for operation and maintenance. The District was formed to start long-term planning to accommodate growth. Their first step was to have a PER completed which found several more deficiencies than previously realized

The project includes the installation of new water meters. The District intends on implementing a wellhead protection plan for their two existing wells and proposed third well.

The applicant stated that the problems with the water system are related to poor design, and the fact that it is 30 years old and has reached its design life. The MDOC review team concluded that the District's O&M practices related to the water system appear to be inadequate.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level two and received 240 points out of a possible 600 points.

Conclusion: The applicant did not adequately demonstrate 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. The MDOC review team did not score this priority higher primarily because of the uncertainty associated with a District having to pass a bond election in order to secure a viable funding package. In addition, the MDOC review team determined that awarding a hardship grant to the applicant would be inappropriate, which impacted the overall funding package.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants, and an RD loan. The applicant discussed nine potential funding sources. The applicant is not eligible for grants from the Economic Development Administration, the Coal Board, the CDBG program, or RD. The applicant stated that TSEP funds are needed to match the RD loan and keep the project affordable.

The applicant's request for a TSEP grant exceeds the $7,500 limit per household; with 30 existing households, this works out to $16,666. However, in cases of demonstrated hardship, MDOC may allow the $7,500 limit per household to be exceeded; however, all three of the following tests must be met:

- a very serious deficiency exists in a community facility or service, or the community lacks the facility or service entirely; and adverse consequences clearly attributable to the deficiency have occurred, or are likely to occur in the near term (scores at a level four or five on Statutory Priority #1); and it has been determined by MDOC that the proposed project would correct the deficiencies; and
- upon completion of the proposed project, user rates would be at least 1.5 times the community's "target rate" (based upon the projected monthly rates with TSEP assistance); and
- other sources of funding are not reasonably available.

The applicant requested a hardship grant based partly on user rates of 1.52 times the target rate. In order to stay above 1.5 times the target rate, the applicant based user rates on the 30 existing households. It was the opinion of MDOC review team that with a new water system, additional home starts are likely to occur over the next few years. That should result in a lower user fee per household. In addition, the team was concerned that the TSEP funds would, in effect, be used to potentially subsidize the cost of the private development of this subdivision given that 18 lots are not yet developed, or 37.5 percent of the development. The team also noted that some of the homes are potentially used only seasonally as second homes. The applicant stated in the application that the definition of a primary residence applies to 21 out of the 30 households within the district. As a result, it appeared to the team that nine of the households, or 30 percent, are seasonal. The combination of the undeveloped lots, seasonal homes, and the high MHI ($46,165) of this area, compared to the statewide MHI of $33,024, the team concluded that awarding a hardship grant to the applicant would be inappropriate.

As a result MDOC recommends reducing the award to $360,000, which would limit the grant to $7,500 per benefited household based on 48 lots. The difference would need to be made up by the applicant in the form of a higher loan or other grant funds, if they are available.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: 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.

Rationale: The applicant stated that the project would not provide any long-term, full-time job opportunities, nor would it directly result in any business expansion. The MDOC review team noted that the District is strictly residential, and the applicant did not indicate that any businesses exist within the District.

The applicant stated that the tax base is subject to the values of the properties, and the proposed project would maintain property values and could even result in expansion of the tax base if new homes are built on the remaining 18 lots that have not been developed.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant did not adequately demonstrate 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, but lacked documentation that it informed the community about the cost of the project and the actual impact on user rates.

Rationale: The applicant stated that the District holds monthly public meetings and local citizens have consistently asked the Board to correct the water system problems. The District mailed a newsletter on March 7, 2004, to provide an update on water board activities. A special meeting to discuss the proposed project was held on March 26th, with three residents in attendance, in addition to board members, staff and others affiliated with the project. The newsletter and minutes of the meeting were included in the application, along with four letters of support from two board members, one resident, and the Bigfork fire department.

The applicant stated that all users are aware of the proposed $59.14 monthly fee and that the user fee was acceptable to a large majority of the public meeting participants. However, there was a discrepancy in the application regarding the amount of the user fee. The application form showed the estimated monthly user cost would be $73.47. The project engineer verbally stated to the TSEP staff that the residents are aware of the $73.47 monthly cost, and that the $59.14 probably represents an earlier figure that changed over time. However, based on the documentation provided in the application, the MDOC review team could not verify that the residents were informed of any monthly user fee amount.

Project No. 36
Town of Hysham – Water System Improvements

This application received 2,900 points out of a possible 4,900 points and ranked 36th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends a reduced TSEP grant of $462,359**, in order to limit the award to 50 percent of the total project costs, since the applicant does not meet all three of the criteria required for a hardship grant. Specifically, the applicant failed to meet two of the three criteria:

- user rates would not be at least 1.5 times the community's "target rate," and
- other sources of funding are reasonably available.

See Statutory Priority #5 for more information related to the recommendation.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 470,920	Awaiting decision of legislature
RD	Loan	$ 453,799	Has not yet applied
Project Total		**$ 924,719**	

Median Household Income:	$30,179	Total Population:	330
Percent Non-TSEP Matching Funds:	49%	Number of Households:	163

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$33.98	-	Target Rate:	$52.06	-
Existing Wastewater Rate:	$14.18	-	Rate with proposed TSEP Assistance:	$56.59	109%
Existing Combined Rate:	$48.16	93%	Rate without TSEP Assistance:	$65.98	127%

Project Summary

History – The Town of Hysham's water system is about 50 years old. A 100,000-gallon elevated steel storage reservoir was added in 1956, with an additional 100,000-gallon buried reservoir that was constructed in 1976. A surface water treatment plant was constructed in 1991 to treat water obtained from an infiltration gallery located along the banks of the Yellowstone River.

Problem – The Town's water system has the following deficiencies:

- a decline in the Yellowstone River water level has reduced the head available to drive water through the sand and gravel and into the infiltration gallery,
- the edge of the surface water has moved laterally away from the infiltration gallery line causing an increase in the groundwater flow path from the river to the infiltration gallery,
- clarification and filtration basins are showing severe signs of rust and deterioration,
- no check valve and foot valve in the pump station results in back flushing of filter media into the low service pump caisson,
- loss of filter media in the Yellowstone River,
- control system is antiquated and worn out, and
- deteriorated and undersized water mains in parts of the distribution system.

Proposed Solution – The proposed project would:

- extend the infiltration gallery further out into the river,
- rehabilitate the clarification and filtration basins, install check valves, and restore the supply of filter media, and
- replace the control system with a new supervisory control and data acquisition system.

Note: The proposed solution does not resolve the problems related to the transmission, distribution and storage systems. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: the reduced yield of the raw water infiltration gallery and the potential for it to fail, and continued corrosion of the tanks at the water treatment plant. Complete failure of the infiltration gallery would result in the community being out of water since it does not have a back-up source.

If the yield from the infiltration gallery continues to diminish due to continued drought conditions and the continued migration of the river away from the gallery, significant problems will occur. The gallery currently cannot meet peak system demands and yield dropped from 500 gpm to 200 gpm in April of 2004. Irrigation and drought caused river levels to drop, thus reducing yields from the gallery. Diminished yield from the gallery currently reduces the ability of the community to provide adequate fire protection and meet peak summer demands. Infiltration gallery yield has not yet dropped below the average daily demand of the community. However, if the trend continues it is very likely that the community would not be able to provide a reliable source of potable water to its residents, causing a significant health and safety issue.

Failure of one of the treatment trains, due to continued corrosion of treatment plant tanks, would reduce the plants capacity in half. The plant could still meet average daily demands, but would not be able to meet peak summer time demands. Fire protection would also be compromised especially during peak demand periods, posing a serious problem should a major fire occur. The failure of both trains at the same time, while highly unlikely, would leave the Town without a potable water supply.

Statutory Priority #2: Reflects greater financial need.
The applicant received 360 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 21st out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 33 percent. **The relative concentration of persons living at or below the *LMI* level ranked 42nd out of the 47 applications.**

- The percent of persons living at or below the *Poverty* level is 13.4 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 23rd out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team concluded that a more detailed analysis of the surface water intake should have been performed before it was ruled out as an alternative. Surface water intake alternatives were screened out and not analyzed in detail. Given the past history of problems with the infiltration gallery a detailed analysis of surface water intake alternatives seemed warranted. The infiltration gallery alternative selected is, however, a viable alternative.

The review team also concluded that the disadvantages of relying on the 100,000-gallon storage tank, clearwell and new high service pumps located at the water treatment plant for fire protection in lieu of constructing additional elevated storage should have been discussed.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because it appeared that long-term planning has been limited and the capital improvements plan (CIP) have only been in place for a relatively short time.

Rationale: The applicant stated that it has been proactive in dealing with ongoing problems with the municipal water system, such as constructing a new water treatment plant in 1990. In 1991, 1,200' of 8" PVC distribution main was replaced, at which time the rates were raised. The applicant stated that user rates have been adequately maintained to cover system costs, debt service, and required debt reserves.

The applicant stated it adopted a comprehensive CIP in December 2002 covering the five-year period from 2000 through 2005; however, the plan was not completed until November 2002. The project proposed is consistent with the Town's CIP. The plan states it will be reviewed annually; however there was no documentation verifying that it has been.

The applicant stated that it has a solid track record of good financial management, but the age and condition of the system necessitate frequent costly repairs. In addition, low water supply has nothing to do with inadequate O&M practices, but rather from the loss of significant filter media in the Yellowstone River, caused by a lightening strike in 2003, and the current drought situation The MDOC review team concluded that the Town's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level two and received 240 points out of a possible 600 points.

Conclusion: The applicant did not adequately demonstrate 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.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with an RD loan. The applicant stated that a CDBG grant was not pursued because the Town is not eligible to apply. The applicant discussed RD grants, but the MDOC review team did not think that the applicant's discussion was accurate, and therefore, not valid. The applicant also discussed RRGL loans, but not grants; the MDOC review team agreed that the proposed project would probably have been competitive in the RRGL grant competition and should have been considered.

The applicant indicates the funding package proposed is the most affordable option for system users. However, the MDOC review team noted that the applicant is under matching the TSEP grant by $17,121. The TSEP application guidelines state that the applicant must provide matching funds on a one-to-one basis. In cases of demonstrated hardship, MDOC may allow a lower match; however, all three of the following tests must be met:

- a very serious deficiency exists in a community facility or service, or the community lacks the facility or service entirely; and adverse consequences clearly attributable to the deficiency have occurred, or are likely to occur in the near term (scores at a level four or five on Statutory Priority #1); and it has been determined by MDOC that the proposed project would correct the deficiencies; and
- upon completion of the proposed project, user rates would be at least 1.5 times the community's "target rate" (based upon the projected monthly rates with TSEP assistance); and
- other sources of funding are not reasonably available.

The applicant failed to meet the second test that user rates would be at least 1.5 times the community's "target rate." The applicant also did not meet the third test, that other sources of funding are not reasonably available, since the applicant could have applied for an RRGL grant and it was not adequately demonstrated that an RD grant was not a possibility. In addition, the team noted that the applicant is in a designated coal impact area; therefore, coal board funds may possibly be another source of funds that were not explored. As a result, MDOC recommends reducing the award to $462,359, which is 50 percent of the total project costs. The difference would need to be made up by the applicant in the form of a higher loan or other grant funds, if they are available.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that construction of an assisted living unit consisting of eight residences is being proposed, but there was no detailed information. In addition, the applicant did not indicate that the proposed project was necessary for the construction of the assisted living unit. The proposed project would assist in maintaining the private property tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was only the one public meeting and little public attendance.

Rationale: The applicant stated that a public hearing for the proposed project was held on March 30, 2004, with 13 persons present; six of those in attendance were town officials or staff. Posters advertising the public hearing were distributed to the main business places in Town. Minutes indicate that funding options and corresponding user rates were discussed, and handouts explaining the proposed project were distributed to the attendees at the hearing. The applicant stated that no one present at the public hearing expressed opposition to the project; however, support for the proposed project could not be determined since there were no letters of support submitted with the application. A copy of the poster, a public notice advertising the hearing, minutes, and a news article, that appeared in the *Hysham Echo* discussing the proposed project, were included in the application.

The Town adopted a CIP in 2002 and the proposed project is consistent with it.

Project No. 37
Carbon County – Bridge System Improvements

This application received 2,776 points out of a possible 4,900 points and ranked 37th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $97,100.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 97,100	Awaiting decision of legislature
County	Local	$112,100	Committed
TSEP	Grant	$ 15,000	Expended for PER
Project Total		**$194,200**	

Median Household Income:	$32,139	Total Population:	9,552
Percent Non-TSEP Matching Funds:	50%	Number of Households:	4,065

Project Summary

History – The single-lane Fox Bridge is a steel through-truss bridge with timber planks for decking that was constructed in 1911. It was built to serve the original railroad town of Fox. The 77' bridge is located on Fox Road, where it crosses over Rock Creek about five miles north of Red Lodge.

This road serves 10 full-time residences, approximately a dozen agricultural producers, and is a designated school bus route. If the bridge were to fail, the alternative route would add up to a five to eight-mile detour. The bridge has a posted weight limit of 11 tons.

Problem – The Fox Bridge has a sufficiency rating of 48 percent and has the following deficiencies:
- ❑ severely deteriorating deck, and
- ❑ damaged structural members.

Proposed Solution – The proposed project would replace the existing structure with a single-span, pre-stressed concrete bridge with driven pilings.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the bridge 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.

Rationale: The MDOC technical review team noted that the Fox Bridge has an NBI sufficiency rating of 48 percent. The structure rating was a four; the lowest condition rating was a five for the superstructure.

Statutory Priority #2: Reflects greater financial need.
The applicant received 576 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority

#2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 32nd out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 37 percent. **The relative concentration of persons living at or below the *LMI* level ranked 37th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 11.6 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 32nd out of the 47 applications.**

Indicator #2. Financial Analysis: The applicant placed in the fourth level and received 432 points. (This analysis accounts for 60 percent of the score for statutory priority #2. The number of points possible for Indicator #2 is based on five levels. The fifth highest level is assigned to the group of applicants that have shown the greatest financial effort at resolving their bridge needs relative to their financial capacity.)

(Note: The financial analysis for bridge applications is unique to bridge applications only. MDOC staff conducted the analysis and assigned a score, which was then manually inserted into the computerized financial assessment in place of the target rate analysis score generated for the other types of projects.)

Bridge levy as a percent of MHI	0.121%
Bridge levy as it relates to the state median of 0.041%	294.9%
Entire levy as a percent of MHI	4.33%
Entire levy as it relates to the state median of 2.67%	162.34%
2003 mill value as a percent of 1986 mill value	81.09%
2003 bridge mills as a percent of 1986 bridge mills	325.25%
Ratio of 2003 bridge levy to 1986 bridge levy	2.65

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that there was no investigation of the spread footing alternative, no geotechnical investigation proposed prior to final design, a concern with the possible low construction cost estimate, and an overall lack of documentation.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant did not adequately demonstrate 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. The MDOC review team did not score this priority higher primarily because it did not appear that the County has been reasonably proactive relative to long-term planning.

Rationale: The applicant stated that it has appropriated substantial funds in the past to maintain and upgrade the bridge and roadway network with the county. The County is responsible for the maintenance of nearly 80 bridges over 2,000 square miles. In recent years, the County has devoted approximately $50,000 per year to the design and replacement of bridges that were completed by private contractors. Additional money was allocated to perform routine bridge maintenance with county employees. Since 2000, the County has replaced or rehabilitated seven bridges totaling $164,275. In 2000, the County replaced a bridge with a culvert by sharing costs with a ditch company. The County is currently levying the maximum mills allowed towards their bridge program. The County appropriated $514,650 for bridges in FY 2003.

In 2003, the County began a countywide bridge assessment of its major structures. All structures 20' in length or longer were rated based on the Department of Transportation (MDT) data including sufficiency rating, length of detours and posted limit. The applicant stated that it has not inventoried or rated its bridges under 20', but plans to do so if the TSEP grant is awarded. The applicant stated that it adopted a resolution to use their bridge evaluation and assessment program as a tool to plan future bridge replacements within the County. The plan and its ranking of bridges takes into consideration not only the structural soundness of the bridge, but the value a particular structure has in serving the overall transportation needs of the County. The specific criteria used in planning bridge replacements includes current and potential growth in the area, number of residences served and whether the route is used as a school bus and emergency service route. On this basis, the Fox Bridge was chosen as the bridge most in need of replacement.

While not discussed in the response to the priority, the application contained a county growth policy dated February 2003; it does not appear to be adopted yet, since it is labeled as a draft. The policy states that the County currently has no inventory of its capital improvements, and it would be the first step in the management of its public infrastructure.

The applicant stated that the condition of the bridge is primarily a function of its age, and not inadequate maintenance. Maintenance in the past has extended its useful life, but with increased traffic volumes the bridge will continue to deteriorate. Abutments have been repaired and the timber deck has been replaced in an effort to continue to use the existing bridge. The MDOC review team concluded that the County's O&M practices related to the bridge system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the TSEP funds were not considered to be critical to completing the project.

Rationale: The applicant has proposed a funding package consisting of the TSEP grant in combination with the County's funds. The applicant stated that a portion of the County's payment in lieu of tax (PILT) money is allocated to their bridge fund, in addition to its bridge mill levy, oil and gas production tax, federal mineral royalties, and state entitlement. The applicant also mentioned that the following funds were considered: forest receipts, video gaming, motor vehicle tax, and state gas tax funds; however, each of these funds has been allocated towards other county needs. The applicant discussed the Wood in Transportation Program, but stated that this bridge is not eligible. No other grant funds were discussed or identified as a possible source of funding.

The applicant stated that its funding package is very viable, since the County's share of the project cost would be within their budgeted amount for bridge replacements for a two-year period. However, the proposed project would consume approximately 1.94 years worth of the county's bridge replacement budget, leaving only $2,900 for other bridge replacement work items. The applicant stated

that the TSEP funds are critical for the advancement of this project, since without the TSEP grant, the county would have to allow the bridge replacement funds to accrue for nearly four years. This option is an unacceptable since other bridges in the county would need to be addressed during that time.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. In addition, the applicant did not adequately document 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 bridge system. While the applicant adequately demonstrated how one business would directly benefit by the proposed project, the MDOC review team did not think that the continued operation of the business was dependent on the proposed project since there are alternative routes. No new businesses were proposed. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the proposed project would ensure the long-term retention of full-time jobs, because this route is a critical supply route for distribution of goods and services, specifically ones that are agriculturally based. An agricultural supply store is located between U.S. Highway 212 and the bridge, and the cost of doing business for this company and for agricultural producers would increase significantly if the bridge were not operational. The bridge provides direct access between the business and his customers to the east. If the bridge were to fail, they would be forced to take an alternate route, the close one being 4.5 miles upstream and 6.5 miles downstream. The owner estimated that it would result in a 30 to 40 minute delay when delivering products to customers directly east of the store. In addition to the access to the area to the east, the business has delivery and application equipment that is very wide that would be better accommodated with a wider bridge. However, the applicant did not identify any new job opportunities that are dependent upon the replacement of the bridge, or state that jobs would be lost if it was not operational.

The applicant also stated that there is no business expansion that has been identified with this project, but the area has been identified with high growth potential. By not replacing the aging structure, the County would be limiting the business expansion potential for this area.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant did not adequately demonstrate that the proposed project is a high priority and has the support of the community. While the applicant documented that it held a public hearing or meeting, the MDOC review team did not think that the applicant adequately documented the actions that it took or adequately took the steps necessary to demonstrate that the project is a high priority and has the support of the community.

Rationale: The applicant stated that a public meeting was held in the morning on February 23, 2004, at the courthouse in Red Lodge. The meeting was advertised on February 19th in the *Carbon County News,* the official newspaper for the county; however, the advertisement was a simple listing of meeting dates as compared to a regular advertisement. The applicant stated that no one other than the commissioners and the project engineers attended the meeting. No increases in taxes would occur as a result of the proposed TSEP project.

The applicant stated that it sent out a request for comments regarding the proposed project to affected residents and businesses prior to the February meeting, and invited them to the public meeting. A copy of the notice was not included in the application. The applicant stated that the owners of the agricultural supply store responded with a phone call and were very supportive of the project; the owners also sent in a letter of support for the proposed project. The applicant stated that several positive responses were received from the request for comments; however, the MDOC review team only found a response from the agricultural supply store and no others. The applicant stated that there were no negative responses to the proposed project. The applicant also stated that, as with most public works

projects, supporters are usually the “silent majority” while opposition is the vocal minority; no negative response to a proposed project can often be interpreted, in general, as overall support. In the case of the proposed project, the County believes there is overall support for this project.

The County initiated a bridge evaluation and assessment program in 2003, and has stated that it adopted a resolution to use this program as a tool to plan future bridge replacements within the County. The applicant stated that the Fox Bridge was chosen as the bridge most in need of replacement. The application contained an article from the *Carbon County News* concerning the assessment. The applicant stated that the County has not inventoried or rated its bridges under 20’, but plans to do so if the TSEP grant is awarded.

Project No. 38
Spring Meadows County Water District – Water System Improvements

This application received 2,736 points out of a possible 4,900 points and ranked 38th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends a reduced TSEP grant of $487,500**, in order to limit the award to $7,500 per benefited household, since the applicant does not meet all three of the criteria required for a hardship grant. Specifically, the applicant's user rates would not be at least 1.5 times the community's "target rate". See Statutory Priority #5 for more information related to the recommendation.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
SRF	Loan	$ 402,140	DEQ letter indicates money would be available
District	Local	$ 22,560	Funds expended on preliminary engineering
Project Total		**$1,024,700**	

Median Household Income:	$ 52,921	Total Population:	260
Percent Non-TSEP Matching Funds:	51%	Number of Households:	65

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$22.00	40%	Target Rate:	$ 55.57	-
Existing Wastewater Rate:	NA	-	Rate with proposed TSEP Assistance:	$ 69.75	126%
Existing Combined Rate:	NA	-	Rate without TSEP Assistance:	$127.05	229%

Project Summary

History – The Spring Meadows County Water District is located approximately eight miles west of the City of Missoula, just north and east of the junction of Interstate 90 and U.S. Highway 93. The District's water system was constructed to serve the subdivision in the early 1990s. The residents of the subdivision formed a county water district in the spring of 2002. There have been no major improvements to the system since it was built; however, in March 2004, the two wells were evaluated. The pump in well #2 was lowered in an attempt to increase production and prevent the drawing of air into the pump. Well #1 was chlorinated and jetted in an attempt to curb the growth of iron bacteria.

Problem – The District's water system has the following deficiencies:
- peak demand cannot be met with the two wells,
- there is no storage to provide fire protection or adequate water quantity to maintain water pressures during the irrigation season,
- well #2 pumps an excessive amount of sand into the distribution system, preventing the use of water meters,
- stagnant conditions exist and sand accumulates at two dead-end mains,
- very low pressures are regularly experienced during the irrigation season and the potential for negative pressures is high, and
- some individuals use booster pumps, which are illegal and create a high potential for backflow.

Proposed Solution – The proposed project would:
- install approximately 65 service meters for all users,
- construct a 150,000-gallon concrete storage tank and a booster pump station,
- replace well #2 with a new well,

- add four fire hydrants,
- eliminate two dead ends, and
- construct an administrative building.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including lack of fire protection and the inability to meet peak day demands.

The lack of storage and very high demand leads to conditions that threaten or have developed negative pressures. Negative pressures can lead to very serious health concerns due to potential backflow and infiltration through leaking pipe gaskets. There is also a lack of any storage and thus lack of any fire protection. The potential for backflow is compounded by the use of booster pumps installed in some homes, which can create negative pressures elsewhere in the system. Individual booster pumps also pose a serious threat for backflow and are not permitted by the current Department of Environmental Quality (DEQ) design standards.

The District has never had any real water storage. Although a number of hydropneumatic tanks exist, these cannot be considered adequate storage. The lack of storage and lack of meters leads to very high demands on the two wells that serve the system. These wells cannot meet peak hourly demand. The system includes two hydrants, despite the clear fact that these would be useless during a fire event. This leads to a false sense of security and is not permitted by current DEQ design standards.

The existing system is threatened by sand being brought up from well #2. The sand not only clogs the system, but also erodes the piping and pumps. The high amounts of sand and the two dead ends in the system provide potential for high bacterial growth within the distribution system.

Statutory Priority #2: Reflects greater financial need.
The applicant received 396 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the first level and received 72 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 47th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 22.9 percent. **The relative concentration of persons living at or below the *LMI* level ranked 47th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 2.1 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 46th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report (PER) is generally complete, there were some 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.

Rationale: The MDOC technical review team noted that the PER lacked discussion of what type of storage could be used; lacked clarity in O&M costs compared with user costs; calculated needs based on demand of an un-metered system; and lacked an adequate cost estimate for the alternative related to having the District served by the large Mountain Water supply with a dedicated line.

Modeling of a pumped storage alternative would have helped in tank site selection and piping, and possible reconsideration of booster station siting and pipeline locations.

The Mountain Water system, which serves Missoula, is two miles away and there have been discussions of creating a large extension to Spring Meadows and the surrounding area. However, the option of running a pipe from that system to Spring Meadows alone is not considered in the PER.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant did not adequately demonstrate 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. The MDOC review team did not score this priority higher primarily because the applicant just recently established the county water and sewer district.

Rationale: The applicant stated that it is taking a pro-active approach in upgrading their water system, instead of waiting until a serious health or safety problem occurs before taking action. Since the District's creation in 2002, the Midwest Assistance Program has provided technical assistance, an engineer was hired to prepare a PER, and the primary flow meters in the pumphouse were replaced to obtain more reliable water usage data. A source water delineation and assessment report for the two public water supply wells was written by the District and approved by the DEQ in March 2004. The applicant claims that it maintains a reasonable operation and maintenance budget, and leaves enough in the reserve account for unanticipated expenses. Based on supporting documentation in the application, it appeared to the MDOC review team that this statement was reasonable.

The applicant stated that the problems with the water system are not due to any neglect or irresponsibility on the part of the homeowners; but rather, mistakes in the original well construction are responsible for the water quantity problems. The District did have service meters, but most have been removed because they were plugged with sand. The replacement of well #2, which is the source of the sand problem, would allow the new meters to operate properly. The MDOC review team concluded that the District's O&M practices related to the water system appear to be reasonable for its short period of existence.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the funding package was not adequately prepared.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an SRF loan and local reserves. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The District conducted an income survey, but the results showed that the District was not eligible for CDBG program funds. The MDOC review team noted that the District is not eligible for an RD grant because its MHI is too high.

The MDOC review team noted that the proposed project would provide just over $7,692 in TSEP assistance per household. TSEP allows a maximum of $7,500 per household benefit, unless three hardship criteria are met.

- a very serious deficiency exists in a community facility or service, or the community lacks the facility or service entirely; and adverse consequences clearly attributable to the deficiency have occurred, or are likely to occur in the near term (scores at a level four or five on Statutory Priority #1); and it has been determined by MDOC that the proposed project would correct the deficiencies; and
- upon completion of the proposed project, user rates would be at least 1.5 times the community's "target rate" (based upon the projected monthly rates with TSEP assistance); and
- other sources of funding are not reasonably available.

The applicant failed to meet test number two because the District would not be at least 1.5 times the target rate at the conclusion of the project.

The applicant stated that the proposed project could not be completed without TSEP funding. The District would need to reassess its goals and objectives, and likely proceed with only a small portion of the project.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: 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.

Rationale: The applicant stated that there are no commercial lots served by the District; therefore, no jobs or businesses would be impacted by the proposed project. However, the project would allow the District to maintain its current tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the discrepancies related to the proposed projected rates.

Rationale: The applicant stated that its monthly board meetings included a presentation regarding the project and potential grant assistance programs. A notice and sign-in sheet indicated that a meeting was held on November 19, 2003, but there were no minutes in the application to verify what was discussed at that meeting. A newsletter was mailed to all District residents in April 2004, which described the progress of the proposed project, encouraged public participation, and reinforced the need to complete the income survey. Six residents attended a public hearing held on April 14, 2004, at which the PER findings and recommendations, project costs, and funding possibilities were discussed. Public comments were sought and various questions were answered. The homeowners were informed that the monthly water user rates would increase to $66.84, from the present rate of $22.00 per month. The applicant stated that the users are willing to accept the necessary level of debt to bring the water system up to standards now; however, the MDOC review team was unable to find documentation verifying this statement. The applicant also stated that the anticipated user rate would actually be $68.48 due to a slight increase in the project cost made after the April 21st board meeting; however, there was no documentation found in the application that this additional increase was presented to the public.

Copies of the newsletter, presentation, attendance list and minutes from the April 14th meeting, and published notices were included in the application. In addition, the applicant stated that notices were posted in prominent places inviting the public to the meeting and soliciting comments; however, the applicant did not specify the specific locations that the notices were posted. The application contained a letter of support from the Midwest Assistance Program, and 38 signed form letters from residents.

Project No. 39
Woods Bay Homesites Lake County Water and Sewer District – Water System Improvements

This application received 2,700 points out of a possible 4,900 points and ranked 39th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RD	Loan	$ 460,687	Application submitted in May 2004
RD	Grant	$ 197,438	Application submitted in May 2004
RRGL	Grant	$ 100,000	Awaiting decision of legislature
Project Total		**$1,258,125**	

Median Household Income:	$31,000	Total Population:	248
Percent Non-TSEP Matching Funds:	60%	Number of Households:	99

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$30.00	92%	Target Rate:	$32.55	-
Existing Wastewater Rate:	NA	-	Rate with proposed TSEP Assistance:	$52.77	162%
Existing Combined Rate:	NA	-	Rate without TSEP Assistance:	$78.08	240%

Project Summary

History – The Woods Bay Homesites Lake County Water and Sewer District was created in 2002 to take over the private water system serving the areas that was built in 1967. The District's water is supplied by two wells and stored in two above-ground, rectangular, concrete storage tanks with a combined capacity of 34,500 gallons and distributed through 1½ " to 6" steel and galvanized pipe. A booster pump, the second well, a pressure reducer, and the second storage tank were added in the mid 1970s.

Problem – The District's water system has the following deficiencies:
- booster station and well pumphouse do not have backup pumps in violation of the Department of Environmental Quality (DEQ) 1 standards,
- well pumphouse's access, fire protection, and above ground construction do no meet the DEQ 1 standards,
- undersized and leaking distribution lines, which results in low water supply and pressure,
- dead-end distribution mains,
- inadequate storage facility capacity for fire flows,
- portions of the system operate at less than the DEQ minimum working pressure of 35 psi,
- lack of storage facility security,
- lack of service meters, and
- lack of fire hydrants,

Proposed Solution – The proposed project would:
- install approximately 2,400' of 6" PVC and 10,500' of 8" PVC water main,
- install approximately 99 service connections and meters,
- install approximately 14 fire hydrants,
- upgrade pumphouses, and

- connect to the adjacent water district's (Sheaver's Creek) water system at two points with 8" PVC main, which would allow access to the 140,000-gallon storage tank that is to be constructed in the adjacent district.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. 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.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety. The system has small diameter, leaking water mains that could result in backflow contamination. Portions of the system operate at less than the DEQ minimum working pressure, resulting in the potential for backflow contamination. Leaking water mains could result in temporary loss of water service to residents.

The distribution system consists primarily of thin-walled steel and galvanized piping that is developing leaks due to corrosion of the pipe wall. The system is incapable of providing fire flows.

The system has substandard well and pumphouse arrangements, which have the potential for causing contamination problems. The below-grade pumphouse is a confined space safety issue for the operator. Deficiencies with the storage tank hatches, venting and overflows could result in water supply contamination. The pumphouse and tank deficiencies are not in accordance with current DEQ standards.

Statutory Priority #2: Reflects greater financial need.
The applicant received 720 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fourth level and received 288 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 28th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 43.6 percent. **The relative concentration of persons living at or below the *LMI* level ranked 14th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 19.1 percent. **The relative concentration of persons living at or below the *Poverty* level ranked seventh out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the fourth level and received 432 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant sufficiently demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. While the preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that a math error in the meter cost table has reduced the contingency budget to 5 percent of the construction estimate. The review team also noted that the projected design flows for the system were not well supported; a detailed analysis of the combined Sheaver's Creek and Woods Bay water usage and supply needs was not provided; and a large reduction in the current O&M budget is proposed, but is not well supported.

The Sheaver's Creek system is being improved with new distribution mains, new tanks and new water wells. The population, water use, expected growth, and potential future service area of the Sheaver's Creek side of the system is not evaluated or discussed. Since the two systems are being combined, the lack of information makes it difficult to evaluate whether the storage and supply is adequate to serve both systems throughout the planning period.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant did not adequately demonstrate 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. The MDOC review team did not score this priority higher primarily because it was a private water system just recently created as a district.

Rationale: The applicant stated that in the two-year period since the District was created, it adopted a budget, rules and regulations, and raised rates to provide adequate funds for operation. Before the District was formed, rates were approximately $15.00 per month, and were then raised by the new District to $30.00 per month in 2002.

The applicant stated that a wellhead protection plan would be implemented for the District's two existing wells as a part of the proposed project. The District has signed an inter-local agreement with Sheaver's Creek Water and Sewer District, stating that it is the intent of both districts to consolidate as one, but not until the Sheaver's Creek project, funded by the 2003 Legislature, is complete and the Woods Bay project has funding.

The applicant stated that the deficiencies with the water system are the result of years of neglect and the absence of any long-term planning by the previous owners of the system. Since assuming responsibility for the water system, the District has expended its funds on operations and repair, leaving little to no reserves. The MDOC review team noted numerous violation letters and inspection reports, dating back to the early 1970s. The MDOC review team concluded that the District's O&M practices related to the water system appear to be reasonable since the District was formed.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The

MDOC review team did not score this priority higher primarily because of the uncertainty of the other funds and need to pass a debt election.

Rationale: The applicant has proposed a funding package consisting of TSEP, RRGL, and RD grants in combination with a RD loan. The applicant looked at nine possible funding sources. In particular, the District is not eligible to apply to the CDBG program, because its LMI percentage is too low.

If TSEP funds are not available, then the difference may be available from RD, but TSEP funds are needed to make the user cost more affordable.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.

The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: 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.

Rationale: The applicant stated that the proposed project would not result in the creation or retention of long-term, full-time jobs or any business expansion. The MDOC review team noted that the District is made up of only residential properties. The project would enhance the infrastructure, and therefore, maintaining and possibly increasing the tax base.

Statutory Priority #7: High local priority and strong community support.

The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant did not adequately demonstrate 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, but did not adequately inform the community about the cost of the project and the actual impact on user rates.

Rationale: The applicant stated that the proposed project is supported by the District's residents, as evidenced by the nearly unanimous vote to create the District. The District holds monthly public meetings, and the minutes from numerous meetings held between September 2002, when the District was organizing, and April 26, 2004, were included in the application. The applicant stated that District informed residents about the project and its probable cost. The applicant also stated that all users are aware of a projected monthly user fee of $32.55; however, the applicant calculated that the projected monthly user fee would be $52.77.

The applicant also provided copies of completed short questionnaires in the application, but the MDOC review team could not determine when or how the questionnaires were provided to the District's residents. Of the 15 questionnaires completed, 14 people indicated support for the project; three of those noted that their support was contingent on the amount of the rate increase. Copies of three district newsletters, and minutes (with the exception of the December 2003 meeting) were included in the application. A letter of support from the county commissioners was also included in the application.

Project No. 40
Town of Circle – Wastewater System Improvements

This application received 2,692 points out of a possible 4,900 points and ranked 40th out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000, contingent upon TSEP funds becoming available. However, MDOC also recommends that the receipt of a TSEP grant, if awarded, be conditioned upon the applicant addressing the department's technical review concerns, as discussed under Statutory Priority #3 and the department's technical review report, and meeting with the applicable funding agencies and the Department of Environmental Quality (DEQ) to provide assurance that the proposed design concept would provide a long-term, cost-effective solution to the applicant's wastewater treatment problems.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
CDBG	Grant	$ 500,000	Applied May 2004
RRGL	Grant	$ 100,000	Awaiting decision of legislature
RD	Grant	$ 99,150	In process of completing
RD	Loan	$ 354,000	Request letter Feb. 23, 2004
Town	Local	$ 21,000	
Project Total		**$1,574,150**	

Median Household Income:	$27,500	Total Population:	644
Percent Non-TSEP Matching Funds:	68%	Number of Households:	278

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$44.70	-	Target Rate:	$47.44	-
Existing Wastewater Rate:	$ 9.57	-	Rate with proposed TSEP Assistance:	$59.07	125%
Existing Combined Rate:	$54.27	114%	Rate without TSEP Assistance:	$65.40	138%

Project Summary

History – The Town of Circle's wastewater system was built in 1954. A master lift station was built in 1954, and the 3rd Avenue lift station was added in 1974. The system consists of gravity mains, the two lift stations, and a two-cell facultative lagoon.

Problem – The Town's wastewater system has the following deficiencies:
- structural components and electrical systems at the lift stations are corroded,
- alarm system and controls at lift stations are outdated and unreliable,
- maintenance of piping at master lift station presents a safety problem,
- dikes around the lagoon cells are badly eroded,
- inlet pipes and valves at the lagoon are broken or inoperable,
- biochemical oxygen demand (BOD) limits exceeded permit conditions in November of 2003,
- leakage at the lagoons appears excessive, and
- about 1,400' of collection system piping does not meet minimum standards for slope.

Proposed Solution – The proposed project would:
- replace the master lift station,
- rehabilitate the 3rd Avenue lift station, and

- convert the existing two-cell lagoon system into a three-cell facultative discharging facility.

Note: The proposed solution does not propose to resolve the problems related to collection system. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. 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.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: two outdated lift stations, suspected lagoon leakage, eroded lagoon dikes and recent noncompliance with the Montana Pollutant Discharge Elimination System (MPDES) permit.

The two lift stations are outdated and in need of repair. Both structural and electrical components are badly corroded. The lift stations pose confined space safety hazards for operators needing to enter the lift stations for operation and maintenance purposes. These stations would not meet current DEQ design standards.

There is some indication that the lagoons may be leaking excessively, thus risking contamination of shallow groundwater and the nearby Redwater River. The lagoons' dikes show signs of erosion and riprap along the banks is inadequate. The eroding dikes may contribute to dike failure with a resulting release of wastewater to the environment and also pose a safety hazard to the operator.

During November 2003, there was a biochemical oxygen demand (BOD) violation of the Montana Pollutant Discharge Elimination System (MPDES) Permit. This poses an environmental threat to the Redwater River, which is the receiving stream.

Statutory Priority #2: Reflects greater financial need.
The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fourth level and received 288 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked ninth out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41.1 percent. **The relative concentration of persons living at or below the *LMI* level ranked 26th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 18.3 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 10th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant did not adequately demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that there was a lack of documentation on lagoon leakage, and a lack of discussion on possible ammonia limits and disinfection requirements in the next MPDES permit. While the solution takes care of identified problems, the PER was inadequate in providing all required information to assess the situation more thoroughly and completely for a 20-year planning period.

The removal and disposal of sludge was not fully addressed, as there was no acknowledgement that a sludge disposal permit is necessary and there was no discussion of possible disposal sites.

A thorough investigation of the collection system was not completed as part of the PER. The Town proposes to address the collection system separately.

MDOC recommends that the receipt of a TSEP grant, if awarded, be conditioned upon the applicant addressing the technical review concerns and meeting with the applicable funding agencies and the DEQ to provide assurance that the proposed design concept would provide a long-term, cost-effective solution to the applicant's wastewater treatment problems. In particular, disinfection requirements and possibly ammonia limits may be set in the final MPDES permit. The PER does not indicate how these possible requirements could be incorporated into the proposed design, so it is unclear whether or not the proposed three-cell facultative lagoon is a long-term solution.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant did not adequately demonstrate 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. The MDOC review team did not score this priority higher primarily because of the Town's inadequate O&M practices.

Rationale: The applicant stated the sewer fund has been maintained to cover operational costs, and funds are transferred into a reserve for sewer repairs and replacements on an annual basis. In June 2002, the Town was experiencing various problems with its water system, and started collecting an additional $10 fee to help pay for rehabilitating the well. In July 2003, with the well problems resolved, the Town set aside $4 of the $10 fee to create a reserve fund, which in part is to be used for water and sewer line maintenance. Since the Town is metered, the user fee for the wastewater system is based on water consumption.

The applicant stated that a comprehensive capital improvements plan (CIP) for the community was completed in April 2004, and the proposed project is discussed as one of the wastewater system's needs. The applicant did not state whether the CIP has been adopted. Funding is currently being sought from the Coal Board to expand the CIP into a growth policy because of the potential construction of a coal mine and coal gasification plant in the area.

The applicant stated that even though it has been aware of the problems with the wastewater

system for some time, they thought that the problems with their water system were their first priority. With those problems resolved, the town is now proposing to address the major problems with its wastewater treatment system. The MDOC review team concluded that the Town's O&M practices related to the wastewater system appear to be inadequate. Response to the DEQ inspection letter and the MPDES violation letter would have increased this score, as would have maintenance of the dikes and the completion of the required self -monitoring.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of some uncertainty of receiving the other funds.

Rationale: The applicant has proposed a funding package consisting of TSEP, CDBG, RRGL and RD grants in combination with a RD loan and local reserves. The applicant stated that the final RD grant/loan ratio for the Town would be determined at a later time. RD verified they have received an application from the Town. The Town conducted an income survey that showed that it is eligible to apply to the CDBG program. The MDOC review team noted that the applicant could have applied for a coal board grant based on the potential impact from the proposed Nelson Creek coal powered project. Subsequent to the scoring of this priority, it was determined that the Town would not receive the CDBG grant during the 2004 competition.

The applicant stated that if any of the grants were not received, the project would be stopped until further funding can be obtained.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities and provide the infrastructure needed for housing that is necessary for an expanding workforce. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated this project would not directly result in the creation of jobs or expand the tax base at this time, but would allow for future development and growth. The project would also help them prepare for the potential impact of proposed coal development near Circle.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority

higher primarily because the Town's efforts at prioritizing its infrastructure needs have been relatively recent.

Rationale: The application showed that five residents attended a public hearing on March 8, 2004, to discuss the history of the system and improvements suggested by the DEQ, as well as the submittal of funding applications. In a letter to all residents, dated April 5th, the Town informed everyone that a public hearing would be held on April 15th; in addition to the town council and staff, eleven residents attended the hearing. Documentation in the application showed that the proposed project and projected user rates under different funding scenarios was discussed. The minutes of the hearing stated it was the general consensus of the council and the public in attendance that the proposed improvements should be considered. The application included the letter of invitation, and various legal notices, minutes and newspaper articles from the local newspaper the *Circle Banner*.

Eight letters of support were included in the application including one from a business, one signed by the three county commissioners, and the remainder from interested citizens. The applicant stated that this represents a small percentage of the community, but those in attendance at the public hearing were also in favour of the project. With the potential for major coal development in the area, the Town believes it is important to improve the quality of services and be prepared for growth.

A comprehensive CIP was completed in April 2004, and the proposed project is discussed as one of the wastewater system's needs.

Project No. 41
Town of Fairfield – Wastewater System Improvements

This application received 2,620 points out of a possible 4,900 points and ranked 41st out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends a reduced grant of $126,000 due to technical and financial concerns, contingent upon TSEP funds becoming available.** The department recommends a reduced scope of work, as discussed under Statutory Priority #3, because the proposed improvements related to the lagoon were not considered to be complete and stand alone improvements. If the lagoon component of the project is removed, the cost of the project is approximately $1,000,000. The applicant would be able to finance approximately $774,000 of the project through a loan before reaching the target rate as discussed under Statutory Priority #5.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
SRF	Loan	$ 1,213,800	Application to be submitted April 2005
Project Total		**$ 1,813,800**	

Median Household Income:	$29,018	Total Population:	659
Percent Non-TSEP Matching Funds:	72%	Number of Households:	285

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$22.00	-	Target Rate:	$50.06	-
Existing Wastewater Rate:	$20.00	-	Rate with proposed TSEP Assistance:	$50.06	100%
Existing Combined Rate:	$42.00	84%	Rate without TSEP Assistance:	$69.63	139%

Project Summary

History – The Town of Fairfield's wastewater system consists of gravity collection mains and a single-cell, facultative lagoon located approximately 0.5 miles away. The system has not had any major improvements since its original construction, approximately 50 years ago.

Problem – The Town's wastewater system has the following deficiencies:
- root growth and debris accumulation may be causing backs-up in collection system,
- excessive infiltration and inflow,
- seepage is likely occurring at the lagoon,
- accumulation of sludge,
- the treatment system does not satisfy the current Department of Environmental Quality (DEQ) design standards for detention time and biochemical oxygen demand (BOD) removal, and
- no disinfection of effluent.

Proposed Solution – The proposed project would:
- conduct a video inspection of approximately 20,388' of collection pipe, cleaning as needed,
- rehabilitate or replace approximately 4,760' of outfall line with 12" PVC pipe,
- replace 16 manholes, and
- make limited lagoon improvements such as sludge removal, temporary embankment backfilling, dike construction, and installation of control structures.

Note: The proposed solution does not provide a complete solution for the problems associated with the lagoon. The applicant stated that those deficiencies would be completely addressed in a second phase. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. 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.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: excessive infiltration and inflow in the outfall line, occasional sewer backups in the collection system, and a wastewater treatment facility that does not meet the current DEQ design standards and has had eight BOD violations in the last 10 years.

The team concluded that the health and safety threat of discharge of inadequately treated wastewater through cracks in the outfall pipe during periods of low groundwater is not significant, mostly because opportunities for contact with people are not likely to occur. The team also agreed that the sewer backups were not well documented; therefore, it was difficult to ascertain the seriousness of the collection system deficiencies.

The partial treatment improvements that would be completed in the proposed project were not considered in the scoring of this priority because they do not solve the treatment problems.

Statutory Priority #2: Reflects greater financial need.
The applicant received 540 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 15th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 41.1 percent. **The relative concentration of persons living at or below the *LMI* level ranked 26th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 11.3 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 34th out of the 47applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant did not adequately demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team agreed that the PER related to the proposed improvements to the outfall line and the assessment of the collection system were reasonably adequate. However, the team concluded that the PER in general was very deficient; in particular, the PER related to the partial treatment improvements lacked sufficient detail. It was unclear what activities would be completed for approximately three-quarters of a million dollars and whether this alternative was a long-term or short-term improvement to the Town's wastewater treatment facility. The partial treatment improvements alternative does not appear to be a stand-alone project. A reduced scope of work that does not include the partial treatment improvements is recommended because of these technical concerns.

The team also noted that the discussion of upcoming regulatory compliance issues related to ammonia, nutrient issues, or fecal coliforms was incomplete. The PER did not consider all appropriate treatment alternatives in order to determine a long-term and cost effective solution based on the upcoming DEQ permit limitations.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant did not adequately demonstrate 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. The MDOC review team did not score this priority higher primarily because long-term planning and efforts to effectively manage its public facilities have only been recently implemented.

Rationale: The applicant stated that user rates and fees have been increased to sustain the system's budget. Within the past 2.5 years, the Town has become proactive in preparing for a major upgrade by raising base sewer rates from $7.00 per month to $20 per month, building a reserve of approximately $90,000. The applicant stated that it has made previous efforts to address public facility problems by performing a wide-range of water and sewer maintenance. The Town's efforts include; completing well repairs, sewer facility planning, water line parts, 7th Street water modifications, water meter projects, sewer line repair parts and other budget purchases to maintain the public facilities. The Town recently performed a leak detection study, which resulted in two leaks being discovered that have since been repaired. The applicant stated it recently designed and bid a project to replace the lagoon outfall structure, but only two bidders submitted bids and construction costs were significantly greater than the project budget. The applicant stated that it is considering implementing a hook-up or development fee for future service connections, because of recent subdivision activity.

The Town performed a source water protection study for groundwater in 1998. A community needs assessment survey was conducted in 1999, and the sewer system was determined to be the greatest infrastructure need. A comprehensive five-year capital improvements plan (CIP) was completed in May 1999, and a CIP update would be in the budget of the proposed project. The MDOC review team noted that the CIP planning period ended in May 2004. In 2002, the applicant participated in the development of a growth policy for Teton County. The proposed project is consistent with the CIP and growth policy.

The applicant stated that the issues surrounding the wastewater system have not developed because of inadequate O&M practices, but are due to the age of the system and increased hydraulic loads. The MDOC review team concluded that the Town's O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the technical problems related to the applicant's proposal and the recommendation to reduce the scope of the work and the grant amount.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with a SRF loan. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The applicant stated that it considered CDBG, but the Town's LMI is too low for it to be eligible to apply to the program. The applicant also considered RD, but SRF's terms were more attractive. The applicant stated that it thought the application criteria for STAG grants were not well defined making the likelihood of an award difficult to determine. However, the applicant stated that it might consider STAG funding in order to reduce loan and user rates.

The MDOC review team recommended a reduced scope of work because of concerns with the proposed partial treatment improvements, as discussed under Statutory Priority #3. If the treatment component is removed, the cost of the project is approximately $1,000,000. In order to bring the projected user rates up to the target rate, the loan amount would have to be approximately $774,000, while the TSEP grant amount would be reduced to $126,000.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the proposed improvements to its wastewater system would only have a positive affect on the economy of the community, and would allow for residential, commercial and industrial growth. The applicant stated that the proposed project would create immediate construction jobs, because two residential developments in the area have proposed annexation into the Town. The applicant stated that there are several proposed business expansions within the community that are dependent on the implementation of the proposed project that would create a number of full-time positions. The Cozy Corner business expansion would create six full-time positions, the Silver Dollar would provide three full-time positions, the Coffeehouse on Main would create two full-time positions and it is believed that 3 Rivers Communications would expand to provide 30 additional full-time positions. The applicant stated that no business plans were available for the business expansions, and the MDOC review team noted that the application did not include any documentation from the firms mentioned by the applicant to support these statements.

The applicant stated that the proposed project would allow for residential, commercial and industrial growth in the community, enhancing the local and state tax base and would encourage the expansion of private property tax base by allowing for new subdivisions to be connected to the wastewater system.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the team concluded that the applicant did not adequately demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that it held a public hearing, and utilized bill mailers and newspaper advertisements to inform the users of the proposed project and anticipated user rates. A public hearing was held the evening of March 10, 2004, which was attended by 20 residents. The applicant stated that during public discussions comments were favorable toward implementing an improvements project and citizens were encouraged to visit with other property owner's relative to the proposed project. The application included a copy of the hearing notice, bill mailer, hearing minutes, hearing presentation/handout, and sign-in sheet.

The applicant stated that local citizens are largely in favor of the proposed project. The application included newspaper articles relative to the project, 25 signed copies of identical form letters supporting the project, a letter of support from a state representative, and one letter to the editor of the newspaper supporting the project.

The applicant stated that through the preparation of the 1998 wastewater facility plan, 1999 community needs assessment survey, 1999 CIP, and the recently completed wastewater PER, the Town has held a number of public meetings to discuss and receive comments related to the sewer system. Indications of a major rate increase were also presented to the public during the facility planning process in 1998. The Town also participated in the preparation of a growth policy for Teton County, which was completed in 2002. The proposed project is consistent with the goals and objectives of both the CIP and growth policy.

Project No. 42
Sun Prairie Village County Water and Sewer District – Water System Improvements

This application received 2,620 points out of a possible 4,900 points and ranked 42nd out of 47 applications in the recommendations to the 2005 Legislature. **MDOC recommends the requested TSEP grant of $500,000 contingent upon TSEP funds becoming available.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
District	Local	$ 32,000	Committed
RRGL	Grant	$ 100,000	Awaiting decision of legislature
SRF	Loan	$ 741,000	Requires debt election
Project Total		**$1,373,000**	

Median Household Income:	$42,353	Total Population:	1,772
Percent Non-TSEP Matching Funds:	64%	Number of Households:	626

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$32.40	-	Target Rate:	$73.06	-
Existing Wastewater Rate:	$29.60	-	Rate with proposed TSEP Assistance:	$74.51	102%
Existing Combined Rate:	$62.00	85%	Rate without TSEP Assistance:	$81.48	112%

Project Summary

History – The Sun Prairie Village County Water and Sewer District is located approximately five miles west of the City of Great Falls. The residents of the subdivision formed the county water and sewer district in 1989. The District's water system was constructed in the mid-1970s, using four groundwater wells for its water supply. A chlorination facility was constructed in 1983 and updated in 1992. Storage is provided by a 450,000-gallon concrete reservoir and an 85,000-gallon elevated steel tank.

Problem – The District's water system has the following deficiencies:
- size of the transmission main is inadequate,
- leaks in the transmission main,
- no meters,
- inadequate storage for fire suppression,
- poor water quality due to high levels of sulfate, sodium, iron and manganese, which is also excessively hard, and
- iron fire hydrants and gate valves lack corrosion protection and are corroding.

Proposed Solution – The proposed project would:
- replace approximately 10,700' of 10" transmission main,
- install 484 service meters, and
- increase capacity of steel reservoir tank to 187,000 gallons.

Note: The proposed solution does not resolve the problems related to poor water quality and the corroded fire hydrants and gate valves; the District plans to resolve these problems in later phases. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. 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.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: inadequate water system storage for appropriate fire suppression, undersized and failing water transmission main, and lack of meters.

The system is lacking in gravity flow fire storage, and this deficiency is the greatest risk to public health and safety associated with the water system at this time. The fire protection provided through the 85,000-gallon tank is less than ISO guidelines for this community. Though the 450,000-gallon reservoir and transfer pump station could greatly supplement the fire flows provided by gravity flow from the smaller tank, a concurrent mechanical problem at the transfer pump station would force the system to rely completely on the water stored in the 85,000-gallon tank.

The undersized and failing transmission main results in reduced system pumping capacity and increased risk of contamination through main break repairs. Incidences of water main repairs on the transmission main are likely to continue. Each repair represents an opportunity for contamination of the transmission main and risk of associated illness. This risk could potentially occur at any point in the future during a repair on the water transmission main. The lack of individual meters discourages conservation of the District's water supply.

The poor water quality represents a health risk for certain groups of people because of the high sodium. Treatment of the water, however, is reserved for a future project and is not included at this time in the proposed project.

Statutory Priority #2: Reflects greater financial need.
The applicant received 360 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 45th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 35.4 percent. **The relative concentration of persons living at or below the *LMI* level ranked 41st out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 13.9 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 21st out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) is generally complete and there were only 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.

Rationale: The MDOC technical review team noted that the PER did not provide supporting documentation and/or an evaluation regarding the condition and capacity of the water distribution system. Modeling of the distribution system would have strengthened the PER. The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of lack of documentation.

Rationale: The applicant stated that it has established a history of careful fiscal management, realistic O&M budgets and a commitment to accumulating reserves with an eye to implementing the objectives of its capital improvements plan (CIP) for its water and wastewater systems. The 10-year CIP was adopted in 2003. Improvements to the water system are broken into three phases in the CIP, with the proposed project being the first phase. The applicant stated that the PER and CIP have been discussed with Cascade County to assure complimentary activities. The District conducted a needs assessment in May 2004. Management maintains an active in-service training schedule for all personnel and supports their efforts to maintain proficiency. The applicant stated that it is currently completing the conversion of the wastewater treatment facility to an accelerated facultative lagoon, and retrofitting two components of a lift station with wastewater reserve funds.

The applicant stated that it has been diligent with water system maintenance and upgrades; the current problems result from declining water quality and supply which maintenance could not solve. The MDOC review team concluded that the District's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level two and received 240 points out of a possible 600 points.

Conclusion: The applicant did not adequately demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. There are potentially major obstacles that would hinder the applicant from obtaining the funds from the proposed funding sources. The MDOC review team did not score this priority higher primarily because of the uncertainty of the passage of a debt election for the loan.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with a SRF loan and local reserves. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The applicant stated that a CDBG grant is not available because Cascade County has an open CDBG grant. A STAG grant is not feasible for the proposed project, since the District has already submitted a request for a direct appropriation to be used for funding a new treatment plant. The team noted that the District would not be

eligible for an RD grant because their MHI is too high. The applicant stated that the TSEP funding is necessary to the project, since the cost to the consumer would be unreasonable relying solely on a loan.

As discussed under Statutory Priority #7, it appears that the proposed project is not widely supported. In particular, residents are critical of having water meters installed. In addition, the team noted that most complaints about the system relate to the quality of the water. The minutes from the April 2004 hearing indicated that there were five people clearly critical of the project, and that half of those in attendance at the meeting walked out before the engineer could finish his presentation. There were only two letters of support in the application, one from the accounts receivable clerk for the District and the other from the Midwest Assistance Program. As a result of these observations, the team concluded that the District would potentially have a problem passing a bond election.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not provide long-term, full-time jobs, nor would it result in business expansion at this time. A few remaining residential building sites in the community could be developed with improved water quality, which would add to the tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant did not adequately demonstrate that the proposed project has the support of the community. The applicant documented that it held a public hearing meeting, and inform the community about the cost of the project but not of the total impact on user rates. The MDOC review team did not score this priority higher primarily because the team noted a lack of public support for the project.

Rationale: The applicant stated that three public meetings were held. The first on June 25, 2002 with 13 people in attendance, the second on March 25, 2004 with 35 in attendance, and the third on April 14, 2004 with 40 in attendance. A flier was mailed to residents informing them of the public hearing in March. The applicant informed residents of the additional debt amount that would be added to their user rates, but not about the additional O&M costs that would result in the projected user rates increasing by another $1. Agendas, minutes, legal notices, flier, presentations, sign-in sheets and newsletters were included in the application.

The applicant stated that public support is primarily evidenced by their support of the elected board and the manager, and that each public hearing elicited a few vocal critics. From reading the hearing minutes, the MDOC review team concluded that the proposed project is not widely supported. In particular, residents are critical of having water meters installed. The applicant stated that participants were encouraged to freely express their opinions, and critics were patiently listened to. The MDOC review team noted in minutes of the April hearing that there were five people clearly critical of the project, and that half of those in attendance at the meeting walked out before the engineer could finish his presentation. There were two letters of support in the application, one from the accounts receivable clerk for the District and the other from the Midwest Assistance Program.

A CIP for the District's water and wastewater systems was adopted in 2003 and this proposed project is the first of three phases. The District also conducted a needs assessment in May 2004, which identified the drinking water system as the highest priority. However, the MDOC review team noted that most complaints about the system relate to the quality of the water, which would not be addressed by the proposed project.

Project No. 43
Town of Ryegate – Wastewater System Improvements

This application received 2,532 points out of a possible 4,900 points and ranked 43rd out of 47 applications in the recommendations to the 2005 Legislature. **Because of the limited amount of TSEP funds projected for the 2007 biennium, TSEP would be unable to fund this project.**

However, if this project were to be funded, MDOC recommends the requested TSEP grant of $394,081. The department also recommends that the receipt of a TSEP grant, if awarded, be conditioned upon the applicant addressing the department's technical review concerns, as discussed under Statutory Priority #3 and the department's technical review report, and meeting with the applicable funding agencies and the Department of Environmental Quality (DEQ) to provide assurance that the proposed design concept would provide a long-term, cost-effective solution to the applicant's wastewater treatment problems.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 394,081	Awaiting decision of legislature
RD	Loan	$ 244,081	Application to be submitted Fall 2004 (pre-application submitted)
RRGL	Grant	$ 100,000	Awaiting decision of legislature
Town	Local	$ 50,000	Reserves committed
Project Total		**$ 788,162**	

Median Household Income:	$26,250	Total Population:	268
Percent Non-TSEP Matching Funds:	49%	Number of Households:	113

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$27.85	-	Target Rate:	$45.28	-
Existing Wastewater Rate:	$ 6.00	-	Rate with proposed TSEP Assistance:	$54.25	120%
Existing Combined Rate:	$33.85	75%	Rate without TSEP Assistance:	$67.71	150%

Project Summary

History – The Town of Ryegate's wastewater system was constructed in 1967. The system's two-cell facultative lagoon discharges via an 8" pipe to an unnamed slough (a tributary of the Musselshell River) east of the lagoon. No major improvements have been done since it was originally built.

Problem – The Town's wastewater system has the following deficiencies:

- lagoon leaks,
- lagoon does not provide the required detention time to satisfy the Department of Environmental Quality (DEQ) design standards,
- biochemical oxygen demand (BOD), total suspended solids (TSS), and fecal coliform, exceed discharge permit limits,
- accumulation of sludge in the lagoon,
- eroding lagoon dike slopes,
- lagoon effluent is likely not being sufficiently mixed when it is discharged to the slough,
- stagnant water around the lagoon may be promoting increased mosquito population, vector transport, and odor problems, and
- the majority of the manholes are buried, making inspection, evaluation and maintenance difficult.

Proposed Solution – The proposed project would replace the existing facultative lagoon with a three-cell aerated lagoon system that directly discharges to the Musselshell River.

Note: The proposed solution does not propose to resolve the problems related to the buried manholes, which the applicant plans to resolve in the next phase of improvements. Therefore, that deficiency was not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system may potentially occur at some point in the future if the deficiencies are not corrected. However, the problems have not been documented to have occurred yet and the deficiencies are not considered to be a serious threat to public health or safety.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety due to an inadequate wastewater treatment system. The deficiencies were considered to be a potentially serious threat to public health or safety but the review team had concerns that the project, as proposed, would not completely address the deficiencies. Lack of data in the PER and incomplete recommendations regarding effluent standards created concerns that public health hazards would continue to exist. The MDOC scoring team determined that a level two score is appropriate for a situation where a high need exists yet the proposed project may not resolve the identified public health and safety issues.

The existing lagoon cells leak excessively, far in excess of the DEQ design standards. The leakage is likely adversely affecting underlying groundwater and nearby surface waters. The existing lagoon rarely discharges; consequently, poorly treated wastewater is continually entering the groundwater. Given the proximity of the slough surrounding the lagoon, it is probable that the wastewater is entering surface water. While these problems are known, the seriousness of the health hazard was not clearly documented. Use and impairment of use of the groundwater and/or surface water was not discussed. It is likely that the slough is polluted by the presence of the wastewater and the public is at risk to the health hazards associated with the pollution.

Due to physical size and sludge accumulation, the lagoon cells do not have adequate volume to provide proper treatment. The existing piping and hydraulic structures are poorly configured for optimal treatment in the lagoon cells, likely causing short-circuiting and dead spots. The existing structures are deteriorating and are becoming non functional.

The existing lagoon produces poor quality effluent, which generally does not comply with the Montana Pollutant Discharge Elimination System (MPDES) discharge permit effluent limits. The lagoons also do not meet the DEQ design standards. The State has suggested that more restrictive effluent limits may be imposed in future discharge permits.

The existing collection system was not evaluated due to buried manholes and difficult access. The extent of infiltration and inflow occurring in the system is unknown.

The proposed project may be relocating the problem from the drainage slough to the Musselshell River. A new lagoon system would address leakage problems and poor operational performance.

Statutory Priority #2: Reflects greater financial need.
The applicant received 612 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fourth level and received 288 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked sixth out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 46.9 percent. **The relative concentration of persons living at or below the *LMI* level ranked ninth out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 20.2 percent. **The relative concentration of persons living at or below the *Poverty* level ranked sixth out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the third level and received 324 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant did not adequately demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the PER did not adequately address some issues, including: an evaluation of the sewage collection system; an assessment of infiltration and inflow in the system; establishment of design criteria based on actual flow measurements; review of the construction and environmental impacts associated with the option of working within the footprint of the existing lagoon system; an assessment of relocation of the lagoon; a determination of the need for an influent lift station to maintain lagoon bottom elevations above high groundwater elevation; an assessment of quantity and quality of lagoon sludge to be removed; and an and the need for disinfection facilities. Appropriate input from state and federal agencies with authority over project construction would have helped the PER.

The MDOC engineering review team concluded that these issues should have been resolved in the planning process. If the project is to proceed, these concerns should be addressed early in the pre-design process before decisions are made regarding final design approach. These issues, particularly an assessment of potential ammonia standards associated with discharge to the river, raised serious questions regarding the appropriateness of the solution. The project budget should be reestablished after these technical issues have been addressed. For these reasons, MDOC recommends that the receipt of a TSEP grant, if awarded, be conditioned upon the applicant addressing the technical review concerns, and meeting with the applicable funding agencies and the DEQ to provide assurance that the proposed design concept would provide a long-term, cost-effective solution to the applicant's wastewater treatment problems.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant did not adequately demonstrate 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. The MDOC review team did not score this

priority higher primarily because it did not appear that planning tools have been adequately utilized, and the applicant did not adequately describe how it would ensure reasonable operation and management of its public facilities.

Rationale: The applicant stated that it has become more proactive in its planning efforts over the past few years and has developed a more assertive approach to addressing the community's needs, ever since the DEQ pushed the Town to solve its water system problems. A water system improvements project is currently underway. The Town has built a replacement reserve of approximately $75,000, of which $50,000 is allocated for the proposed project.

The applicant stated that 44 residents responded to a community needs assessment conducted in 2002, and water and sewer services were considered to be the most important of the 15 services listed in that assessment. A five-year capital improvements plan (CIP) is required to be completed as part of a water system project currently being funded by TSEP.

The applicant stated that the problems have been getting worse over the years; however, the Town did not have the means to undertake a project of this magnitude until the DEQ pushed them to the point of action. The MDOC review team concluded that the Town's O&M practices related to the wastewater system appear to be inadequate.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level four and received 480 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because of the various discrepancies related to the funding package

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with an RD loan and local reserves. The Town has signed RD's letter of intent to meet conditions. The Town was not eligible for a grant, because its user rates would still be below user rates of other like systems.

The applicant stated that the Town has incorporated every viable grant and loan source into the financing strategy. The applicant considered CDBG funds and conducted an income survey; however, it did not get a sufficient number of responses for the survey to be considered valid. Furthermore, the unofficial results indicated the Town would probably not be eligible to apply because its LMI percentage is too low.

The MDOC review team noted various discrepancies related to the funding package as it was presented in the TSEP application. The total cost of the project and the amount that is expected to be borrowed as presented in the uniform application is different from what is discussed in the PER, the amount stated by RD, and the amount shown in the Town's resolution committing matching funds. The TSEP application guidelines state that the applicant must provide matching funds on a dollar-for-dollar basis. Using the project cost and budget presented in the uniform application, the applicant would not be providing a dollar-for-dollar match; instead it would be under matching the TSEP grant by $16,528. However, the MDOC review team was informed by RD staff that the amount of debt per household was calculated according to the higher loan amount of $244,081 as presented in the PER and District's resolution. This amount also increases the total project cost to $788,162, which was what was stated in the PER. The information obtained by the MDOC review team confirmed that the $244,081 loan, in addition to the other funding sources proposed, equal the total project cost of $788,162, and are the correct amounts; furthermore, these amounts would also meet TSEP's dollar-for-dollar match requirement. The Town provided a letter to MDOC confirming the fact that the total project cost is expected to be $788,162, and that they intend to obtain a loan from RD in the amount of $244,081. The applicant asserts that without TSEP funds, the project would not move forward. If rates were to rise further, it would place additional hardship on a community that has just gone through a water rate increase as well.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of jobs, nor would it directly result in a business expansion. However, the project would enhance infrastructure, which is a prerequisite to attracting business and households, and therefore, increasing the tax base.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level three and received 240 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because there was only the one public meeting and little public attendance; therefore, it appeared that the applicant only met the minimum requirements related to demonstrating that the proposed project is a high priority and has community support.

Rationale: The application showed that only one resident attended the Town's public hearing held on April 19, 2004, in addition to council members and others affiliated with the project. The hearing was advertised in the local weekly newspaper, *The Times-Clarion*, which is published in Harlowton. The hearing was to inform residents about the funding strategies and the projected user charges, and to get input on the proposed project. The applicant stated that no public opposition has come forward during the planning stages, at council meetings, or during the public hearing; therefore, it can be assumed that although the rate increase may not be a pleasant thought, the townspeople in this small community know it is necessary. Minutes of the public hearing, sign-in sheet, and legal notice were included in the application.

A community needs assessment was conducted in 2002, and water and sewer services were considered to be the most important of the 15 services listed in the assessment.

Project No. 44
Town of Chester – Wastewater System Improvements

This application received 2,524 points out of a possible 4,900 points and ranked 44th out of 47 applications in the recommendations to the 2005 Legislature. **Because of the limited amount of TSEP funds projected for the 2007 biennium, TSEP would be unable to fund this project. However, if this project were to be funded, MDOC recommends the requested TSEP grant of $200,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 200,000	Awaiting decision of legislature
RD	Loan	$ 200,000	Application submitted April 2004
Town	Loan	$ 13,950	Expended on PER
Project Total		**$ 413,950**	

Median Household Income:	$27,578	Total Population:	871
Percent Non-TSEP Matching Funds:	52%	Number of Households:	384

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$30.55	-	Target Rate:	$47.57	-
Existing Wastewater Rate:	$19.50	-	Rate with proposed TSEP Assistance:	$50.05	105%
Existing Combined Rate:	$50.05	105%	Rate without TSEP Assistance:	$52.18	110%

Project Summary

History – The Town of Chester's wastewater system consists of gravity mains, three in-line lift stations, one main lift station that pumps effluent into a three-cell facultative lagoon, and then discharges into Cottonwood Creek. A majority of the collection system was replaced, and the lagoon was constructed, in 1984.

Problem – The Town's wastewater system has the following deficiencies:
- approximately 7,086' of collection line have a slope that does not meet minimum design standards,
- an additional 4,090' of collection line consists of small pipe that does not meet minimum design standards,
- a major source of infiltration is the collection line that crosses Cottonwood Creek,
- manhole locations and spacing do not meet minimum design standards,
- valve system connecting the cells at the treatment facility needs upgrading due to corrosion,
- master lift station has significant corrosion in the wet well, the trash basket needs rehabilitation due to corrosion, and the pumps are 20 years old and need replacing, and
- the master lift station and the other three lift stations lack an alarm and monitoring system.

Proposed Solution – The proposed project would:
- rehabilitate the master lift station,
- install an alarm and monitoring system on the other three lift stations, and
- re-construct approximately 700' of collection line that crosses Cottonwood Creek.

Note: The proposed solution does not resolve the problems related to most of the collection lines, manholes, and valve system connecting the treatment cells. The applicant stated that it would utilize its crews in a separate project to address those deficiencies, but provided no details or timetables. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level two and received 400 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater system might potentially occur at some point in the future if the deficiencies are not corrected. However, the problems have not been documented to have occurred yet and the deficiencies are not considered to be a serious threat to public health or safety.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including lift station failure due to aging pumps and controls, and corroded lift station components.

The PER states that sewer backups into the school and several homes near one of the lift stations have occurred. The backups were attributed to improper function of the lift station. Backup of raw sewage into homes is a serious public health problem. However, this occurrence is not clearly attributable to the condition of the lift station.

The pumps in the main lift station are 20 years old and nearing the end of their useful life. The master lift station serves the entire community and failure of the pumps or controls would have serious consequences.

The Town has experienced problems with about 4,000' of sewer main and several of the lift stations. The Town plans to implement an annual sewer main replacement program using other funding. The PER concludes that there are no serious deficiencies at the Town's wastewater treatment facility.

Statutory Priority #2: Reflects greater financial need.
The applicant received 504 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the fourth level and received 288 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 10th out of the 47 applications**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 42.3 percent. **The relative concentration of persons living at of below the *LMI* level ranked 18th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 13.5 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 22nd out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant did not adequately demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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. The MDOC technical review team scored this priority based primarily on the fact that the PER was incomplete and there were some significantly important issues that were not adequately addressed.

Rationale: The team noted the following issues that were not adequately addressed: incomplete condition/capacity assessment of the existing collection system and lack of documentation of the infiltration and inflow; no evaluation of the existing treatment system; lack of information about the existing lift stations; lack of sound justification for eliminating any improvements to the treatment facility; and no detailed description or cost estimate of the recommended alternative.

The PER failed to provide an evaluation of the entire wastewater system. The PER does not provide any information about the existing lift stations such as pump age, size, capacity, or existing controls. The alternatives screening was performed without the benefit of an evaluation of the system deficiencies so that justification for eliminating improvement alternatives was based on incomplete information.

It was difficult to determine if the projected costs for the project were reasonable because no design criteria or description of the lift station improvements were presented. Lump sum costs for the lift station modification and alarm controls was presented, but could not be evaluated.

Although the project was scored at a level two, MDOC does not think that it is necessary that the receipt of a TSEP grant, if awarded, be conditioned upon the applicant addressing the technical review concerns. Rehabilitating and improving the lift stations and replacing the 700' of sewer line are work items that will be required in either the near or long-term. Even though the PER was deemed to be incomplete, these work items would likely provide a cost-effective, long-term solution to the deficiencies associated with the lift stations and the creek crossing.

The applicant adequately assessed the potential environmental impacts, although discussion on the potential environmental problems associated with the Cottonwood Creek crossing was incomplete. The applicant did receive comments from the Department of Fish, Wildlife & Parks addressing the crossing and referenced permits that would be required. Environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant's planning efforts have been relatively recent.

Rationale: The applicant stated that since 1995, it has implemented a cleaning and televising schedule that covers a small portion of the Town's sewer mains, and each year the lift stations are cleaned and the pumps are serviced**.** The applicant stated that since 1996, it has replaced approximately 2,100' of sewer main, and made improvements to six manholes. In 2001, the pumps at the "glory hole" lift station were replaced using reserves. In 2002, 500' of sewer main was replaced using an EDA grant.

On April 14, 2004, the Town adopted a comprehensive capital improvements plan (CIP) and passed a resolution to increase sewer rates to establish a CIP fund. The applicant stated that it is a member of the Bear Paw Development Economic Development District, which prepares an annual comprehensive economic development strategy. The applicant stated that its wastewater improvement project is included on Bear Paw's work plan; however, the application did not include a copy of the work plan. In 1999, MSU-Northern completed a comprehensive performance evaluation of the applicant's wastewater treatment facility and identified "performance limiting factors". In 2001, the Town and County,

with assistance from Bear Paw, conducted a community needs assessment survey and in 2003, the Montana Economic Development Association (MEDA) conducted a resource team assessment for the community. The applicant stated that the wastewater project is consistent with these assessments; however, these documents were not included in the application.

The applicant stated that the deficiencies with the wastewater system have not developed because of inadequate O&M practices. The pumps at the main lift station have reached the end of their useful life and corrosion has affected the trash basket. The Town does regular maintenance to the lift stations and has them professionally cleaned every year. The collection deficiencies are due to the undersized and low slope of the clay pipes, which is related to the original design. The MDOC review team concluded that the Town's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level three and received 360 points out of a possible 600 points.

Conclusion: 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.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with a RD loan and local reserves. The applicant stated that it has discussed the project with RD staff and has been given a verbal approval. The Town will be issuing a revenue bond for the RD loan and a rate increase took affect in June of 2004. The applicant stated that its wastewater rate is too low for the applicant to qualify for a RD grant. The applicant stated that the project is not eligible for EDA funding because it would not create or retain sufficient jobs. The applicant did consider the RRGL program, but questioned whether the project would be competitive given RRGL's conservation ranking criteria. The Town considered applying for an appropriation through the STAG program; however, the applicant thought that the process was too long to meet its compliance schedule. The MDOC review team noted that the applicant did not discuss whether CDBG was a potential funding source for the proposed project.

Subsequent to scoring this priority, RD agreed to provide funds to the applicant.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 wastewater system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of any long-term, full-time jobs nor would the project directly result in business expansion.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level four and received 320 points out of a possible 400 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the applicant did not demonstrate that the local residents are clearly and strongly in support of the proposed project.

Rationale: The applicant stated that it held public meetings on October 16, 2003 and November 12, 2003, to obtain public comment on the preliminary findings of the wastewater system study. The application included a newspaper article relative to each meeting, a sign-in sheet for the November meeting, and a copy of the material presented at the meetings. The project was also discussed at the Town's regularly scheduled council meetings in January and February of 2004, and a special council meeting was held on February 26, 2004. The minutes of these meetings were published in the local newspaper and copies of the newspaper articles were included in the application. Eighteen residents attended another meeting on March 30, 2004, the funding strategy and financing impacts of the proposed project were discussed, including potential user rates. During this meeting it was mentioned that the Town could utilize its own work force to replace sewer mains and manholes. Copies of the meeting notices, sign-in sheet, minutes and a newspaper article were included in the application.

The County and the Town conducted listening forums in conjunction with MEDA in March 2003. The forums were the basis of a resource assessment report, which identified the wastewater treatment facility as a need. The application did not contain any documentation relative to the forums or the resource assessment report. The proposed project is consistent with the CIP adopted in April of 2004. The application included one letter of support from Chester public schools.

Project No. 45
City of Shelby – Water System Improvements

This application received 2,392 points out of a possible 4,900 points and ranked 45th out of 47 applications in the recommendations to the 2005 Legislature. **Because of the limited amount of TSEP funds projected for the 2007 biennium, TSEP would be unable to fund this project. However, if this project were to be funded, MDOC recommends the requested TSEP grant of $250,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 250,000	Awaiting decision of legislature
SRF	Loan	$ 250,000	Application submitted
Project Total		**$ 500,000**	

Median Household Income:	$29,219	Total Population:	3,216
Percent Non-TSEP Matching Funds:	50%	Number of Households:	1,196

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$33.88	-	Target Rate:	$50.40	-
Existing Wastewater Rate:	$15.46	-	Rate with proposed TSEP Assistance:	$51.96	103%
Existing Combined Rate:	$49.34	98%	Rate without TSEP Assistance:	$53.51	106%

Project Summary

History – The City of Shelby's water source consists of a series of a dozen wells in the vicinity of the Marias River. The oldest well was drilled in 1940, and the most recent was drilled in 1985. Well depths vary from 31' to 50'. Water is pumped into town, a distance of about five miles, to a one million-gallon reservoir. There is also a 100,000-gallon elevated tank on the north edge of the City, a 1.5 million-gallon tank on the northeast side of the City, and a 0.5 million-gallon elevated tank that serves the south and west sides of the City, including the new prison. The distribution system consists mostly of 6" and 8" diameter pipes with some smaller 4" mains in non-critical areas.

In the past, the water system was considered a groundwater system and treatment of the water was not necessary. However, recent water samples have contained coliform bacteria prompting full-time disinfection. The system has been placed under a boil water order a number of times. Microparticulate tests have determined that well #4 is susceptible to influence from surface water. Well #4 was one of the best producing wells in the system and was heavily relied upon for water supply. The Department of Environmental Quality (DEQ) has mandated that water taken from well #4 be treated or the well be abandoned.

The City is in the process of designing an ultraviolet (UV) disinfection facility, which it is expecting to construct in 2004. Some of the deficiencies listed below would be resolved by that project.

Problem – The City's water system has the following deficiencies:

- water samples have tested positive for coliform bacteria,
- well #4 is under the influence of surface water
- system has no permanent disinfection system,
- inadequate water supply if well #4 is abandoned,
- iron bacteria,
- some iron water mains in poor condition,
- master control panel room is in an unfavorable location,
- some areas within the system lack adequate fire flow protection,
- some platted parts of the City do not have water service, and

- some mains are on dead ends.

Proposed Solution – The proposed project would:
- drill a replacement well, and
- install new collection/transmission mains in the well field.

Note: The proposed solution does not propose to resolve the problems related to adequate fire protection or the distribution system, and the City is in the process of designing a UV disinfection facility, which is expected to be constructed in 2004. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. 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.

Rationale: The MDOC technical review team noted there are deficiencies that could affect the public's health and safety, including lack of sufficient water for meeting future peak day demand.

Well #4 has been identified as being groundwater under the direct influence of surface water, and must be abandoned. The Town would need to augment the water supply to meet current and projected peak day demands once it abandons well #4, its most productive well. Well #4 is still in operation, posing a serious health threat, though temporary chlorination is being provided.

The City has been placed under a number of boil water orders. The City is currently installing a large UV system to provide disinfection. No documented instances of illness have been reported. However, using water under the direct influence of surface water is a concern, even with disinfection.

Replacement of the well field piping should help decrease bacteria growth in the distribution system as well as eliminate deteriorated piping.

Statutory Priority #2: Reflects greater financial need.
The applicant received 432 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the third level and received 216 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 16th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 39.2 percent. **The relative concentration of persons living at or below the *LMI* level ranked 31st out of the 47applications.**
- The percent of persons living at or below the *Poverty* level is 8.6 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 43rd out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the second level and received 216 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level three and received 480 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the there was a lack of attention to the source water protection plan. A copy of the plan, prepared by the DEQ in September of 2003, was included in the appendix of the PER. Some significant findings of the plan were not discussed, such as the threat of contamination from potential contaminant sources near the well field.

The PER lacked a life cycle cost analysis for well field piping alternatives. Additional discussion regarding floodplains, iron bacteria sources, and a well location alternative for the south side of the river would also have benefited the PER.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant did not adequately demonstrate 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. The MDOC review team did not score this priority higher primarily because the applicant provided little information about its planning efforts or its management of its public facilities.

Rationale: The applicant stated that three certified operators on staff accomplish the maintenance and operation of the water system. The City has a comprehensive capital improvements plan (CIP) that was revised and adopted in 2004; the applicant stated that it is updated yearly. However, the CIP shows only the City's needs and their estimated cost, but does not present any plan or timetable for implementing projects.

The applicant stated that the City is almost fully metered. There are only a few parks without meters, but the impact of these relatively small uses should not impact the alternatives.

The applicant stated that its water system has been considered a groundwater system, and therefore, treatment of the water was not necessary and disinfection of the water and water system was kept to a minimum. However, recent water samples taken at the well sites have had hits for coliform bacteria prompting the DEQ to determine that well number four is susceptible to influence from surface water. The MDOC review team concluded that the City's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level two and received 240 points out of a possible 600 points.

Conclusion: The applicant did not adequately demonstrate that the project would enable the local government to obtain funds from sources other than TSEP. Primarily, 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.

Rationale: The applicant has proposed a funding package consisting of a TSEP grant in combination with a SRF loan. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan. The applicant did not discuss the CDBG or RRGL grant programs. While the applicant is not eligible for the CDBG program, because it does not meet its minimum LMI percentage, the MDOC review team concluded that the proposed project appears that it would be a potentially competitive project in the RRGL grant competition. In addition, the applicant only discussed the RD loan without adequately discussing the potential for obtaining a grant from RD.

The applicant did not submit information for Section C.3, the Funding Strategy Narrative, or Section C.4, the Project Budget Narrative, in the Uniform Application. The project budget submitted was also incomplete and did not add up. The total amount of funds needed for the project was also not clear. During the process of reviewing the application, the MDOC review team noted that part of the proposed project was supposed to be constructed prior to the project being considered by the Legislature; those construction costs would not have been eligible as a match to the TSEP grant.

After obtaining additional information from the applicant and the financial officer with the SRF program, the MDOC review team had a clearer picture of the costs of the project and projected user fees to be charged. In addition, the applicant agreed to modifying the application, which resulted in a modified scope of work and the amount of TSEP funds requested being reduced.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that a reliable, clean source of water is essential for future expansion and job creation. The applicant also stated that the Corrections Corporation of America (CCA) has submitted a building permit application to expand the existing prison facility by approximately 40 beds, and that the State of Montana has formally requested CCA to construct a 500-bed addition to the existing facility. Based on a 1998 report, the private prison has a high water demand, and CCA's expansion to 1,000 beds would result in an average daily demand of 118 gpm. However, the MDOC review team noted that the applicant did not state that this proposed expansion or any other businesses or jobs were dependent on the proposed project.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant did not adequately demonstrate 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, but did not inform the community about the cost of the project and the impact on user rates.

Rationale: The applicant stated that the mayor has a weekly radio show every Monday where issues and items of interest are shared. The City held public hearings on March 29 and April 12, 2004, and the applicant stated that the potential increase in water rates was discussed at both public hearings. However, the MDOC review team noted that according to the minutes from these meetings, both were primarily related to a needs assessment and only briefly discussed the proposed project. While the total cost of the proposed project was stated in the minutes, there is no indication that the public was informed of the cost to individual users or whether there would be an increase in user rates. There was no other

information or documentation in the application to show that the public was adequately informed about the cost of the proposed project to individual users.

The City has a comprehensive CIP; however, it shows only the needs and their estimated cost, but does not present any plan or timetable for implementing projects.

Project No. 46
Town of Bearcreek – Water System Improvements

This application received 2,272 points out of a possible 4,900 points and ranked 46th out of 47 applications in the recommendations to the 2005 Legislature. **Because of the limited amount of TSEP funds projected for the 2007 biennium, TSEP would be unable to fund this project.**

However, if this project were to be funded, MDOC recommends a reduced TSEP grant of $87,641, because additional debt would be required to bring the projected user rate up to the target rate. The applicant has committed to obtaining the additional $162,146 needed in the form of a loan. See Statutory Priority #5 for more information related to the recommendation.

MDOC also recommends that the receipt of a TSEP grant, if awarded, be conditioned upon the applicant addressing the department's technical review concerns, as discussed under Statutory Priority #3 and the department's technical review report, and meeting with the applicable funding agencies and the Department of Environmental Quality (DEQ) to provide assurance that the proposed design concept would provide a long-term, cost-effective solution to the applicant's water storage problems.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 249,787	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
RD	Loan	$ 146,788	Will submit application after other funding is approved
Project Total		**$ 496,575**	

Median Household Income:	$32,917	Total Population:	94
Percent Non-TSEP Matching Funds:	49%	Number of Households:	69

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$16.68	-	Target Rate:	$56.78	-
Existing Wastewater Rate:	$10.62	-	Rate with proposed TSEP Assistance:	$56.78	100%
Existing Combined Rate:	$27.30	48%	Rate without TSEP Assistance:	$63.05	111%

Project Summary

History – Since 1930, the Town of Bearcreek's water source has been a spring located in the Beartooth Mountains with water rights dating back to 1888. A water storage tank and distribution system was constructed in 1968, and in 1993, 4,000' of 4" water main was replaced. Water shortages over the past decade have resulted in low water pressure and restrictions for water users. The DEQ has issued several notices to the Town relative to coliform bacteria.

Problem – The Town's water system has the following deficiencies:
- insufficient storage capacity,
- undersized main line from the source,
- undersized distribution lines,
- inefficient chlorination system,
- lack of adequate fire protection, and
- no water meters.

Proposed Solution – The proposed project would:
- construct a new 125,000-gallon water storage reservoir,
- install a gas chlorination system, and

- install approximately 78 service meters.

Note: The proposed solution does not propose to resolve all of the problems related to undersized distribution lines or fire protection. Therefore, those deficiencies were not taken into consideration in the scoring of Statutory Priority #1.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level four and received 800 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the water 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. These serious problems have a high probability of occurrence as a result of incidental, casual or unpredictable circumstances.

Rationale: The MDOC technical review team noted that there are various deficiencies that could affect the public's health and safety, including: presence of coliform bacteria indicating potential for pathogens entering the system, low pressures that could eventually lead to contamination from groundwater through gaskets or backflow, and inadequate fire protection.

Contamination may be entering the system through an opening in the line from the water source. Examination of the spring boxes and crossings to correct any deficiency that is allowing surface water to enter the system is a recommended condition of receiving a TSEP grant.

Repeated violations of the total coliform rule would be expected to eventually lead to some increase in sickness including diarrhea and flu. There was no mention of findings of fecal coliforms, but the threat of giardia, cryptosporidium, or other protozoans is considered significant.

The health threats from pressure losses include infiltration of groundwater and an increased potential for backflow. Loss of system pressure has not been documented, nor hydraulically modeled on a computer simulation, but it is reasonable to assume the potential exists.

Insufficient storage and undersized lines make fire-fighting capacity negligible. Fire protection would not be realized by this first project since all in-town lines would remain two to four inches. Additional water storage is a logical first step to improving fire protection.

Statutory Priority #2: Reflects greater financial need.
The applicant received 252 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates 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 levels. The fifth highest level is assigned to the group of applicants with the most severe household economic conditions.)

- **Median Household Income (MHI) ranked 36th out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 31 percent. **The relative concentration of persons living at or below the *LMI* level ranked 45th out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 12.6 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 26th out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the first level and received 108 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level two and received 320 points out of a possible 800 points.

Conclusion: The applicant did not adequately demonstrate that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that the PER lacked hydraulic modeling and life cycle cost analyses. This PER was originally written in 1998; cost and environmental information was updated in 2004. Items missing from the PER included: evaluation of storage options; life cycle cost analyses for comparing alternatives; energy requirements; distribution system computer modeling; financial status of facilities; operational requirements; booster station schematic; construction problems; and source water protection.

In addition, there was no review of the spring and source delivery system for potential contamination, even though surface water contamination is suspected as a possible cause of repeated violations of the total coliform rule. As such, MDOC recommends that the receipt of a TSEP grant, if awarded, be conditioned upon the applicant investigating the source of contamination and meeting with the applicable funding agencies and the DEQ to provide assurance that the proposed design concept would provide a long-term, cost-effective solution to the applicant's water storage problems. The investigation into the source of contamination should focus on the spring boxes and places where the water line crosses surface water.

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level three and received 420 points out of a possible 700 points.

Conclusion: 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. The MDOC review team did not score this priority higher primarily because the team noted that no updates to the Town's capital improvements plan (CIP) had occurred since its adoption in 1998.

Rationale: The applicant stated that the proposed project is consistent with the comprehensive 10-year CIP adopted in 1998. The Town also completed a community needs assessment in 1998. During that same time, the applicant applied to the CDBG program for the proposed project, but was not successful. The applicant stated that securing debt on the entire project at that time was cost prohibitive due to outstanding long-term debts incurred in 1968 and 1993. Water rates have not increased since 1993; however, additional revenue has been gained by charging new users hook-up fees. The applicant stated enough reserves exist to pay off the first debt, allowing capacity for additional debt to complete the needs that are immediate, without significantly raising rates.

The applicant stated that the limited water supply and deficient chlorination system is not from lack of O&M, but rather the water tank is not big enough to serve the recent "boom" in population. In addition, the new water testing regulations imposed by the Environmental Protection Agency (EPA) make their chlorination system outdated and insufficient to prevent chloroform bacteria throughout the year. The project proposes to install water meters. The applicant's water is from a groundwater source, but the

Town does not have a source water protection plan. The MDOC review team concluded that the Town's O&M practices related to the water system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level one and received 120 points out of a possible 600 points.

Conclusion: 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. The MDOC review team did not score this priority higher because the applicant's analysis of its proposed funding options was inadequate and did not comply with TSEP requirements.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with a RD loan. The Town's LMI is too low to be eligible for CDBG funding, and the MHI is too high to qualify for an RD grant.

The MDOC review team noted that the applicant is under matching the TSEP grant by $2,999. The TSEP application guidelines state that the applicant must provide matching funds on a one-to-one basis. In cases of demonstrated hardship, MDOC may allow a lower match; however, all three of the following tests must be met:

- a very serious deficiency exists in a community facility or service, or the community lacks the facility or service entirely; and adverse consequences clearly attributable to the deficiency have occurred, or are likely to occur in the near term (scores at a level four or five on Statutory Priority #1); and it has been determined by MDOC that the proposed project would correct the deficiencies; and
- upon completion of the proposed project, user rates would be at least 1.5 times the community's "target rate" (based upon the projected monthly rates with TSEP assistance); and
- other sources of funding are not reasonably available.

Not only did the applicant fail to meet the second test that user rates must be at least 1.5 times the community's "target rate," the MDOC review team noted that the proposed funding package would result in the applicant's combined projected user rates being under the target rate. It has been the policy of MDOC, the Governor, and the Legislature that TSEP grants are only awarded to applicants with projected rates that will be at or above the target rate. In order to bring the projected user rates up to the target rate, the loan amount would have to be increased, while the TSEP grant amount is likewise reduced. Therefore, the amount of debt incurred by the Town would need to be approximately $308,934, in order to bring the projected user rates up to the target rate. The applicant has committed to making up the difference of $162,146. As a result, MDOC recommends reducing the award to $87,641, if the funding is approved. Based on the increased loan amount, the Town would provide an adequate match to the TSEP grant.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level two and received 200 points out of a possible 500 points.

Conclusion: The applicant sufficiently demonstrated that the proposed project represents a general infrastructure improvement that would indirectly increase business and job opportunities. However, the applicant did not adequately document that any specific businesses were dependent upon the proposed improvements or how businesses would directly benefit from them. In addition, the applicant did not adequately document 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 water system. The proposed improvements should maintain and possibly increase the taxable valuation of the project area.

Rationale: The applicant stated that the project would not directly result in the creation or retention of any long-term, full-time jobs, nor would it directly result in business expansion. The applicant stated that the proposed project would assist in maintaining the tax base, since the Town may place a moratorium on future growth due to the limited water supply.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant did not adequately demonstrate 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, but did not inform the community about the cost of the project and the impact on user rates. The MDOC review team did not score this priority higher because the applicant's analysis of its proposed funding options was inadequate and did not comply with TSEP requirements, which subsequently had an effect on the projected user rates the citizens were informed of at the public hearing.

Rationale: The applicant stated that two public hearings were held in 1998 when grant funding was first considered for the proposed project. On the evening of April 19, 2004, a public hearing was held to discuss funding options and the anticipated rate increase. The MDOC review team noted that, due to target rate requirements, the loan amount would be more than double the amount the citizens were informed of at the public hearing. Six residents attended the hearing, in addition to council members, staff and others affiliated with the project. The application included copies of the legal notice, posters that were distributed to businesses, minutes, sign-in sheet and a newspaper article relative to the 2004 hearing.

The applicant stated that no one present expressed opposition to the project. The applicant stated that water shortages and notices posted regarding coliform in the water add to the community's awareness of the need for the project. A community needs assessment and CIP were completed and adopted in 1998, and the proposed project is consistent with priorities cited in the CIP.

Project No. 47
Bigfork County Water and Sewer District – New Wastewater System

This application received 2,152 points out of a possible 4,900 points and ranked 47th out of 47 applications in the recommendations to the 2005 Legislature. **Because of the limited amount of TSEP funds projected for the 2007 biennium, TSEP would be unable to fund this project.**

However, if this project were to be funded, MDOC recommends a reduced TSEP grant of $262,500, in order to limit the award to $7,500 per benefited household (based on 35 lots), since the applicant does not meet all three of the criteria required for a hardship grant. Specifically, the applicant did not meet the first test that there is a very serious health or safety threat. See Statutory Priorities #1 and #5 for more information related to the recommendation.

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 500,000	Awaiting decision of legislature
RRGL	Grant	$ 100,000	Awaiting decision of legislature
SRF	Loan	$ 129,100	Application May 2004
Project Total		**$ 729,100**	

Median Household Income:	$35,769	Total Population:	64
Percent Non-TSEP Matching Funds:	31%	Number of Households:	21 households/ 35 lots total

	Monthly Rate	Percent of Target Rate		Monthly Rate	Percent of Target Rate
Existing Water Rate:	$10.12	-	Target Rate:	$ 61.70	-
Existing Wastewater Rate:	NA	-	Rate with proposed TSEP Assistance:	$101.62	165%
Existing Combined Rate:	NA	-	Rate without TSEP Assistance:	$153.72	249%

Project Summary

History – Mayport Harbor is situated between the Flathead River and the community of Bigfork. The area started to be constructed in the early 1970s and is now 60 percent developed. It is served by on-site septic tanks with drainfields. Mayport Harbor was annexed into the Bigfork County Water and Sewer District in January 2004, with the intent of abandoning the septic systems and connecting to the District's facilities. The Mayport Harbor area is currently served by a small private centralized water system, but intends to connect to the District's water system in the future.

Problem – The individual septic tank systems in the Mayport Harbor area have the following problems:
- phosphorous breakthrough is potentially occurring in certain locations,
- the area is subject to high groundwater,
- poorly treated sewage is potentially degrading state waters,
- lot sizes are less than the minimum required for onsite sewer,
- setbacks from surface water are less than the minimum distance required, and
- the systems are in flood prone areas.

Proposed Solution – The proposed project would:
- install approximately of 4,500' of 4" PVC service lines; 3,350' of 8" PVC gravity main; and 1,000' of 4" PVC force main connecting the Mayport Harbor area to the District's wastewater system, and
- construct a lift station.

Statutory Priority #1: Solves urgent and serious public health or safety problems, or enables local governments to meet state or federal health or safety standards.
The applicant was scored at a level three and received 600 points out of a possible 1,000 points.

Conclusion: The applicant sufficiently demonstrated that the public health and safety problems associated with the deficiencies in the wastewater 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. 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.

Rationale: The MDOC technical review team noted that there are deficiencies in the existing septic systems used in the Mayport Harbor area of the Bigfork Water and Sewer District that could affect the public's health and safety or cause environmental pollution.

The discharge of nutrients to the Flathead drainage basin has been identified as a serious environmental problem due to the potential threats to water quality in Flathead Lake. While the relative pollutant contribution from the area is small, the collective problem of nutrient discharges into the drainage basin from point and non-point sources is serious. Mayport Harbor is located along a section of the Flathead River just upstream of Flathead Lake.

An analysis was provided to determine if nutrients were discharging to groundwater and surface waters. The analysis models the absorptive capacity of soils to remove phosphorous as it travels through the soil profile. This analysis indicates that, based on the age of the systems and the configuration, there is a good likelihood that phosphorous is entering the Flathead River. While the model does not consider nitrates, this contaminant is mobile in groundwater and it is also likely that the nutrient is entering nearby surface waters. There was no direct evidence provided in the PER that this problem is occurring.

The study area has high seasonal groundwater, which can adversely impact the performance of the septic systems. High groundwater can lead to anaerobic conditions in the drainfield trenches, which can lead to plugging of the soil profile and system failure. Poor treatment can result with a septic system if the unsaturated layer of the soil is limited by high groundwater. Correspondence from the county sanitarian indicated that no system failures had occurred in the area. He did, however, support a sewer system due to the marginal conditions present for septic systems.

The treatment systems are less than 100' from surface water, which is a current state standard for siting septic systems.

Statutory Priority #2: Reflects greater financial need.
The applicant received 252 points out of a possible 900 points.

The score for Statutory Priority #2 is based on a weighted analysis of two financial indicators with a total of 900 points possible. The scores for each of the two indicators are added together, with the total number of points possible for Statutory Priority #2 based on five levels. The fifth level is assigned to the group of applicants that reflect the greatest financial need.

Indicator #1. Household Economic Condition analysis: The applicant placed in the second level and received 144 points. (This analysis accounts for 40 percent of the score for Statutory Priority #2. Each of the three sub-indicators are ranked and scored, with each accounting for 33 percent of the total score for Indicator #1. Being ranked first indicates the most sever 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 levels. The fifth highest level is assigned to the group of applicants with the most sever household economic conditions.)

- **Median Household Income (MHI) ranked 41st out of the 47 applications.**
- The percent of persons living at or below the *Low and Moderate Income (LMI)* level is 33 percent. **The relative concentration of persons living at or below the *LMI* level ranked 42nd out of the 47 applications.**
- The percent of persons living at or below the *Poverty* level is 9.1 percent. **The relative concentration of persons living at or below the *Poverty* level ranked 41st out of the 47 applications.**

Indicator #2. Target Rate Analysis: The applicant placed in the first level and received 108 points. (This analysis accounts for 60 percent of the score for Statutory Priority #2. Each sub-indicator is ranked and scored. 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 levels. The fifth highest level is assigned to the group of applicants furthest over the target rate.)

Statutory Priority #3: Incorporates appropriate, cost-effective technical design and provides thorough, long-term solutions to community public facility needs.
The applicant was scored at a level four and received 640 points out of a possible 800 points.

Conclusion: The applicant strongly demonstrated that it has proposed an appropriate, cost-effective technical design that will provide a thorough, long-term solution for its public facility needs. The preliminary engineering report (PER) 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.

Rationale: The MDOC technical review team noted that there were inaccuracies in the presentation of O&M costs, questions regarding the present worth analysis, limited clear documentation of need, and potential underestimation of dewatering costs.

It was not clear in the PER why grinder pumps were proposed for the selected alternative. In addition, the O&M and present worth analysis of the grinder pumps had some apparent problems. The documentation of need refers to the lack of direct evidence in the PER that nutrients were discharging to groundwater and surface waters. It did not appear that the cost of dewatering was factored into the unit prices. Dewatering, because of high groundwater, could inflate the cost of installing sewers and the pump station

The applicant adequately assessed the potential environmental impacts. Any environmental concerns that were identified by the applicant were adequately addressed and no long-term adverse affects were noted.

Statutory Priority #4: Reflects substantial past efforts to ensure sound, effective long-term planning and management of public facilities and attempts to resolve the infrastructure problem with local resources.
The applicant was scored at a level two and received 280 points out of a possible 700 points.

Conclusion: The applicant did not adequately demonstrate 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. The MDOC review team did not score this priority higher primarily because the team concluded that it did not appear that the District has utilized capital improvements planning to the same degree as many of the other applicants. In addition, the team had questions about the District's annexation policies.

Rationale: The applicant stated that it constructed a new treatment plant and a sludge facility to serve the entire District for a 20-year period in 1999. The Mayport Harbor area was discussed as a future service area in the District's 1998 facility plan. A preliminary engineering study evaluating the Mayport Harbor area was completed in 2003, which resulted in the area being annexed with the intent of connecting to the District's sewer facilities.

The applicant stated that approximately every two years it increases user rates and hook up fees to continue to build reserves; this allows the District to appropriate funds during its annual budget process to work on identified capital improvements. Within the last four years, funds from the reserve have been used to replace two media in the trickling filter towers and slip line several sections of sewer to reduce infiltration.

While it appears that the applicant maintains funds for capital improvements, it was not evident to the team that the District has a capital improvements plan (CIP). Information provided in the PER discussed unresolved problems very generally, but did not provide sufficient detail to indicate that the District has a plan for resolving those problems. Information provided in the PER also discussed potentially serving other areas in the vicinity, but there was no discussion of annexation policies governing how these areas are chosen for annexation. In addition, there was no information related to the water system operated by the District or a CIP related to that system.

The applicant stated that the project area is included within the planning area of a plan adopted by Flathead County in 1992. The plan encourages public utility services for urban density residential growth.

The applicant stated that although the proposed project does not involve drinking water, a wellhead protection plan has been adopted. Because sewer charges are based on water usage, water meters are required for all users on the District's system. Since, the Mayport Harbor area currently utilizes its own small private water system, meters would be installed to equitably bill for sewer usage. The MDOC review team concluded that the District's O&M practices related to the wastewater system appear to be reasonable.

Statutory Priority #5: Obtains funds from other sources.
The applicant was scored at a level one and received 120 points out of a possible 600 points.

Conclusion: 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.

Rationale: The applicant has proposed a funding package consisting of TSEP and RRGL grants in combination with a SRF loan. The applicant looked at nine possible funding sources. In particular, the District is not eligible to apply to the CDBG program, because its LMI percentage is too low. The applicant is also ineligible for a RD grant because its MHI is too high. However, as a back-up option, the applicant stated it would pursue a loan from RD secured with a property bond, as an alternative to the SRF program. The proposed project is on the SRF project priority list; therefore, the applicant is eligible to submit an application for a loan.

The MDOC review team noted that the proposed funding package did not appear to be financially viable for various reasons. First, when submitting the application, the applicant failed to state or take into consideration that the Mayport Harbor area is currently served by a small private centralized water system. The property owner pays $150 annual maintenance fee of which $10.12 per month is the user fee for water. As a result, the MDOC looks at a combined target rate as compared to a target rate for just a wastewater system. This increases the target rate from $24.14 to $61.70. The applicant formed its funding request assuming that the lower target rate applied.

Second, based on the funding package that was proposed, the applicant did not provide an appropriate match to the TSEP grant as required by the TSEP application guidelines that state that the applicant must provide matching funds on a dollar-for-dollar basis. The applicant is requesting a hardship grant, whereby it would provide only a 31 percent match as compared to the standard 50 percent. In addition, the applicant's request for a TSEP grant exceeds the $7,500 limit per household; with 21 existing households, this works out to $23,809 per household. If all 35 lots were considered, it would work out to $14,285 per lot. In cases of demonstrated hardship, MDOC may allow a lower match and/or allow more than $7,500 per household; however, all three of the following tests must be met:

- a very serious deficiency exists in a community facility or service, or the community lacks the facility or service entirely; and adverse consequences clearly attributable to the deficiency have occurred, or are likely to occur in the near term (scores at a level four or five on Statutory Priority #1); and it has been determined by MDOC that the proposed project would correct the deficiencies; and
- upon completion of the proposed project, user rates would be at least 1.5 times the community's "target rate" (based upon the projected monthly rates with TSEP assistance); and
- other sources of funding are not reasonably available.

The applicant does not meet the first test, and therefore, is not eligible for a hardship consideration. As a result, the department recommends reducing the award to $262,500, in order to limit the grant to $7,500 per benefited household (based on 35 lots). The team used all 35 lots, versus only the 21 currently developed lots, since it was concluded that once these lots could be built upon, they would be developed. The applicant would need to make up the difference of $237,500.

As a result of the discussion above, the funding package for the proposed project begins to appear that it would not be viable. Obtaining the SRF loan is problematic, since the team concluded that the District may have difficulty passing a debt election for the larger loan required. In addition, based on information provided by the RRGL program, the District is not likely to receive the RRGL grant, which would increase the size of the loan needed even further.

Statutory Priority #6: Provides long-term, full-time job opportunities of Montanans, or provides public facilities necessary for the expansion of a business that has a high potential for financial success, or maintains or that encourages expansion of the tax base.
The applicant was scored at a level one and received 100 points out of a possible 500 points.

Conclusion: 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.

Rationale: The applicant stated that lake and river frontage lots are some of the most expensive land in Flathead County. A river front lot with sewer is assessed at a much higher rate than a similar undeveloped lot. The sewer extension to Mayport Harbor area preserves the private tax base and adds to it by making several of the undeveloped lots more developable. The MDOC review team noted that the applicant did not identify any jobs or business that would be dependent upon the proposed project, and that the Mayport Harbor area is residential only.

Statutory Priority #7: High local priority and strong community support.
The applicant was scored at a level two and received 160 points out of a possible 400 points.

Conclusion: The applicant did not adequately demonstrate 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, but did not adequately inform the community about the cost of the project and the impact on user rates. By not being eligible for a hardship grant, a larger loan is required which would result in even higher projected user rates. Since the Mayport Harbor area residents were not informed of the higher projected user rates, it is not clear if the residents would still be in support of the proposed project.

Rationale: The applicant stated that Mayport Harbor area residents approached the District a year ago to discuss connecting to their sewer system. A petition signed by 85 percent of the residents initiated the annexation process. The application did not include a copy of the petition.

At a meeting in January 2004, a majority of the Mayport Harbor area residences were annexed into the District. Four additional residences were approved for annexation according to the minutes. A public meeting to discuss the draft PER was held on April 21, 2004. It was advertised in the *Daily Interlake.* Nine Mayport Harbor area residents attended a meeting on May 5, 2004, at which the application and the costs of project were discussed. Legal notices for the April and May meetings, and minutes from the District's general meetings held between July 2003 and May 2004, with the exception of the meeting in April, were included in the application. The application contained two letters of support, one from a state senator that is a resident of Mayport Harbor and the other from a lot owner of an undeveloped parcel.

It was clear from the minutes of a board meeting on May 5, 2004 that residents were informed of the amount of debt service that would result from the project, but were only told "each user would also pay a monthly sewer bill based on usage." While increases in the District's various rates and charges were discussed later in the minutes, the minutes did not reflect that the Mayport Harbor area residents were clearly informed of the total projected user rates. As a result, the team was not able to determine whether residents clearly understood what the total projected user rates would be.

In addition, the applicant did not take into account the water system when computing the target rate, resulting in problems with the applicant's funding strategy. Because the applicant did not qualify for a hardship grant as discussed under Statutory Priority #5, the applicant would be required to obtain a larger loan than proposed. Consequently, the MDOC review team was concerned about whether the residents would still be in support of the proposed project if they had to pay the higher user rates.