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Uniform Application for Montana Public Facility Projects

Water, Wastewater and Solid Waste Action Coordinating Team

W²ASACT

TABLE OF CONTENTS

	Page No.
Introduction	1
Description of Funding Programs	
Community Development Block Grant Program	4
Treasure State Endowment Program	6
INTERCAP Program	8
Renewable Resource Grant and Loan Program	9
Rural Development Loan and Grant Program	10
State Revolving Fund Loan Programs	11
Uniform Application Form for Montana Public Facility Projects	
Instructions for Completing the Uniform Application Form	13
Instructions for Completing the System Information Worksheet	25
Uniform Application Form	31
System Information Worksheet	38
Uniform Preliminary Engineering Report for Montana Public Facility Projects	43
Environmental Related Requirements	54

INTRODUCTION

In 1995, the state and federal funding agencies that are members of the Water, Wastewater, and Solid Waste Action Coordinating Team (W2ASACT) adopted a common preliminary engineering report format that would be acceptable to each of the agencies that fund water, wastewater and solid waste projects in Montana. Due to the success of developing the common engineering format, and in response to recommendations made by local communities and technical assistance providers, some of the state agencies also adopted a common application summary form and environmental checklist that same year. In 1997, many of the state and federal funding agencies involved in W2ASACT worked together to complete the task by agreeing to use a uniform publication that contains a common infrastructure application form, environmental checklist and preliminary engineering report.

The *Uniform Application for Montana Public Facility Projects* contains the common forms, requirements, and checklists that must be submitted when applying for financial assistance to any of the six funding programs listed below. This application was developed to reduce the time, effort and expense that local governments incur when applying to multiple agencies for financial assistance. Once completed, the forms and checklists in this application can be copied and submitted to any of the six programs.

The following programs have adopted the application materials contained in this publication:

- Montana Board of Investments/INTERCAP Program

- Montana Department of Commerce/Community Development Block Grant (CDBG) Program
  http://comdev.mt.gov/CDBG/default.mcpx

- Montana Department of Commerce/Treasure State Endowment Program (TSEP)
  http://comdev.mt.gov/TSEP/default.mcpx

- Montana Department of Environmental Quality/State Revolving Fund (SRF) Loan Programs

- Montana Department of Natural Resources and Conservation/Renewable Resource Grant and Loan (RRGL) Program and State Revolving Fund (SRF) Loan Programs

- U.S. Department of Agriculture/Rural Development Programs

Each of these programs has a unique mission and individual program requirements. It is crucial for the applicant to contact each program to which a community may potentially apply to obtain the application guidelines specific to that program. While this publication contains the common forms, requirements, and checklists that are required when applying for financial assistance to any of the funding programs, there is additional application information that will be required by each of the programs.

While each program has specific public participation requirements, the funding programs have agreed that prior to the final adoption of the preliminary engineering report, at least one public meeting is required for all projects. The public meeting must be properly noticed (advertised) and the public must be provided with an opportunity at the meeting to comment on the project. Minutes of the meeting should reflect what was discussed about the project, including all comments received from the public. Refer to individual program descriptions or application guidelines for any additional hearing requirements. It is important for applicants to be aware of each funding program's requirements and include the public in the various stages of project development where necessary.

The forms, requirements, and checklists found in this publication are intended for applicants that are applying for funding of water, wastewater, and solid waste projects. However, some of the programs noted above may also require applicants to use these forms when applying for funding for other types of public facilities that are also funded by those programs.

It is important that applicants carefully complete the application materials since, if the required information is not provided, the application may be rejected or the agency to which the application is being submitted may be required to contact the applicant for additional information before the application can be processed. If information is missing and a "competitive" type of funding program (CDBG, RRGL, and TSEP) is reviewing the application, it could result in the application receiving fewer points and potentially not being funded.

☛**Each program has deadlines when applications are due. Contact each program for specifics.**

Included in this publication is:

- Summarized information about each funding program;
- The Uniform Application Form for Montana Public Facility Projects with instructions;
- The Uniform Preliminary Engineering Report for Montana Public Facility Projects with additional guidance; and
- The Uniform Environmental Checklist and related information about the environmental requirements.

The application materials provided in this publication are available in electronic format. This publication was formatted in Microsoft Word 2003. Some of the information requested in the application materials is presented in tables. These can be easily expanded when prepared on a computer. In addition, applicants using the computerized application materials can integrate information where appropriate rather than attaching separate sheets.

The agencies and programs listed in this publication do not discriminate on the basis of disability in admission to, access to, or operations of their programs, services, or activities. We make every effort to ensure our documents are fully accessible to persons with disabilities. Alternative accessible formats of this document will be provided upon request. If you need this document in an alternative format, please contact any of the funding agencies listed on the next page.
TDD: 1-800-833-8503
TTY: 406-444-1421
TDD/VOICE: 406-444-1335
Montana Relay Service: 711

If you need additional copies of this publication, would like it in an electronic format, or if you have any questions about the forms in this publication or about a particular program, contact one of the following programs:

Montana Board of Investments
Bond Program Office
INTERCAP
2401 Colonial Drive, 3rd Floor
PO Box 200126
Helena, MT 59620-0126

Telephone: (406) 444-0001
FAX: (406) 449-6579
Web site: www.investmentmt.com

Montana Department of Commerce
Community Development Block Grant Program and
Treasure State Endowment Program
301 S Park Avenue
PO Box 200523
Helena, MT 59620-0523

Telephone: (406) 841-2770
TTY: (406) 841-2702
FAX: (406) 841-2771
http://comdev.mt.gov/default.mcpx

Montana Department of Environmental Quality
State Revolving Fund Loan Programs
1520 E 6th Avenue
PO Box 200901
Helena, MT 59620-0901

Telephone: (406) 444-6697
TDD: (406) 444-2544
FAX: (406) 444-6836
Web site: http://deq.state.mt.us

Montana Department of Natural Resources
and Conservation
Renewable Resource Grant and Loan Program
1625 11th Avenue
PO Box 201601
Helena, MT 59620-1601

Telephone: (406) 444-6668
TTY: (406) 444-2074
FAX: (406) 444-6721
Web site: www.dnrc.mt.gov

U.S. Department of Agriculture
Rural Development
2229 Boot Hill Court
Bozeman, MT 59715-7914

Telephone: (406) 585-2520
FAX: (406) 585-2565
Web site: http://www.rd.usda.gov/mt

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Montana's Community Development Block Grant (CDBG) Program is a federally-funded competitive grant program that provides assistance to communities with populations less than 50,000 to address their most critical community development needs related to housing, public facilities, economic development and planning. The program is funded through the U.S. Department of Housing and Urban Development (HUD) and administered by the Montana Department of Commerce (Commerce) Community Development Division (CDD). For more information about CDBG grants and applying for funding please visit the program's website at http://comdev.mt.gov/default.mcpx.

Under federal law, all CDBG projects must principally benefit low and moderate income persons. In public facility projects, this is accomplished by making improvements to public or community facilities that serve an area-wide community or neighborhood that is comprised of 51% or more low or moderate income persons or households, or by providing direct benefits to low or moderate income people. Direct benefits to low and moderate income persons can be demonstrated by paying for the cost of water meter installation or for the hook-up charges or special assessments for income eligible families.

Eligible Projects

A wide variety of community development projects are eligible for grant funding. Montana's CDBG program is divided into four basic categories: 1. Public or Community Facilities, 2. Housing and Neighborhood Renewal, 3. Economic Development, and 4. Planning for public/community facilities, housing or economic development.

Public facility projects can include community water, sewer, and solid waste systems. Projects can also include those designed to principally serve low and moderate income persons, including Head Start centers, mental health centers, centers for abused spouses or children, senior centers, and rural hospitals or nursing homes. The latter projects will require the application be accompanied by a Preliminary Architectural Report (PAR) to be eligible for consideration. A standard format for the PAR is provided in the CDBG Application Guidelines for Public Facility Grants in the appendix.

Eligible Applicants

By federal law, eligible applicants are limited to local governments under 50,000 population (incorporated cities and towns, and counties). Special purpose entities such as water or sewer districts are not eligible to apply directly. In these cases, a county or municipality must apply for CDBG funds on their behalf. Water or sewer users associations, because they are private non-governmental entities, and rural special improvements districts must first be established as county water or sewer districts (pursuant to Title 7, Chapter 13, Parts 22 and 23 MCA) before making an application for CDBG funds through a county government. If the application is funded, an interlocal agreement must also be executed between the local government and the special purpose agency or organization clarifying project responsibilities. In all cases, the local government applicant assumes ultimate responsibility for administration of the federal funds and compliance with all federal and state requirements.

Special CDBG Requirements

The CDBG program requires two public hearings no more than 12 months prior to submitting the application, with the second hearing no more than 3 months prior to submitting the application. The first public hearing is intended to give citizens an opportunity to identify and discuss their community's overall community development and housing needs and priorities, and to propose possible community improvement projects to meet those needs before the local government makes a decision on what project or projects it will seek CDBG assistance to address. The purpose of the second public hearing is to give citizens and potential beneficiaries of the proposed project, adequate opportunity to consider and comment on the potential benefits and cost of the proposed project, before the community submits the application. Applicants are encouraged to hold the second public hearing in conjunction with the public hearing required prior to the adoption of the PER, where applicable.

CDBG provides grants to local governments up to $450,000. For the public facilities category, local governments must provide a match of at least 25% of the CDBG funds requested (not 25% of the total project

cost). Local share of the project budget may be provided either by a direct cash contribution, by incurring a loan or issuing bonds to be paid through user charges or property tax assessments, contributions of land, or other methods. CDBG will count documented local government expenditures for preliminary architectural design or engineering and grant application as part of the required 25% match. To be counted as match, such expenditures must be directly related to the CDBG application and cannot include "in-house" costs. Such expenditures must not have been made earlier than 24 months prior to the date of the CDBG application to be considered "eligible match." The match may be waived in cases of extreme financial hardship and where a serious public health or safety problem exists.

In the case of water, sewer, and solid waste projects, analysis of financial needs focuses on a community's projected water and sewer rates measured against the community's median household income and other economic factors. Projected water and sewer rates are compared to a target rate based on local median household income. Each applicant proposing to assist a water or wastewater project must submit a funding strategy that would assure that projected user charges would, at a minimum, meet the target rate for the community for the public facility.

The CDBG application guidelines provide specific information about the program and all of its requirements. It is important that potential applicants obtain a copy of the current application guidelines in order to be aware of program requirements. The deadline for submitting CDBG construction grant applications is typically in the spring of every year.

Additional application requirements for public facility and community facility grants are further described in the CDBG application materials available at the program's website: http://comdev.mt.gov/default.mcpx

TREASURE STATE ENDOWMENT PROGRAM

The Treasure State Endowment Program (TSEP) is a state funded grant program administered by the Montana Department of Commerce (Commerce) Community Development Division, providing assistance to communities to address infrastructure with critical health and safety needs. For more detailed information about TSEP grants and applying for funding please visit the program's website at http://comdev.mt.gov/default.mcpx or contact TSEP staff at DOCTSEP@mt.gov.

Eligible Applicants

Cities, towns, counties, consolidated governments, county or multi-county water, sewer, or solid waste districts, and tribal governments may apply for TSEP funds.

Eligible Projects

Construction or repair of drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges.

Types of Financial Assistance

Grants are available for construction projects, preliminary engineering, and emergency situations.

- **Grants For Construction Projects** - One construction application may be submitted per biennial funding cycle. Applications are accepted by Commerce once every two years and are reviewed and approved through the legislative process. Applications are scored and ranked based upon seven criteria listed in the TSEP application guidelines available on the program's website.

  Applications are accepted in the spring of the year before the Legislature meets (even numbered years). The next deadline for submitting an application to fund a construction project will be listed on the Division's website.

  The maximum amount that can be requested for a matching grant is $750,000 per grant application, but the applicant may be limited to a lesser amount as further explained in the TSEP application guidelines. A dollar-for-dollar match is typically required. The matching funds can include grants or loans from other state or federal programs. Eligible types of matching funds also further explained in the TSEP application guidelines.

  Of utmost importance, is that a construction grant is only recommended for water, wastewater and solid waste projects where the applicant's user rates are at or above a "target rate" based on the community's median household income (MHI).

  Project expenses eligible to be reimbursed by TSEP funds include any reasonable and authorized expenses directly related to the eligible infrastructure project and incurred after the project has been awarded through the legislative process and signed into law by the Governor. Additional information regarding eligible and ineligible expenses and how to administer a TSEP project if funded can be found on the program's website http://comdev.mt.gov/default.mcpx.

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- **Grants for Preliminary Engineering** - MDOC was appropriated $900,000 to award for infrastructure planning which includes the preparation of preliminary engineering studies and capital improvement plans. Applicants may request up to $15,000, and a local dollar-for-dollar match is required. These are non-competitive grants and are awarded to applicants that meet the basic eligibility requirements of the program on a "first come, first serve" basis. The Department typically begins receiving applications at the beginning of the biennia; contact TSEP at DOCTSEP@mt.gov for application information.

- **Grants for Emergency Situations** - Local governments needing an emergency grant are expected to utilize all of their own financial resources first, that are reasonably available, towards the emergency project. Emergency grants are for remedying conditions that if allowed to continue until legislative

approval could be obtained would endanger the public health or safety and expose the applicant to substantial financial risk. An "emergency" means the imminent threat or actual occurrence of a disaster causing immediate peril to life, property, or the environment, which with timely action can be averted or minimized. Requests for assistance can be submitted at any time, please contact TSEP at DOCTSEP@mt.gov.

Special Instructions for Applicants with Bridge Projects

Applicants with bridge projects should note that the TSEP application guidelines contain some additional requirements that are not contained in this publication. In particular, the preliminary engineering report will need to meet the requirements of a different report outline, which is presented in the TSEP application guidelines. In addition, Part E - System Data within the Uniform Application Form for Montana Public Facility Projects should not be completed for bridge applications. Instead, applicants will need to provide alternative information as described in the TSEP application guidelines.

Additional application requirements for TSEP grants are further described in the application materials available at the program's website: http://comdev.mt.gov/default.mcpx.

INTERCAP PROGRAM

The INTERCAP Program is a low cost, variable-rate Program that lends money to Montana local governments for a variety of purposes including water, wastewater, and solid waste projects. The Board of Investments' (BOI) Bond Program Office administers the Program. The BOI issues tax-exempt bonds and loans the proceeds to eligible borrowers. In addition to long-term financing, INTERCAP is an excellent source for interim financing.

Applicant Eligibility

- Political subdivisions of state or local governments
  (i.e. cities/towns, counties, water and sewer districts, solid waste districts, special and rural improvement districts)

Project Eligibility

- Water, wastewater, and solid waste projects
- Preliminary engineering and grant writing work
- Interim financing
- New and used equipment of all kinds
- New and used vehicles of all kinds
- Energy retrofit projects
- 100% financing acceptable; equity or matching funds not required

Funding Requirements

- Variable rate loan program
- Interest rate changes each February 16
- No up-front costs
- Loan term limited to 15 years, useful life of the project, or borrower term limit per State statute, whichever is less.
- Interest and principal payments due semi-annually on each February 15 and August 15
- Prepayment without penalty
- Rates and charges must be set to produce net revenues (revenues less operation expenditures) to cover debt service by a factor of 1.25 times
- A reserve account is required

Application Process

- Money always available; no funding cycle
- Applications available via phone/fax/mail/e-mail/Board web site
- $1,000,000 and under considered and approved by Board staff
- Over $1,000,000 considered and approved by Board
- Funds released on an on-going basis as the project is completed

Typical Review Time

- $1,000,000 and under takes approximately six (6) weeks to receive a commitment of funds from receipt of application
- Over $1,000,000 takes approximately eight (8) weeks to receive a commitment of funds from receipt of application

Contact Information
Montana Board of Investments
Bond Program Office
2401 Colonial Drive, 3rd Floor
P.O. Box 200126
Helena, MT 59620-0126
Phone: (406) 444-0001
Fax: (406) 449-6579
Web site: http://www.investmentmt.com

RENEWABLE RESOURCE GRANT AND LOAN PROGRAM

The Montana Legislature established the Renewable Resource Grant and Loan Program (RRGL) to enhance Montana's renewable resources. Administered by the Resource Development Bureau of the Montana Department of Natural Resources and Conservation (DNRC), the program provides both grant and loan funding for eligible renewable resource and public facility projects. The program is funded through earnings from certain natural resource-based taxes and the sale of Coal Severance Tax Bonds.

Applicant Eligibility

Grants and Loans to Governmental Entities: Eligible applicants include political subdivisions of state or local government. These entities may include counties, cities, incorporated towns, conservation districts, water and/or sewer districts, school districts, irrigation districts, conservancy districts, joint boards of control, tribal governments, state agencies and state universities.

Emergency Grants and Loans: Emergency grants and emergency loans limited by the applicant's debt capacity are available to governmental entities for projects that require immediate attention. Projects must meet the general eligibility requirements for the RRGL program. Emergency funding is only awarded for projects that, if delayed, will result in substantial damage to public health or the environment or will result in legal liability.

Project Planning Grants: Project planning grants are available to governmental entities to offset costs associated with planning and development activities that will lead to a quality renewable resource application and/or project.

Project Eligibility

Renewable resource and public facility projects including water, wastewater, and solid waste projects are eligible for grant and loan funding. Projects must enhance the common well-being of Montanans through the conservation, management, development, or preservation of renewable resources.

Numerous public infrastructure projects for water, wastewater, and irrigation facilities have received funding through this program. Funding is available for preliminary engineering/design as well as construction of projects.

Funding Limitations

Grants: DNRC limits grant funding recommendations to a maximum of $125,000.

Project Planning Grants: Project Planning Grants are limited to $10,000 with no match requirement.

Loans: Loans are limited by the applicant's debt capacity. Interest rates vary with the Coal Severance Tax Bond market. Interest rate subsidies (decreases from the bond market rate) may be available based on staff recommendations and legislative approval. Loan terms are usually limited to 20 years.

Application Instructions for Public Facility Projects

The Renewable Resource Grant and Loan Program accepts applications on or before May 15th of even numbered years. The application materials provided in the Uniform Application for Montana Public Facility Projects may be used to replace designated sections of the Renewable Resource Grant and Loan Program Application Guidelines and Forms for Governmental Entities. However, the guidelines contain sections that must be completed by all applicants in addition to this application.

Project Planning Grants are typically authorized during each legislative session. The amount of available funding varies. Applications are typically accepted in June and September following the regular legislative session. Maximum grant awards vary with the amount of funding authorized each legislative session, but are typically $10,000 with no match requirement.

Information pertaining to the RRGL Program, along with application instructions for the various types of available grants, may be obtained by contacting RRGL staff at 406-444-6668 or by referring to the DNRC website at http://www.dnrc.mt.gov/cardd/loans_grants/default.asp. With the exception of emergency grants, all applications for RRGL grants and loans are made electronically through fundingmt.org.

RURAL DEVELOPMENT LOAN AND GRANT PROGRAM

USDA/Rural Development (RD) administers water and wastewater loan and grant programs to improve the quality of life and promote economic development in Rural America.

Applicant Eligibility

Loan and grant funds are available to public entities such as incorporated towns and cities, water and/or sewer districts or non-profit associations, counties, Indian Tribes, and cooperatives. All applicants with a population of 10,000 or less are eligible with a priority given to those with a population of less than 5,500. Grant eligibility and loan interest rates are based on the community's median household income (MHI) and user rates. The census data obtained from the most recent decennial census is used to determine both population and income.

Project Eligibility

Loan and grant funds may be used to develop, improve, or upgrade water, wastewater, solid waste disposal, and storm drain systems.

Planning Grants of up $30,000 can be considered for eligible projects with a MHI under $38,206.

Application Process

RD has an open application cycle so applications may be submitted for consideration any time during the year. Upon receipt of a complete application, RD can determine the amount of loan and grant eligibility and can establish the time line for availability of funding. Contact us early in the planning process and we can provide assistance with your application.

Additional Application Requirements

Additional application requirements for the Water and Waste Disposal Loan and Grant Program may be found at http://www.rd.usda.gov/programs-services/water-waste-disposal-loan-grant-program/mt.

Funding Considerations

RD loan and grant funds may be used in combination with other funding sources such as TSEP, CDBG, and DNRC. Priority is given to projects that have:

- Funds committed from other funding sources
- Acquired all needed rights of ways or have signed agreements for the purchase of land or necessary rights of way needed for the project.

The maximum loan term is 40 years or the useful life of the facility, which enhances affordability for low-income communities and provides flexibility for debt repayment.

RD does not have any loan origination fees and does not require a prepaid reserve account. The reserve, which is based on 110% coverage and collected monthly, may also be used for emergency system repairs. A reserve for short lived assets (2-15 yrs.) as identified in the PER will be required.

Please contact RD at one of the following Area Offices or 406-585-2520 and a program representative will meet with you to explain the program in detail and assist in the preparation of the application.

http://www.rd.usda.gov/mt

Billings 406-657-6297 x 4
Bozeman 406-585-2534
Great Falls 406-727-7580 x 4
Helena 406-449-5000 x 4
Kalispell 406-756-2005 x 4
Missoula 406-829-3395 x 4

STATE REVOLVING FUND LOAN PROGRAMS

The Montana Legislature established two State Revolving Fund (SRF) Loan Programs - one for water pollution control projects (wastewater and nonpoint source projects) and the other for drinking water projects. Both programs provide at or below market interest rate loans to eligible Montana entities. These programs are funded with capitalization grants from the U.S. Environmental Protection Agency and are matched with State issued general obligation bonds. Combined, these two sources of funds create the state revolving funds from which loans are made and borrower repayments revolve to provide loans for future infrastructure projects.

The Department of Environmental Quality (DEQ) is the administering agency and assures that the technical, financial, and programmatic requirements of the program are met. The Department of Natural Resources and Conservation (DNRC) issues the State's general obligation bonds and makes loans to the project borrowers. Cooperatively, DEQ and DNRC administer the State Revolving Fund Loan Programs.

Applicant Eligibility

All entities planning to use SRF funding must contact the DEQ SRF Loan Program and request that their project(s) be added to the Water Pollution Control (WPC) or Drinking Water (DW) SRF Project Priority List and Intended Use Plan. This annual process begins in May to identify projects which may need SRF funding for their project in the upcoming year. Early notification by the applicant is essential to get on the priority list, and a project remains on the list until it has been completed regardless of the funding source(s) used to finance the project.

Water Pollution Control SRF: loans to municipalities (meaning any state agency, city, town, or other public body created pursuant to state law) to finance all or a portion of the treatment works project costs or to buy or refinance debt obligations of municipalities; loans to municipalities or private persons (meaning an individual, corporation, partnership, or other nongovernmental legal entity) to finance all or a portion of the costs of nonpoint source pollution control projects.

Drinking Water SRF: loans to municipalities, to public or private community water systems and nonprofit noncommunity water systems to finance infrastructure improvements, or loans to buy or refinance the debt obligation of a municipality.

Project Eligibility

Water Pollution Control SRF: planning, design, construction and inspection of projects such as wastewater treatment plant improvements, interceptors, collectors, lagoon rehabilitation or construction, storm drains, land used for treatment purposes and non-point source pollution control projects (including certain solid waste management projects).

Drinking Water SRF: projects which facilitate compliance with the national primary and secondary drinking water regulations; further public health protection objectives of the federal act, including but not limited to projects that involve: upgrading and replacing infrastructure; addressing exceedances of the federal act or preventing future violations, consolidating water supplies, acquisition of land that is integral to the project, source water protection, planning and design.

Funding Considerations

SRF loans are currently being made with an interest rate of 2.5% for up to 30 years. Term and rate flexibility as well as limited principal forgiveness may be available for disadvantaged communities and will be determined on a project-specific basis. Loan amounts are limited to the borrower's ability to repay the loan and by the SRF funds that are available for project financing. Interim financing at 1.25% for up to 3 years is also available from both the WPC and DW programs, depending on availability of funds.

Application Instructions for Public Facility Projects

(This is separate from notifying DEQ to include an entity's project on the Intended Use Plans and Project Priority Lists)

Applicants submit the attached Uniform Application to request SRF loan funding. These applications are accepted year round and will be evaluated after the preliminary engineering report has been submitted to and reviewed by DEQ. Loan projects are subject to federal and state laws including environmental reviews, minority business requirements, prevailing wage rates, etc. Applicable facility planning with environmental assessment of the proposed project, plans and specifications, adequate construction management and proper startup and operation of the facilities are requirements of the program. After the application is evaluated and approved and a MEPA analysis completed, funds can be committed to a project. The SRF loan program cooperates with the other funding programs to ensure project funding is available when it is needed.

INSTRUCTIONS FOR COMPLETING THE UNIFORM APPLICATION FORM FOR MONTANA PUBLIC FACILITY PROJECTS

The following instructions are to be used in completing the Uniform Application Form for Montana Public Facility Projects starting on page 33.

SECTION A - CERTIFICATION

The chief elected official or executive officer of the applicant must sign the application certifying that to the best of the official's knowledge and belief, the information provided in the application and the attached documents is true and correct. It is not necessary to submit a copy containing original signatures.

SECTION B - SUMMARY INFORMATION

1. NAME OF APPLICANT(S): Enter the name(s), of the entity(s) submitting the application.

2. TYPE OF ENTITY: Enter the type of entity. (Refer to the program descriptions on pages 4 through 14 for the types of entities that are eligible for financial assistance.)

3. FEDERAL ID NUMBER: Enter the nine-digit Federal ID number for the entity.

4. TYPE OF PROJECT: Enter the type of public facility project, such as Water, Wastewater, Solid Waste, or Other (specify). (Refer to the program descriptions on pages 4 through 14 for the types of projects that are eligible for financial assistance.)

5. SENATE AND HOUSE DISTRICTS: Enter the senate and house district numbers that the entity is located within.

6. POPULATION SERVED BY PROJECT: Enter the number of people that reside within the boundaries served by the project.

7. NUMBER OF HOUSEHOLDS SERVED BY PROJECT: Enter the number of households within the area served by the project.

8. CHIEF ELECTED OFFICIAL OR AUTHORIZED REPRESENTATIVE: Enter the name and title of the chief elected official or authorized representative of the applicant. Enter the mailing address, business telephone and FAX number for the applicant.

9. PRIMARY ENTITY CONTACT PERSON: Provide the name, mailing address, business telephone and FAX number of the person within the community designated as the primary contact person for the project. This person should be knowledgeable about the project and be authorized to speak on behalf of the applicant regarding the application.

10. - 15. OTHER CONTACT PERSONS: If applicable and available, provide the name, mailing address, business telephone, FAX number, and email address for the persons listed for items 10. through 15.

16. BRIEF PROJECT SUMMARY: The project summary should briefly provide some historical information including: the age of the system; the date, type and cost of the last major improvements to the system; and whether there are any state administrative orders or other similar requirements to fix or modify the system. The project summary should also clearly state the specific problem(s) with the public facility and how the proposed project will solve the problem(s). The summary should clearly state what will be accomplished, such as number of leaky lines replaced, number of water meters installed, or number of contaminated wells or failed septic tanks taken out of service. The project summary should be brief and concise.

EXAMPLE OF A COMPLETED PROJECT SUMMARY

Historical Information - The Town's water system was built in 1943. The last major improvements were in 1976, when the water treatment plant was built at a cost of $750,000. The Montana Department of Environmental Quality issued an administrative order in May of 1996 to replace distribution lines and issued a boil order for ten days in June of 1996. In addition to the potential of the Town's drinking water becoming contaminated, the deficiencies listed below result in low water pressures, thereby creating a fire flow problem.

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

- undersized distribution lines;
- leaking distribution lines;
- dead-end distribution lines;
- limited well production; and
- no water meters.

Proposed Solution - The proposed project would:

- replace approximately 6,000 feet of existing distribution lines with eight inch lines,
- drill a new high volume well,
- install a meter on the original well, and
- install approximately 173 service meters for all users.

SECTION C - FINANCIAL INFORMATION

1. ESTIMATED TOTAL PROJECT COST: Enter the estimated total cost for the project as documented in the preliminary engineering report. This should include all eligible project costs including any costs necessary to administer and finance the project

2. PROPOSED FUNDING SOURCES: Enter all **sources** of funds that you intend to use to finance the proposed project (e.g., federal and state funding programs, bank loans, bonds, cash reserves, etc.). Do not provide an amount that combines both the loan and grant. If both a loan and grant will be obtained from the same source, they must be listed separately. The sources of funds listed should equal the estimated total project cost. An example of a completed proposed funding sources summary is shown on the next page. The following box provides state and federal funding program abbreviations that can be used when listing the proposed funding sources:

ABBREVIATIONS OF STATE AND FEDERAL FUNDING PROGRAMS

CDBG - Community Development Block Grant Program
EDA - Economic Development Administration
INTERCAP - Board of Investments
RD - Rural Development
RRGL - Renewable Resource Grant and Loan Program
SRF - State Revolving Fund Loan Programs
TSEP - Treasure State Endowment Program

For each source of funding listed, indicate the **type** (grant, loan, contribution, or other) and **amount** of funds. If applying for a loan/grant combination, indicate whether the funding source has tentatively agreed to the amounts requested. Also indicate the **status of the commitment** of those funds to the project at the time of writing this application using one of the following choices:

a. **No Contact** - No contact has yet been made with the funding source;

b. **Discussed/Not Applied** - Project has been discussed with the funding source, but no application has been submitted. Briefly describe the discussion with the funding source and the likelihood of obtaining the funds;

c. **Application Submitted** - An application has been submitted, but funding has not yet been awarded. Briefly describe status of application; or

d. **Funds Committed (date)** - Funds have been committed by the funding source. Attach a copy of the commitment letter or other documentation verifying the commitment of funds.

Finally, if funds are to be borrowed, state the **loan rate and terms** likely to be required by the lender or bond underwriters (for example, interest rate, number of years to repay loan, and coverage and reserve requirements). Indicate whether the funding source has agreed or tentatively agreed to the terms.

The proposed funding sources table when completed on a computer can be expanded as needed to accommodate as many funding sources as necessary.

EXAMPLE OF A COMLETED PROPOSED FUNDING SOURCES SUMMARY

Source	Type of Fund	Amount	Status of Commitment	Loan Rates and Terms
CDBG	Grant	$400,000	Discussed with CDBG program. Application will be submitted in May of 2004.	
TSEP	Grant	$500,000	Application submitted May of 2004. Funding will be determined during the 2005 legislative process.	
RRGL	Grant	$100,000	Funds committed by 2003 Legislature, see attached commitment letter.	
RD	Loan	$1,200,000	Discussed with Mitch Copp in March, 2004. Tentatively agreed to the loan/grant amounts and terms, with final amounts to be determined when funds become available for this project in October of 2004.	4 1/2%, 40 years, 110% reserve requirement. *(This is an example only; terms and rates may differ depending on the project and applicant.)*
RD	Grant	$800,000	See comments above for RD loan.	

3. FUNDING STRATEGY NARRATIVE: Prepare a funding strategy narrative which discusses your proposed funding sources, and your past efforts to secure alternative or additional funds from other appropriate public and private sources to assist in financing the proposed project. The funding strategy narrative can be incorporated into the form if completed on a computer, or it should be addressed on separate sheets attached to this form. At a minimum, your funding strategy narrative should concisely answer each of the questions listed on page 36. Each question should be addressed individually. Some examples of the types of information to be included for each question in a completed funding strategy narrative are presented on the next page.

EXAMPLES OF INFORMATION TO BE INCLUDED IN A COMPLETED FUNDING STRATEGY NARRATIVE

a. What are the conditions on the use of each source of funds?

For each source of funds include: total amount, whether a grant or loan, the type of instrument used to obtain a loan (for example, revenue bond), rate and terms of the loan, specific conditions or other program requirements that would affect when funds would be obtained and used, ineligible expenses, etc.

b. When will each source of funds listed be available (month and year)?

For each source of funds provide any key dates that would affect when funds would be available, for example: when an application would be submitted, when funding would likely be approved, when the funds would likely be available to the applicant, whether interim funds are likely to be used, etc.

c. Is there any additional information on the level of commitment for each source of funds listed?

For each source of funds provide more detail regarding the level of commitment of funds, for example: application has been submitted but not approved, a letter is available from the funding agency indicating all paperwork is complete, a contract has been signed, or the local government is authorized to spend funds.

d. How will funding sources be coordinated with each other?

Explain how the funds from each of the funding sources listed will be coordinated, for example: timing of receipt of funds, use of funds for specific eligible activities, etc.

e. Will interim-loan funds be required as part of the project? If yes, how will they be used and coordinated with other funding sources?

Discuss whether interim financing will be required and how it will be coordinated with other funding for the project

f. What other sources of funds from public and private sources have been considered for this project? Explain why they are not being pursued or used for this project.

Any public or private funding source not listed as a proposed funding source should be discussed. For each funding source, explain the reason it is not being pursued or used, for example: not eligible through the program, applied for funding but denied, not appropriate for the type of project, etc.

g. If a particular source of funding is not obtained, how will the applicant proceed? Explain how the funding strategy will change if each proposed funding source is not received.

Discuss how the loss of a funding source would impact the continuance of the project. For instance, will the applicant wait and re-apply to the funding source, will the applicant be willing to increase the amount of debt it will incur, or will the project not move forward?

h. What is the level of local financial participation in the project and is that level the maximum that the applicant can reasonably provide?

Discuss the use of cash reserves, and discuss your projected monthly user fees given your proposed level of local financial participation. Include supporting information such as financial statements and target rate analysis.

4. PROJECT BUDGET FORM: Prepare a proposed project budget, which must include a breakdown of all major project costs, and a description of the sources and uses of all funds. The total budget of any proposed project should be designated as either "Administrative/Financial Costs" or "Activity Costs" (such as engineering or construction). Refer to the description of expenditure categories on page 20 that outline the different expenditures that may be part of the budget. When completed on a computer, the proposed project budget can be expanded as needed to accommodate as many funding sources or line items as necessary.

The applicant should ensure that each line item in the project budget is an eligible expenditure through each funding source indicated before submitting the budget. Each funding source has different requirements and may not allow particular expenditures to be used as matching funds or they may not be eligible for reimbursement.

The administrative/financial costs cover the costs of implementing a local project, including the cost of local government personnel involved with managing the project; the cost of the local project audit; and other contractual costs for professional services (such as hiring a project manager) that may be associated with administration of the program. It is recommended that applicants budget adequate resources for the final project audit.

Administrative/financial costs must be appropriate to ensure cost-effective management of the project being undertaken. Any proposed administrative/financial costs must be eligible, fully supported, and explained. Applicants, which propose to contract for project management assistance with a consultant or other entity, must specifically itemize this amount in the administrative budget and explain it.

Construction contingencies for public facility projects typically should not exceed ten percent of the estimated construction cost. If the amount budgeted for contingency is greater or lesser than ten percent, applicants are required to justify the reason.

Applicants that are applying to “competitive” type funding programs (CDBG, RRGL, TSEP), should be especially careful to verify all potential costs for carrying out the project are identified prior to submitting the application.

The project budget form must be accompanied by a <u>narrative justification</u> for the specific proposed project construction activities and related administrative/financial costs. The cost estimates for each item in the proposed budget must be explained in the narrative. The budget narrative can be incorporated into the form if completed on a computer, or it should be addressed on separate sheets and attached to this form. An example of a completed budget narrative is presented herein.

DESCRIPTION OF BUDGET EXPENDITURE CATEGORIES
(An example of a completed project budget is presented on the next page.)

Administrative/Financial Costs

Administrative Costs - Appropriate costs for personnel, grant and loan administration services to administer the project, office rent, office equipment, supplies, telephone, postage, travel, audit fees, legal costs including bond counsel, etc. These are costs incurred by the borrower in administering the project. (As applicable, specify each one as a separate line item.)

Financial Costs - Loan origination and administrative fees, debt service reserves, capitalized interest. (As applicable, specify each one as a separate line item.)

Activity Costs

Land Acquisition - Cost of land purchase, easements, right-of-way, leases, etc.

Engineering - Basic Services– Engineering services necessary for every engineering project. If you have entered into an engineering services agreement, these amounts will be in the agreement. If you have not entered into an engineering services agreement, use the estimated engineering services costs from the Preliminary Engineering Report.
Study and Report Cost
Preliminary Design Cost
Final Design Cost
Bidding Cost
Construction Administration Cost
Post Construction Cost

Engineering – Resident Project Representative Services – Construction observation, sometimes called inspection services. Construction observation as necessary to ensure the project is constructed in accordance with the approved project plans and specifications.

Engineering - Additional Services – These are services specific to a particular project. Examples include: preparation of applications and supporting documentation for grants and loans; additional studies or services such as geotechnical or soil studies; preparation of feasibility studies or licensing; special surveys such as those necessary to obtain easements and rights-of-way, etc. **NOTE that Grant & Loan Administration Services** are to be separately entered above under the Administrative/Financial Costs.

Construction – Estimated costs for project construction from the Preliminary Engineering Report.

Contingency - Construction contingencies for public facility projects should be based on the complexities and unknowns associated with the project. The construction contingency typically is not less than ten percent of the estimated construction cost. Any deviation must be adequately justified.

EXAMPLE OF A COMPLETED PROJECT BUDGET					
Completed by: John Smith, Project Manager		For: Your Town, Montana		Date: 3/30/2016	
ADMINISTRATIVE/ FINANCIAL COSTS	SOURCE: TSEP	SOURCE: RD Loan	SOURCE: RD Grant	SOURCE: City	TOTAL
Personnel Costs	5,000				5,000
Office Costs					0
Grant and Loan Administration Services	11,000	9,000	10,000		30,000
Legal Costs		500	500		1,000
Audit Fees				3,000	3,000
Travel & Training	500				500
Loan Origination Fees					0
Loan Reserves					0
Interim Interest		40,000			40,000
Bond Counsel and Related Costs		10,000	10,000		20,000
TOTAL ADMINISTRATIVE/ FINANCIAL COSTS	$16,500	$59,500	$2,500	$3,000	$99,500
ACTIVITY COSTS:					
Land Acquisition	20,000				20,000
Engineering – Basic Services	60,000	60,000	60,000	10,000	190,000
Engineering – Resident Project Representative Services		45,000	20,000		65,000
Engineering - Additional Services		10,000	10,000		20,000
Construction	300,000	600,000	400,000		1,300,000
Contingency	30,000	40,000	40,000	20,000	130,000
TOTAL ACTIVITY COSTS	$410,000	$755,000	$530,000	$35,000	$1,730,000
TOTAL PROJECT COSTS	$426,500	$814,500	$550,500	$38,000	$1,829,500

EXAMPLE OF COMPLETED BUDGET NARRATIVE
ADMINISTRATIVE/FINANCIAL COSTS

Personnel Services **$5,000**

This will be used to pay the City Clerk for time spent on the project, calculated at the current rate of pay plus fringe, over the 24 month project duration. Only services performed for the project, such as financial and project record keeping, that are beyond the normal duties of the position will be reimbursed under this budget item. Detailed time logs outlining specific tasks performed will be provided. Funds for this budget item will be provided by the TSEP grant since it is not RD eligible.

Grant and Loan Administration Services **$30,000**

The City plans to procure the services of a grant and loan administrator to ensure that the project is implemented in accordance with TSEP and RD requirements. Funds for this budget item will be split between the TSEP grant and RD loan. These services will supplement the services provided by the City Clerk.

Legal Costs **$1,000**

This amount will be used for legal fees related to the review of contracts, bid specifications and any other legal services associated with the land purchase and easement acquisition. Funds for this budget item will be provided from the RD loan.

Audit Fees **$3,000**

$3,000 is budgeted to meet the portion of the organizational audit that can be attributed to the project in accordance with the State Single-Audit Act and OMB Circular A-133. The City will provide these funds.

Travel & Training **$500**

Cost to attend the TSEP project administration training workshop and meetings related to the project. Cost for operator certification necessitated by the project. (Annual operator training to maintain certification via continuing education credits is included in the City's annual operating budget and is not included here.)

Interim Interest **$40,000**

This amount has been budgeted to cover the interest that will be paid on an INTERCAP interim loan that will be required because of RD funding. Funds for this budget item will be provided from the RD loan.

Bond Counsel and Related Costs **$20,000**

$20,000 has been budgeted for the costs of bond counsel and issuance, which includes assistance from a financial advisor, bond counsel, bond printing, and registrar fees. Funds for this budget item will be provided from the RD loan.

TOTAL ADMINISTRATIVE/FINANCIAL COSTS **$99,500**

Administrative/Financial costs represent five percent of the total project costs.

(Example continued on next page)

ACTIVITY COSTS

Land Acquisition **$20,000**

Three easements are expected to be required at a total estimated cost of $4,500. The remaining $15,500 is the estimated cost to purchase the land for the site of the water treatment plant. The amount budgeted is for the actual acquisition itself. A separate amount is budgeted under the legal line item for legal services related to the acquisition. The amount budgeted for land acquisition will come from the TSEP grant since RD funds will not be available until the construction phase.

Engineering – Basic Services **$195,000**

Based on the engineering services estimates in the Preliminary Engineering Report, the following breakout of Basic Engineering Services is estimated to be:

Study & Report : $0. Completed previously. Preliminary Engineering Report and Environmental Report.

Preliminary Design: $30,000. Design criteria; preliminary drawings; outline specifications.

Final Design: $30,000. Final drawings and specifications.

Bidding: $30,000. Assisting with advertising, obtaining bids, and evaluating bids.

Construction Administration: $495,000. Preconstruction conference, review of submittals, monthly progress meeting, review and recommendation on contractors applications for payment and change orders; recommendation as to substantial completion.

Post Construction: $10,000. Recommendations on replacementor correction of final work.

Engineering – Resident Project Representative Services **$65,000**

Based on the engineering services estimates in the Preliminary Engineering Report, the cost for resident project representative (RPR) services for construction observation as necessary to ensure the project is constructed in accordance with the approved project plans and specifications.

Engineering – Additional Services **$20,000**

Based on the engineering services estimates in the Preliminary Engineering Report, the following additional services are necessary, and the cost for each are estimated as follows: Geotechnical Report ($12,000); Permitting ($4,000); Assistance in obtaining easements and rights-of-way ($4,000).

Construction **$1,300,000**

Based on the engineering cost estimates in the Preliminary Engineering Report, the total cost of constructing a water treatment plant is estimated at $1,300,000.

Contingency **$130,000**

Contingency funds are ten percent of the total construction costs..

TOTAL ACTIVITY COSTS **$1,730,000**

TOTAL PROJECT COSTS **$1,829,500**

5. CURRENT DEBT: Enter the current debt obligations of the applicant. If the applicant is a water, wastewater, solid waste, or other "enterprise" type system, which relies on rates and charges for its financial support, only debt related to that system need be entered. If the applicant is a city, county, or district that relies on general taxing authority for its financial support, or is a not-for-profit organization, debt related to the general obligations of the city, county, district, or not-for-profit organization should be entered. The table when completed on a computer can be expanded as needed to accommodate as many current debt obligations as necessary.

EXAMPLE OF A COMPLETED CURRENT DEBT SUMMARY								
Year Issued	Purpose	Type of Bond/ Security	Amount	Maturity Date (mo/yr)	Debt Holder	Coverage Require-ment	Annual Payment Amount	Outstanding Balance
1991	Water System	Revenue Bond	$2,500,000	8/2031	FmHA	110%	$150,716	$2,368,526
1982	Sewer System	Revenue Bond	$500,000	6/2002	D.A. Davidson	125%	$36,790	$164,177

6. CURRENT ASSETS: List all current assets including cash, investments, certificates of deposit, accounts receivable, and any other current assets not specifically indicated. Indicate whether assets are obligated for a specific purpose and what that purpose is (i.e., Certificate of Deposit, $100,000 - reserve requirement for SRF loan; Investments, $200,000 - $100,000 of it is needed to purchase line inspection equipment in 2005).

7. BALANCE SHEET: **(Submit if applying to RD; contact the other programs to determine if or when this information is needed.)** Submit a balance sheet for the current year and previous year of operation of the system. (Applicants may submit this information using their own format, or they may complete the form that is provided on page 45.)

8. INCOME AND EXPENSE STATEMENT: **(Submit if applying to RD; contact the other programs to determine if or when this information is needed.)** Submit income and expense statements for the past three years of operation of the system, and a pro forma income and expense statement for the first full year of operation after construction. Provide the assumptions made in developing the pro forma income and expense statement. (Applicants may submit this information using their own format, or they may complete the form that is provided on page 46.)

SECTION D - CENSUS INFORMATION (Do not complete this section.)

The information in this section will be completed by the receiving agency using data supplied by the U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development based on Census data.

SECTION E - SYSTEM INFORMATION

The system information is required in order for the W2ASACT funding agencies to evaluate financial need in a consistent manner. It is not expected that the methodology used to compute this information will also be used by the owners of the system to compute actual user rates. Nor is it expected of engineers to use this methodology in the preliminary engineering report to discuss the proposed funding strategy and resultant user costs.

Number of unimproved properties in jurisdiction:_____

Complete and attach the System Information Worksheet beginning on page 39 to display the calculations and assumptions used to compute items listed below that are denoted with an "☛". A letter will be provided in parenthesis, which denotes the location in the worksheet to find the figure to be inserted. The worksheet is used to compute the number of equivalent dwelling units (EDU) and the projected average monthly residential rate. The number of EDU's will need to be computed even if the applicant is not currently served by a central water system. For more information about EDU's and on completing the worksheet, see subsections 1 and 2 of this section.

1. TOTAL SYSTEM ANNUAL REVENUE: Enter the total annual revenue received by the system for the last fiscal year, and the projected amount for the first year of operation after the project is completed.

2. TOTAL ANNUAL OPERATION AND MAINTENANCE COSTS: Enter the total annual operation and maintenance costs for the system for the last fiscal year, and the projected amount for the first year of operation after the project is completed.

3. TOTAL EQUIVALENT DWELLING UNITS: ☛ *If the application is for a water or wastewater project*, enter the total number of EDU's that are currently served by the system. This figure is found on line (e) of the worksheet. Also enter the total number of EDU's that are projected to be served by the system once the project is completed. This figure is found on line (k) of the worksheet.

   If the application is for a solid waste project, enter both the current and projected total number of solid waste customers.

4. TOTAL **RESIDENTIAL** EQUIVALENT DWELLING UNITS: ☛ *If the application is for a water or wastewater project*, enter the number of EDU's that currently serve residential households *(commercial and industrial service connections should not be included in this figure)*. This figure is found on line (f) of the worksheet. Also enter the total number of residential EDU's that are projected to be served by the system once the project is completed. This figure is found on line (m) of the worksheet.

   If the application is for a solid waste project, enter the current and projected number of residential households served by the solid waste system.

5. ANNUAL REVENUE FROM RESIDENTIAL HOOKUPS/CUSTOMERS: Enter the amount of annual revenue received from residential hookups/customers. *(Show the calculations used to determine this amount. Depending on the manner in which financial records are kept, it may be as simple as copying a number from a system document, or it may be necessary to calculate the amount. One method could entail determining the average usage of individual residences, calculating an average residential rate using the system's rate tables, and then multiplying the average residential rate times the number of residential hookups/customers.)* Also enter the projected amount of annual revenue to be received from residential hookups/customers for the first year of operation after the project is completed.

6. PERCENT OF TOTAL ANNUAL REVENUE FROM RESIDENTIAL HOOKUPS/CUSTOMERS: Calculate the percent of total revenues derived from residential hookups/customers. (Divide the amount on Line 5 by the amount on Line 1 and multiply by 100.) Also enter the projected percent of total revenues derived from residential hookups/customers, if that percentage is expected to change.

7. AVERAGE MONTHLY RESIDENTIAL RATE:

   Current Rate: Enter the current average monthly rate charged to residential hookups/customers. (Divide the amount on Line 5 by the amount on Line 4 and divide the result by 12.) If the current rate is a flat rate charged to every residential hookup, enter that amount and check the box

   Projected Rate: ☛ Enter the projected average monthly rate that will be charged to residential hookups/customers after the proposed project is complete. This figure is found on line (w) of the worksheet. The projected rate includes the current rate plus increases that are expected to be necessary to retire any debt to be incurred to finance the project plus any increases in operating costs. Applicants should assume that all requested and/or uncommitted funds would be received.

   If residential hookups will be charged a flat user fee, enter the figure from line (x).

8. OTHER SYSTEM CURRENT AVERAGE MONTHLY RESIDENTIAL RATE: If this is an application for a water system project, enter the current average monthly wastewater system rate charged to residential hookups using the same methodology provided above.

   ---------- OR ----------

   If this is an application for a wastewater system project, enter the current average monthly water system rate charged to residential hookups using the same methodology provided above.

Also enter the projected average monthly rate for the other system if that rate is expected to change. If the rate is to stay the same, enter the same amount as the current rate. If the rate is expected to change, provide details explaining the change and when the rate change is expected to occur.

If there is no other public water or wastewater system, enter “no other system.”

If this application is for a solid waste system project, leave blank.

INSTRUCTIONS FOR COMPLETING THE SYSTEM INFORMATION WORKSHEET

SUBSECTION 1 – EQUIVALENT DWELLING UNIT COMPUTATION

The Equivalent Dwelling Unit (EDU) computation is required in order for the W2ASACT funding agencies to evaluate financial need in a consistent manner. Some systems may have unusual circumstances that make it difficult to accurately perform the computation the way it is required. In these situations, engineers are encouraged to discuss the problem with a funding agency in order to determine how to proceed. Depending on the circumstances, some modification of the computation may be allowed.

Engineers may also be familiar with alternative types of computations that will achieve the same end result, i.e. the number of dwelling units. Engineers may present the alternative computation, along with the required EDU computation, for a funding agency to consider using instead of the EDU computation.

This subsection of the worksheet is used to compute the number of Equivalent Dwelling Units. One EDU is considered to be the level of water service provided to a typical residential dwelling for a single family. Multiple family units, and commercial and industrial users, are assigned a greater number of EDU's since they are served by a larger service connection and utilize a greater amount of water. EDU's are used in the computation of average user rates because it provides a more precise calculation of residential water users versus other water users. This concept was originally developed for use by engineers, and has been used by the USDA RD program to determine financial need for several years. This information will be used by all the W2ASACT funding agencies to evaluate financial need. It is also useful to applicants to determine if the applicant's utility customers are being charged appropriate and equitable rates.

***Applicants with either a water or wastewater project* must complete Section I, regardless of whether the applicant is served by a central water system or is planning to charge residential users a flat user fee. *Applicants with solid waste projects* are not required to complete Section I.**

Both current and projected calculations will be made for both the total number of hookups and for the number of residential hookups alone. The basis of calculating the EDU is that a ¾" water service connection is considered to be one (1) EDU. Any service connections smaller than ¾" are also considered to be one (1) EDU. In addition, if a service connection is larger than ¾", but it only serves a single-family residence, it should be counted as one EDU.

If the applicant is not served by a central water system, this section must be completed by making the assumption that a central water system exists and estimating the number of service connections by diameter size. Assume that each residential dwelling is equal to one (1) EDU. Engineers will need to make reasonable assumptions on the diameter size of connections serving other types of uses by referencing recognized engineering sources.

Some water connections provide service to multiple mixed uses such as commercial and residential. While this is not a problem when determining total EDU's, it is problematic when computing the number of residential hookups. In the case of mixed-use service connections, applicants must estimate the portion of the service serving the residential uses. One way of doing this would be to determine the number of dwelling units within a structure served by a single connection and count each as a separate ¾" connection. Applicants with these unique situations should attach a narrative statement explaining the circumstances of the situation and the methodology used to compute the number of residential hookups.

Throughout the worksheet, service connection diameters will be converted to EDU's according to the following table:

Service connection inside diameter (inches)	EDU's
¾" or smaller	1.00
1"	1.79
1-1/2"	4.00
2"	7.14
2-1/2"	11.16
3"	16.00
4"	28.57

5"	44.64
6"	64.29
7”	87.11
8”	113.78
9”	144.00
10”	177.78

Reminder: service connections to single-family residences are generally counted as a one EDU, regardless of the size of the connection.

PART A. CURRENT WATER HOOKUP SUMMARY

This part of the worksheet is used to compute the current number of total EDU’s and the number of residential EDU’s alone. The total EDU’s are calculated by multiplying the total number of hookups for each diameter size of pipe times the EDU’s per hookup as indicated in the table.

PART B. PROJECTED WATER HOOKUP SUMMARY

This part of the worksheet is used to compute the projected number of total EDU’s and the number of residential EDU’s alone. This computation should be based on the estimated number of EDU’s at the end of the construction of the project. The computations are the same as explained in Part A. This part of the worksheet is also used to compute the average EDU’s per residential hookup.

If applying to the USDA RUS/RD program, you need to also provide both total water system flows (sales) for the last twelve months and total residential water flows (sales) for the last twelve months.

NOTE: In some cases it is necessary to provide a detailed monthly split of the residential and non-residential sales. A sample spreadsheet is available on the Montana USDA Rural Development website at http://www.rd.usda.gov/programs-services/water-waste-disposal-loan-grant-program/mt.

SUBSECTION 2 – PROJECTED AVERAGE MONTHLY RESIDENTIAL RATE COMPUTATION

***All applicants must complete Subsection 2*, which is used to compute the average monthly residential rate.** First, indicate whether debt will be used to partially finance the project. If no debt is to be incurred on the project, skip to Part E. If debt will be secured, indicate the type of debt instrument to be used and the amount, interest rate, and terms of the loan (for example, coverage requirements, and number of payments and when they are paid).

PART A. REVENUE BOND SECURING DEBT OBLIGATION: Complete this part if a revenue bond will be used to secure your loan. Typically, the RD and SRF programs require a revenue bond to secure a loan and Part A should be completed.

1. Indicate if a debt election has been held or the date it is scheduled to be held.

2. Compute the annual debt service for the new loan by multiplying the loan amount times any coverage required. For example, the project needs $100,000 in the form of a loan. The interest rate is 4% for 20 years and there is a 125% debt coverage requirement. Assuming payments are made twice each year, one at the beginning of the year and the other the middle of the year, compute the annual payment based on $100,000. Based on this example, the annual debt service would be approximately $9,100.

3. Compute the monthly debt service for the new loan by dividing the annual debt service by 12 (months). Based on the example, the monthly debt service would be approximately $760.

4. Specify the total number of projected EDU’s after completion of project (see Section I, Part B, line [k]). *If this application is for a solid waste project*, specify the number of projected solid waste customers.

5. Compute the average (per EDU) monthly debt service by dividing the monthly debt service by the total number of projected EDU’s. *If this application is for a solid waste project*, compute the average (per

projected solid waste customer) monthly debt service by dividing the monthly debt service by the total number of projected solid waste customers.

PART B. GENERAL OBLIGATION BOND SECURING DEBT OBLIGATION:

1. Indicate if a debt election has been held or the date it is scheduled to be held.

2. Specify the amount of outstanding General Obligation Bonds.

3. Specify the debt limitations of the entity.

4. Compute the estimated average monthly assessment per property needed to repay debt by dividing the annual assessment by 12 (months).

PART C. RURAL OR SPECIAL IMPROVEMENT DISTRICT BOND SECURING DEBT OBLIGATION:

1. Specify the type of special assessment (for example, ad valorem, square footage, etc.).

2. Describe the proposed method of assessment.

3. Specify the number of parcels in the district.

4. Specify the percentage of property for each type land use that will be assessed a user fee or tax to repay the debt obligation.

5. Specify the number of property owners in district.

6. Compute the estimated average (per property) monthly assessment needed to repay debt by dividing the annual assessment by 12 (months).

PART D. OTHER TYPE OF DEBT INSTRUMENT SECURING DEBT OBLIGATION THAT IS NOT INDICATED ABOVE

1. For debt instruments that do not fit into one of the categories above, explain how debt will be secured.

2. Compute the estimated average monthly cost per property to repay debt.

PART E. CALCULATION OF THE PROJECTED AVERAGE MONTHLY RESIDENTIAL USER RATE:

1. Enter the estimated increase in monthly debt service (per projected EDU, monthly assessment per property for General Obligation [G.O.] Bond or Special Improvement District [SID], or per customer for solid waste projects) as the result of this project (see Section II, Parts A, B, C, or D). Enter $0 if no increase is projected.

2. Enter the estimated increase or decrease in total monthly operation and maintenance (O&M) costs (including depreciation and replacement reserves) as the result of this project.

3. List and explain estimated increases or decreases in O&M costs (including depreciation and replacement reserves).

4. Calculate the estimated increase or decrease in monthly O&M costs (including depreciation and replacement reserves) (per projected EDU, monthly assessment per property for a G.O. Bond or SID, or per customer for solid waste projects) as the result of this project. Divide the estimated increases or decreases in O&M costs by the projected number of EDU ‘s or assessed properties.

5. Calculate the estimated increase or decrease in total monthly costs (per projected EDU, monthly

assessment per property for a G.O. Bond or SID, or per customer for solid waste projects) as the result of this project. Add the estimated increase in monthly debt service and the estimated increase in monthly O&M costs (including depreciation and replacement reserves) as the result of this project.

6. Enter the projected average EDU's per residential hookup (see Section I, Part B).

   If this application is for a solid waste project or for a water or wastewater project involving a G.O. Bond or SID, leave blank.

7. Calculate the estimated increase or decrease in total monthly costs per average residential hookup as the result of this project. Multiply the estimated increase or decrease in total monthly costs per projected EDU times the projected average EDU's per residential hookup.

   If this application is for a solid waste project or for a water or wastewater project involving a G.O. Bond or SID, enter the total monthly costs per projected monthly assessment per property for a G.O. Bond or SID, or per customer for solid waste projects as calculated in number five.

8. Enter the existing average monthly residential debt service, including coverage and bond reserve (subtract any existing debt service if the loan will expire before the completion of the project).

9. Enter the existing average monthly residential O&M costs and replacement and depreciation reserves.

> Note: the existing average monthly residential debt service plus the existing average monthly residential O&M costs and replacement and depreciation reserves should equal the current average monthly residential rate. If these amounts do not equal, provide an explanation of why the numbers differ.

10. Calculate the projected average monthly residential user rate after completion of this project. Add the estimated increase or decrease in total monthly costs per average residential hookup/customer as the result of this project, the existing average monthly residential debt service, and the existing average monthly residential O&M and replacement and depreciation reserves.

11. If residential customers will be charged a flat user rate, state what that rate will be and provide an explanation of why the flat user rate differs from the projected average monthly residential user rate calculated in 11.

The following is an example of a completed System Information Worksheet:

PART A. CURRENT WATER HOOKUP SUMMARY

	Current Total Hookups*				Current Residential Hookups		
Diameter (inches)	(a) Total Number of Hookups	(b) EDU's per Hookup (from table)	Total EDU's [(a) x (b)]	Diameter (inches)	(c) Number of Residential Hookups	(d) EDU's Per Hookup (from table)	Total Residential EDU's [(c) x (d)]
3/4	67	1	67	3/4	65	1	65
1	3	1.79	5.37				
2	1	7.14	7.14				
Totals	71		79.51 (e)		65		65 (f)

* Includes both residential and non-residential hookups

PART B. PROJECTED WATER HOOKUP SUMMARY

Diameter (inches)	Projected Total Hookups* (g) Total Number of Hookups	(h) EDU's per Hookup (from table)	Total EDU's [(g) x (h)]	Diameter (inches)	Projected Residential Hookups (i) Number of Residential Hookups	(j) EDU's Per Hookup (from table)	Total Residential EDU's [(i) x (j)]
3/4	77	1	77	3/4	75	1	75
1	4	1.79	7.16				
2	1	7.14	7.14				
Totals	82		91.3 (k)		75 (l)		75 (m)

* Includes both residential and non-residential hookups

Projected average EDU's per residential hookup: 1 (n) [(m)/(l)]

Provide the following information if applying to the USDA RUS/RD program

Total water system flows (sales) last twelve months _____ [gallons or cubic feet (circle one) for all connections listed in (a) above]

Total residential water flows (sales) last twelve months _____ [gallons or cubic feet (circle one) for all connections listed in (c) above]

SUBSECTION 2 – PROJECTED AVERAGE MONTHLY RESIDENTIAL RATE COMPUTATION

Will debt be used to finance the project? Yes X No ___ If no, skip to PART E.
If yes, how will debt for the project be secured:

A. Revenue Bond X (complete Part A)
B. General Obligation Bond _____(complete Part B)
C. Rural or Special Improvement District Bond _____(complete Part C)
D. Other (explain) _____(complete Part D)

Debt (Loan) Amount: $100,000 Interest Rate: 4% Terms: 20 years, 125% debt coverage requirement

PART A. REVENUE BOND SECURING DEBT OBLIGATION:

1. Debt election held? Yes ____ No X If no, when will election be held (date): 6/21/2002
2. Annual debt service for new loan, including coverage: $9,100(i)
3. Monthly debt service for new loan, including coverage: (line I / 12) $758.33(ii)
4. Total number of projected EDU's [(k) in Part 1] after completion of project: 91.3(iii)
5. Average (per total projected EDU's) monthly debt service for new loan: (line ii / line iii) $ 8.31(iv)

PARTS B. through D. not applicable and skipped.

PART E. CALCULATION OF THE PROJECTED AVERAGE MONTHLY RESIDENTIAL USER RATE:

1. Estimated increase in average monthly debt service (per projected EDU, monthly assessment per property for General Obligation Bond or SID, or per customer for solid waste projects) as the result of this project. Enter $0 if no increase is projected: $8.31 (o) (From Part A]

2. Estimated increase or decrease in total monthly O&M (including depreciation and replacement reserves) as the result of this project: $250.00 (p)

3. Please list and explain estimated increases or decreases in O&M costs (including depreciation and replacement reserves):

   O&M costs are expected to increase as a result of increased staff needed read water meters.

4. Estimated increase or decrease in monthly O&M costs (including depreciation and replacement reserves) per projected EDU as the result of this project: $2.73(q) [(p)/(k)]

5. Estimated increase or decrease in total monthly costs per projected EDU as the result of this project: $11.04(r) [(o) + (q)]

6. Projected average EDU's per residential hookup: 1 (s) [(n)]

7. Estimated increase or decrease in total monthly costs per average residential hookup/customer as the result of this project: $11.04(t) [(r) x (s)]

8. Existing average monthly residential debt service, including coverage and bond reserve (subtract any existing debt service if the loan will expire before the completion of the project): $3.60(u)

9. Existing average monthly residential O&M and replacement and depreciation reserves: $4.40(v)

   Note: (u) plus (v) should equal the current average monthly residential rate as indicated on page 39, Section E, Line 7. If these amounts do not equal, provide an explanation of why the numbers differ.

10. Projected average monthly residential user rate after completion of this project: $21.04(w) [(t) + (u) + (v)]

11. Projected residential flat user rate: $22.00(x)

The additional monthly charge of $.96 per residential hookup will be used to create a reserve fund to finance a second phase to be completed in the year 2004, which will include the replacement of water mains. The $22.00 monthly user fee per residential hookup will be adopted in November of 2000.

(This is the end of the examples and instructions)

UNIFORM APPLICATION FORM
FOR MONTANA PUBLIC FACILITY PROJECTS

(Please type or print legibly)

SECTION A - CERTIFICATION

To the best of my knowledge and belief, the information provided in this application and in the attached documents is true and correct.

Name (printed): _____

Title (printed): _____
Chief Elected Official or Authorized Representative

Signature: _____

Date: _____

SECTION B - SUMMARY INFORMATION

1. NAME OF APPLICANT(S): _____

2. TYPE OF ENTITY: _____

3. FEDERAL TAX ID NUMBER: _____

4. TYPE OF PROJECT: _____

5. SENATE AND HOUSE DISTRICTS: _____

5.a NAMES OF SENATOR(S) AND REPRESENTATIVE(S): _____

6. POPULATION SERVED BY PROJECT: _____

6.a NUMBER OF HOUSEHOLDS SERVED BY PROJECT: _____

7. DUNS Number (for CDBG applicants only): _____

8. CHIEF ELECTED OFFICIAL OR AUTHORIZED REPRESENTATIVE:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX No)

(E Mail address)

9. PRIMARY ENTITY CONTACT PERSON:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX No)

(E Mail address)

10. PROJECT ENGINEER/ARCHITECT:

(Name of Engineer)

(Name of Firm)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX No)

(E Mail address)

11. GRANT/LOAN ADMINISTRATOR:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX No)

(E Mail address)

12. LEGAL COUNSEL:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX No)

(E Mail address)

13. BOND COUNSEL:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX No)

(E Mail address)

14. CLERK/CHIEF FINANCIAL OFFICER:

(Name)

(Title)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX No)

(E Mail address)

15. ACCOUNTANT:

(Name of Accountant)

(Name of Firm)

(Street/PO Box)

(City/State/Zip)

(Telephone) (FAX No)

(E Mail address)

16. BRIEF PROJECT SUMMARY: (Refer to instructions and examples)

Historical Information -

_____

_____

_____

Problem -

_____

_____

_____

Proposed Solution -

_____

_____

_____

SECTION C - FINANCIAL INFORMATION

1. ESTIMATED TOTAL PROJECT COST: $_____

2. PROPOSED FUNDING SOURCES (List loans and grants from same funding source separately) (Refer to the instructions and examples)**:**

Source	Type of Funds	Amount	Status of Commitment	Loan Rates and Terms

3. FUNDING STRATEGY NARRATIVE

- Funding Strategy Narrative **(Complete and attach)**
  (Refer to the instructions. Answer each question individually.)

  a. What are the conditions on the use of each source of funds?

  b. When will each source of funds listed be available (month and year)?

  c. Is there any additional information on the level of commitment for each source of funds listed?

  d. How will funding sources be coordinated with each other?

  e. Will interim-loan funds be required as part of the project? If yes, how will they be used and coordinated with other funding sources?

  f. What other sources of funds from public and private sources have been considered for this project? Explain why they are not being pursued or used for this project.

  g. If a particular source of funding is not obtained, how will the applicant proceed? Explain how the funding strategy will change if a particular source of funding is not received.

  h. What is the level of local financial participation in the project and is that level the maximum that the applicant can reasonably provide?

4. PROJECT BUDGET FORM

- Project Budget Form **(Complete form on next page)**
  (Refer to the instructions and example)

- Project Budget Narrative **(Complete and attach)**
  (Refer to the instructions and example)

Completed by: _____ **For:** _____ **Date:** _____

ADMINISTRATIVE and FINANCIAL COSTS:	SOURCE:	SOURCE:	SOURCE:	SOURCE:	SOURCE:	TOTAL
Personnel Costs						
Office Costs						
Grant & Loan Administration Services						
Legal Costs						
Audit Fees						
Travel & Training						
Loan Fees						
Loan Reserves						
Interim Interest						
Bond Counsel and Related Costs						
TOTAL ADMINISTRATIVE/FINANCIAL COSTS						
ACTIVITY COSTS:						
Land Acquisition						
Engineering – Basic Services						
Engineering – Resident Project Representative Services						
Engineering - Additional Services						
Construction						
Contingency						
TOTAL ACTIVITY COSTS						
TOTAL PROJECT COSTS						

5. CURRENT DEBT (Refer to the instructions and example on pages 23-24)

Year Issued	Purpose	Type of Bond/ Security	Amount	Maturity Date (mo/yr)	Debt Holder	Coverage Requirement	Avg. Annual Payment Amount	Outstanding Balance

6. CURRENT ASSETS (Indicate if assets are obligated.) (Refer to the instructions on pages 23-24.)

Cash $_____
(Details) _____

Investments $_____
(Details) _____

Certificates of Deposit $_____
(Details) _____

Accounts Receivable $_____
(Details) _____

Any other current assets not specifically indicated above $_____
(Details) _____

7. BALANCE SHEET (Submit if applying to RD; contact the other programs to determine if or when this information is needed.)

☐ Balance Sheet (Check if attached)

8. INCOME AND EXPENSE STATEMENT (Submit if applying to RD; contact the other programs to determine if or when this information is needed.)

☐ Income and Expense Statement (Check if attached)

SECTION D - CENSUS INFORMATION

Do not fill in this section. The following information will be completed by the receiving agency using data supplied by the U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development based on Census data.

1. MEDIAN HOUSEHOLD INCOME $_____

2. LOW TO MODERATE INCOME PERSONS: The percent of the population at or below the level designated as low to moderate income. %_____

3. POVERTY: The percent of the population characterized as at or below the level designated as poverty. %_____

SECTION E - SYSTEM INFORMATION (Refer to instructions)

Number of unimproved properties in jurisdiction:_____

☛ **Complete and attach the "System Information Worksheet."** The figures required for the items listed below that are denoted with an " ☛ " are computed using the "System Information Worksheet." The letter in parenthesis following the " ☛ " denotes the location in the worksheet to find the figure to be inserted.

		Current	Projected
1.	Total System Annual Revenue	$_____	$_____
2.	Total System Annual Operation and Maintenance Costs	$_____	$_____
3.	Total System Equivalent Dwelling Units* ☛(e) for current and (k) for projected	_____	_____
4.	Total **Residential** Equivalent Dwelling Units* ☛(f) for current and (m) for projected	_____	_____
5.	Annual Revenue from Residential Hookups	$_____	_____
6.	Percent of Total Annual Revenue from Residential Hookups	_____	
7.	Average Monthly Residential Rate	$_____ ☐ Check box if this is a flat rate.	$_____ Projected Average Monthly Residential Rate ☛ (w) or (x)
8.	*Other System* Average Monthly Residential Rate	$_____	$_____

* *If this application is for a solid waste project, see instructions.*

SYSTEM INFORMATION WORKSHEET
(Refer to instructions)

SUBSECTION 1 – EQUIVALENT DWELLING UNIT COMPUTATION

Applicants with either a water and wastewater project must complete Section I, regardless of whether the applicant is served by a central water system or is planning to charge residential users a flat user fee. If the applicant is not served by a central water system, or it has water connections that provide service to multiple mixed uses, such as commercial and residential, refer to the instructions on page 26 for information on computing the number of EDU's. *Applicants with solid waste projects are not required to complete Section I*. Service connection diameters will be converted to EDU's according to the following table, with the exception of those situations noted on page 26:

Service connection inside diameter (inches)	EDU's
¾" or smaller	1.00
1"	1.79
1-1/2"	4.00
2"	7.14
2-1/2"	11.16
3"	16.00
4"	28.57
5"	44.64
6"	64.29
7"	87.11
8"	113.78
9"	144.00
10"	177.78

PART A. CURRENT WATER HOOKUP SUMMARY

	Current Total Hookups*				Current Residential Hookups			
	(a)	(b)				(c)	(d)	
Diameter (inches)	Total Number of Hookups	EDU's per Hookup (from table)	Total EDU's [(a) x (b)]		Diameter (inches)	Number of Residential Hookups	EDU's Per Hookup (from table)	Total Residential EDU's [(c) x (d)]
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
_____	_____	_____	_____		_____	_____	_____	_____
Totals	_____		_____ (e)			_____		_____ (f)

* Includes both residential and non-residential hookups

PART B. PROJECTED WATER HOOKUP SUMMARY

Diameter (inches)	Projected Total Hookups* (g) Total Number of Hookups	(h) EDU's per Hookup (from table)	Total EDU's [(g) x (h)]	Diameter (inches)	Projected Residential Hookups (i) Number of Residential Hookups	(j) EDU's Per Hookup (from table)	Total Residential EDU's [(i) x (j)]
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Totals	_____		_____ (k)		_____ (l)		_____ (m)

* Includes both residential and non-residential hookups

Projected average EDU's per residential hookup: _____ (n)
[(m)/(l)]

Provide the following information if applying to the USDA RUS/RD program

Total water system flows (sales) last twelve months _____ [gallons or cubic feet (circle one) for all connections listed in (a) above]

Total residential water flows (sales) last twelve months _____ [gallons or cubic feet (circle one) for all connections listed in (c) above]

NOTE: In some cases it is necessary to provide a detailed monthly split of the residential and non-residential sales. A sample spreadsheet is available on the Montana USDA Rural Development website at http://www.rd.usda.gov/programs-services/water-waste-disposal-loan-grant-program/mt.

SUBSECTION 2 – PROJECTED AVERAGE MONTHLY RESIDENTIAL RATE COMPUTATION

Will debt be used to finance the project? Yes ___ No ___ If no, skip to PART E.
If yes, how will debt for the project be secured:

A. Revenue Bond _____(complete Part A)
B. General Obligation Bond _____(complete Part B)
C. Rural or Special Improvement District Bond _____(complete Part C)
D. Other (explain) _____(complete Part D)

Debt (Loan) Amount: $_____ Interest Rate:____% Terms:_____

_____

COMPLETE THE APPLICABLE SECTIONS BELOW

PART A. REVENUE BOND SECURING DEBT OBLIGATION:

1. Debt election held? Yes ☐ No ☐ If no, when will election be held (date) _____
2. Annual debt service for new loan, including coverage: $_____(i)
3. Monthly debt service for new loan, including coverage: (line i / 12) $_____(ii)
4. Total number of projected EDU's after completion of project: _____(iii)
5. Average (per total projected EDU's) monthly debt service for new loan: (line ii / line iii) $_____(iv)

PART B. GENERAL OBLIGATION BOND SECURING DEBT OBLIGATION:

1. Debt election held? Yes ☐ No ☐ If no, when will election be held? (date): _____
2. Amount of outstanding General Obligation Bonds $ _____
3. Debt limitations of entity _____
4. Estimated average (per property) monthly assessment needed to repay debt (divide the annual assessment by 12 to obtain a monthly figure): $ _____

PART C. RURAL OR SPECIAL IMPROVEMENT DISTRICT BOND SECURING DEBT OBLIGATION:

1. Type of special assessment:
   a. SID ☐
   b. RID ☐
   c. Other (specify) _____
2. Proposed method of assessment:
   a. Assessable Area_____
   b. Area_____
   c. Ad Valorem Tax_____
   d. Lineal Front Footage_____
   e. Combination of a. through d. above (explain)_____

   _____
3. Number of parcels in the district_____
4. What percentage of the property (based on the methods of assessment) within the district fits these descriptions?

TYPE OF PROPERTY	PERCENT DEVELOPED	PERCENT UNDEVELOPED
Commercial		
Industrial		
Single-Family Residential		
Multi-Family Residential		
Agricultural		

5. Number of property owners in district _____

6. Estimated average (per property) monthly assessment needed to repay debt (divide the annual assessment by 12 to obtain a monthly figure): $_____

PART D. OTHER TYPE OF DEBT INSTRUMENT SECURING DEBT OBLIGATION THAT IS NOT INDICATED ABOVE

1. Explain how debt will be secured: _____

_____

2. Estimated average (per property) monthly cost to repay debt: $_____

PART E. CALCULATION OF THE PROJECTED AVERAGE MONTHLY RESIDENTIAL USER RATE:

1. Estimated increase in average monthly debt service (per projected EDU, monthly assessment per property for General Obligation Bond or SID, or per customer for solid waste projects) as the result of this project. Enter $0 if no increase is projected: $_____ (o)
[From Part A, B, C, or D]

2. Estimated increase or decrease in total monthly operation and maintenance (O&M) costs (including depreciation and replacement reserves) as the result of this project: $_____ (p)

3. List and <u>explain</u> estimated increases or decreases in O&M costs, including depreciation and replacement reserves (Provide a reasonably detailed explanation regarding the reason for the increase or decrease):
_____
_____
_____

4. Estimated increase or decrease in monthly O&M costs (including depreciation and replacement reserves) (per projected EDU, monthly assessment per property for General Obligation Bond or SID, or per customer for solid waste projects) as the result of this project: $_____(q)
[(p) / (k)]

5. Estimated increase or decrease in total monthly costs (per projected EDU, monthly assessment per property for General Obligation Bond or SID, or per customer for solid waste projects) as the result of this project: $_____ (r)
[(o) + (q)]

6. Projected average EDU's per residential hookup: $_____ (s)
[(n)]

7. Estimated increase or decrease in total monthly costs per average residential hookup/customer as the result of this project: $_____ (t)
[(r) x (s)]

8. Existing average monthly residential debt service, including coverage and bond reserve (subtract any existing debt service if the loan will expire before the completion of the project): $_____(u)

9. Existing average monthly residential O&M costs and replacement and depreciation reserves: $_____ (v)

Note: (u) plus (v) should equal the current average monthly residential rate as stated in Section E, Line 7. If these amounts do not equal, provide an explanation of why the numbers differ.

10. Projected average monthly residential user rate after completion of this project: $_____(w)
[(t) + (u) + (v)]

11. Projected flat user rate: $_____(x)

_____

_____

_____

_____

UNIFORM PRELIMINARY ENGINEERING REPORT
FOR MONTANA PUBLIC FACILITY PROJECTS

Attached is the revised Preliminary Engineering Report* outline. This outline replaces the previous W2ASACT Preliminary Engineering Report outline. Applicants that have started or completed a Preliminary Engineering Report using the outline contained in the Eighth Edition of the *Uniform Application for Montana Public Facilities Projects* may use that format for the upcoming funding cycle.

The outline provides information on what to include in a report. The level of detail required may vary according to the complexity of the specific project. In order to facilitate the review of the Preliminary Engineering Report (PER), adherence to the outline is strongly encouraged. The PER is submitted as part of an application to any of the federal and state agencies that fund public facilities in the State of Montana as listed in this publication. The PER must be prepared by a professional engineer licensed to practice in Montana.

Please note that the W2ASACT funding agencies in Montana require that an Executive Summary also be part of the Preliminary Engineering Report. This is specifically noted because the new report outline did not include an Executive Summary. Additionally, most funding agencies require completion of the Uniform Environmental Checklist.

Environmental resources that may be impacted by the proposed project must be identified and evaluated. This is accomplished, in part, by completing the Uniform Environmental Checklist, analyzing the potential impacts of the project on the identified environmental resources in the PER, and requesting that several State and Federal agencies comment on the selected alternative in order to identify any specific concerns that they may have about the proposed project. This process is explained in more detail in the section entitled, *Environmental Related Requirements.* Please note that for Rural Development funding, a stand-alone Environmental Report is required. Also, the TSEP and CDBG programs must be contacted separately regarding the environmental documentation needed to apply for funding.

The various agencies funding these projects have different requirements related to the environmental review process, the selection of the preferred engineering alternative, and adoption of the preliminary engineering report. Public review and notifying the public in particular varies by funding agencies. Failure to follow a particular funding agency's requirements may result in additional engineering and environmental review activities, which may include subsequent review and additional notices. As a result, applicants should contact those agencies that they are considering applying to, in order to determine each of the agencies specific requirements.

Prior to the final adoption of the preliminary engineering report, at least one public meeting is required in order to receive comments from the public. The public meeting must be properly noticed and the public must be provided with an opportunity at the meeting to comment on the project. Minutes of the meeting should reflect what was discussed about the project, including all comments received from the public. Refer to individual program's application guidelines for any additional hearing requirements.

---

*The outline was developed by the following agencies in January of 2013:

- US Department of Agriculture, Rural Development, Rural Utilities Service, Water and Environmental Programs;
- US Environmental Protection Agency, Offices of Water, Ground Water and Drinking Water; and Waste Management;
- US Department of Housing and Urban Development, Office of Community Planning and Development;
- US Department of Health and Human Services, Indian Health Service; and
- the Small Communities Water Infrastructure Exchange.

GENERAL OUTLINE OF A PRELIMINARY ENGINEERING REPORT

0) EXECUTIVE SUMMARY
1) PROJECT PLANNING
    a. Location
    b. Environmental Resources Present
    c. Population Trends
    d. Community Engagement
2) EXISTING FACILITIES
    a. Location Map
    b. History
    c. Condition of Existing Facilities
    d. Financial Status of any Existing Facilities
    e. Water/Energy/Waste Audits
3) NEED for PROJECT
    a. Health, Sanitation and Security
    b. Aging Infrastructure
    c. Reasonable Growth
4) ALTERNATIVES CONSIDERED
    a. Description
    b. Design Criteria
    c. Map
    d. Environmental Impacts
    e. Land Requirements
    f. Potential Construction Problems
    g. Sustainability Considerations
        i. Water and Energy Efficiency
        ii. Green Infrastructure
        iii. Other
    h. Cost Estimates
5) SELECTION of an ALTERNATIVE
    a. Life Cycle Cost Analysis
    b. Non-Monetary Factors
6) PROPOSED PROJECT (Recommended Alternative)
    a. Preliminary Project design
    b. Project Schedule
    c. Permit Requirements
    d. Sustainability Considerations
        i. Water and Energy Efficiency
        ii. Green Infrastructure
        iii. Other
    e. Total Project Cost Estimate
    f. Annual Operating Budget
        i. Income
        ii. Annual O&M Costs
        iii. Debt Repayment
        iv. Reserves
7) CONCLUSIONS and RECOMMENDATIONS

DETAILED OUTLINE OF A PRELIMINARY ENGINEERING REPORT

The following is a more detailed outline that provides guidance regarding the type and level of detail under each of the required headings. It should be noted that the outline is by no means all-inclusive. The engineer should use judgment in presenting sufficient information in the preparation of the PER, taking into account that different systems require varying levels of detail (facultative lagoons versus mechanical plants, groundwater sources versus surface water treatment, land filling versus transportation, etc.). The level of effort required to prepare the report and the depth of analysis within the report should be proportional to the size and complexity of the proposed project.

Section 2.c of this outline requires an evaluation of existing facilities associated with the entire system. The intent of this requirement is not to force the unnecessary expenditure of time or money conducting a detailed engineering study and evaluation of system components not being replaced or improved as part of this project. However, in order for funding agencies to properly evaluate an application and make meaningful funding decisions, it is necessary for them to know the condition of all of the components of the system, the improvements that have been made to the various components of the system in the past, and how the remaining improvements that will be needed will be phased. It is therefore required that the general condition of all components of the system be discussed in the PER in enough detail to provide an understanding of the overall condition of the entire system. Drawings, schematics, and the level of detail required to convey this information is left to the professional judgment of the engineer preparing the PER.

0) EXECUTIVE SUMMARY

Provide a summary of why the engineering study was undertaken, a brief description of the basic needs or deficiencies of the system being studied, a brief description of the alternatives considered, a brief description of the preferred alternative, the estimated total cost to construct the preferred alternative and the net cost per user based on the proposed funding plan. Note any other pertinent conclusions.

1) PROJECT PLANNING

Describe the area under consideration. Service may be provided by a combination of central, cluster, and/or centrally managed individual facilities. The description should include information on the following:

a) Location. Provide scale maps and photographs of the project planning area and any existing service areas. Include legal and natural boundaries and a topographical map of the service area.

b) Environmental Resources Present. Provide maps, photographs, and/or a narrative description of environmental resources present in the project planning area that affect design of the project. Environmental review information that has been developed to meet requirements of NEPA or a state equivalent review process can be used here.

c) Population Trends. Provide U.S. Census or other population data (including references) for the service area for at least the past two decades if available. Population projections for the project planning area and concentrated growth areas should be provided for the project design period. Base projections on historical records with justification from recognized sources.

d) Community Engagement. Describe the utility's approach used (or proposed for use) to engage the community in the project planning process. The project planning process should help the community develop an understanding of the need for the project, the utility operational service levels required, funding and revenue strategies to meet these requirements, along with other considerations.

2) EXISTING FACILITIES

Describe each part (e.g. processing unit) of the existing facility and include the following information:

a) Location Map. Provide a map and a schematic process layout of all existing facilities. Identify facilities that are no longer in use or abandoned. Include photographs of existing facilities.

b) History. Indicate when major system components were constructed, renovated, expanded, or removed from service. Discuss any component failures and the cause for the failure. Provide a history of any applicable violations of regulatory requirements.

c) Condition of Existing Facilities. Describe present condition; suitability for continued use; adequacy of current facilities; and their conveyance, treatment, storage, and disposal capabilities. Describe the existing capacity of each component. Describe and reference compliance with applicable federal, state, and local laws. Include a brief analysis of overall current energy consumption. Reference an asset management plan if applicable.

d) Financial Status of any Existing Facilities. (Note: Some agencies require the owner to submit the most recent audit or financial statement as part of the application package.) Provide information regarding current rate schedules, annual O&M cost (with a breakout of current energy costs), other capital improvement programs, and tabulation of users by monthly usage categories for the most recent typical fiscal year. Give status of existing debts and required reserve accounts.

e) Water/Energy/Waste Audits. If applicable to the project, discuss any water, energy, and/or waste audits which have been conducted and the main outcomes.

3) NEED for PROJECT

Describe the needs in the following order of priority:

a) Health, Sanitation and Security. Describe concerns and include relevant regulations and correspondence from/to federal and state regulatory agencies. Include copies of such correspondence as an attachment to the report.

b) Aging Infrastructure. Describe the concerns and indicate those with the greatest impact. Describe water loss, inflow and infiltration, treatment or storage needs, management. adequacy, inefficient designs, and other problems. Describe any safety concerns.

c) Reasonable Growth. Describe the reasonable growth capacity that is necessary to meet needs during the planning period. Facilities proposed to be constructed to meet future growth needs should generally be supported by additional revenues. Consideration should be given to designing for phased capacity increases. Provide number of new customers committed to this project.

4) ALTERNATIVES CONSIDERED

This section should contain a description of the alternatives that were considered in planning a solution to meet the identified needs. Documentation of alternatives considered is often a report weakness. Alternative approaches to ownership and management, system design (including resource efficient or green alternatives), and sharing of services, including various forms of partnerships, should be considered. In addition, the following alternatives should be considered,

if practicable: building new centralized facilities, optimizing the current facilities (no construction), developing centrally managed decentralized systems, including small cluster or individual systems, and developing an optimum combination of centralized and decentralized systems. Alternatives should be consistent with those considered in the NEPA, or state equivalent, environmental review. Technically infeasible alternatives that were considered should be mentioned briefly along with an explanation of why they are infeasible, but do not require full analysis. For each technically feasible alternative, the description should include the following information:

a) Description. Describe the facilities associated with every technically feasible alternative. Describe source, conveyance, treatment, storage and distribution facilities for each alternative. A feasible system may include a combination of centralized and decentralized (on-site or cluster) facilities.

b) Design Criteria. State the design parameters used for evaluation purposes. These parameters should comply with federal, state, and agency design policies and regulatory requirements.

c) Map. Provide a schematic layout map to scale and a process diagram if applicable. If applicable, include future expansion of the facility.

d) Environmental impacts. Provide information about how the specific alternative may impact the environment. Describe only those unique direct and indirect impacts on floodplains, wetlands, other important land resources, endangered species, historical and archaeological properties, etc., as they relate to each specific alternative evaluated. Include generation and management of residuals and wastes.

e) Land Requirements. Identify sites and easements required. Further specify whether these properties are currently owned, to be acquired, leased, or have access agreements.

f) Potential Construction Problems. Discuss concerns such as subsurface rock, high water table, limited access, existing resource or site impairment, or other conditions which may affect cost of construction or operation of facility.

g) Sustainability Considerations. Sustainable utility management practices include environmental, social, and economic benefits that aid in creating a resilient utility.

i) Water and Energy Efficiency. Discuss water reuse, water efficiency, water conservation, energy efficient design (i.e. reduction in electrical demand), and/or renewable generation of energy, and/or minimization of carbon footprint, if applicable to the alternative. Alternatively, discuss the water and energy usage for this option as compared to other alternatives.

ii) Green Infrastructure. Discuss aspects of project that preserve or mimic natural processes to manage stormwater, if applicable to the alternative. Address management of runoff volume and peak flows through infiltration, evapotranspiration, and/or harvest and use, if applicable.

iii) Other. Discuss any other aspects of sustainability (such as resiliency or operational simplicity) that are incorporated into the alternative, if applicable.

h) Cost Estimates. Provide cost estimates for each alternative, including a breakdown of the following costs associated with the project: construction, non- construction, and annual O&M costs. A construction contingency should be included as a non-

construction cost. Cost estimates should be included with the descriptions of each technically feasible alternative. O&M costs should include a rough breakdown by O&M category (see example below) and not just a value for each alternative. Information from other sources, such as the recipient's accountant or other known technical service providers, can be incorporated to assist in the development of this section. The cost derived will be used in the life cycle cost analysis described in Section 5a.

Example O&M Cost Estimate	
Personnel (i.e. Salary, Benefits, Payroll Tax, Insurance,	
Administrative Costs (e.g. office supplies, printing, etc.)	
Water Purchase or Waste Treatment Costs	
Insurance	
Energy Cost (Fuel and/or Electrical)	
Process Chemical	
Monitoring & Testing	
Short Lived Asset Maintenance/Replacement*	
Professional Services	
Residuals Disposal	
Miscellaneous	
Total	

*See Appendix A for example list.

5) SELECTION of an ALTERNATIVE

Selection of an alternative is the process by which data from the previous section, "Alternatives Considered" is analyzed in a systematic manner to identify a recommended alternative. The analysis should include consideration of both life cycle costs and non- monetary factors (i.e. triple bottom line analysis: financial, social, and environmental). If water reuse or conservation, energy efficient design, and/or renewable generation of energy components are included in the proposal provide an explanation of their cost effectiveness in this section.

a) Life Cycle Cost Analysis. A life cycle cost present worth analysis (an engineering economics technique to evaluate present and future costs for comparison of alternatives) should be completed to compare the technically feasible alternatives. Do not leave out alternatives because of anticipated costs; let the life cycle cost analysis show whether an alternative may have an acceptable cost. This analysis should meet the following requirements and should be repeated for each technically feasible alternative. Several analyses may be required of the project has different aspects, such as one analysis for different types of collection systems and another for different types of treatment.

1. The analysis should convert all costs to present day dollars;
2. The planning period to be used is recommended to be 20 years, but may be any period determined reasonable by the engineer and concurred on by the state or federal agency;
3. The discount rate to be used should be the “real’ discount rate taken from Appendix C of OMB Circular A-94 and found at (www.whitehouse.gov/omb/circulars_a094/a94_appx-c);
4. The total capital cost (construction plus non-construction costs) should be included;

5. Annual O&M costs should be converted to present day dollars using a uniform series present worth (USPW) calculation;
6. The salvage value of the constructed project should be estimated using the anticipated life expectancy of the constructed items using straight line depreciation calculated at the end of the planning period and converted to present day dollars;
7. The present worth of the salvage value should be subtracted from the present worth costs;
8. The net present value (NPV) is then calculated for each technically feasible alternative as the sum of the capital cost (C) plus the present worth of the uniform series of annual O&M (USPW(O&M)) costs minus the single payment present worth of the salvage value (SPPW(S)): NPV = C + USPW (O&M) – SPPW (S)
9. A table showing the capital cost, annual O&M cost, salvage value, present worth of each of these values, and the NPV should be developed for state or federal agency review. All factors (major and minor components), discount rates, and planning periods used should be shown within the table;
10. Short lived asset costs (see Appendix A for examples) should also be included in the life cycle cost analysis if determined appropriate by the consulting engineer or agency. Life cycles of short lived assets should be tailored to the facilities being constructed and be based on generally accepted design life. Different features in the system may have varied life cycles.

b) Non-Monetary Factors. Non-monetary factors, including social and environmental aspects (e.g. sustainability considerations, operator training requirements, permit issues, community objections, reduction of greenhouse gas emissions, wetland relocation, reliability, operability) should also be considered in determining which alternative is recommended and may be factored into the calculations.

6) PROPOSED PROJECT (Recommended Alternative)

The engineer should include a recommendation for which alternative(s) should be implemented. This section should contain a fully developed description of the proposed project based on the preliminary description under the evaluation of alternatives. Include a schematic for any treatment processes, a layout of the system, and a location map of the proposed facilities. At least the following information should be included as applicable to the specific project:

a) Preliminary Project Design.

i) Drinking Water

Water Supply. Include requirements for quality and quantity. Describe recommended source, including site and allocation allowed.

Treatment. Describe process in detail (including whether adding, replacing or rehabilitating a process) and identify location of plant and site of any process discharges. Identify capacity of treatment plant (i.e. maximum daily demand).

Storage. Identify size, type and location.

Pumping Stations. Identify size, type, location and any special power requirements. For rehabilitation projects, include description of components upgraded.

Distribution Layout. Identify general location of new pipe, replacement or rehabilitation, lengths, sizes and key components.

ii) Wastewater/Reuse (refer to Circular DEQ-2, Chapter10)

Collection System/Reclaimed Water System Layout. Identify general location of new pipe, replacement or rehabilitation: lengths, sizes, and key components.

Pumping Stations. Identify size, type, site location, and any special power requirements. For rehabilitation projects, include description of components upgraded.

Storage. Identify size, type, location and frequency of operation.

Treatment. Describe process in detail (including whether adding, replacing or rehabilitating a process) and identify location of any treatment units and site of any discharges (end use for reclaimed water). Identify capacity of treatment plant (i.e. average daily flow).

iii) Solid Waste

Collection. Describe process in detail and identify quantities of material (in both volume and weight), length of transport, location and type of transfer facilities, and any special handling requirements.

Storage. If any, describe capacity, type, and site location.

Processing. If any, describe capacity, type, and site location.

Disposal. Describe process in detail and identify permit requirements, quantities of material, recycling processes, location of plant, and site of any process discharges.

iv) Stormwater

Collection System Layout. Identify general location of new pipe, replacement or rehabilitation: lengths, sizes, and key components.

Pumping Stations. Identify size, type, location, and any special power requirements.

Treatment. Describe treatment process in detail. Identify location of treatment facilities and process discharges. Capacity of treatment process should also be addressed.

Storage. Identify size, type, location and frequency of operation.

Disposal. Describe type of disposal facilities and location.

Green Infrastructure. Provide the following information for green infrastructure alternatives:

- Control Measures Selected. Identify types of control measures selected (e.g., vegetated areas, planter boxes, permeable pavement, rainwater cisterns).
- Layout: Identify placement of green infrastructure control measures, flow paths, and drainage area for each control measure.

- Sizing: Identify surface area and water storage volume for each green infrastructure control measure. Where applicable, soil infiltration rate, evapotranspiration rate, and use rate (for rainwater harvesting) should also be addressed.
- Overflow: Describe overflow structures and locations for conveyance of larger precipitation events.

b) Project Schedule. Identify proposed dates for submittal and anticipated approval of all required documents, land and easement acquisition, permit applications, advertisement for bids, loan closing, contract award, initiation of construction, substantial completion, final completion, and initiation of operation.

c) Permit Requirements. Identify any construction, discharge and capacity permits that will/may be required as a result of the project.

d) Sustainability Considerations (if applicable).

i) Water and Energy Efficiency. Describe aspects of the proposed project addressing water reuse, water efficiency, and water conservation, energy efficient design, and/or renewable generation of energy, if incorporated into the selected alternative.

ii) Green Infrastructure. Describe aspects of project that preserve or mimic natural processes to manage stormwater, if applicable to the selected alternative. Address management of runoff volume and peak flows through infiltration, evapotranspiration, and/or harvest and use, if applicable.

iii) Other. Describe other aspects of sustainability (such as resiliency or operational simplicity) that are incorporated into the selected alternative, if incorporated into the selected alternative.

e) Total Project Cost Estimate (Engineer's Opinion of Probable Cost). Provide an itemized estimate of the project cost based on the stated period of construction. Include construction, land and right-of-ways, legal, engineering, construction program management, funds administration, interest, equipment, construction contingency, refinancing, and other costs associated with the proposed project. The construction subtotal should be separated out from the non-construction costs. The non-construction subtotal should be included and added to the construction subtotal to establish the total project cost. An appropriate construction contingency should be added as part of the non-construction subtotal: For projects containing both water and waste disposal systems, provide a separate cost estimate for each system as well as a grand total. If applicable, the cost estimate should be itemized to reflect cost sharing including apportionment between funding sources. The engineer may rely on the owner for estimates of cost for items other than construction, equipment, and engineering.

f) Annual Operating Budget. Provide itemized annual operating budget information. The owner has primary responsibility for the annual operating budget, however, there are other parties that may provide technical assistance. This information will be used to evaluate the financial capacity of the system. The engineer will incorporate information from the owner's accountant and other known technical service providers.

i) Income. Provide information about all sources of income for the system including a proposed rate schedule. Project income realistically for existing and proposed new users separately, based on existing user billings, water treatment contracts, and other

sources of income. In the absence of historic data or other reliable information, for budget purposes, base water use on 100 gallons per capita per day. Water use per residential connection may then be calculated based on the most recent U.S. Census, American Community Survey, or other data for the state or county of the average household size. When large agricultural or commercial users are projected, the report should identify those users and include facts to substantiate such projections and evaluate the impact of such users on the economic viability of the project.

ii) Annual O&M Costs. Provide an itemized list by expense category and project costs realistically. Provide projected costs for operating the system as improved. In the absence of other reliable data, based on actual costs of other existing facilities of similar size and complexity. Include facts in the report to substantiate O&M cost estimates. Include personnel costs, administrative costs, water purchase or treatment costs, accounting and auditing fees, legal fees, interest, utilities, energy costs, insurance, annual repairs and maintenance, monitoring and testing, supplies, chemicals, residuals disposal, office supplies, printing, professional services, and miscellaneous as applicable. Any income from renewable energy generation which is sold back to the electric utility should also be included, if applicable. If applicable, note the operator grade needed.

iii) Debt Repayments. Describe existing and proposed financing with the estimated amount of annual debt repayments from all sources. All estimates of funding should be based on loans, not grants.

iv) Reserves. Describe the existing and proposed loan obligation reserve requirements for the following:

Debt Service Reserve – For specific debt service reserve requirements consult with individual funding sources. If General Obligation bonds are proposed to be used as loan security, this section may be omitted, but this should be clearly stated if it is the case.

Short-Lived Asset Reserve – A table of short lived assets should be included for the system (See Appendix A for examples). The table should include the asset, the expected year of replacement, and the anticipated cost of each. Prepare a recommended annual reserve deposit to fund replacement of short-lived assets, such as pumps, paint, and small equipment. Short-lived assets include those items not covered under O&M, however, this does not include facilities such as a water tank or treatment facility replacement that are usually funded with long-term capital financing.

7) CONCLUSIONS and RECOMMENDATIONS

Provide any additional findings and recommendations that should be considered in development of the project. This may include recommendations for special studies, highlighting of the need for special coordination, a recommended plan of action to expedite project development, and any other necessary considerations.

Appendix A: Example List of Short-Lived Asset Infrastructure

(Estimated Repair, Rehab, Replacement Expenses by Item within up to 20 Years from Installation)

Drinking Water Utilities

Source Related: pumps; pump controls; pump motors; telemetry; intake/well screens; water level sensors; pressure transducers

Treatment Related: chemical feed pumps; altitude valves; valve actuators; field process instrumentation equipment; granular filter media; air compressors & control units; pumps; pump motors; pump controls; water level sensors; pressure transducers; sludge collection & dewatering; UV lamps; membranes; back-up power generators; chemical leak detection equipment; flow meters; SCADA systems

Distribution System Related: residential and small commercial meters; meter boxes; hydrants & blow offs; pressure reducing valves; cross connection control devices; altitude valves; alarms & telemetry; vaults, lids, and access hatches; security devices and fencing; storage reservoir painting/patching

Wastewater Utilities

Treatment Related: pump; pump controls; pump motors; chemical feed pumps; membrane filters fibers; field & process instrumentation equipment; UV lamps; centrifuges; aeration blowers; aeration diffusers and nozzles; trickling filters, RBCs, etc.; belt presses & driers; sludge collecting and dewatering equipment; level sensors; pressure transducers; pump controls; back-up power generator; chemical leak detection equipment; flow meters; SCADA systems

Collection System Related: pump; pump controls; pump motors; trash racks/bar screens; sewer line rodding equipment; air compressors; vaults, lids, and access hatches; security devices and fencing; alarms & telemetry; chemical leak detection equipment

ENVIRONMENTAL RELATED REQUIREMENTS

All state and federally funded projects are subject to either the Montana Environmental Policy Act (MEPA) or National Environmental Policy Act of 1969 (NEPA), or both. MEPA seeks to avoid or mitigate adverse impacts on the natural and human environment by mandating careful consideration of the potential impacts of any development assisted with state funds or approved by a state agency. NEPA establishes national policy, goals, and procedures for protecting, restoring, and enhancing environmental quality.

Both laws seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts on any development assisted with federal funds or approved by a state agency. In order to avoid delays, adding significantly to project costs, or even prevent a project from being carried out, all applicants applying to the funding programs listed in this publication must take potential environmental impacts into account when planning a project. As a result, local officials will be able to make more informed decisions related to the potential environmental consequences of projects and the actions that will be required to mitigate those consequences. Therefore, environmental resources that may be impacted by the proposed project must first be identified by completing the Uniform Environmental Checklist and then evaluated in the preliminary engineering report (PER). Depending on the funding source, or if the project changes from what was proposed in the PER, additional environmental actions may be required at later stages of the project.

ENVIRONMENTAL REQUIREMENTS WHEN COMPLETING THE PER

Environmental impacts are first analyzed when preliminary engineering is completed for a proposed project. The first step is to complete the Uniform Environmental Checklist, which then becomes the basis for the analysis that is included in the PER. The checklist is used to identify environmental resources present in the project area and any potential impacts that the project may have on them. Once the checklist has been completed, the engineer must include in the PER an analysis of the impacts that the project would have on the environment, and the appropriate short and long-term measures to be used to mitigate any of the potentially adverse impacts.

Step 1 – Complete the Uniform Environmental Checklist

The Uniform Environmental Checklist can be completed through an information search and by visiting the area where the project may take place. The checklist does not have to be completed by an engineer; a local official, grant writer or other non-engineering person may perform the actions necessary to complete the checklist if they have the ability to do so. However, the project engineer is required to sign the Uniform Environmental Checklist, certifying that he or she has reviewed the checklist and the information presented, and that it accurately identifies the environmental resources in the area and the potential impacts that the project could have on those resources.

Since the environmental analysis within the PER is based upon the information obtained through the completion of the checklist, it is ultimately the responsibility of the engineer preparing the PER to ensure that the environmental checklist has been properly completed. If the checklist is not completed by the project engineer, it is strongly recommended that the person completing the checklist consult with the engineer to ensure that all needed information is obtained. If the project engineer cannot reasonably ensure that all potential environmental impacts have been adequately identified, steps should be taken before completing the PER to ensure that the information is obtained.

The checklist includes a listing of subject areas relating to the physical and human environment that must be analyzed. The impact on each of the subject areas must be determined. The impact on a subject area could be directly from the proposed infrastructure facilities project, or conversely, the potential impact on the project from the subject area. For example, in the instance of the potential impacts of floodplains in relation to a sewage lagoon project, would the lagoon be placed such that floodwater could be diverted, thus changing the areas that would be flooded? Or, would the lagoon be placed such that floodwaters could erode the lagoon's dikes?

Five categories are listed on the form:

1. **N** - No Impact Anticipated;
2. **B** - Potentially Beneficial Impact;
3. **A** - Potentially Adverse Impact;
4. **P** - Agency Approval or Permits Required; and
5. **M** - Mitigation Actions Required.

A space is provided next to each subject area that is to be identified and is filled in using at least one of the letters found in the key at the top of each page. The key represents the five categories listed above. In most cases, only a brief response to each of the categories is required in order to indicate whether the resource is present and whether it may be impacted. However, if impacts on a subject area are anticipated, they need to be described. In some cases, it may be appropriate to indicate more than one category. For example, if a potentially adverse impact has been identified, an agency approval or permit may also be required. Responses should be provided in the "comments" section of this form. When completed on a computer, the form can be expanded to accommodate lengthy comments.

Sources that were consulted to assess the potential impact on or from the project for each subject area must be identified. The source of information for determining whether there is an impact should also be noted in the "comments" section. Sources of information can include studies, plans, documents (such as USGS topographic quadrangle, FEMA floodplain map, wetlands inventory map, and USGS soil identification map), or persons, organizations, or agencies contacted. Web resources for topographical maps include: the state NRIS site at http://nris.state.mt.us/, www.topozone.com, and www.mapquest.com for street maps.

Environmental information and assistance in preparing the environmental checklist can be obtained from a wide variety of sources. Should the applicant have questions regarding whom to contact regarding additional information pertaining to a particular subject area, you may call the Montana Environmental Quality Council for assistance [telephone (406) 444-3742].

Step 2 – Analyze Potential Environmental Impacts in the PER

Once the checklist has been completed, the engineer must include in the PER an analysis of the impacts that the project would have on the environment, and the appropriate short and long-term measures to be used to mitigate any of the potentially adverse impacts. The environmental resources present in the project area and the impact that the project may have on them are generally discussed in Section II. Problem Definition. Unique impacts by a particular alternative are also discussed in Section IV. Alternatives Analysis. Depending on the potential impact that an alternative may have on the environment, letters may need to be sent to specific agencies in order to obtain additional information. **The potential impacts that an alternative may have on the environment is required to be taken into account as part of the evaluation and selection of the preferred alternative.**

Once the selected alternative has been identified, a more detailed analysis is performed along with discussion about how potentially adverse impacts would be mitigated. At this time, several state and federal agencies are required to be contacted regarding the specific proposal in order to identify any concerns that they may have about the proposed project. The comments provided by these agencies may provide additional, or more detailed, information to the engineer about the environmental resources present that may be potentially impacted and specific measures for mitigating those impacts. Detailed studies, such as wetland delineation, are not required during the preliminary engineering phase. These more detailed studies are performed later as required, probably during the final design of the project.

At a minimum, each of the state and federal agencies listed below must be provided the following information about the selected alternative, and requested to provide comment on the proposed project:

1. a map of the area surrounding the project that identifies the project site, adjacent streets, and other identifiable objects,

2. line drawings or sketches of the project, and

3. a narrative description of the project's elements and its location.

The state and federal agencies that must be sent information include:

1. Montana Department of Environmental Quality,
2. Montana Department of Fish, Wildlife and Parks,
3. Montana Department of Natural Resources and Conservation,
4. U.S. Fish and Wildlife Service,
5. U.S. Army Corps of Engineers, and
6. Montana Historical Society (State Historic Preservation Officer) - In addition to the information identified above, point out any known historic/archeological resources within the project area that may have any local or state significance, and provide any known historic/archeological survey that has been conducted for the project area.
7. Federally listed Tribes affected by the project, the Tribal Historic Preservation Officer (THPO).

As applicable, the information listed above must also be provided to any other state or federal agency, along with a request to provide comment on the proposed project, if a particular environmental resource might potentially be impacted. A listing of various state and federal agencies that can provide information concerning environmental resources is provided on the next page. On the following page is a summary of sources for different types of information regarding environmental resources.

Summary of Environmental Requirements When Completing the PER

1. Complete the Uniform Environmental Checklist.
2. Generally discuss the environmental resources present in the project area and the impact that the project may have on them in Section II. Problem Definition.
3. Discuss any unique impacts by a particular alternative in Section IV. Alternatives Analysis. Request information from specific State or Federal agencies if needed.
4. Take into account environmental resources as part of the evaluation and selection of the preferred alternative.
5. Perform a more detailed environmental analysis, along with discussion about how potentially adverse impacts would be mitigated, once the selected alternative has been selected. Request comments from required State and Federal agencies at this time.
6. Include a copy of the correspondence sent to and received from State and Federal agencies.

Note for Those Applying for Rural Development Funding

Rural Development requires a stand-alone Environmental Report. Environmental Report requirements may be found at http://www.rd.usda.gov/programs-services/water-waste-disposal-loan-grant-program/mt

Note for Those Applying for TSEP or CDBG Funding

Please refer to the TSEP or CDBG application guidelines on CDD website: http://comdev.mt.gov/default.mcpx. It is also recommended that all applicants contact Commerce staff for technical assistance relate to the environmental documentation needed to be submitted with a TSEP or CDBG application.

POTENTIAL AGENCY CONTACTS FOR ENVIRONMENTAL RESOURCES

State Agencies:

DOC Department of Commerce, Census and Economic Information Center, 301 S. Park Ave., PO Box 200505, Helena, MT 59620-0505. Phone (406) 841-2739

DEQ Department of Environmental Quality, Permitting and Compliance Division, 1520 E. 6th Ave., PO Box 200901, Helena, MT 59620-0901. Phone (406) 444-4323.

FWP Department of Fish, Wildlife and Parks, 1420 E. 6th, Helena, MT 59620. Phone (406) 444-2535.

DOLI Department of Labor and Industry, 1327 Lockey, PO Box 1728, Helena, MT 59624. Phone (406) 444-9091.

DNRC Department of Natural Resources and Conservation, 1625 11th Ave., PO Box 201601, Helena, MT 59620-1601. Phone (406) 444-2074

MDT Department of Transportation, 2701 Prospect Ave., PO Box 201001, Helena, MT 59620. Phone (406) 444-6200.

SHPO State Historic Preservation Office, 1410 8th Ave., PO Box 201202, Helena, MT 59620. Phone (406) 444-7715.

Federal Agencies:

BIA Bureau of Indian Affairs, 316 N. 26th St., Billings, MT 59101. Phone (406) 247-7970.

BLM Bureau of Land Management, 5001 Southgate Dr., Billings, MT 59101. Phone (406) 896-5000.

FAA Federal Aviation Administration, 2725 Skyway Dr., Helena, MT 59602. Phone (406) 449-5271.

NPS National Park Service, PO Box 25287, Denver, CO 80225-0287. Phone (303) 969-2850.

NRCS Natural Resource Conservation Service, 10 E. Babcock St., Bozeman, MT 59771. Phone (406) 587-6811.

OSHA Occupational Safety and Health Administration, 2900 4th Ave. N., Billings, MT 59101. Phone (406) 247-7494.

USACE U.S. Army Corps of Engineers, 10 West 15th Street, Suite 2200, Helena MT 59626. Phone (406) 441-1375.

USDOT U.S. Department of Transportation, 585 Shephard Way, Helena MT 59601. Phone (406) 449-5303.

USEPA U.S. Environmental Protection Agency, Montana Office, Federal Building, 10 West 15th Street, Suite 3200, Helena, MT 59625. Phone (406) 457-5000.

USFWS U.S. Fish and Wildlife Service, Ecological Services, 585 Shepherd Way, Helena, MT 59601. Phone (406) 449-5225.

USFS U.S. Forest Service, Region 1, PO Box 7669, Missoula, MT 59807. Phone (406) 329-3150.

SUMMARY OF SOURCES FOR ENVIRONMENTAL INFORMATION

Environmental Resources	Contact	Type of Information Available
General Land Use	Local planning agencies	Zoning, land use classifications
Important Farmland	NRCS	Soil surveys
Formally classified lands	DNRC, FWP, NPS, BLM, USFS, BIA, USACE	State lands, monuments, landmarks, wild and scenic rivers, wilderness areas, State or national parks, reservations, recreational areas
Floodplains	DNRC, County Disaster Coordinator	Floodplain information
Wetlands	NRCS, USACE, FWP, USFWS	Soil surveys, National Wetland Inventory maps, and Section 404 issues
Cultural resources	SHPO, THPO	Historic and archaeological sites. Visually sensitive areas
Biological resources	USFWS, FWP	Threatened and endangered species, critical habitats, species of special concern
Water quality	USEPA, DEQ, DNRC, FWP	Discharge permits, water appropriation permits, sole source aquifers, nondegradation, underground storage tanks
Socio-Economic / Environmental Justice	Census Bureau, DEQ, USEPA, Local civic organizations	Economic data, location of minority and low-income populations
Air quality	DEQ	State Implementation Plan
Transportation	FAA, MDT, USDOT	Airports, highway safety
Noise	DOT, DOLI, USEPA, OSHA, FAA	Noise levels/restrictions

UNIFORM ENVIRONMENTAL CHECKLIST

As the engineer that prepared the preliminary engineering report, I _____,
(print name of engineer)
have reviewed the information presented in this checklist and believe that it accurately identifies the environmental resources in the area and the potential impacts that the project could have on those resources. In addition, the required state and federal agencies were provided with the required information about the project and requested to provide comments on the proposed public facility project. Their comments have been incorporated into and attached to the Preliminary Engineering Report.

Engineer's Signature:_____ Date:_____

Key Letter: N – No Impact **B –** Potentially Beneficial **A –** Potentially Adverse
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PHYSICAL ENVIRONMENT	
Key _____	**1. Soil Suitability, Topographic and/or Geologic Constraints (e.g., soil slump, steep slopes, subsidence, seismic activity)** *Comments and Source of Information*:
Key _____	**2. Hazardous Facilities (e.g., power lines, EPA hazardous waste sites, acceptable distance from explosive and flammable hazards including chemical/petrochemical storage tanks, underground fuel storage tanks, and related facilities such as natural gas storage facilities & propane storage tanks)** *Comments and Source of Information*:
Key _____	**3. Effects of Project on Surrounding Air Quality or Any Kind of Effects of Existing Air Quality on Project (e.g., dust, odors, emissions)** *Comments and Source of Information*:
Key _____	**4. Groundwater Resources & Aquifers (e.g., quantity, quality, distribution, depth to groundwater, sole source aquifers)** *Comments and Source of Information*:
Key _____	**5. Surface Water/Water Quality, Quantity & Distribution (e.g., streams, lakes, storm runoff, irrigation systems, canals)** *Comments and Source of Information*:
Key _____	**6. Floodplains & Floodplain Management (Identify any floodplains within one mile of the boundary of the project.)** *Comments and Source of Information*:
Key _____	**7. Wetlands Protection (Identify any wetlands within one mile of the boundary of the project.)** *Comments and Source of Information*:

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Key	**8. Agricultural Lands, Production, & Farmland Protection (e.g., grazing, forestry, cropland, prime or unique agricultural lands) (Identify any prime or important farm ground or forest lands within one mile of the boundary of the project.)** *Comments and Source of Information*:
Key	**9. Vegetation & Wildlife Species & Habitats, Including Fish (e.g., terrestrial, avian and aquatic life and habitats)** *Comments and Source of Information*:
Key	**10. Unique, Endangered, Fragile, or Limited Environmental Resources, Including Endangered Species (e.g., plants, fish or wildlife)** *Comments and Source of Information*:
Key	**11. Unique Natural Features (e.g., geologic features)** *Comments and Source of Information*:
Key	**12. Access to, and Quality of, Recreational & Wilderness Activities, Public Lands and Waterways (including Federally Designated Wild & Scenic Rivers), and Public Open Space** *Comments and Source of Information*:
HUMAN POPULATION	
Key	**1. Visual Quality – Coherence, Diversity, Compatibility of Use and Scale, Aesthetics** *Comments and Source of Information*:
Key	**2. Nuisances (e.g., glare, fumes)** *Comments and Source of Information*:
Key	**3. Noise -- suitable separation between noise sensitive activities (such as residential areas) and major noise sources (aircraft, highways & railroads)** *Comments and Source of Information*:
Key	**4. Historic Properties, Cultural, and Archaeological Resources** *Comments and Source of Information*:

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Key	**5. Changes in Demographic (population) Characteristics (e.g., quantity, distribution, density)** *Comments and Source of Information*:
Key	**6. Environmental Justice – (Does the project avoid placing lower income households in areas where environmental degradation has occurred, such as adjacent to brownfield sites?)** *Comments and Source of Information*:
Key	**7. General Housing Conditions - Quality, Quantity, Affordability** *Comments and Source of Information*:
Key	**8. Displacement or Relocation of Businesses or Residents** *Comments and Source of Information*:
Key	**9. Public Health and Safety** *Comments and Source of Information*:
Key	**10. Lead Based Paint and/or Asbestos** *Comments and Source of Information*:
Key	**11. Local Employment & Income Patterns - Quantity and Distribution of Employment, Economic Impact** *Comments and Source of Information:*
Key	**12. Local & State Tax Base & Revenues** *Comments and Source of Information*:
Key	**13. Educational Facilities - Schools, Colleges, Universities** *Comments and Source of Information*:
Key	**14. Commercial and Industrial Facilities - Production & Activity, Growth or Decline** *Comments and Source of Information*:

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Key _____	**15. Health Care – Medical Services** *Comments and Source of Information*:
Key _____	**16. Social Services – Governmental Services (e.g., demand on)** *Comments and Source of Information*:
Key _____	**17. Social Structures & Mores (Standards of Social Conduct/Social Conventions)** *Comments and Source of Information*:
Key _____	**18. Land Use Compatibility (e.g., growth, land use change, development activity, adjacent land uses and potential conflicts)** *Comments and Source of Information*:
Key _____	**19. Energy Resources - Consumption and Conservation** *Comments and Source of Information*:
Key _____	**20. Solid Waste Management** *Comments and Source of Information*:
Key _____	**21. Wastewater Treatment - Sewage System** *Comments and Source of Information*:
Key _____	**22. Storm Water – Surface Drainage** *Comments and Source of Information*:
Key _____	**23. Community Water Supply** *Comments and Source of Information*:
Key _____	**24. Public Safety – Police** *Comments and Source of Information*:
Key _____	**25. Fire Protection – Hazards** *Comments and Source of Information*:

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Key	**26. Emergency Medical Services** *Comments and Source of Information*:
Key	**27. Parks, Playgrounds, & Open Space** *Comments and Source of Information*:
Key	**28. Cultural Facilities, Cultural Uniqueness & Diversity** *Comments and Source of Information*:
Key	**29. Transportation Networks and Traffic Flow Conflicts (e.g., rail; auto including local traffic; airport runway clear zones - avoidance of incompatible land use in airport runway clear zones)** *Comments and Source of Information*:
Key	**30. Consistency with Local Ordinances, Resolutions, or Plans (e.g., conformance with local comprehensive plans, zoning, or capital improvement plans)** *Comments and Source of Information*:
Key	**31. Is There a Regulatory Action on Private Property Rights as a Result of this Project? (consider options that reduce, minimize, or eliminate the regulation of private property rights.)** *Comments and Source of Information*:

ENVIRONMENTAL REQUIREMENTS AFTER THE PER HAS BEEN COMPLETED

Depending on the source of funding, once the preliminary engineering has been completed and the environmental impacts have been adequately taken into account during that process, projects might have no additional environmental requirements, other than obtaining appropriate permits. However, additional steps may be required if the project changes from what was proposed in the PER, or whenever particular funding programs are involved. For projects that anticipate funding from the State Revolving Loan Fund Programs, or the USDA Rural Development, Community Facility Programs, an environmental assessment must be completed. Depending on the outcome of the environmental assessment, either a Finding of No Significant Impact (FONSI) will need to be published or an Environmental Impact Statement (EIS) will be required. Assuming that there are no significant impacts, the funding agency will prepare the FONSI and direct the applicant to publish it. The following chart provides specific requirements for publishing the FONSI depending on the program funding the project.

	CDBG	**DNRC**	**RD**	**SRF**	**TSEP**
Notice of Availability of EA	Contact CDBG staff	Not Required	Publish once; 30-day comment period required*	Not Required	Contact TSEP Staff
Notice of FONSI	Contact CDBG staff	Provide copy of FONSI.	Publish once; no comment period required	Publish once 30-day comment period required	Contact TSEP Staff

*RD requires a Notice of Availability of the Environmental Assessment to be published once, which allows for a 30-day comment period prior to publishing the FONSI.

If two or more agencies provide funding for a project, a combined publication notice may possibly be used to satisfy the requirements of all agencies. Check with the applicable agencies to determine if a combined publication notice is possible.

W²ASACT

Water, Wastewater and Solid Waste Action Coordinating Team

http://dnrc.mt.gov/divisions/cardd/wasact