



Mayor  
4-17-17

## NOTICE OF ADMINISTRATIVE RULEMAKING

TO: Interested Parties

FROM: Myla Kelly, Water Quality Standards and Modeling Section Supervisor  
Water Quality Planning Bureau  
Water Quality Division  
Montana Department of Environmental Quality

SUBJECT: Amendment of ARM 17.30.660 pertaining to nutrient standard variances.

A notice of the proposed amendments to Department of Environmental Quality (the Department) rule ARM 17.30.660 is enclosed. The proposed amendments are necessary to adopt by reference several proposed changes to Department Circular DEQ-12B (DEQ-12B).

Variances from numeric nutrient standards are intended to prevent substantial and widespread economic impacts to Montana communities. DEQ-12B, the variance circular, was originally adopted in August 2014, and contains wastewater treatment requirements that came from statute (*see* 75-5-313(5)(b), MCA). This is the Department's first review of the DEQ-12B's wastewater treatment requirements since its adoption. Statute requires a review of the circular every three years.

In between the time that the Department adopted DEQ-12B and today, the U.S. Environmental Protection Agency updated (in August 2015) its regulations regarding water quality standards variances. One of the most important changes to the federal rules was that a highest attainable condition must now be identified when a variance is granted. To comply with the new federal rules, wastewater treatment requirements in the circular must reflect the highest attainable condition as determined, mainly, by economic impact considerations.

Other proposed changes to DEQ-12B include addition of detailed instructions on how variances for permittees in the  $\geq 1$  million gallons per day (MGD) and  $< 1$  MGD discharger categories are to be permitted; updates to the nutrient concentrations a permittee receiving a general variance is required to achieve as a monthly average, end of pipe; a change to the way permit limits are determined if the facility's discharge is better than the required concentrations listed in DEQ-12B; addition of a list of nine steps designed to bring permittees into compliance with the required concentrations listed in DEQ-12B as well as a requirement for the Department to establish a schedule for completion of the necessary steps; addition of a requirement for permittees to include a pollutant minimization program; and a requirement that the permittee will have to identify the time it will take to achieve the highest attainable condition and to submit a pollutant minimization plan once the highest attainable condition has been met. These changes are explained further in the attached notice of proposed amendment.

The Department met with its Nutrient Work Group advisory group (or a subcommittee of it) eight times between 9/14/2016 and 3/27/2017 to discuss the necessary changes to DEQ-12B. Most discussions centered on what the highest attainable condition is for different wastewater discharge permit holders. The Department carefully considered the input from the Nutrient Work Group prior to crafting the final

BEFORE THE DEPARTMENT OF ENVIRONMENTAL QUALITY  
OF THE STATE OF MONTANA

In the matter of the amendment of ARM )  
17.30.660 pertaining to nutrient )  
standard variances )  
)  
)  
)

AMENDED NOTICE AND  
EXTENSION OF COMMENT  
PERIOD ON PROPOSED  
AMENDMENTS

(WATER QUALITY)

TO: All Concerned Persons

1. On April 14, 2017, the Department of Environmental Quality published MAR Notice 17-390 pertaining to the public hearing on proposed amendment of the above-referenced rule at page 394 of the 2017 Montana Administrative Register, Issue Number 7.

2. The department will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact Myla Kelly no later than 5:00 p.m., May 24, 2017, to advise us of the nature of the accommodation that you need. Please contact Myla Kelly at Department of Environmental Quality, P.O. Box 200901, Helena, Montana 59620-0901; phone (406) 444-3639; fax (406) 444-4386; or e-mail MKelly2@mt.gov.

3. The Department of Environmental Quality is extending the comment period to comply with federal comment period requirements for state agency water quality rulemaking. The date, time, and place of the public hearing remain the same.

4. Concerned persons may submit their data, views, or arguments, either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to Denise Hartman, Administrative Rules Coordinator, Department of Environmental Quality, 1520 E. Sixth Avenue, P.O. Box 200901, Helena, Montana 59620-0901; faxed to (406) 444-4386; or e-mailed to dhartman2@mt.gov, no later than 5:00 p.m., on May 31, 2017. To be guaranteed consideration, mailed comments must be postmarked on or before that date.

Reviewed by:

DEPARTMENT OF ENVIRONMENTAL  
QUALITY

/s/ John F. North  
JOHN F. NORTH  
Rule Reviewer

BY: /s/ Tom Livers  
TOM LIVERS  
Director

Certified to the Secretary of State, April 17, 2017.

BEFORE THE DEPARTMENT OF ENVIRONMENTAL QUALITY  
OF THE STATE OF MONTANA

In the matter of the amendment of ARM )	NOTICE OF PUBLIC HEARING
17.30.660 pertaining to nutrient )	ON PROPOSED AMENDMENT
standard variances )	
)	(WATER QUALITY)

TO: All Concerned Persons

1. On May 31, 2017, at 9:00 a.m., the Department of Environmental Quality will hold a public hearing in Room 111 of the Metcalf Building, 1520 East Sixth Avenue, Helena, Montana, to consider the proposed amendment of the above-stated rule.

2. The department will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact Myla Kelly no later than 5:00 p.m., May 24, 2017, to advise us of the nature of the accommodation that you need. Please contact Myla Kelly at Department of Environmental Quality, P.O. Box 200901, Helena, Montana 59620-0901; phone (406) 444-3639; fax (406) 444-4386; or e-mail MKelly2@mt.gov.

3. The rule proposed to be amended provides as follows, stricken matter interlined, new matter underlined:

17.30.660 NUTRIENT STANDARDS VARIANCES (1) A person may apply to the department for a nutrient standards variance at any time following the board's adoption of base numeric nutrient standards. In addition to this rule, variances are subject to the procedures and requirements contained in Department Circular DEQ-12B (~~July 2014~~ June 2017 edition).

(2) An application for a general variance must provide information demonstrating that the wastewater treatment facility meets the requirements of Department Circular DEQ-12B (~~July 2014~~ June 2017 edition). The decision to grant the general variance must be reflected in the permit that is made available for public comment.

(3) remains the same.

(4) The department may approve the adoption of an individual variance that specifies interim effluent limits different from those contained in general variance limits contained in Department Circular DEQ-12B (~~July 2014~~ June 2017 edition), if water quality modeling demonstrates that greater emphasis on the reduction of one nutrient may achieve similar water quality and biological improvements as would the equal reduction of both nitrogen and phosphorus. The variance must provide effluent limits that reflect the lowest effluent concentration that is feasible based on achieving the highest attainable condition for the receiving water. A person shall submit the proposed effluent limits and supporting data in an application for an individual nutrient variance under (3). A person who has an individual variance with

comply with federal requirements, the requirements in Section 2.0 and Table 12B-1 of Circular DEQ-12B must reflect the HAC. The department and the nutrient work group evaluated a considerable amount of cost, economic, and other technical material in order to determine what the HAC might be for each discharger group. The concentrations shown in the proposed June 2017 version of the circular reflect those findings. The proposed concentrations are, for permittees that discharge  $\geq 1$ MGD, 300  $\mu\text{g/L}$  for total phosphorus and 6,000  $\mu\text{g/L}$  for total nitrogen. For permittees that discharge  $< 1$ MGD, the proposed concentrations are 1,000  $\mu\text{g/L}$  for total phosphorus and 10,000  $\mu\text{g/L}$  for total nitrogen. No change is proposed for lagoons. The rationale for these numbers is contained in a technical support document entitled "First Triennial Review of Base Numeric Nutrient Standards and Variances." A copy of this document is available as described in paragraph 5 in this notice.

If the proposed (June 2017) edition of Circular DEQ-12B is adopted, there will be a change in the way permitting is undertaken in the  $\geq 1$ MGD and  $< 1$ MGD discharge categories when a facility's discharge is better (i.e., at lower concentrations) than the concentrations in the updated Table 12B-1. Prior to the adoption of nutrient standards and variances in 2014, there were a number of permittees in these two discharger categories whose effluent quality was better than the concentrations now in Table 12B-1. Since most of them were able to achieve those concentrations before the nutrient standards were adopted, and presumably without incurring substantial and widespread economic harm, the department has been establishing their general variance permit limits at their existing discharge quality. With this triennial review, the treatment levels in Table 12B-1 now reflect the category HACs, established at Montana-specific acceptable economic thresholds. Therefore, going forward, for permittees whose effluent concentrations were, before July 1, 2017, lower than the concentrations in Table 12B-1, the general variance would be based on the actual total N and/or total P concentrations of their effluent. For permittees who, after July 1, 2017, attain or do better than the Table 12B-1 values, the Table 12B-1 values would be the permit limits. The HAC analysis utilized site specific engineering data and represents performance levels that reflect current technology. It is also presumed that as influent loading increases, effluent quality may be more variable and less certain at concentration levels less than HAC values.

For those permittees who are not in compliance with the concentrations in Table 12B-1, the modified circular also contains a list of nine steps, which are contained in proposed Table 12B-2, that are designed to bring the permittee into compliance with the concentrations. The proposed circular would require the department in the discharge permit to require completion of the steps that the department deems necessary for the permittee to achieve the concentrations and to establish a schedule for their completion.

Another significant change to the circular, in order to comply with the new federal rules, is the requirement for permittees to include a pollutant minimization program (PMP). This program is to be submitted by a permittee at the time the permittee achieves the HAC (that is, when the permittee actually achieves the concentrations in Table 12B-1). The time it will take different permittees to achieve the concentrations in Table 12B-1 is expected to vary. Through the permitting

7. The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies that the person wishes to receive notices regarding: air quality; hazardous waste/waste oil; asbestos control; water/wastewater treatment plant operator certification; solid waste; junk vehicles; infectious waste; public water supplies; public sewage systems regulation; hard rock (metal) mine reclamation; major facility siting; opencut mine reclamation; strip mine reclamation; subdivisions; renewable energy grants/loans; wastewater treatment or safe drinking water revolving grants and loans; water quality; CECRA; underground/above ground storage tanks; MEPA; or general procedural rules other than MEPA. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to Denise Hartman, Administrative Rules Coordinator, Department of Environmental Quality, 1520 E. Sixth Ave., P.O. Box 200901, Helena, Montana 59620-0901, faxed to the office at (406) 444-4386, e-mailed to Denise Hartman at [dhartman2@mt.gov](mailto:dhartman2@mt.gov); or may be made by completing a request form at any rules hearing held by the department.

8. Kurt Moser, attorney for the department, has been designated to preside over and conduct the hearing.

9. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

10. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rule will significantly and directly impact small businesses.

Reviewed by:

DEPARTMENT OF ENVIRONMENTAL  
QUALITY

/s/ John F. North

JOHN F. NORTH

Rule Reviewer

BY: /s/ Tom Livers

TOM LIVERS

Director

Certified to the Secretary of State, April 3, 2017.

# CONSTRUCTION FIELD REPORT



*Project Name: NCMRWA Segment W3 Shelby to Cut Bank*

◇ **Report Date:** 4/23/2017

**Owner:** NCMRWA

**Project Location:** Shelby to Cut Bank, MT

**KLJ Project No:** 4611005

**Contractors:** Downing Construction Inc. & Central Excavation Inc.

**Reporter:** Logan Tweet

## **Weather & Site Conditions**

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- The jobsite received wet snow on Monday causing muddy site conditions that slowed work activities. It was very nice the rest of the week with daily highs in the 50s and 60s.

## **Downing Construction Inc.**

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- Downing Construction spent the week of April 16<sup>th</sup> flushing the line between Shelby and the pump house. This operation will continue the week of April 23<sup>rd</sup> between the pump house and Cut Bank.

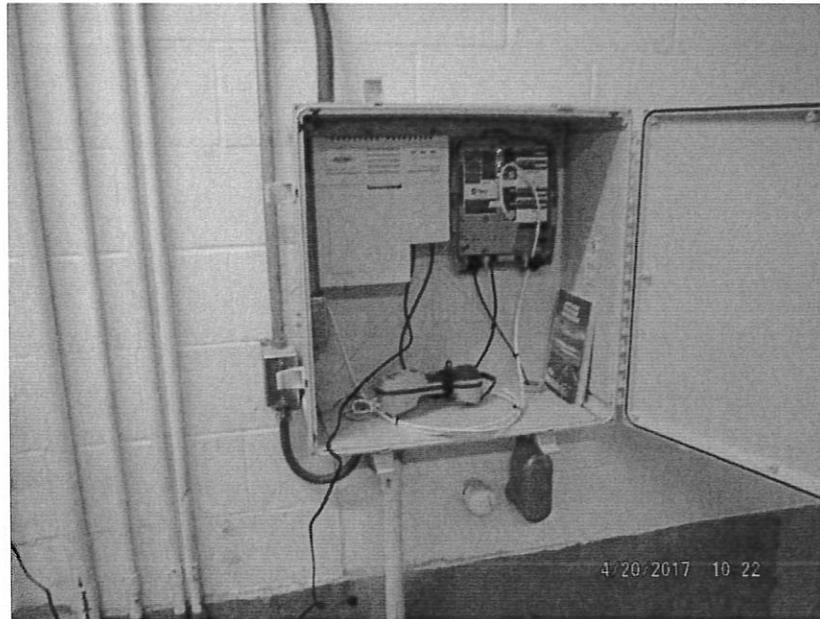
## **Central Excavation Inc.**

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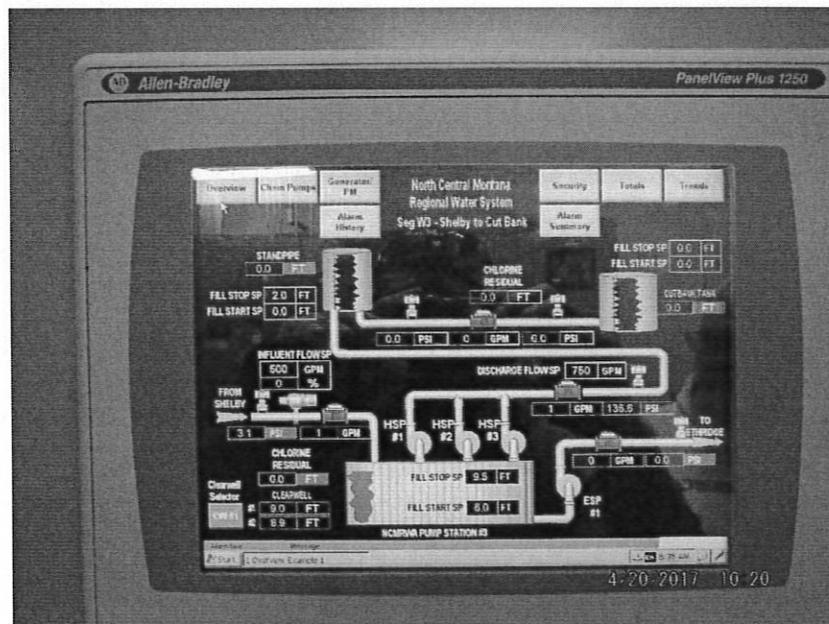
- Central spent the week of April 16<sup>th</sup> completing miscellaneous tasks around the pump house site both in and outside the building.
- Frontier Electric worked with Northern Telephone to install the receiver box necessary to provide the pump house with a telephone and internet connection.
- AE2S was onsite Tuesday to help with Telemetry controls setup and calibration of the chemical feed system.

## Construction Pictures

Northern Telephone Receiver Box



Pump house Controls





# CONSTRUCTION FIELD REPORT

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*Project Name: NCMRWA Segment W4-B1 Shelby to Conrad*

◇ **Report Date:** 4/23/2017

**Owner:** NCMRWA

**Project Location:** Shelby to Conrad, MT

**KLJ Project No:** 4615048

**Contractors:** Downing Construction Inc.

**Reporter:** Logan Tweet

## **Weather & Site Conditions**

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- The jobsite received wet snow on Monday causing muddy site conditions that slowed work activities. It was very nice the rest of the week with daily highs in the 50s and 60s.

## **Construction Activities**

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- The week of April 16<sup>th</sup> Downing Construction installed pipe from stat 17+45 to sta 34+90 as specified in the construction documents. This included installing gate valves at sta 27+30 and 34+76, a flush station at sta 27+20, and an air release valve manhole at sta 27+40. Soil conditions have been sandy. The week of April 23<sup>rd</sup> waterline installation will continue starting at sta 34+90 working north.
- KLJ surveyors were onsite Wednesday the 18<sup>th</sup> and provided 10,000 feet of construction staking ahead of Downing operations.

## Construction Pictures

*Assembling Pipe Fittings*



*Construction Staking*



# melissa lewis and associates

April 23, 2017

Larry Bonderud  
City of Shelby  
112 1<sup>st</sup> Street Sough  
Shelby, MT 59474

Dear Mayor,

The 2017 legislative session is almost over! The legislature is expected to adjourn this week, possibly by Tuesday, April 25.

## **Infrastructure**

The most contentious item remaining to be considered is an infrastructure bonding bill that could range from \$78 million (HB 645) to \$98 million (SB 367). But garnering 67 votes on the House floor to pass such a measure will be a huge lift.

Nancy Ballance (R-Hamilton), Chair of the House Appropriations Committee, does not want SB 367 to come out of committee due to the price tag. The easier lift could be to reconsider the smaller of two bills, HB 645, on the House floor.

Meanwhile, behind-the-scenes political negotiations and vote bartering is taking place in order to whip enough Republican votes for an infrastructure bill.

Pro-business tax policy bills are being discussed with the governor with hopes he'll support such measures in exchange for Republican votes on an infrastructure package.

If the 100-member House approves an infrastructure package with 67 votes, it will advance to the Senate for concurrence, where it will need two-thirds majority to send it to the governor for final consideration.

In all, the legislature has already approved \$1.1 billion this session in infrastructure spending. Final approval was granted to regular infrastructure bills, such as HB 11, the Treasure State Endowment Program and HB 9, Cultural and Aesthetic Grants.

HB 11 includes \$750,000 for the City of Shelby (water).

HB 9 includes \$3,500 for City of Shelby Champions Park. It was the only capital expenditure included in the HB 9.

800 E. 6<sup>th</sup> Ave. | Helena, MT 59601

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## Gas Tax

The House has approved the final version of HB 473, a measure to increase Montana's fuel tax to improve roads and highways. The bill now heads to the governor's desk.

The tax increase on gasoline will cap at 6.5 cents per gallon in 2023. The diesel tax increase will start at 1.5 cents in 2018 and cap at 2 cents in 2023.

Combined with a companion bill, HB 473 will raise an additional \$37 million next year for highway construction – including about \$16 million for city and county roads and streets. The amount will increase to \$50 million by 2023 and also capture additional federal funds for highway construction.

## Tax Increment Financing

A multitude of bills were introduced this session to revise Montana's tax increment financing (TIF) laws. The following two bills are still in play:

HB 76, Amend Laws Related to Remittance of Tax Increment, was signed into law in February 2017.

SB 27, Amend TIF laws related to public hearings and reporting, was signed by the President this week and now heads to the governor's desk.

The TIF conversation is far from over. Expect an interim study on TIF over the interim legislative session.

Below is a list of priority bills that I'm tracking for the City of Shelby.

Bill	Title	Sponsor	Last Action	Stance
<a href="#">HB 2</a>	General Appropriations	Nancy Ballance	April 21 Sent to enrolling	Monitor
<a href="#">HB 3</a>	Reverse Supplemental	Nancy Ballance	March 31 Chapter Number Assigned	Monitor

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<u>HB 5</u>	Long-Range Building Appropriations	Jim Keane	April 21 Sent to enrolling	Monitor
<u>HB 6</u>	Renewable Resource Grants	Jim Keane	April 20 Returned from Enrolling	Monitor
<u>HB 7</u>	Reclamation and Development Grants	Jim Keane	April 20 Returned from Enrolling	Monitor
<u>HB 8</u>	Renewable Resource Bonds and Loans	Jim Keane	March 31 Dead- Missed Deadline for Appropriation Bill Transmittal	Monitor
<u>HB 9</u>	Cultural and Aesthetic Grants	Tom Woods	April 20 Returned from Enrolling	Support
<u>HB 11</u>	Treasure State Endowment Program	Jim Keane	April 20 Returned from Enrolling	Support
<u>HB 14</u>	Bonding Program	Jim Keane	March 31 Dead- Missed Deadline for Revenue Bill Transmittal	Monitor
<u>HB 30</u>	Remove Voted Levies Approved After Creation of TIF from Tax Increment Provision	Jeff Essmann	April 6 Signed by Governor	Monitor
<u>HB 49</u>	Clarify Process for Updating Water Right transfers	Bob Brown	March 2	Monitor

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			Chapter Number Assigned	
<u>HB 76</u>	Amend Laws Related to Remittance of Tax Increment	Greg Hertz	Feb 17 Chapter Number Assigned	Monitor
<u>HB 110</u>	Revise Laws for Filing of Exempt Water Right Claims	Brad Hamlett	April 22 Sent to Enrolling	Monitor
<u>HB 300</u>	Exempt Townhouses from Certain Subdivision Sanitation Regulations	Adam Hertz	March 1 Signed by Governor	Monitor
<u>HB 339</u>	Revise Laws Related to Exempt Appropriations of Water	Carl Glimm	April 21 Returned from Enrolling	Monitor
<u>HB 365</u>	Revise Underground Utility Laws	Ray Shaw	April 20 Returned from Enrolling	Monitor
<u>HB 413</u>	Revise laws related to use of TIF	Jess Essmann	March 31 Dead- Missed Deadline for Revenue Bill Transmittal	Monitor
<u>HB 433</u>	Prohibit Condemnation of Agricultural Water	Brad Hamlett	April 18 Returned from Enrolling	Monitor
<u>HB 539</u>	Limit Carry Forward Appropriations	Rob Cook	April 14 Chapter Number Assigned	Monitor

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<u>HB 573</u>	Revise Education Funding Laws Related to Tax Increment Financing	Rob Cook	April 12 Tabled in Committee	Monitor
<u>SB 367</u>	Generally revise infrastructure funding laws	Eric Moore	April 7 Hearing	Monitor
<u>HB 602</u>	Promote Growth of Film and other Media in Montana	Bridget Smith	April 18 Motion Failed 24 to 25	Monitor
<u>HB 645</u>	Provide funding for capital and infrastructure projects statewide	Mike Cuffe	April 3 Third Reading Failed	Monitor
<u>SB 27</u>	Amend TIF Laws Related to Public Hearings and Reporting	Fred Thomas	April 20 Signed by President	Monitor
<u>SB 42</u>	Revise Major Facility Siting Act	Dick Barrett	April 20 Signed by President	Monitor
<u>SB 93</u>	Provide Notification at Certain Dwellings for Oil and Gas Operations	Duane Ankney and Tom Richmond	April 12 Signed by President	Monitor
<u>SB 140</u>	Allow State Board of Investments to Make Low-Interest Loans to City of Colstrip	Duane Ankney	April 21 Returned to the Senate	Monitor
<u>SB 170</u>	Provide Civil Liability for	Steve Hinebauch	March 31 Dead- Missed Deadline for	Monitor

# melissa lewis

and associates

	Unmanned Aerial Vehicle Trespass		Revenue Bill Transmittal	
<u>SB 182</u>	Require MDT to Inform the Public Regarding Certain Highway Construction	Mike Lang	March 27 Chapter Number Assigned	Monitor
<u>SB 278</u>	Revise Local Government Selection Procedures for Professional Services	Steve Hinebauch	April 12 Returned from Enrolling	Monitor
<u>SB 331</u>	Local Option Infrastructure Bill	Mike Phillips	March 31 Dead- Missed Deadline for Revenue Bill Transmittal	Monitor
<u>HB 577</u>	Provide for Local Option Infrastructure	Dave Fern	March 31 Dead- Missed Deadline for Revenue Bill Transmittal	Monitor
<u>LC 2261</u>	Provide for bonding of certain infrastructure projects	Jeff Essmann	December 28 Draft on Hold	Monitor
<u>HB 159</u>	Designate Shelby Veterans' Memorial	Rob Cook	March 1 Signed by Governor	Support
<u>HB 493</u>	Prohibit State Use of Private For-Profit Prison	Casey Schreiner	March 1 Dead-Missed Transmittal Deadline	Opposed

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<u>SB 70</u>	Add Member to Board of Optometry	Gene Vuckovich	Feb 8 Signed by Governor	Monitor
<u>SB 335</u>	Generally revise laws to facilitate public/private partnerships	Jeff Welborn	April 12 2nd Reading Not Concurred	Monitor
<u>SB 359</u>	Providing for property tax incentives for qualified data centers	Mark Blasdel	April 24 Scheduled for 2nd Reading	Support

## 1 HOUSE BILL NO. 645

2 INTRODUCED BY M. CUFFE

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FUNDING AND AUTHORIZATION FOR CAPITAL AND  
5 INFRASTRUCTURE PROJECTS STATEWIDE; CREATING STATE AND LOCAL INFRASTRUCTURE  
6 ACCOUNTS; PROVIDING ADDITIONAL FUNDING FOR PROJECTS LISTED IN HOUSE BILLS 6, 7, AND 11;  
7 APPROPRIATING MONEY TO THE DEPARTMENT OF ADMINISTRATION FOR CAPITAL PROJECTS AND FOR  
8 THE CONSTRUCTION OF THE STATE VETERANS' HOME IN SOUTHWESTERN MONTANA;  
9 APPROPRIATING MONEY TO THE DEPARTMENTS OF COMMERCE AND NATURAL RESOURCES AND  
10 CONSERVATION FOR GRANTS TO STATE AND LOCAL ENTITIES FOR PROJECTS AND IMPROVEMENTS;  
11 PRIORITIZING PROJECT GRANTS; AUTHORIZING PROJECT GRANTS AMOUNTS; ESTABLISHING  
12 CONDITIONS FOR GRANTS; PROVIDING FOR OTHER MATTERS RELATING TO THE APPROPRIATIONS;  
13 AUTHORIZING THE CREATION OF STATE DEBT THROUGH THE ISSUANCE OF GENERAL OBLIGATION  
14 BONDS; AMENDING SECTION 5, CHAPTER 324, LAWS OF 2011; AND PROVIDING AN IMMEDIATE  
15 EFFECTIVE DATE."

16

17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18

19 NEW SECTION. SECTION 1. DEFINITIONS. FOR THE PURPOSES OF [SECTIONS 1 THROUGH 11], UNLESS  
20 OTHERWISE PROVIDED, THE FOLLOWING DEFINITIONS APPLY:

21 (1) "AUTHORITY ONLY" MEANS APPROVAL PROVIDED BY THE LEGISLATURE TO EXPEND MONEY THAT DOES NOT  
22 REQUIRE AN APPROPRIATION, INCLUDING GRANTS, DONATIONS, AUXILIARY FUNDS, PROPRIETARY FUNDS, AND UNIVERSITY  
23 FUNDS.

24 (2) "CAPITAL PROJECT" MEANS IMPROVEMENTS OR THE PLANNING, CAPITAL CONSTRUCTION, ENVIRONMENTAL  
25 CLEANUP, RENOVATION, OR MAJOR REPAIR PROJECTS AUTHORIZED IN [SECTIONS 3 THROUGH 6].

26 (3) "CPA" MEANS THE CAPITAL PROJECTS ACCOUNT PROVIDED FOR IN 17-5-803 AND 17-5-804.

27

28 NEW SECTION. Section 2. Local infrastructure accounts -- use. (1) There is a state and local  
29 infrastructure account in the state special revenue fund to provide grants as authorized in House Bills 6 and 7.  
30 The department of natural resources and conservation shall administer the account.

1 (2) There is a state and local infrastructure account in the state special revenue fund to provide grants  
 2 as authorized in House Bill 11 and in ~~[section 3]~~ [SECTION 9]. The department of commerce shall administer the  
 3 account.

4  
 5 NEW SECTION. SECTION 3. AUTHORIZATION OF AND APPROPRIATIONS FOR CAPITAL PROJECTS. UPON  
 6 PASSAGE AND APPROVAL OF [THIS ACT], THE FOLLOWING PROJECTS, PURSUANT TO 18-2-102, ARE AUTHORIZED AND  
 7 APPROVED AND FUNDS ARE APPROPRIATED TO THE DEPARTMENT OF ADMINISTRATION FROM THE INDICATED FUNDING  
 8 SOURCES. THE DEPARTMENT OF ADMINISTRATION IS AUTHORIZED TO TRANSFER FUNDING AND AUTHORITY BETWEEN FUND  
 9 TYPES. FUNDS NOT REQUIRING LEGISLATIVE APPROPRIATION ARE INCLUDED FOR THE PURPOSES OF AUTHORIZATION  
 10 ONLY.

11 MONTANA UNIVERSITY SYSTEM

12 ROMNEY HALL - MSU BOZEMAN

13 \$25 MILLION (CPA) \$3 MILLION (AUTHORITY ONLY)

14 GREAT FALLS COLLEGE OF TECHNOLOGY, NURSING ADDITION \$5.4 MILLION (CPA)

15 MSU-BILLINGS TECH BUILDING ADDITION \$5 MILLION (CPA)

16  
 17 NEW SECTION. SECTION 4. PLANNING AND DESIGN. THE DEPARTMENT OF ADMINISTRATION MAY PROCEED  
 18 WITH THE PLANNING AND DESIGN OF CAPITAL PROJECTS PRIOR TO THE RECEIPT OF OTHER FUNDING SOURCES. THE  
 19 DEPARTMENT MAY USE INTERENTITY LOANS IN ACCORDANCE WITH 17-2-107 TO PAY PLANNING AND DESIGN COSTS  
 20 INCURRED BEFORE THE RECEIPT OF FUNDING FROM ANOTHER FUNDING SOURCE.

21  
 22 NEW SECTION. SECTION 5. CAPITAL PROJECTS -- CONTINGENT FUNDS. (1) EXCEPT AS PROVIDED IN  
 23 SUBSECTION (2), IF A CAPITAL PROJECT IS FINANCED IN WHOLE OR IN PART WITH APPROPRIATIONS CONTINGENT ON THE  
 24 RECEIPT OF FUNDING FROM ANOTHER FUNDING SOURCE, THE DEPARTMENT OF ADMINISTRATION MAY NOT LET THE  
 25 PROJECT GO TO BID UNTIL THE AGENCY RECEIVING FUNDING HAS SUBMITTED A FINANCIAL PLAN FOR APPROVAL BY THE  
 26 DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION.

27 (2) A FINANCIAL PLAN MAY NOT BE APPROVED BY THE DIRECTOR IF:

28 (A) THE LEVEL OF FUNDING PROVIDED UNDER THE FINANCIAL PLAN DEVIATES SUBSTANTIALLY FROM THE FUNDING  
 29 LEVEL PROVIDED IN [SECTION 3] FOR THAT PROJECT; OR

30 (B) THE SCOPE OF THE PROJECT IS SUBSTANTIALLY ALTERED OR REVISED FROM THE PRELIMINARY PLANS

1 PRESENTED FOR THAT PROJECT IN THE 2019 BIENNIUM LONG-RANGE BUILDING PROGRAM AND AS PRESENTED TO THE  
 2 65TH LEGISLATURE.

3

4 NEW SECTION. SECTION 6. REVIEW BY DEPARTMENT OF ENVIRONMENTAL QUALITY. THE DEPARTMENT OF  
 5 ENVIRONMENTAL QUALITY SHALL REVIEW CAPITAL PROJECTS AUTHORIZED IN [SECTION 3] FOR POTENTIAL INCLUSION IN  
 6 THE STATE BUILDING ENERGY CONSERVATION PROGRAM UNDER TITLE 90, CHAPTER 4, PART 6. WHEN A REVIEW SHOWS  
 7 THAT A CAPITAL PROJECT WILL RESULT IN ENERGY IMPROVEMENTS, THE PROJECT MUST BE SUBMITTED TO THE ENERGY  
 8 CONSERVATION PROGRAM FOR FUNDING CONSIDERATION. FUNDING PROVIDED UNDER THE ENERGY CONSERVATION  
 9 PROGRAM GUIDELINES MUST BE USED TO OFFSET OR ADD TO THE AUTHORIZED FUNDING FOR THE PROJECT, WITH THE  
 10 AMOUNT DEPENDENT ON THE ANNUAL UTILITY SAVINGS RESULTING FROM THE FACILITY IMPROVEMENT. AGENCIES MUST  
 11 BE NOTIFIED OF POTENTIAL FUNDING AFTER THE REVIEW.

12

13 NEW SECTION. Section 7. Authorization of bonds -- appropriations -- conditions. (1) The board  
 14 of examiners is authorized to issue and sell general obligation bonds in one or more series and from time to time  
 15 for the purposes described in subsection (3) in addition to the amount of general obligation bonds outstanding  
 16 on January 1, 2017.

17 (2) The bonds under this section must be issued in accordance with the terms and in the manner  
 18 required by Title 17, chapter 5, part 8. The authority granted to the board of examiners by this section is in  
 19 addition to any other authorization to the board of examiners to issue and sell general obligation bonds.

20 (3) On [the effective date of this act], the board of examiners is authorized to issue and sell up to ~~\$33.4~~  
 21 \$68.8 million in general obligation bonds and deposit the proceeds as follows:

22 (A) \$35.4 MILLION OF THE PROCEEDS FROM THE BONDS SOLD UNDER THIS SECTION MUST BE DEPOSITED IN THE  
 23 CAPITAL PROJECTS ACCOUNT PROVIDED FOR IN 17-5-803 AND 17-5-804;

24 ~~(a)~~(B) \$9.6 million of the proceeds from the bonds sold under this section must be deposited in the state  
 25 and local infrastructure account provided for in ~~section 1(1)~~ [SECTION 2(1)] and \$8.2 million is appropriated from  
 26 the account, for the biennium beginning July 1, 2017, to the department of natural resources and conservation  
 27 for projects listed in House Bill 6 and \$1.4 million is appropriated from the account, for the biennium beginning  
 28 July 1, 2017, to the department of natural resources and conservation for projects listed in House Bill 7; and

29 ~~(b)~~(C) \$23.8 million of the proceeds from the bonds sold under this section must be deposited in the state  
 30 and local infrastructure account provided for in ~~section 1(2)~~ [SECTION 2(2)]. A total of \$8.8 million is appropriated,

1 for the biennium beginning July 1, 2017, from the account to the department of commerce for projects listed in  
 2 House Bill 11. The remaining \$15 million is for the quality schools facility grant program grants as set forth in  
 3 ~~[section 3]~~ [SECTION 9].

4 (4) Any EXCEPT FOR THE AUTHORIZATION TO BOND THE CAPITAL PROJECTS LISTED IN SUBSECTION (3)(A), ANY  
 5 outstanding authorization to bond in subsection (3) expires June 30, 2019.

6  
 7 **NEW SECTION. SECTION 8. AUTHORIZATION OF BONDS -- STATE VETERANS' HOME IN SOUTHWESTERN**  
 8 **MONTANA. (1) UPON PASSAGE AND APPROVAL OF [THIS ACT], IN ADDITION TO THE AMOUNT OF GENERAL OBLIGATION**  
 9 **BONDS OUTSTANDING ON JANUARY 1, 2017, AND AUTHORIZED UNDER [SECTION 7(3)], THE BOARD OF EXAMINERS IS**  
 10 **AUTHORIZED TO ISSUE AND SELL UP TO \$10 MILLION IN GENERAL OBLIGATION BONDS IN ONE OR MORE SERIES IN**  
 11 **ACCORDANCE WITH TITLE 17, CHAPTER 5, PART 8, FOR THE PURPOSE OF FUNDING THE CONSTRUCTION AND ASSOCIATED**  
 12 **COSTS OF THE STATE VETERANS' HOME IN SOUTHWESTERN MONTANA.**

13 (2) THE PROCEEDS OF THE BONDS AUTHORIZED IN SUBSECTION (1) MUST BE DEPOSITED INTO THE CAPITAL  
 14 PROJECTS ACCOUNT AND APPROPRIATED TO THE DEPARTMENT OF ADMINISTRATION TO BE USED FOR THE CONSTRUCTION  
 15 OF THE STATE VETERANS' HOME IN SOUTHWESTERN MONTANA.

16 (3) IF FEDERAL GRANT FUNDS FOR THE CONSTRUCTION OF THE VETERANS' HOME ARE RECEIVED PRIOR TO THE  
 17 BONDS BEING ISSUED, THE AUTHORITY TO ISSUE BONDS AS PROVIDED FOR IN SUBSECTION (1) IS EXTINGUISHED IN AN  
 18 AMOUNT EQUAL TO THE FEDERAL GRANTS RECEIVED.

19 (4) IF FEDERAL GRANT FUNDS FOR THE CONSTRUCTION OF THE VETERANS' HOME ARE RECEIVED AFTER THE  
 20 BONDS ARE ISSUED, THE FEDERAL GRANT FUNDS MUST BE DEPOSITED AND APPLIED TO DEBT SERVICE OBLIGATIONS  
 21 ASSOCIATED WITH THE CONSTRUCTION OF THE STATE VETERANS' HOME IN SOUTHWESTERN MONTANA.

22

23 **NEW SECTION. Section 9. Quality schools facility grant program -- appropriation.** (1) The  
 24 department of commerce is appropriated up to \$15 million from the state and local infrastructure account  
 25 established in ~~[section 1(2)]~~ [SECTION 2(2)] to be used to fund quality schools facility program grants authorized  
 26 by this section for the biennium beginning July 1, 2017.

27 (2) The funds appropriated in subsection (1) must be used by the department to make grants to the  
 28 public school districts listed in subsection (3) for the described purposes and in amounts not to exceed the  
 29 amounts set out in subsection (3). The appropriation is subject to the conditions set forth in 90-6-812 and  
 30 described in the quality schools facility grant program 2019 biennium report to the 65th legislature. The

1 department shall commit funds to projects listed in subsection (3), up to the amounts authorized, based on the  
 2 manner of disbursement set forth in subsections (4) and (5), until the funds appropriated to finance grants in  
 3 subsection (1) are expended.

4 (3) The following applicants and projects are authorized for grants and are listed in the order of their  
 5 priority:

6 Applicant/Project	Grant Amount
7 1. St. Ignatius K-12 (building repair)	\$680,511
8 2. Grass Range ELE (asbestos abatement)	\$55,631
9 3. Miles City ELE (fire system upgrades)	\$352,834
10 4. Libby K-12 (heating and ventilation repair)	\$1,075,000
11 5. Custer County HS (drainage and roof upgrades)	\$953,576
12 6. Grass Range HS (fire system upgrades)	\$77,183
13 7. Wolf Point HS (storm drain system upgrades)	\$918,600
14 8. Polson ELE (replace boiler and system)	\$1,224,679
15 9. Geraldine K-12 (replace unsafe seating)	\$75,000
16 10. Arlee ELE (replace boiler)	\$694,157
17 11. Livingston ELE (energy and infrastructure improvement)	\$665,000
18 12. Rosebud K-12 (water system improvements)	\$174,300
19 13. Park City ELE (replace roof)	\$562,396
20 14. Cascade ELE (heating system repairs)	\$421,120
21 15. Noxon ELE (heating and ventilation replacement and deferred maintenance)	\$490,011
22 16. Ashland ELE (replace roof)	\$1,013,000
23 17. Troy ELE (heating and ventilation upgrades)	\$395,000
24 18. Troy HS (heating and ventilation upgrades)	\$395,000
25 19. Lodge Grass HS (electrical system improvements)	\$459,000
26 20. Billings HS (heating, ventilation, and lighting repairs and replacement)	\$1,558,988
27 21. Trout Creek ELE (foundation and flooring repairs)	\$102,600
28 22. Superior K-12 (heating and ventilation upgrades)	\$526,851
29 23. Lockwood ELE (repair and replace roofing)	\$542,003
30 24. Centerville ELE (security upgrades)	\$770,603

1	25. Kalispell ELE (infrastructure and energy upgrades)	\$483,680
2	26. Shields Valley ELE (replace boiler)	\$458,311
3	27. Lavina K-12 (replace boiler)	\$365,126
4	28. Belt ELE (ventilation system upgrades)	\$531,550
5	29. St. Regis K-12 (safety and security improvements)	\$538,196
6	30. Stevensville ELE (replace boilers and system upgrades)	\$879,801
7	31. Havre HS (ventilation system upgrades)	\$525,000
8	32. Anaconda HS (replace boilers and system upgrades)	\$1,800,738
9	33. Forsyth HS (heating and ventilation upgrades)	\$263,073
10	34. Stevensville HS (replace boilers and system upgrades)	\$1,064,057
11	35. Sun River Valley (Simms HS) (addition and remodel)	\$898,262
12	36. Kalispell HS (infrastructure and energy upgrades)	\$1,574,235
13	37. Drummond HS (retaining wall improvements)	\$193,600
14	38. Rocky Boy HS (replace air handler)	\$763,620
15	39. Frenchtown K-12 (window replacement and improvements)	\$426,408
16	40. Laurel ELE (heating and ventilation upgrades)	\$632,000
17	41. Stanford K-12 (ventilation system upgrades)	\$413,040
18	42. Hamilton K-12 (building envelope improvements)	\$833,216
19	43. Hays Lodge Pole K-12 (life safety, health compliance, electrical, and mechanical improvements)	
20		\$4,025,500
21	44. Roundup HS (replace boiler)	\$503,500
22	45. Wibaux K-12 (demolish and construct new building)	\$3,729,823
23	46. Power HS (kitchen and cafeteria remodel)	\$600,650
24	47. Butte ELE (ventilation system upgrades)	\$374,751
25	48. Fort Benton HS (technology upgrades)	\$67,472
26	49. Clinton ELE (energy conservation improvements)	\$313,784
27	50. Terry K-12 (deferred maintenance and improvements to schools)	\$120,000
28	(4) The maximum amount of a grant for a project under this section is \$1.225 million.	
29	(5) A grant recipient's entitlement to receive funds is dependent on the grant recipient's compliance with	
30	the conditions set forth in 90-6-812 and on the availability of funds.	

1 (6) Grants to recipients listed in subsection (3) that have not completed all of the conditions described  
 2 in 90-6-812 by September 30, 2018, will be reconsidered by the department of commerce. The department of  
 3 commerce may withdraw the grant.

4  
 5 NEW SECTION. Section 10. Approval of grants -- completion of biennial appropriation. The  
 6 legislature, pursuant to 90-6-809 and 90-6-810, approves the quality schools facility grants listed in ~~[section 3]~~  
 7 [SECTION 9]. The authorization of these grants constitutes a biennial appropriation from the state and local  
 8 infrastructure account established in ~~[section 4(2)]~~ [SECTION 2(2)].

9  
 10 NEW SECTION. Section 11. Condition of grants -- disbursement of funds. The disbursement of  
 11 grant funds for the projects specified in ~~[section 3(3)]~~ [SECTION 9(3)] is subject to the conditions set forth in  
 12 90-6-812.

13  
 14 SECTION 12. SECTION 5, CHAPTER 324, LAWS OF 2011, IS AMENDED TO READ:

15 **"Section 5. Capital project appropriations.** (1) There is appropriated ~~\$4,812,500~~ up to \$5,293,750 from  
 16 state special revenue account established in section 2, Chapter 461, Laws of 2009, to the department of  
 17 administration for the southwestern Montana veterans' home project.

18 (2) There is appropriated ~~\$8,937,500~~ \$10,000,000 from the federal special revenue fund to the  
 19 department of administration for the southwestern Montana veterans' home project.

20 (3) The department of administration is authorized to transfer the appropriations in subsections (1) and  
 21 (2) among the necessary fund types for this project."

22  
 23 NEW SECTION. Section 13. Notification to tribal governments. The secretary of state shall send  
 24 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
 25 Chippewa tribe.

26  
 27 COORDINATION SECTION. Section 14. Coordination instruction. (1) If House Bill 6 is not passed  
 28 and approved, then the total amount of bonding authorized in ~~[section 2(3) of this act]~~ [SECTION 7(3) OF THIS ACT]  
 29 is reduced by \$8.2 million and ~~[section 2(3)(a) of this act]~~ [SECTION 7(3)(B) OF THIS ACT] must be replaced with the  
 30 following language:

1           "~~(a)(B)~~ \$1.4 million of the proceeds from the bonds sold under this section must be deposited in the state  
2 and local infrastructure account provided for in ~~[section 1(1)]~~ [SECTION 2(1)] and this amount is appropriated from  
3 the account, for the biennium beginning July 1, 2017, to the department of natural resources and conservation  
4 for projects listed in House Bill 7."

5           (2) If House Bill 7 is not passed and approved, then the total amount of bonding authorized in ~~[section~~  
6 ~~2(3) of this act]~~ [SECTION 7(3) OF THIS ACT] is reduced by \$1.4 million and ~~[section 2(3)(a) of this act]~~ [SECTION  
7 7(3)(B) OF THIS ACT] must be replaced with the following language:

8           "~~(a)(B)~~ \$8.2 million of the proceeds from the bonds sold under this section must be deposited in the state  
9 and local infrastructure account provided for in ~~[section 1(1)]~~ [SECTION 2(1)] and this amount is appropriated from  
10 the account, for the biennium beginning July 1, 2017, to the department of natural resources and conservation  
11 for projects listed in House Bill 6."

12           (3) If neither House Bill 6 nor House Bill 7 is passed and approved, then the total amount of bonding  
13 authorized in ~~[section 2(3) of this act]~~ [SECTION 7(3) OF THIS ACT] is reduced by \$9.6 million and ~~[section 2(3)(a)~~  
14 ~~of this act]~~ [SECTION 7(3)(B) OF THIS ACT] must be stricken.

15           (4) If House Bill 11 is not passed and approved, then the total amount of bonding authorized in ~~[section~~  
16 ~~2(3) of this act]~~ [SECTION 7(3) OF THIS ACT] is reduced by \$8.8 million and ~~[section 2(3)(b) of this act]~~ [SECTION  
17 7(3)(C) OF THIS ACT] must be replaced with the following language:

18           "~~(b)(C)~~ \$15 million of the proceeds from the bonds sold under this section must be deposited in the state  
19 and local infrastructure account provided for in ~~[section 1(2)]~~ [SECTION 2(2)] and this amount is appropriated from  
20 the account, for the biennium beginning July 1, 2017, to the department of commerce for the quality schools  
21 facility grant program grants as set forth in ~~[section 3]~~ [SECTION 9]."

22

23           NEW SECTION. Section 15. Severability. If a part of [this act] is invalid, all valid parts that are  
24 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
25 the part remains in effect in all valid applications that are severable from the invalid applications.

26

27           NEW SECTION. Section 16. Creation of state debt -- two-thirds vote required. Because ~~[section~~  
28 ~~2]~~ [SECTIONS 7 AND 8] ~~authorizes~~ AUTHORIZES the creation of state debt, Article VIII, section 8, of the Montana  
29 constitution requires a vote of two-thirds of the members of each house of the legislature for passage.

30



## 1 SENATE BILL NO. 367

2 INTRODUCED BY F. MOORE, D. ANKNEY, D. BARRETT, E. BUTTREY, M. CAFERRO, P. CONNELL,  
3 R. COOK, T. FACEY, S. FITZPATRICK, F. GARNER, T. GAUTHIER, B. HOVEN, L. JONES, R. LYNCH,  
4 M. MACDONALD, S. MALEK, M. MCNALLY, J. POMNICHOWSKI, T. RICHMOND, D. SALOMON,  
5 J. SESSO, J. SMALL, N. SWANDAL, F. THOMAS, J. WELBORN  
6

7 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FUNDING AND AUTHORIZATION FOR CAPITAL AND  
8 INFRASTRUCTURE PROJECTS STATEWIDE; CREATING THE STATE TO COMMUNITY BOND ACCOUNT  
9 FOR GRANTS AND STATE AND LOCAL INFRASTRUCTURE ACCOUNTS; PROVIDING ADDITIONAL  
10 FUNDING FOR PROJECTS LISTED IN HOUSE BILLS 6, 7, AND 11; AUTHORIZING CAPITAL PROJECTS AND  
11 THE CONSTRUCTION OF THE STATE VETERANS' HOME IN SOUTHWESTERN MONTANA; AUTHORIZING  
12 THE DEPARTMENT OF COMMERCE TO PROVIDE GRANTS TO STATE AND LOCAL ENTITIES FOR  
13 PROJECTS AND IMPROVEMENTS; PRIORITIZING PROJECT GRANTS AND ESTABLISHING CONDITIONS  
14 FOR GRANTS; REQUIRING LOCAL GOVERNMENTS AND SCHOOL DISTRICTS TO PROVIDE MATCHING  
15 FUNDS FOR PROJECTS BASED ON A FORMULA; PROVIDING FOR OTHER MATTERS RELATING TO THE  
16 AUTHORIZATIONS; AUTHORIZING THE CREATION OF STATE DEBT THROUGH THE ISSUANCE OF  
17 GENERAL OBLIGATION BONDS; REDUCING BOND AUTHORIZATION BASED ON ACTUAL GENERAL FUND  
18 REVENUES; CREATING A GRANT APPLICATION FEE FOR SCHOOL DISTRICTS; AMENDING SECTION 5,  
19 CHAPTER 324, LAWS OF 2011; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

20  
21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
22

23 NEW SECTION. **Section 1. Definitions.** For the purposes of [sections 1 through 19], unless otherwise  
24 provided, the following definitions apply:

25 (1) "Authority only" means approval provided by the legislature to expend money that does not require  
26 an appropriation, including grants, donations, auxiliary funds, proprietary funds, and university funds.

27 (2) "Capital project" means improvements or the planning, capital construction, environmental cleanup,  
28 renovation, or major repair projects authorized in [sections 10 through 13].

29 (3) "CPA" means the capital projects account provided for in 17-5-803 and 17-5-804.

30 (4) "Infrastructure projects" means:

- 1 (a) drinking water systems;  
 2 (b) wastewater treatment;  
 3 (c) sanitary sewer or storm sewer systems;  
 4 (d) solid waste disposal and separation systems, including site acquisition, preparation, and monitoring;  
 5 (e) bridges;  
 6 (f) school districts' projects;  
 7 (g) irrigation systems; or  
 8 (h) conservation districts.

9 (5) "Local government" means an incorporated city or town, a county, a consolidated local government,  
 10 a tribal government, a county or multicounty water, sewer, irrigation, solid waste, school, or conservation district,  
 11 or an authority as defined in 75-6-304.

12

13 **NEW SECTION. Section 2. Local infrastructure accounts -- use.** (1) There is a state to community  
 14 bond account in the state special revenue fund to provide grant funding to local governments for local  
 15 infrastructure projects. The department of commerce shall administer the account.

16 (2) There is a state and local infrastructure account in the state special revenue fund to provide grants  
 17 as authorized in House Bills 6 and 7. The department of natural resources and conservation shall administer the  
 18 account.

19 (3) There is a state and local infrastructure account in the state special revenue fund to provide grants  
 20 as authorized in House Bill 11 and in [section 16]. The department of commerce shall administer the account.

21

22 **NEW SECTION. Section 3. Authorization for local infrastructure project grants -- matching funds**  
 23 **requirement.** (1) The department of commerce is authorized to make up to \$5 million in grants to local  
 24 governments for infrastructure projects. A project that is listed in House Bills 6, 7, or 11 or in [section 16] is not  
 25 eligible for a grant under this section. The grants authorized in this section are subject to the conditions set forth  
 26 in [section 6].

27 (2) A local government shall provide one-to-one matching funds up to the first \$750,000 of grant funding  
 28 sought. For a grant request exceeding \$750,000, the relative participation ratio for the local government as  
 29 calculated pursuant to [section 5] is applied to the amount of the grant exceeding \$750,000.

30 (3) Funding for projects may be provided only as long as there are sufficient funds available from the

1 amount that was deposited or transferred into the state to community bond account for grants established in  
2 [section 2(1)]. Funding for these projects must be made available in the order that the grant recipients satisfy the  
3 conditions described in [section 6(1)].

4 (4) If a grant recipient does not complete all of the conditions described in [section 6(1)] by September  
5 30, 2018, any obligation to the grant recipient is extinguished.

6 (5) For a local government that is not a county, the county in which the local government is located must  
7 also contribute its match rate as determined in [section 5].

8 (6) Each quarter, the department of commerce shall submit a written report to the legislative finance  
9 committee identifying grant recipients and amounts disbursed under this section. The report must be provided  
10 in an electronic format.

11

12 **NEW SECTION. Section 4. Eligibility -- submission deadline -- priority -- rulemaking authority.**

13 (1) A local government may apply to the department of commerce for local infrastructure grants under [section  
14 3].

15 (2) All local governments shall submit grant requests and materials to the department by July 1, 2017,  
16 in order to be eligible for funding under [section 3].

17 (3) For projects having equal ranking, the department shall give higher consideration to projects that  
18 present a higher percentage of matching funds.

19

20 **NEW SECTION. Section 5. Formula for tribal or local government match rate based on relative  
21 participation ratio.** (1) The match rate for a tribal or local government is calculated based on its relative  
22 participation ratio.

23 (2) (a) The relative participation ratio for a county is equal to the county's income to mill ratio divided by  
24 the median income to mill ratio of all counties in Montana.

25 (b) The relative participation ratio for an incorporated city or town is equal to its income to mill ratio  
26 divided by the median income to mill ratio of all incorporated cities and towns in Montana.

27 (c) The relative participation ratio for any other tribal or local government applicant is the same as for  
28 the county in which it is located.

29 (3) For a tribal or local government with a relative participation ratio of 1.0 to 1.5, the match rate is 12.5%.  
30 For a tribal or local government with a relative participation ratio greater than 1.5, the match rate is 25%. For a

1 tribal or local government with a relative participation ratio of less than 1.0, there is no required match. For a tribal  
2 or local government that is not a county, the county in which the tribal or local government is located shall also  
3 contribute its match rate as determined above.

4

5 NEW SECTION. Section 6. Conditions of grants. (1) The disbursement of grant funds for the projects  
6 chosen by the department of commerce pursuant to [section 3] is subject to completion of the following  
7 conditions:

8 (a) The grant recipient shall document that other matching funds required for completion of the project  
9 are firmly committed.

10 (b) The grant recipient must have a project management plan that is approved by the department.

11 (c) The grant recipient must be in compliance with the auditing and reporting requirements provided in  
12 2-7-503 and have established a financial accounting system that the department can reasonably ensure conforms  
13 to generally accepted accounting principles. Tribal governments shall comply with auditing and reporting  
14 requirements provided for in office of management and budget circular A-133.

15 (d) The grant recipient shall execute a grant agreement with the department of commerce.

16 (e) When applicable, the grant recipient shall satisfactorily comply with any conditions described in the  
17 application (project) summaries section of the treasure state endowment program or the quality schools program  
18 2019 biennium reports to the 65th legislature.

19 (f) The grant recipient shall satisfy other specific requirements considered necessary by the department  
20 of commerce to accomplish the purpose of the project as evidenced by the application to the department.

21 (2) With the exception of bridges, all projects must adhere to the design standards required by the  
22 department of environmental quality. Recipients of grants under [section 3] that are not subject to the department  
23 of environmental quality design standards shall adhere to generally accepted industry standards, such as  
24 Recommended Standards for Wastewater Facilities or Recommended Standards for Water Works, published by  
25 the Great Lakes-Upper Mississippi River board of state and provincial public health and environmental managers,  
26 latest edition.

27 (3) When applicable, recipients of grants under [section 3] are subject to the requirements of the  
28 department of commerce as described in the most recent edition of the Treasure State Endowment Program  
29 Project Administration Manual adopted by the department by administrative rule.

30



1

2           **NEW SECTION. Section 12. Capital projects -- contingent funds.** (1) Except as provided in  
3 subsection (2), if a capital project is financed in whole or in part with appropriations contingent on the receipt of  
4 funding from another funding source, the department of administration may not let the project go to bid until the  
5 agency receiving funding has submitted a financial plan for approval by the director of the department of  
6 administration.

7           (2) A financial plan may not be approved by the director if:

8           (a) the level of funding provided under the financial plan deviates substantially from the funding level  
9 provided in [section 10] for that project; or

10           (b) the scope of the project is substantially altered or revised from the preliminary plans presented for  
11 that project in the 2019 biennium long-range building program and as presented to the 65th legislature.

12

13           **NEW SECTION. Section 13. Review by department of environmental quality.** The department of  
14 environmental quality shall review capital projects authorized in [section 10] for potential inclusion in the state  
15 building energy conservation program under Title 90, chapter 4, part 6. When a review shows that a capital  
16 project will result in energy improvements, the project must be submitted to the energy conservation program for  
17 funding consideration. Funding provided under the energy conservation program guidelines must be used to  
18 offset or add to the authorized funding for the project, with the amount dependent on the annual utility savings  
19 resulting from the facility improvement. Agencies must be notified of potential funding after the review.

20

21           **NEW SECTION. Section 14. Authorization of bonds -- reduction in bonding if revenues exceed**  
22 **estimates -- conditions.** (1) The board of examiners is authorized to issue and sell general obligation bonds in  
23 one or more series and from time to time for the purposes described in subsection (3) in addition to the amount  
24 of general obligation bonds outstanding on January 1, 2017.

25           (2) The bonds under this section must be issued in accordance with the terms and in the manner  
26 required by Title 17, chapter 5, part 8. The authority granted to the board of examiners by this section is in  
27 addition to any other authorization to the board of examiners to issue and sell general obligation bonds.

28           (3) On [the effective date of this act], the board of examiners is authorized to issue and sell up to \$88.8  
29 million in general obligation bonds and deposit the proceeds as follows:

30           (a) \$35.4 million of the proceeds from the bonds sold under this section must be deposited in the capital

1 projects account provided for in 17-5-803 and 17-5-804;

2 (b) \$5 million of the proceeds from the bonds sold under this section must be deposited in the state to  
3 community bond account for grants provided for in [section 2(1)];

4 (c) \$9.6 million of the proceeds from the bonds sold under this section must be deposited in the state  
5 and local infrastructure account provided for in [section 2(2)] and \$8.2 amount is authorized from the account,  
6 for the biennium beginning July 1, 2017, to the department of natural resources and conservation for projects  
7 listed in House Bill 6 and \$1.4 amount is authorized from the account, for the biennium beginning July 1, 2017,  
8 to the department of natural resources and conservation for projects listed in House Bill 7; and

9 (d) \$38.8 million of the proceeds from the bonds sold under this section must be deposited in the state  
10 and local infrastructure account provided for in [section 2(3)]. A total of \$8.8 million is authorized, for the biennium  
11 beginning July 1, 2017, from the account to the department of commerce for projects listed in House Bill 11, and  
12 \$30 million is authorized from the account, for the biennium beginning July 1, 2017, to the department of  
13 commerce for projects listed in [section 16].

14 (4) If actual general fund revenues exceed the revenue estimate established pursuant to 5-5-227 for the  
15 biennium beginning July 1, 2017, for every \$10 million in excess revenues over \$30 million, the amount of  
16 bonding authorized in subsection (3) is reduced by \$5 million and the state treasurer shall transfer, by August 15  
17 following the end of a fiscal year in the biennium where actual revenues exceed the revenue estimate by \$40  
18 million or more, \$5 million from the general fund to the account listed in subsection (3) into which the bond  
19 proceeds were to be deposited.

20 (5) Except for the authorization to bond the capital projects listed in subsection (3)(a), any outstanding  
21 authorization to bond in subsection (3) expires June 30, 2020.

22

23 **NEW SECTION. Section 15. Authorization of bonds -- state veterans' home in southwestern**  
24 **Montana.** (1) Upon passage and approval of [this act], in addition to the amount of general obligation bonds  
25 outstanding on January 1, 2017, and authorized under [section 14(3)], the board of examiners is authorized to  
26 issue and sell up to \$10 million in general obligation bonds in one or more series in accordance with Title 17,  
27 chapter 5, part 8, for the purpose of funding the construction and associated costs of the state veterans' home  
28 in southwestern Montana.

29 (2) The proceeds of the bonds authorized in subsection (1) must be deposited into the capital projects  
30 account and authorized to the department of administration to be used for the construction of the state veterans'

1 home in southwestern Montana.

2 (3) If federal grant funds for the construction of the veterans' home are received prior to the bonds being  
3 issued, the authority to issue bonds as provided for in subsection (1) is extinguished in an amount equal to the  
4 federal grants received.

5 (4) If federal grant funds for the construction of the veterans' home are received after the bonds are  
6 issued, the federal grant funds must be deposited and applied to debt service obligations associated with the  
7 construction of the state veterans' home in southwestern Montana.

8

9 **NEW SECTION. Section 16. Authorization for quality schools facility grant program.** (1) The  
10 department of commerce is authorized to make up to \$30 million in quality schools facility program grants from  
11 the state and local infrastructure account established in [section 2(2)] as authorized by this section.

12 (2) The funds in subsection (1) must be used by the department of commerce to make grants to the  
13 public school districts listed in subsection (3) for the described purposes and in amounts not to exceed the  
14 amounts set out in subsection (3). The authorization is subject to the conditions set forth in 90-6-812 and  
15 described in the quality schools facility grant program 2019 biennium report to the 65th legislature. The  
16 department shall commit funds to projects listed in subsection (3), up to the amounts authorized, based on the  
17 manner of disbursement set forth in subsections (4) and (5), until the funds authorized to finance grants in  
18 subsection (1) are expended.

19 (3) The following applicants and projects are authorized for grants and are listed in the order of their  
20 priority:

21 Applicant/Project	Grant Amount
22 1. St. Ignatius K-12 (building repair)	\$680,511
23 2. Grass Range ELE (asbestos abatement)	\$55,631
24 3. Miles City ELE (fire system upgrades)	\$352,834
25 4. Libby K-12 (heating and ventilation repair)	\$1,075,000
26 5. Custer County HS (drainage and roof upgrades)	\$953,576
27 6. Grass Range HS (fire system upgrades)	\$77,183
28 7. Wolf Point HS (storm drain system upgrades)	\$918,600
29 8. Polson ELE (replace boiler and system)	\$1,224,679
30 9. Geraldine K-12 (replace unsafe seating)	\$75,000

1	10. Arlee ELE (replace boiler)	\$694,157
2	11. Livingston ELE (energy and infrastructure improvement)	\$665,000
3	12. Rosebud K-12 (water system improvements)	\$174,300
4	13. Park City ELE (replace roof)	\$562,396
5	14. Cascade ELE (heating system repairs)	\$421,120
6	15. Noxon ELE (heating and ventilation replacement and deferred maintenance)	\$490,011
7	16. Ashland ELE (replace roof)	\$1,013,000
8	17. Troy ELE (heating and ventilation upgrades)	\$395,000
9	18. Troy HS (heating and ventilation upgrades)	\$395,000
10	19. Lodge Grass HS (electrical system improvements)	\$459,000
11	20. Billings HS (heating, ventilation, and lighting repairs and replacement)	\$1,558,988
12	21. Trout Creek ELE (foundation and flooring repairs)	\$102,600
13	22. Superior K-12 (heating and ventilation upgrades)	\$526,851
14	23. Lockwood ELE (repair and replace roofing)	\$542,003
15	24. Centerville ELE (security upgrades)	\$770,603
16	25. Kalispell ELE (infrastructure and energy upgrades)	\$483,680
17	26. Shields Valley ELE (replace boiler)	\$458,311
18	27. Lavina K-12 (replace boiler)	\$365,126
19	28. Belt ELE (ventilation system upgrades)	\$531,550
20	29. St. Regis K-12 (safety and security improvements)	\$538,196
21	30. Stevensville ELE (replace boilers and system upgrades)	\$879,801
22	31. Havre HS (ventilation system upgrades)	\$525,000
23	32. Anaconda HS (replace boilers and system upgrades)	\$1,800,738
24	33. Forsyth HS (heating and ventilation upgrades)	\$263,073
25	34. Stevensville HS (replace boilers and system upgrades)	\$1,064,057
26	35. Sun River Valley (Simms HS) (addition and remodel)	\$898,262
27	36. Kalispell HS (infrastructure and energy upgrades)	\$1,574,235
28	37. Drummond HS (retaining wall improvements)	\$193,600
29	38. Rocky Boy HS (replace air handler)	\$763,620
30	39. Frenchtown K-12 (window replacement and improvements)	\$426,408

1	40. Laurel ELE (heating and ventilation upgrades)	\$632,000
2	41. Stanford K-12 (ventilation system upgrades)	\$413,040
3	42. Hamilton K-12 (building envelope improvements)	\$833,216
4	43. Hays Lodge Pole K-12 (life safety, health compliance, electrical, and mechanical improvements)	
5		\$4,025,500
6	44. Roundup HS (replace boiler)	\$503,500
7	45. Wibaux K-12 (demolish and construct new building)	\$3,729,823
8	46. Power HS (kitchen and cafeteria remodel)	\$600,650
9	47. Butte ELE (ventilation system upgrades)	\$374,751
10	48. Fort Benton HS (technology upgrades)	\$67,472
11	49. Clinton ELE (energy conservation improvements)	\$313,784
12	50. Terry K-12 (deferred maintenance and improvements to schools)	\$120,000

13 (4) The maximum amount of a grant for a project under this section is \$1.25 million.

14 (5) In order to receive a grant for a project, a school must provide matching funds for the project. The  
 15 amount of matching funds required is based on the number of points awarded by the department of commerce  
 16 to the project application in the quality schools facility grant program 2019 biennium report to the 65th legislature  
 17 as follows:

18 (a) for an application awarded 350 points or more, the match rate is 10%;

19 (b) for an application awarded 300 points but no more than 350 points, the match rate is 15%; and

20 (c) for an application awarded less than 300 points the match rate is 20%.

21 (6) A grant recipient's entitlement to receive funds is dependent on the grant recipient's compliance with  
 22 the conditions set forth in 90-6-812, on the provision of matching funds pursuant to subsection (5), and on the  
 23 availability of funds.

24 ~~(7) If a grant recipient listed in subsection (3) has not completed all of the conditions described in~~  
 25 ~~subsection (6) by September 30, 2018, the grant must be reviewed by the legislature to determine if the~~  
 26 ~~authorized grant should be withdrawn.~~

27 (7) IF A GRANT RECIPIENT HAS NOT COMPLETED THE CONDITIONS DESCRIBED IN SUBSECTION (6) BY SEPTEMBER  
 28 30, 2017, OR HAS NOTIFIED THE DEPARTMENT OF COMMERCE IN WRITING THAT IT WILL NOT BE ABLE TO COMPLETE THE  
 29 CONDITIONS BY THAT DATE, THE DEPARTMENT SHALL WITHDRAW THE GRANT FROM THAT RECIPIENT AND USE THOSE  
 30 FUNDS TO AWARD GRANTS AS PROVIDED IN SUBSECTION (8).

1           (8) (A) A SCHOOL DISTRICT THAT HAS NOT RECEIVED FUNDING UNDER SUBSECTION (3) MAY APPLY TO THE  
2 DEPARTMENT FOR A QUALITY SCHOOLS FACILITY GRANT.

3           (B) IN ORDER TO BE ELIGIBLE FOR FUNDING UNDER THIS SUBSECTION, THE APPLICANT MUST:

4           (i) SUBMIT AN APPLICATION TO THE DEPARTMENT NO LATER THAN JULY 1, 2017;

5           (ii) PROVIDE 20% IN MATCHING FUNDS; AND

6           (iii) CONFIRM THAT IT WILL BE ABLE TO COMPLETE THE CONDITIONS DESCRIBED IN SUBSECTION (6) BY SEPTEMBER  
7 30, 2018.

8

9           NEW SECTION. Section 17. Approval of grants. The legislature, pursuant to 90-6-809 and 90-6-810,  
10 approves the quality schools facility grants listed in [section 16].

11

12           NEW SECTION. Section 18. Condition of grants -- disbursement of funds. The disbursement of  
13 grant funds for the projects specified in [section 16(3)] is subject to the conditions set forth in 90-6-812.

14

15           NEW SECTION. Section 19. Grant application fee. A school district who receives funding under  
16 [section 16] must pay to the department of commerce a \$5 administrative fee at the time it notifies the department  
17 that it has complied with the conditions set forth in 90-6-812.

18

19           **Section 20.** Section 5, Chapter 324, Laws of 2011, is amended to read:

20           **"Section 5. Capital project appropriations.** (1) There is appropriated ~~\$4,812,500~~ up to \$5,293,750 from  
21 state special revenue account established in section 2, Chapter 461, Laws of 2009, to the department of  
22 administration for the southwestern Montana veterans' home project.

23           (2) There is appropriated ~~\$8,937,500~~ \$10,000,000 from the federal special revenue fund to the  
24 department of administration for the southwestern Montana veterans' home project.

25           (3) The department of administration is authorized to transfer the appropriations in subsections (1) and  
26 (2) among the necessary fund types for this project."

27

28           NEW SECTION. Section 21. Notification to tribal governments. The secretary of state shall send  
29 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell  
30 Chippewa tribe.

1

2            COORDINATION SECTION. **Section 22. Coordination instruction.** (1) If [this act] is passed and  
3 approved and Senate Bill 261 is not passed and approved, then [section 14(4) of this act] must be replaced with  
4 the following language:

5            "(4) If actual general fund revenues exceed the revenue estimate established pursuant to 5-5-227 for  
6 the biennium beginning July 1, 2017, all excess revenues over the revenue estimate are transferred, by August  
7 15 following the end of a fiscal year in the biennium where actual revenues exceed the revenue estimate, from  
8 the general fund to the account listed in subsection (3) into which the bond proceeds were to be deposited and  
9 the amount of bonding authorized in subsection (3) is reduced by the amount of the transfer effective on the date  
10 of the transfer."

11            (2) If House Bill 6 is not passed and approved, then the total amount of bonding authorized in [section  
12 14(3) of this act] is reduced by \$8.2 million and [section 14(3)(b) of this act] must be replaced with the following  
13 language:

14            "(b) \$1.4 million of the proceeds from the bonds sold under this section must be deposited in the state  
15 and local infrastructure account provided for in [section 2(2)] and this amount is authorized from the account, for  
16 the biennium beginning July 1, 2017, to the department of natural resources and conservation for projects listed  
17 in House Bill 7."

18            (3) If House Bill 7 is not passed and approved, then the total amount of bonding authorized in [section  
19 14(3) of this act] is reduced by \$1.4 million and [section 14(3)(b) of this act] must be replaced with the following  
20 language:

21            "(b) \$8.2 million of the proceeds from the bonds sold under this section must be deposited in the state  
22 and local infrastructure account provided for in [section 2(2)] and this amount is authorized from the account, for  
23 the biennium beginning July 1, 2017, to the department of natural resources and conservation for projects listed  
24 in House Bill 6."

25            (4) If neither House Bill 6 nor House Bill 7 is passed and approved, then the total amount of bonding  
26 authorized in [section 14(3) of this act] is reduced by \$9.6 million and [section 14(3)(b) of this act] must be  
27 stricken.

28            (5) If House Bill 11 is not passed and approved, the total amount of bonding authorized in [section 14(3)  
29 of this act] is reduced by \$8.8 million and [section 14(3)(c) of this act] must be replaced with the following  
30 language:

1           "(c) \$30 million of the proceeds from the bonds sold under this section must be deposited in the state  
2 and local infrastructure account provided for in [section 2(3)] and this amount is authorized from the account, for  
3 the biennium beginning July 1, 2017, to the department of commerce for the quality schools facility grant program  
4 grants as set forth in [section 16]."

5

6           NEW SECTION. **Section 23. Severability.** If a part of [this act] is invalid, all valid parts that are  
7 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
8 the part remains in effect in all valid applications that are severable from the invalid applications.

9

10           NEW SECTION. **Section 24. Creation of state debt -- two-thirds vote required.** Because [sections  
11 14 and 15] authorize the creation of state debt, Article VIII, section 8, of the Montana constitution requires a vote  
12 of two-thirds of the members of each house of the legislature for passage.

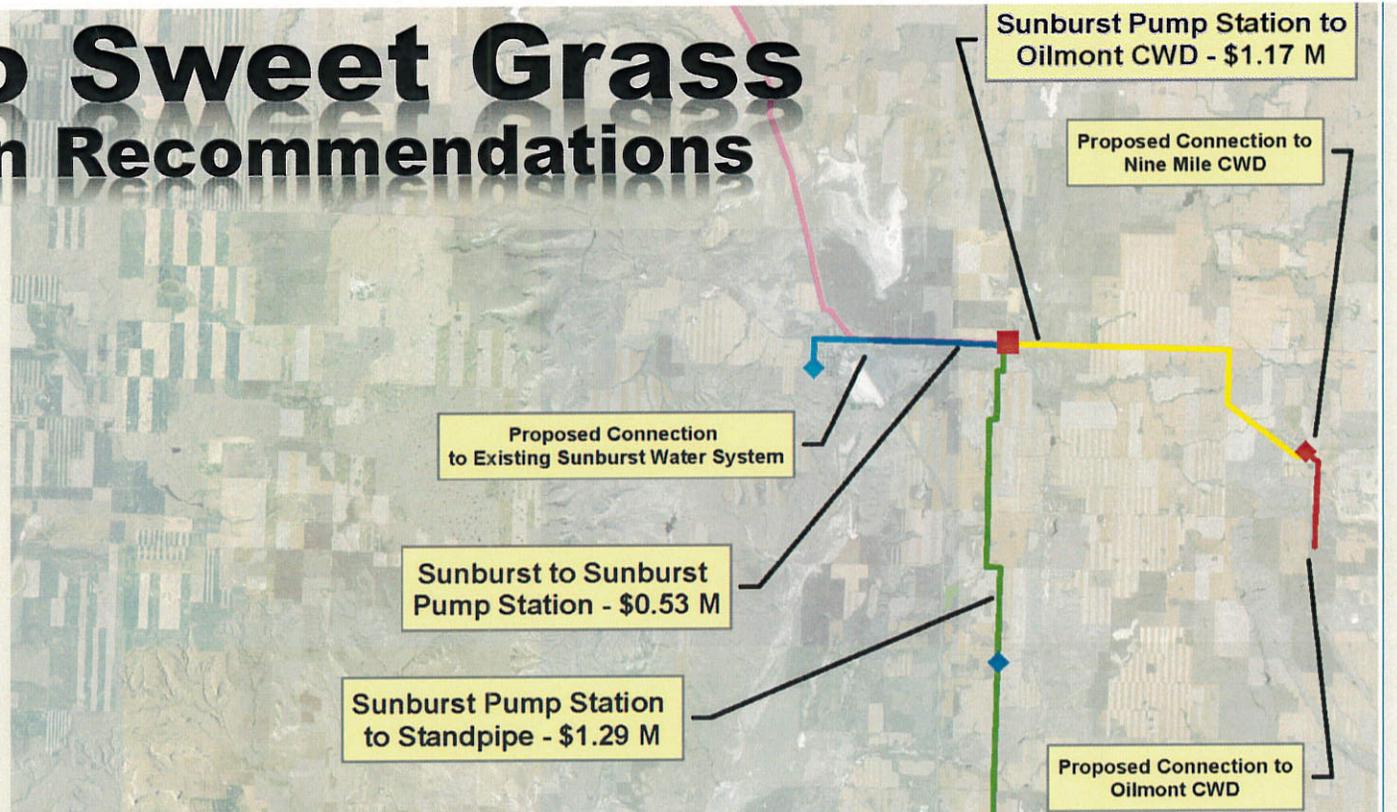
13

14           NEW SECTION. **Section 25. Effective date.** [This act] is effective on passage and approval.

15

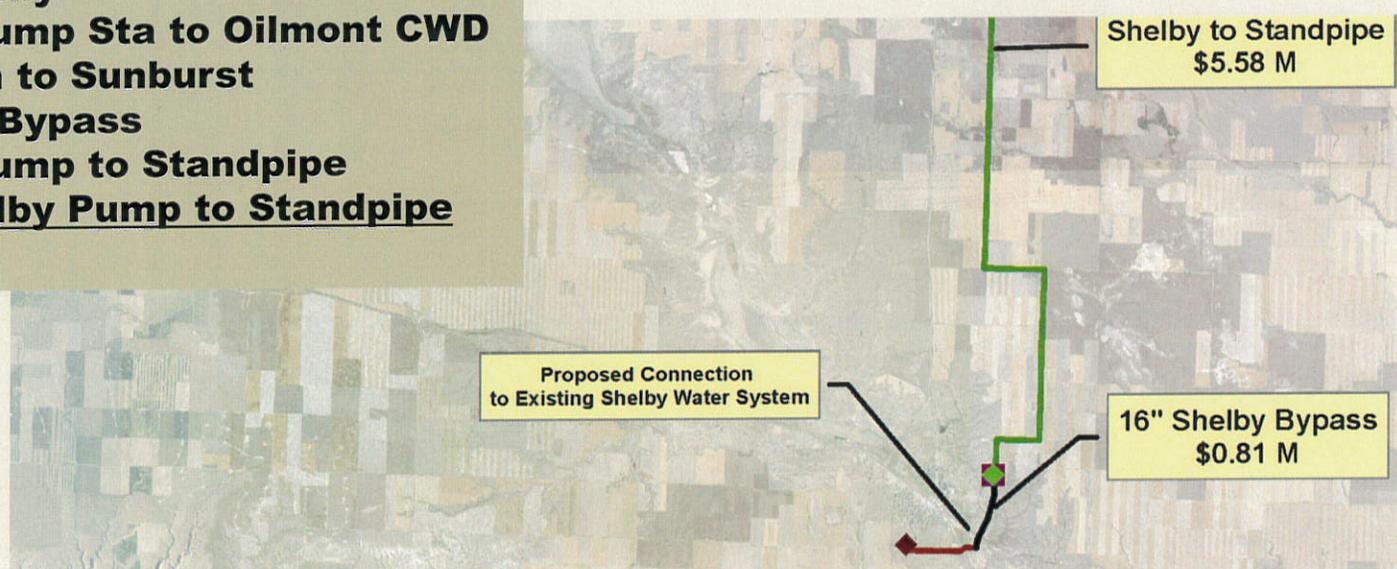
- END -

# Shelby to Sweet Grass Construction Recommendations



- 1 - \$2.94 M - Facilities Only
  - 2 - \$1.17 M - Sunburst Pump Sta to Oilmont CWD
  - 3 - \$0.53 M - Connection to Sunburst
  - 4 - \$0.81 M - 16" Shelby Bypass
  - 5 - \$1.29 M - Sunburst Pump to Standpipe
  - 6 - \$0.86 M - Part of Shelby Pump to Standpipe
- Total - \$7.60 M**

◆ Standpipes  
□ Booster stations



# TEMPORARY PARKING PERMIT

Trailer Type	5th Wheel camper, Thor Mirage
Name	Larry Yarn
Address	1206 3rd St N
Phone #	450-4109
Date(s) Valid	April 20 - 28, 2017
Permit Number	2017-003

MAYOR

*Larry Bondarud*

## CONDITIONS OF THIS PERMIT:

1. Valid **ONLY** for date(s) indicated.
2. Must be displayed while parked at all times.
3. The acceptance of this permit relieves the City of Shelby of any responsibility for damages to or loss of vehicle, its contents or accessories from any cause whatsoever.

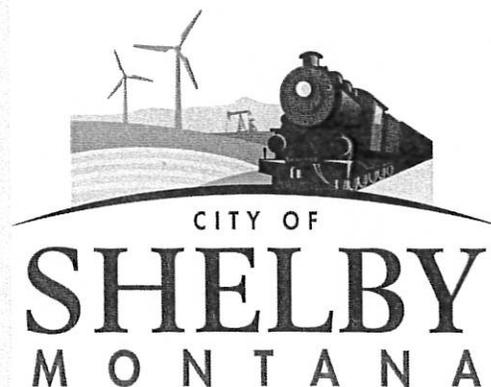
## CITY OF SHELBY

112 First Street South  
Shelby, MT 59474

Telephone: (406) 434-5222

FAX: (406) 434-2039

[www.shelbymt.com](http://www.shelbymt.com)



# TEMPORARY PARKING PERMIT

<b>Trailer Type</b>	<b>1998 Aljo 23' camper trailer</b>
<b>Name</b>	<b>Glenn Kurkowski</b>
<b>Address</b>	<b>111 E Richland Ave</b>
<b>Phone #</b>	<b>(406) 460-0290</b>
<b>Date(s) Valid</b>	<b>04/19/17—04/27/17</b>
<b>Permit Number</b>	<b>2017-004</b>

*Larry Bondarud* MAYOR

## CONDITIONS OF THIS PERMIT:

1. Valid *ONLY* for date(s) indicated.
2. Must be displayed while parked at all times.
3. The acceptance of this permit relieves the City of Shelby of any responsibility for damages to or loss of vehicle, its contents or accessories from any cause whatsoever.

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