

**Draft W<sub>2</sub>ASACT MEETING MINUTES**

**June 14, 2011**

**10 a.m.-2 p.m.**

**Department of Commerce**

**301 S. Park, room 226**

**MEMBERS PRESENT INCLUDED:**

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Gus Byrom	DOC/CDBG	Pam Higgins	MAP
Anna Miller	DNRC	Zach Owen	DNRC/RRGL
Steve Troendle	USDA/RD	Alice Stanley	DNRC/RDB
Pam Smith	DNRC/RRGL	Richard Knatterud	DOC/TSEP
Cheryl Ulmer	SEN. TESTER	Lindsay Volpe	DNRC/RRGL
Jay Sinnott	EPA	Bob Fischer	DNRC/RRGL
Nick Clos	MRWS	Mark Smith	DEQ/SRF
Craig Erickson	Great West Eng.	Paul LaVigne	DEQ
Kate Miler	DOC	Joan Specking	DNRC
Tom Erskine	Interstate Engineering	Ellen Hanpa	DOC/Coal Board
Alec Hansen	MLCT	Cathy Duncan	Legislative LFD
Jennifer Olsen	DOC	Jason Smith	DOC/STEDC
Brianne Dugan	SEN. BAUCUS	Larry Gallagher	HUD

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**CALL TO ORDER, SIGN-IN SHEET, AGENDA CHANGES**

Pam Smith, Chair, called the scheduled meeting of the Water, Wastewater, and Solid Waste Action Coordinating Team (W<sub>2</sub>ASACT) to order at 10:10 a.m. on June 14, 2011. A sign-in sheet, agenda, and minutes of the last meeting were made available to those in attendance. Anna Miller moved to approve the minutes; Zach Owen seconded the motion; the minutes were approved and adopted.

**GUEST SPEAKER, Alec Hansen, Montana League of Cities and Towns - Legislative Roundup**

Alec was invited to discuss Legislative updates and potential changes for Cities and Towns.

With the 2011 Legislature budget shortfall of \$300 million, lawmakers looked at the local governments to close any gaps. One way to balance the budget was to look at the Entitlement Program to local governments. Local governments revisited the way they collected taxes in 2001 and put various funds into one pot. They created the Entitlement Program which pays a lump sum based on a formula set by state statute. Local governments have been operating this way for over a decade. There will be a 2-year freeze on the entitlement payment, (12 million) in the next biennium. Cities and towns that have experienced high growth recently, are now the communities with current budget troubles.

Alec stated that HB 351 from this session, put money back into the TSEP program and was a good thing for cities and towns. The Governor's budget did not contain any funding for the TSEP program or Regional Water. This was reflected in HB 11. HB 11 is normally the bill used to fund those programs. HB 11 was defeated by the Legislature. HB 351 was an alternative funding bill and established funding for both the TSEP and Regional Water programs. Alec stated that the bill was important economically-

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for jobs, but also it is important that the TSEP program continue to help communities with their infrastructure problems. One other impact of HB351 is that in the future, only 20% of TSEP funding can go to bridge projects.

Other Bills passed by the 2011 Legislature important to cities and towns in Montana:

HB 28-Revise requirements for proposed septic mixing zones. Sponsor Rep. McNutt

Will require proposed drainfield mixing zones be located wholly within the subdivision where the drainfield is located or an adjoining right of way; or allowing the location of a drainfield mixing zone outside the subdivision if an easement or other authorization is obtained. Alec discussed how the proliferation of exempt wells is not good for the future of MT. The mixing zone cannot go beyond the property line and will lead to more community systems.

HB 52-Authorize municipal wastewater reuse. Sponsor Rep. Ankney

Will allow the board of environmental review to develop a set of rules for water reuse. This would lead to basin wide solutions to decrease nutrients in streams and would help with a portion of the wastewater contributions. Rules would be effective Oct. 1, 2011.

SB 367-Establish nutrient standards variances. Sponsor Sen. Vincent

Will allow variance standards of cities and towns to establish permit limits for point source discharges to surface water; allowing information related to base numeric nutrient standards or nutrient standards to be confidential. Most will be able to meet the standards.

HB 162-Prohibit mixing zones for city wastewater discharge. Sponsor Rep. Stahl

Will require public sewage systems to obtain discharge permits without using a mixing zone. Second time around.

SB 87-Allow principal forgiveness for drinking water and wastewater revolving loans. Sponsor Sen. Steinbeisser

Will allow forgiveness of loan principal and expenditure of funds to meet other federal incentives, conditions, and requirements in the water pollution control and drinking water state revolving funds. This will allow for the EPA, through the state revolving fund, to accelerate projects and loan forgiveness.

HB 575-Generally revise annexation laws. Sponsor Rep. Hansen

Will allow for a law to simplify industrial property annexation.

Alec closed by looking ahead. He said that local governments are searching for ways for costs savings, including consolidation of services. He also said that more money needs to be invested into public facilities in the state of Montana as an investment in our future.

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**ITEMS FOR REVIEW AND DISCUSSION**

**UPDATES FROM SUBCOMMITTEES**

**WORKSHOPS** - Bob Fischer- Fall workshop dates are as follows: October 6-13-20<sup>th</sup>: 6<sup>th</sup> Billings Hilton Garden Inn/Commerce; 13<sup>th</sup> Helena Colonial Hotel/SRF; 20<sup>th</sup> Missoula RRGL.

**UNIFORM APPLICATION/STANDARD DOCUMENTS** – Report on the cost of Preliminary Engineering Reports (PER)

The subcommittee was tasked with looking at the rising costs of PERs and what if anything could be done about it. Kate Miller presented the results of a survey taken of engineering firms. The results of survey questions are as follows:

- 1.) Q: Has the cost of PER preparation risen in the last 5-7 years?  
A: Yes; client expect costs of PER to equal that of the grant funding; firm takes a loss in completing the PER in the hopes of realizing a profit in the construction of the project.
- 2.) Q: What are the major contributing factors of the rising costs?  
A: project complexity; labor costs; perpetual learning curve for PER preparation. Each funding agency has its own requirements, and grant reviewers often ask for information that is more appropriately addressed in final design rather than preliminary design. Funding has become so competitive that projects need to have “extraordinary” PERs to ensure funding. Tighter regulatory requirements also mean more alternatives to evaluate and higher costs.
- 3.) Q: What are your specific suggestions to reduce the cost of PER preparation?  
A: omitting or reducing alternative evaluations; environmental analysis for the recommended alternative only; increase in allowable contingency; no regulation regurgitation; Rural Development’s short lived asset cost evaluation is very time consuming; assign lower points for technical feasibility and higher points to health and safety; eliminate requirements to evaluate entire system.

Outcomes to the committee report:

The planning process is integral to the construction process and costs are expected to rise commensurate with construction costs. Grant agencies and consumers alike need to realize PER costs have and will continue to rise. New and tighter regulations are driving complex treatment processes and labor costs are also rising.

**INTERNET WEBSITE** – Lindsay Volpe: updated 2010 census information from the Department of Commerce is needed for Target Rate calculations. The census data will be available this summer but the posting date to the Target rate web site is not known.

**INCOME SURVEY** – committee has not met/no updates. Steve Troendle was appointed chairman to coordinate the committee. Steve will schedule a meeting before the next W2ASACT meeting.

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**PICNIC COMMITTEE** – Picnic planned for the next meeting in Bozeman. Details to follow in the next meeting agenda. Comments or ideas go to Zach Owen or Anna Miller (DNRC).

**UPDATES ON ONGOING TOPICS**

**EMERGENCY GRANTS** - Bob Fischer and Richard Knatterud:

Bob Fischer – \$24,000 left in biennium. Bob has not received any calls for projects to fit his budget until next biennium starts. Bob is working with DES on projects related to flooding.

Richard Knatterud – \$70,000 available. Richard has heard from a few communities and at this time is just taking down their information.

**TRIBAL ISSUES** - General Discussion.

- Lodge Grass - Gus Byrom – getting close to inking PER with Morrison-Maierle Inc contract. Water system is safe from flooding.
- Crow Agency – Steve Troendle – waiting for phase 2 to finish-up- lagoons have not passed test.
- Crow Agency – Jay Sinnott – the drinking water plant is flooding – both plants were down at some point.
- Rocky Boy's – Steve Troendle – new lagoon financing will take care of expansion and treatment component.
- Lame Deer Muddy Cluster- Steve Troendle- drinking water groundbreaking ceremony is tomorrow, the transmission main is about 4 miles.
- Blackfeet WTP – Steve Troendle – The Tribe is struggling to get the last few feet of pipe into Browning. The plant start up should take place before September. Steve said the end is in sight after a decade of work on this project.
- Ft Belknap- Steve Troendle – Issues continue. Equipment failure, disagreement of all parties over plant performance, bids not in SDWA standards.
- Blackfeet – Pam Higgins – rate study starts tomorrow

**RURAL WATER** – Rick Duncan-DNRC Regional Water Systems Update

**Fort Peck- Dry Prairie**

Final phase of the **Fort Peck Tribes'** regional water treatment plant (WTP) continues on schedule for completion in August 2011. The building was fully enclosed last fall, and inside construction and equipment installation continued throughout the winter and spring. Photos are available at <http://fortpecktribesmni.org/water-treatment-plant.htm>.

The ceremony for ribbon-cutting and WTP dedication is currently scheduled for Friday, September 2<sup>nd</sup>. If you are planning to attend, please be sure to notify the Tribes. DNRC can provide contact info.

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As stated in previous reports, the WTP-to-Poplar pipeline segment has been bid, and was awarded last fall. The contractor has taken delivery of pipe line materials for a couple of months, with segments being staged. Construction is set to commence as soon as weather and field conditions improve to the point that construction equipment can begin excavating along the pipeline route.

For on-reservation pipeline segments currently under design, engineer's estimates are as follows: \$5.8 M for the WTP-to-Wolf Point main project, and is scheduled for bidding this spring; \$9 M for the Wolf-Point-to-Frazer main segment; and \$3.1 M for area service lines between Wolf Point and Poplar.

**Dry Prairie** is well into construction on the North Bainville and Valley County Phase 2 segments. Construction on the North Bainville project segment proceeded throughout the fall, with a large percentage of this project having been completed at that time. The contractor went into winter shutdown, and due to the record snowfall in NE Montana and subsequent flooding, rainfall and high soil moisture content has not been able to fully remobilize. However, recent estimates indicate that the North Bainville segment is approximately 95% complete.

Dry Prairie has been approved for a Treasure State Endowment Regional Water System (TSRWS) grant for East Medicine Lake Phase 1A, in the amount of \$2.49 million. These funds constituted the remaining balance of the \$15 million authorized for regional water system construction funding by the 2009 Legislature. The Authority plans to advertise for bids for a booster pump station and a storage reservoir in the near future, and will likely bid the pipeline work in July. Another part of the project segment, East Medicine Lake Phase 1B, is currently in the planning stages, and an application was received for TSRWS grant dollars on Monday, June 13<sup>th</sup>.

**Rocky Boy's-North Central**

The **Chippewa Cree** Construction Corporation (CCCC) has installed the first and second 6+-mile-long segments (Segment #1 and #2) of 36-inch steel water main of the Core pipeline which will transport water from the regional WTP to Box Elder. Total cost of the two segments was approximately \$17 million. Use of steel pipe materials, as required by the Bureau of Reclamation, has increased the cost per mile by about \$400,000 (installed), compared to the previously approved galvanized iron pipe materials. Total cost per mile is now calculated at \$1.58 million. In March, the Bureau of Reclamation awarded the project an additional \$7.67 million in "second round" ARRA funds, with the stipulation that the money be spent on pipeline Segments #1 and #2.

Work has also proceeded on the raw water pumping plant at Tiber Dam. The caisson and substructure were completed several years ago; more recent work has involved substructure and foundation, in preparation for building of the superstructure, with block and brick-laying work proceeding. Photos of the progress are available on the website for the system. [www.rockyboynorthcentral.com](http://www.rockyboynorthcentral.com)

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The **North Central Montana Authority** opened bids on the Tiber Area pipeline project September 1, with the low bid coming in at more than \$800,000 under the engineer's estimated \$3.4 million. The Authority Executive Committee authorized issuance of a Notice to Proceed, the pre-construction conference took place October 12<sup>th</sup> in Havre, and construction started shortly afterwards.

With the exception of an approximate 10-day period, the contractor worked through the winter, with the project about 85% complete as of March 15th. A wet spring has resulted in some delays, but one of the major tasks of the project - horizontal boring under the Marias River to bring Tiber County Water District water to South Chester County WD on an interim basis was completed in May.

Engineer's reports indicate that the project is nearing 90% completion as of early June, and there is a good prospect of project completion by August 1, depending on the weather. A TSRWS grant for \$2.49 million has been approved, and providing that match funding requirements of the grant are met, Federal funds which were committed to allow this project segment to proceed can be re-committed to future interim project segments. Several construction options are currently under consideration by the Authority's Executive Committee and the consulting engineers.

**Dry-Redwater**

The Authority received Reclamation funding of \$240,000 of a total study cost of \$480,000 in August 2010, so must provide \$240,000 in matching funds to complete the Feasibility Study. Congress authorized over \$2 million in the previous cycle for funding of projects wishing to comply with provisions of the Rural Water Supply Act of 2006.

Authority representatives were informed earlier this year that their authorization bill had been reintroduced a second time in Congress by Senator Baucus. A recent hearing on May 19<sup>th</sup> before a Senate Sub-committee went nearly unnoticed by the Authority, due to an error by the Senator's staff in re-assigning duties of Catherine Ransom, who no longer works for the Senator. Thanks must go to Pam Smith for alertly picking up on the reference to a hearing on their bill, as there was a single line reference to it on a bill-watching website.

Dry-Redwater Authority continues to work with Reclamation in order to advance their authorization request, despite Reclamation's position at the Senate Sub-committee hearing on May 19<sup>th</sup> that authorization at this time will be premature, with more work yet to be done on the Feasibility Study for the system. The Authority and its consultants feel that they could be in this "study mode" with Reclamation for a number of years, and wish to move forward with authorization.

The Board amended its by-laws in April to stipulate that the Conservation Districts (CDs) of Garfield, McCone, Richland and Dawson Counties will own the system, and there will be three representatives selected by each of those 4 CDs on the board of directors. As of the May meeting of the Authority, there were still several open seats for representation of two of the CDs.

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**Central Montana** (Musselshell-Judith project)

The Central Montana Regional Water Authority received study funds from the Bureau of Reclamation in 2010, to a maximum of \$200,000 of study costs. The Authority received a determination from Reclamation as to the suitability of a 2007 Draft Appraisal Report (updated to May 2010) as an appraisal level study. The Authority has applied for Feasibility Study funds from Reclamation through the next round of funding under the provisions of the 2006 Act, with applications due in March (?) of this year. The determination process for which projects will receive funding is currently underway by Reclamation.

The well field site northwest of Judith Gap has been secured through written agreements with the property owner. A \$300,000 Resource Development Grant originally intended for a cluster of wells planned at the Utica well site has been re-directed for use on the first well to be drilled at the Judith Gap field.

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**ARMY CORPS OF ENGINEERS/STAG/WRDA**

STAG program update - Jay Sinnott- waiting to see what final agency budget cuts are. Some projects may be eliminated.

595 program update – the program is up in the air due to deficit reductions. Information should be available by September when it all wraps up. No info on Dry Redwater. No 595 money for 2011 – Laura Bentley couldn't coordinate the funds for Montana.

**PROGRAM/PROJECT UPDATES**

**Mark Smith (DEQ/SRF):** The DEQ/SRF program is working on programmatic and legislative items. Currently, project demand is exceeding available funds. Both the Drinking water and Wastewater programs have begun the intended use plans.

**Jay Sinnott (EPA):** no updates

**Jennifer Olsen (DOC):** no updates

**Joan Specking (DNRC):** no updates

**Ellen Hampa (DOC):** The Coal Board has received 19 applications with funds of 6.4 million. Some projects may change due to flooding.

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**Craig Erikson (GreatWest):** Craig asked about the status of the 2010 CDBG applications and Jennifer said they are hoping to move on them soon.

**Anna Miller (DNRC):** Anna discussed the limitations on funding in the RDG/RRG program and discussed the grant anticipation notes. SRF is working on the intended use plan.

**Gus Byrum (CDBG):** Gus said the bid document review was done for Melstone.

**Pam Smith, Zach Owen & Lindsay Volpe (DNRC/RRGL):** Planning grant submission date has been extended to June 30<sup>th</sup>. RRGL program is getting ready for contracting July 1.

**Larry Gallagher (HUD):** Regional planning grants have been noticed for grants on sustainability on the HUD website. Grants are due July 20th – it's a short window

**Richard Knatterud (DOC):** TSEP has received 37 planning grant applications so far they aren't coming in fast. 1/3 of the applications have also applied for an RRGL planning grant.

**Tom Erskine (Interstate Engineering):** no updates

**Steve Troendle (RD):** The National office doesn't seem to have a big bucket of money for funding projects-no money from national pool. Community Facility projects were 80% of last year funds. The next Farm Bill will be in 2012.

**Pam Higgins (MAP):** MAP has printed a manual on the formation of a Water and Sewer District and when it is finalized, will be posted on W2ASACT website. Pam will bring copies of the manual to the next meeting for distribution.

**Cheryl Ulmer (Tester):** no updates

**Jason Smith (DOC):** no updates

**Brianne Dugan (Baucus):** No updates. Currently operating under travel restrictions. Let folks know to work with their county disaster coordinator if they are suffering from flood damage.

### OTHER ISSUES

No other issues at this time.

### NEXT MEETING

The next meeting will be hosted by Rural Development in Bozeman August 9th, 2011.

### ADJOURNMENT

The meeting adjourned at approximately 2:14 p.m.